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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Audit Of The Senate Building Beauty Shop For The Fiscal Year Ended February 28, 1981



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-133046

To The President of the Senate and the
Speaker of the House of Representatives

We audited the accounts of the Senate Building Beauty Shop for the fiscal year ended February 28, 1981, pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1). Comparative Senate Building Beauty Shop financial statements are presented as schedules 1 through 4. Our opinion on these statements appears below.

The Senate Building Beauty Shop, a partnership established in March 1973 by Mario and Liria Vouzikas, operates under the jurisdiction of the Sergeant at Arms of the Senate. The Beauty Shop provides a convenient source for Senate employees to obtain services such as hairdressing and manicuring, and various products such as cosmetics, rinses, conditioners, dyes, combs, brushes, and hosiery.

The Beauty Shop realized net income of \$17,537.27 for the fiscal year ended February 28, 1981, compared with net income of \$13,960.99 for the fiscal year ended February 29, 1980. This income was divided between the two partners.

The financial statements do not include the costs of certain benefits and services such as space, utilities, and ordinary building repairs and maintenance that are furnished without charge.

AUDITOR'S OPINION

We have examined the balance sheet of the Senate Building Beauty Shop as of February 28, 1981, and February 29, 1980, and the related statements of income and expense, changes in financial position for the years then ended, and changes in partners' capital accounts. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Senate Building Beauty Shop as of February 28, 1981, and February 29, 1980, and the results of its operations for the fiscal years then ended, in conformity with the financial accounting policies described in note

l to the financial statements applied on a basis consistent with that of the preceding years.

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The Legislative Reorganization Act of 1970 requires that the results of our audit be reported to the Congress. Accordingly, copies of this report are being furnished to cognizant congressional committees. A copy of this report is being sent to the Sergeant at Arms of the Senate, and copies will be available to Members and the public.



Acting Comptroller General
of the United States

SENATE BUILDING BEAUTY SHOPCOMPARATIVE BALANCE SHEETFEBRUARY 28, 1981 AND FEBRUARY 29, 1980 (note 1)ASSETS

	February 28, <u>1981</u>	February 29, <u>1980</u>
CURRENT ASSETS:		
Cash	\$ 6,298.18	\$ 5,582.57
Accounts receivable	43.00	-
Employees' loans receivable	-	265.66
Inventory (note 1)	<u>1,983.57</u>	<u>1,247.38</u>
Total current assets	<u>8,324.75</u>	<u>7,095.61</u>
FIXED ASSETS: (note 1)		
Furniture, fixtures and equipment	16,695.55	16,695.55
Less: accumulated depreciation	<u>12,923.97</u>	<u>11,545.29</u>
	3,771.58	5,150.26
Improvements	5,345.90	5,345.90
Less: accumulated amortization	<u>3,545.71</u>	<u>3,011.11</u>
	1,800.19	2,334.79
Total fixed assets	<u>5,571.77</u>	<u>7,485.05</u>
TOTAL ASSETS	<u>\$13,896.52</u>	<u>\$14,580.66</u>

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES:		
D.C. withholding taxes payable	\$ -	\$ 176.70
D.C. sales taxes payable	185.08	138.73
Accrued Federal and D.C. unemployment taxes payable	<u>242.88</u>	<u>246.04</u>
Total liabilities	<u>427.96</u>	<u>561.47</u>
PARTNERS' CAPITAL: (See sch. 4)		
Mario Vouzikas	6,734.31	7,009.61
Liria Vouzikas	<u>6,734.25</u>	<u>7,009.58</u>
Total partners' capital	<u>13,468.56</u>	<u>14,019.19</u>
TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u>\$13,896.52</u>	<u>\$14,580.66</u>

The accompanying note is an integral part of this statement.

SENATE BUILDING BEAUTY SHOPCOMPARATIVE STATEMENT OF INCOME AND EXPENSEFISCAL YEARS ENDED FEBRUARY 28, 1981 AND FEBRUARY 29, 1980 (note 1)

	February 28, <u>1981</u>	February 29, <u>1980</u>
INCOME:		
Beauty services and retail sales	<u>\$135,892.14</u>	<u>\$123,039.75</u>
OPERATING EXPENSES:		
Salaries	83,894.75	74,222.08
Beauty supplies and purchases	17,794.77	19,400.00
Payroll taxes	6,077.63	4,996.49
Insurance	2,805.71	2,341.99
Depreciation and amortization	1,913.28	1,913.28
Accounting and legal fees	1,670.00	1,475.00
Office supplies	1,263.28	458.82
Entertainment	336.83	503.78
Shop supplies	-	1,310.95
Other taxes	799.93	1,144.46
Dues and subscriptions	317.74	250.39
Advertising	208.00	212.59
Postage	-	26.52
Donations	300.00	434.50
Bank charges	385.30	315.66
Repairs and maintenance	321.99	72.25
Writeoff of uncollected employees loans	<u>265.66</u>	<u>-</u>
Total operating expenses	<u>118,354.87</u>	<u>109,078.76</u>
NET INCOME (note 1)	<u>\$ 17,537.27</u>	<u>\$ 13,960.99</u>

The accompanying note is an integral part of this statement.

SENATE BUILDING BEAUTY SHOPCOMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITIONFISCAL YEARS ENDED FEBRUARY 28, 1981 AND FEBRUARY 29, 1980 (note 1)

	February 28, <u>1981</u>	February 29, <u>1980</u>
FUNDS PROVIDED:		
Beauty services and retail sales	\$135,892.14	\$123,039.75
Prior years' adjustment to partners' capital	759.70	-
Decrease in working capital	<u>-</u>	<u>3,268.31</u>
Total funds provided	<u>\$136,651.84</u>	<u>\$126,308.06</u>
FUNDS APPLIED:		
Operating expenses (excluding depreciation and other items not requiring an outlay of funds)	\$116,441.59	\$107,165.48
Purchase of equipment	-	300.00
Partners' drawings	18,847.60	18,842.58
Increase in working capital	<u>1,362.65</u>	<u>-</u>
Total funds applied	<u>\$136,651.84</u>	<u>\$126,308.06</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	<u>Increase or (decrease)</u>	
	February 28, <u>1981</u>	February 29, <u>1980</u>
WORKING CAPITAL CHANGES:		
Cash	\$ 715.61	\$ (3,614.44)
Employees' loans receivable	(265.66)	(304.29)
Accounts receivable	43.00	-
Inventory	736.19	348.36
Salary payable	-	99.29
D.C. withholding taxes payable	176.70	20.06
D.C. sales taxes payable	(46.35)	21.23
Accrued Federal and D.C. employment taxes payable	<u>3.16</u>	<u>161.48</u>
NET CHANGE IN WORKING CAPITAL	<u>\$ 1,362.65</u>	<u>\$ 3,268.31</u>

The accompanying note is an integral part of this statement

SENATE BUILDING BEAUTY SHOP
CHANGES IN PARTNERS' CAPITAL ACCOUNTS
FISCAL YEAR ENDED FEBRUARY 28, 1981 (note 1)

	<u>Mario</u> <u>Vouzikas</u>	<u>Liria</u> <u>Vouzikas</u>	<u>Total</u>
Balance, February 29, 1980	\$ 7,009.61	\$ 7,009.58	\$14,019.19
Prior years' adjustment to partners' capital	<u>379.83</u>	<u>379.87</u>	<u>759.70</u>
	<u>7,389.44</u>	<u>7,389.45</u>	<u>14,778.89</u>
Distribution of net income	<u>8,768.63</u>	<u>8,768.64</u>	<u>17,537.27</u>
	<u>16,158.07</u>	<u>16,158.09</u>	<u>32,316.16</u>
Partners' drawing	<u>9,423.76</u>	<u>9,423.84</u>	<u>18,847.60</u>
Balance, February 28, 1981	<u>\$ 6,734.31</u>	<u>\$ 6,734.25</u>	<u>\$13,468.56</u>

The accompanying note is an integral part of this statement.

SENATE BUILDING BEAUTY SHOP

NOTE TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED FEBRUARY 28, 1981 AND FEBRUARY 29, 1980

1. Significant Accounting Policies

Accounting records, except for depreciation and accrued taxes, are maintained on a cash basis.

Inventory is stated at cost, using the first-in, first-out method of valuation.

Furniture, fixtures, and equipment are depreciated over a 10-year life using the straight line method.

Improvements are amortized over a 10-year life using the straight line method.

Operating expenses do not include the costs of certain benefits and services such as space, utilities, and ordinary building repair and maintenance that are furnished to the Senate Building Beauty Shop without charge.

Net income or loss is divided equally between the partners.



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