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# Audit Of The House Beauty Shop Calendar Year 1973

B-162878

House of Representatives

**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

MAY 30 1974

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

B-162878

The Honorable Martha W. Griffiths  
Chairman, Select Committee on the  
House Beauty Shop  
House of Representatives

*HSE 5600*

*C2-GHS-1*

Dear Madam Chairman:

*GHS 15*

We have audited the financial transactions of the House Beauty Shop for calendar year 1973, as required by the Legislative Branch Appropriation Act, 1970 (83 Stat. 338).

GENERAL COMMENTS

The House Beauty Shop provides a convenient beauty facility for Congresswomen, wives of Congressmen, congressional employees, and the general public. House Resolution 1000, 90th Congress, placed the House Beauty Shop under the direction of the Select Committee on the House Beauty Shop on December 11, 1967. Mrs. Betty Jane Oszust manages the shop under a fixed-fee contract. As of December 31, 1973, she employed 18 beauticians, 3 manicurists, a maid, and a receptionist on a full-time basis and a maid, an electrologist, and an accountant on a part-time basis.

The comparative statement of operations (sch. 2) shows net income of \$3,591 for 1973 after payment of \$8,000 in bonuses compared with net income of \$6,438 for 1972 after payment of \$12,736 in bonuses. The Select Committee authorized bonuses for the manager and employees in appreciation of the shop's services and the employees' performances.

The Legislative Branch Appropriation Act, 1970, requires that the net income as established by our annual audit, after restoring any impairment of capital and providing for replacement of equipment, be transferred to the general fund of the U.S. Treasury. We computed the net income to be transferred to the Treasury for calendar year 1973, as follows:

Retained earnings as of December 31, 1973		\$24,559.57
Capital authorized pursuant to H. Res. 1000, 90th Congress	\$15,000.00	
Provision for replacement of equipment (accumulated depreciation as of December 31, 1973)	<u>8,885.93</u>	<u>23,885.93</u>
Net income to be transferred		<u>\$ 673.64</u>

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SCOPE OF AUDIT

Our audit was made in accordance with generally accepted auditing standards and included an examination of the accounting records and such other auditing procedures as we considered necessary.

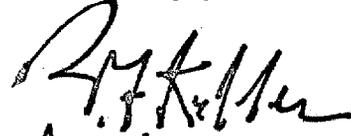
OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements for the House Beauty Shop from records furnished by the manager of the shop. In preparing the statements, we adjusted the shop's records, which were maintained on a cash basis, to present the financial position and results of operations of the House Beauty Shop on an accrual basis. These statements do not include cost of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance--that are furnished to the House Beauty Shop without charge.

In our opinion, the accompanying statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the House Beauty Shop at December 31, 1973, the results of its operations, and the changes in its financial position for the year then ended.

As required by the Legislative Branch Appropriation Act, 1970, we are sending copies of this report to the Speaker of the House of Representatives and to the Clerk of the House of Representatives.

Sincerely yours,



Comptroller General  
of the United States

REC-103

SCHEDULE 1

HOUSE BEAUTY SHOP  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 1973 AND 1972

ASSETS	<u>1973</u>	<u>1972</u>
<b>CURRENT ASSETS:</b>		
Cash in U.S. Treasury	\$10,537	\$12,073
Petty cash and change funds	700	700
Accounts receivable	190	609
Prepaid insurance	499	469
Inventory of merchandise and supplies (note a)	<u>7,741</u>	<u>6,999</u>
Total current assets	<u>19,667</u>	<u>20,850</u>
<b>FIXED ASSETS:</b>		
Equipment (note b)	17,228	17,377
Less accumulated depreciation	<u>8,886</u>	<u>7,239</u>
Total fixed assets	<u>8,342</u>	<u>10,138</u>
Total assets	<u>\$28,009</u>	<u>\$30,988</u>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,358	\$ 2,526
Employees' Federal and State taxes withheld	<u>1,092</u>	<u>1,494</u>
Total current liabilities	<u>3,450</u>	<u>4,020</u>
<b>EQUITY OF THE HOUSE OF REPRESENTATIVES:</b>		
Balance at beginning of year	26,968	21,111
Less amount transferred to U.S. Treasury	<u>6,000</u>	<u>581</u>
Balance	20,968	20,530
Net income for year	<u>3,591</u>	<u>6,438</u>
Balance at end of year	<u>24,559</u>	<u>26,968</u>
Total liabilities and equity	<u>\$28,009</u>	<u>\$30,988</u>

a/Inventories are stated at cost using the first in, first out valuation method.

b/Equipment is depreciated over a 10-year life using the straight-line method.

SCHEDULE 2

HOUSE BEAUTY SHOP

COMPARATIVE STATEMENT OF OPERATIONS

FOR CALENDAR YEARS 1973 AND 1972

	<u>1973</u>	<u>1972</u>
<b>INCOME:</b>		
Beauty services	221,669	\$218,239
Retail sales	\$14,023	\$13,398
Less cost of retail sales	<u>10,986</u> 3,037	<u>8,9364</u> 4,462
Miscellaneous income	<u>230</u>	<u>254</u>
<b>TOTAL OPERATING INCOME</b>	<u>224,936</u>	<u>222,955</u>
<b>OPERATING EXPENSES:</b>		
<b>Salaries:</b>		
Beauticians	133,530	127,453
Manicurists	10,532	11,464
Receptionists	7,751	7,644
Maids	<u>7,017</u>	<u>6,376</u>
Total salaries	158,830	152,937
Supplies	19,942	20,057
Managerial fee	15,000	15,000
Payroll tax	9,546	7,926
Laundry	674	540
Office	1,580	1,035
Insurance	1,519	1,489
Depreciation	1,797	1,709
Accounting	1,910	2,020
Miscellaneous	<u>2,547</u>	<u>1,068</u>
Total operating expenses	<u>213,345</u>	<u>203,781</u>
<b>NET INCOME FROM OPERATIONS</b>	11,591	19,174
<b>BONUS PAYMENTS:</b>		
Manager	5,500	6,000
Employees	<u>2,500</u> -8,000	<u>6,736</u> -12,736
<b>NET INCOME FOR THE YEAR</b>	<u>\$ 3,591</u>	<u>\$ 6,438</u>

HOUSE BEAUTY SHOP  
 COMPARATIVE STATEMENT OF CHANGES  
 IN FINANCIAL POSITION  
 CALENDAR YEARS 1973 AND 1972

	<u>1973</u>	<u>1972</u>
<b>FUNDS PROVIDED:</b>		
Sales	\$235,692	\$231,637
Miscellaneous income	<u>230</u>	<u>254</u>
Total funds provided	<u>\$235,922</u>	<u>\$231,891</u>
<b>FUNDS APPLIED:</b>		
Operating expenses (excluding depreciation which does not require an outlay of funds)	\$211,549	\$202,072
Cost of retail sales	10,986	8,936
Bonus payments	8,000	12,736
Equipment additions	-	291
Increase or decrease (-) in working capital	-613	7,275
Amount transferred to U.S. Treasury	<u>6,000</u>	<u>581</u>
Total funds applied	<u>\$235,922</u>	<u>\$231,891</u>
<b>ANALYSIS OF CHANGES IN WORKING CAPITAL</b>		
<b>INCREASE OR DECREASE (-) IN CURRENT ASSETS:</b>		
Cash	\$ -1,537	\$ 4,030
Accounts receivable	-418	370
Prepaid insurance	30	-48
Inventories	742	1,381
<b>INCREASE (-) OR DECREASE IN CURRENT LIABILITIES</b>		
Accounts payable	168	1,402
Employees' Federal and State taxes withheld	402	-98
Employer's payroll taxes payable	<u>-</u>	<u>238</u>
<b>INCREASE OR DECREASE (-) IN WORKING CAPITAL</b>	<u>\$ -613</u>	<u>\$ 7,275</u>