

GAO

Report to the Co-Chairman,
Environmental and Energy Study
Conference
Congress of the United States

August 1986

FINANCIAL AUDIT

**Environmental and
Energy Study
Conference Financial
Statements for 1985
and 1984**



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**Comptroller General
of the United States****B-216351**

August 15, 1986

The Honorable Bill Green
Co-Chairman, Environmental and Energy
Study Conference
Congress of the United States

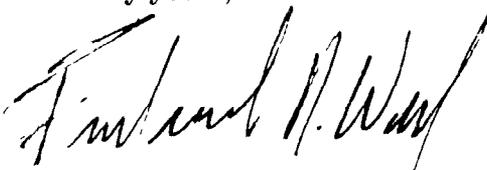
Dear Mr. Chairman:

As requested in your January 23, 1986, letter, we have examined the balance sheets of the Environmental and Energy Study Conference as of December 31, 1985 and 1984, and the related statements of operation and fund balance, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We completed our audit work on April 30, 1986.

In our opinion, the financial statements referred to above present fairly the financial position of the Environmental and Energy Study Conference as of December 31, 1985 and 1984, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the accounting policies described in note 2 to the financial statements, applied on a consistent basis after giving retroactive effect to the change, with which we concur, in reporting 1984 expenses as described in note 4.

This report contains our report on internal accounting controls and compliance with laws and regulations. It also includes the Conference's financial statements and accompanying notes for the years ended December 31, 1985 and 1984.

Sincerely yours,

for 
Charles A. Bowsher
Comptroller General
of the United States

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Report on Internal Accounting Controls and Compliance With Laws and Regulations

We have examined the financial statements of the Environmental and Energy Study Conference for the years ended December 31, 1985 and 1984. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the year ended December 31, 1985. (Our report on internal accounting controls and compliance with laws and regulations for the year ended December 31, 1984, is presented in GAO/AFMD-85-67, dated July 29, 1985.)

We did not complete a study and evaluation of the Conference's internal control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Conference's financial statements. Based on our preliminary review, we concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the year ended December 31, 1985.

While we did not perform a complete study and evaluation of the Conference's internal control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness. In audits where we do study and evaluate the internal control system, material weaknesses in the system would not necessarily be disclosed. Accordingly, even in such cases, we would not be able to express an opinion on the system taken as a whole.

As part of our examination, we also tested the Conference's compliance with applicable laws and regulations. In our opinion, the Environmental and Energy Study Conference complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention in connection with our examination that caused us to believe that the Conference was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

Balance Sheet

	December 31,	
	1985	1984
Assets		
Cash in bank	\$180,557	\$217,280
Total Assets	\$180,557	\$217,280
Liabilities and Fund Balance		
Accounts payable (note 4)	\$ 33,153	\$ 14,345
Accrued liabilities	7,223	5,942
Total liabilities	40,376	20,287
Fund balance	140,181	196,993
Total Liabilities and Fund Balance	\$180,557	\$217,280

The accompanying notes are an integral part of this statement

Statement of Operations and Fund Balance

	Years ended December 31,	
	1985	1984
Revenues		
Membership dues	\$111,319	\$110,091
Special assessments (notes 2 and 4)	43,480	35,354
Total revenues	154,799	145,445
Expenses (notes 3 and 4)		
Salaries and wages	121,185	72,542
Printing and supplies	19,824	15,142
Equipment rental	31,456	20,613
Postage	0	967
Office supplies	15,356	12,178
Meetings and official functions	815	288
Payroll taxes	11,927	8,050
Dues and subscriptions	1,716	4,698
Telephones	8,222	6,333
Professional fees	35	0
Miscellaneous	1,075	714
Total expenses	211,611	141,525
Net income (loss)	(56,812)	3,920
Fund balance, beginning of year	196,993	193,073
Fund Balance, End of Year	\$140,181	\$196,993

The accompanying notes are an integral part of this statement

Statement of Changes in Financial Position

	Years ended December 31,	
	1985	1984
Funds Provided		
Net income (loss) from operations	\$(56,812)	\$ 3,920
Increase in accounts payable	18,808	0
Increase in accrued liabilities	1,281	2,446
Total funds provided	(36,723)	6,366
Funds Applied		
Decrease in accounts payable	0	1,871
Total funds applied	0	1,871
Increase (Decrease) in Cash	\$(36,723)	\$ 4,495

The accompanying notes are an integral part of this statement

Notes to Financial Statements

Note 1. Organization

The Environmental and Energy Study Conference is a legislative service organization sponsored by a group of congressional Members who pool their resources to pursue a common legislative goal. It operates as an extension of the participating Members' individual offices and coordinates their efforts for reasons of efficiency and effectiveness. Its purpose is to provide its congressional sponsors with information concerning environmental and energy issues affecting federal legislation.

Prior to 1982, the Conference was an unincorporated, voluntary membership organization comprised of Members of the Congress and other interested parties. On October 21, 1981, the Committee on House Administration adopted regulations and rules pertaining to legislative service organizations. These regulations provided the following:

- Effective January 1, 1983, a legislative service organization may not use dues or assessments to generate additional income, including income from interest-bearing accounts or time deposits.
- Effective January 1, 1983, a legislative service organization may not receive income or contributions from any source other than the Congress or its Members

Note 2. Accounting Policies

Revenues are received for membership dues and special assessments from funds appropriated for Members' allowances. This income is recognized when it is received. Expenses are recognized when incurred.

The organization is exempted from federal income taxes under section 501(c)(4) of the Internal Revenue Code.

Note 3. Appropriated Funds Support

Costs for office space, utilities, and salaries of certain staff members are paid from legislative branch appropriations and are not shown in the Conference's financial statements.

Note 4. Restatement of 1984 Results

The 1984 statements have been restated to include \$29,575 of expenses not previously reported. These expenses were paid by Members through contributions referred to as "special assessments." Of this amount, \$15,354 was paid by Members directly to vendors on the Conference's behalf during 1984. The remaining \$14,221 is shown as part of accounts payable. This restatement is consistent with 1985.

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