

SOUTH ASIAN YOUTH ACTION, INC.
INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS
AS OF JUNE 30, 2013
AND
FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

SOUTH ASIAN YOUTH ACTION, INC.

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
South Asian Youth Action, Inc.
Elmhurst, New York

We have audited the accompanying financial statements of South Asian Youth Action, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

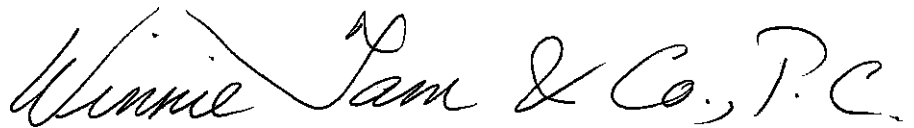
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Asian Youth Action, Inc. as of June 30, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited South Asian Youth Action, Inc.'s financial statements, and our report dated October 10, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Winnie Lam & Co., P.C." The signature is written in black ink and is positioned to the right of the date and location text.

New York, New York
December 4, 2013

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 787,953	\$ 610,505
Accounts receivable	1,990	712
Pledges, grants and contributions receivable - Notes 2 and 3	72,128	93,139
Due from governmental agencies - Note 4	279,834	79,702
Contract fees receivable	66,557	47,651
Prepaid expenses	<u>43,717</u>	<u>39,835</u>
Total Current Assets	1,252,179	871,544
Non-Current Assets		
Pledges receivable - Notes 2 and 3	-	9,760
Fixed assets, at cost, net of accumulated depreciation and amortization of \$38,105 and \$21,179 in 2013 and 2012 respectively - Notes 2 and 5	18,219	35,145
Security deposit	<u>1,600</u>	<u>1,600</u>
Total Assets	<u>\$ 1,271,998</u>	<u>\$ 918,049</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts and accrued expenses payable	\$ 48,674	\$ 51,925
Accrued for contingency loss - Note 10	40,000	-
Deferred event revenue	60,300	31,770
Advance from governmental agency - Note 4	<u>83,200</u>	<u>20,666</u>
Total Liabilities	<u>232,174</u>	<u>104,361</u>
Commitment - Note 9		
Contingencies - Note 10		
Net Assets		
Unrestricted	810,612	650,302
Temporarily restricted - Note 8	<u>229,212</u>	<u>163,386</u>
Total Net Assets	<u>1,039,824</u>	<u>813,688</u>
Total Liabilities and Net Assets	<u>\$ 1,271,998</u>	<u>\$ 918,049</u>

See accompanying notes to financial statements.

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds</u>	
			<u>2013</u>	<u>2012</u>
Operating Activities				
Support and Revenue				
Grants and contributions from - Note 2:				
Foundations and trusts	\$ 29,387	\$ 310,000	\$ 339,387	\$ 172,167
Corporations	42,162	7,000	49,162	94,810
Individuals	29,235	240	29,475	26,980
Federations	11,033	20,000	31,033	35,742
Government contracts	692,304		692,304	484,860
Other contract services	150,400		150,400	80,000
Special event income, net of direct expenses of \$174,532 and \$134,306 in 2013 and 2012, respectively - Note 6	627,886		627,886	479,707
In-kind contributions - Notes 2 and 6	45,733		45,733	23,733
Other income	<u>60</u>		<u>60</u>	<u>426</u>
Total Support and Revenue	<u>1,628,200</u>	<u>337,240</u>	<u>1,965,440</u>	<u>1,398,425</u>
Net Assets released from restrictions - Note 7	<u>271,414</u>	<u>(271,414)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,899,614</u>	<u>65,826</u>	<u>1,965,440</u>	<u>1,398,425</u>
Expenses				
Program services	1,357,770		1,357,770	1,142,754
Administrative and general	181,689		181,689	113,108
Fund raising	<u>160,289</u>		<u>160,289</u>	<u>92,572</u>
Total Expenses	<u>1,699,748</u>		<u>1,699,748</u>	<u>1,348,434</u>
Change in Net Assets from Operating Activities	<u>199,866</u>	<u>65,826</u>	<u>265,692</u>	<u>49,991</u>
Non-Operating Activities				
Interest income	422		422	330
Net realized gain/(loss) on donated stocks	22		22	(445)
Net unrealized loss on investments			-	(1,082)
Provision for contingency loss - Note 10	<u>(40,000)</u>		<u>(40,000)</u>	<u>-</u>
Change in Net Assets from Non-operating Activities	<u>(39,556)</u>		<u>(39,556)</u>	<u>(1,197)</u>
Change in Net Assets	160,310	65,826	226,136	48,794
Net Assets at beginning of year	<u>650,302</u>	<u>163,386</u>	<u>813,688</u>	<u>764,894</u>
Net Assets at end of year	<u>\$ 810,612</u>	<u>\$ 229,212</u>	<u>\$ 1,039,824</u>	<u>\$ 813,688</u>

See accompanying notes to financial statements.

SOUTH ASIAN YOUR ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

	Program Services	Supporting Services		Total Program and Supporting Services	
		Administrative and General	Fund Raising	2013	2012
Salaries	\$ 879,795	\$ 105,057	\$ 61,027	\$ 1,045,879	\$ 850,957
Payroll taxes and employee benefits	138,992	16,597	9,641	165,230	124,824
Total Payroll and related expenses	1,018,787	121,654	70,668	1,211,109	975,781
Professional and consulting fees (including donated services of \$45,733 in 2013 and \$23,733 in 2012)	117,999	20,029	51,488	189,516	169,838
Stipends	9,096			9,096	9,850
Supplies	46,163	6,343	209	52,715	30,293
Telephone and telecommunications	5,893	5,446	214	11,553	7,348
Postage and mailing		1,611	225	1,836	1,259
Occupancy	32,495	5,905	3,450	41,850	40,200
Equipment rental, repairs and maintenance	8,137	4,197	898	13,232	11,249
Travel	31,971	97	1,318	33,386	31,315
Meetings and community relations	139	3,693	2,066	5,898	1,660
Staff and board development	8,282	560	734	9,576	4,217
Printing and copying		952		952	899
Dues, fees and subscriptions		110	650	760	2,200
Advertising and recruitment expenses	190	887	4	1,081	4,377
Insurance	9,868	1,178	684	11,730	10,553
Event expenses			13,886	13,886	8,502
Program expenses (including in-kind contribution of \$18,153 in 2013)	53,590			53,590	16,024
Bank and credit card charges		5,288	2,871	8,159	6,871
Investment fees		150		150	150
Bad debt expense		1,500		1,500	
Miscellaneous	757	407	10,083	11,247	3,869
Total Expenses before depreciation and amortizaion	1,343,367	180,007	159,448	1,682,822	1,336,455
Depreciation and amortization	14,403	1,682	841	16,926	11,979
Total Expenses 2013	\$ 1,357,770	\$ 181,689	\$ 160,289	\$ 1,699,748	
Total Expenses 2012	\$ 1,142,754	\$ 113,108	\$ 92,572		\$ 1,348,434

See accompanying notes to financial statements.

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>Cash Flows from Operating Activities</u>		
Changes in Net Assets	\$ 226,136	\$ 48,794
Adjustments to reconcile changes in Net Assets to net cash provided by operating activities:		
Depreciation and amortization	16,926	11,979
Net realized (gain)/loss on donated stocks	(22)	445
Net unrealized loss on investments	-	1,082
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	(1,278)	363
Decrease/(increase) in pledges, grants and contributions receivable	30,771	(6,723)
(Increase)/decrease in due from governmental agencies	(200,132)	223,576
Increase in contract fees receivable	(18,906)	(19,887)
Increase in prepaid expenses	(3,478)	(11,575)
Decrease in accounts and accrued expenses payable	(3,655)	(5,636)
Increase in accrued unpaid settlement claim	40,000	-
Increase in deferred event revenue	28,530	21,120
Increase/(decrease) in advance from governmental agency	<u>62,534</u>	<u>(7,646)</u>
Net Cash Provided by Operating Activities	<u>177,426</u>	<u>255,892</u>
<u>Cash Flows from Investing Activities</u>		
Donated securities	(516)	(14,156)
Proceeds from sale of donated securities	538	32,159
Acquisition of fixed assets	<u>-</u>	<u>(31,223)</u>
Net Cash Provided by/(Used in) Investing Activities	<u>22</u>	<u>(13,220)</u>
Net Increase in Cash	177,448	242,672
Cash balance at beginning of year	<u>610,505</u>	<u>367,833</u>
Cash balance at end of year	<u>\$ 787,953</u>	<u>\$ 610,505</u>
<u>Supplemental disclosures of cash flow information:</u>		
Gifts of securities	<u>\$ 516</u>	<u>\$ 14,156</u>
Donated computer equipment		<u>\$ 18,880</u>

See accompanying notes to financial statements.

**SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 ORGANIZATION

South Asian Youth Action, Inc. ("SAYA") is a secular youth development not-for-profit organization dedicated to South Asian youth. SAYA's mission is to enable South Asian youth with limited opportunities to be prepared for a knowledge and skill-based economy, be assets to their families and engaged with their communities. SAYA's vision is for low-income South Asian youth to reach their full potential and begin a cycle of inter-generational success for all members of the community, regardless of means, circumstances or resources.

According to data from the U.S. Census Bureau 2008-2010 American Community Survey, there are slightly fewer than 2 million New Yorkers between the ages of 0-19. Over 100,000 are South Asian, or 5.1% of the overall population between 0-19. With over 1 in 20 of New York City's combined infants, pre-schoolers, and elementary, middle and high school-age youth, the city's South Asian youth population has reached a critical mass.

Over one-quarter of New York City's South Asian youth are poor. Many are first-generation immigrants or children of immigrants and face challenges that can impede their ability to achieve academic success, graduate high school, and obtain a college education. These challenges include: limited access to safe spaces, pressure to work while in school to supplement family incomes, lack of support systems that recognize their cultural and linguistic barriers, and home cultures in conflict with American culture.

Currently, SAYA is working to enhance its program design and resourcing; improve data capture and outcome measurement; and strengthen donor fund raising infrastructure.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) The accompanying financial statements of SAYA have been prepared on the accrual basis of accounting.
- b) Major acquisition of fixed assets are capitalized and depreciation is provided for on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the related lease.
- c) Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

(Continue)

SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. SAYA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- d) Cash consists of cash held in an interest-bearing checking account. At year end and throughout the year, SAYA's cash balances were deposited in a high quality financial institution. Management believes SAYA is not exposed to any significant credit risk on cash.
- e) Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. The basis of determining the fair value of investments is the readily determinable sales price of the investments based on prices or quotations from over-the-counter markets.

Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities. Realized and unrealized gains and losses allocated to the unrestricted, temporarily and permanently restricted net assets are recognized as incurred. They are recorded in the Statement of Activities as income or loss in accordance with donors restrictions.

- f) The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. The classes of net assets are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by SAYA is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of SAYA.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by SAYA is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of SAYA pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(Continue)

**SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations or designated by the Board.

- g) Program revenue is recognized as income when earned.
- h) Donated services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.
- i) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at June 30, 2013 and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from these estimates.
- j) These financial statements include certain prior year summarized information presented for comparative purposes and is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with SAYA's financial statements for the year ended June 30, 2012 from which the summarized information was derived.
- k) SAYA adopted *Financial Accounting Standards Board* ("FASB") guidance on uncertain income tax positions in its financial statements. SAYA recognizes the effect of tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes.
- l) SAYA is exempt from Federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State Code.

NOTE 3 PROMISES TO GIVE

Included in "Grants and Contributions receivable" are unconditional promises to give for the following:

Capacity Building	\$ 20,000
Desi Girls Brooklyn Initiative	15,000
Desi Men's Society	22,500
General Support	<u>14,628</u>
Total	<u>\$ 72,128</u>

All unconditional promises to give are due in less than one year.

**SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 ADVANCE AND DUE FROM GOVERNMENTAL AGENCIES

Under the terms of certain government contracts, any fund unexpended is reported as advance from governmental agencies and any excess of expenditures over funds received is reported as due from governmental agencies. The balances as of June 30, 2013 are as follows:

	<u>Due from Governmental Agencies</u>	<u>Advance from Governmental Agency</u>
New York City Department of Youth and Community Development	\$ 258,834	\$ 83,200
New York State Department of Education	<u>21,000</u>	<u> </u>
Total	<u>\$ 279,834</u>	<u>\$ 83,200</u>

NOTE 5 FIXED ASSETS

As of June 30, 2013, the costs of fixed assets and related accumulated depreciation and amortization are as follows:

Furniture and equipment	\$ 9,074
Computer and software	30,650
Website	11,800
Leasehold improvement	<u>4,800</u>
	56,324
Less - accumulated depreciation and amortization	(<u>38,105</u>)
Net	<u>\$ 18,219</u>

NOTE 6 NON-CASH CONTRIBUTIONS

In-kind contributions received during the year consist of donated services from Americorp VISTA members of \$23,733 and other donated services of \$22,000.

SAYA also received donated circus tickets and related transportation of \$18,153 for their program services and auction items of \$52,030 for their special event. These amounts were recorded in program expenses and direct event expenses.

**SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from restrictions during the year ended June 30, 2013 are as follows:

Satisfaction of program restrictions:	
Academic and College Preparation	\$ 10,000
Desi Girls Brooklyn Initiative	30,000
Desi Men's Society (formerly Young Men's Empowerment)	120,000
Support, Action, Guidance & Enrichment ("SAGE") Program	<u>38,289</u>
	198,289
Satisfaction of purpose restrictions:	
Institute for Public Service	7,000
Satisfaction of time restrictions:	
General Support designated for 2013	<u>66,125</u>
Total	<u>\$ 271,414</u>

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2013 are available for the following:

Academic and College Preparation	\$ 65,000
Capacity Building	20,000
Desi Girls Brooklyn Initiative	15,000
Desi Men's Society	107,500
Support, Action, Guidance & Enrichment ("SAGE") Program	<u>21,712</u>
Total	<u>\$ 229,212</u>

NOTE 9 COMMITMENT

SAYA leases its premises under an operating lease expiring on June 30, 2014. Future minimum rental payments under this lease, exclusive of certain rent escalations, is \$42,000.

SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 CONTINGENCIES

SAYA receives State and City contracts and contracts with other organizations for its programs. These contracts may be subject to financial and compliance audits by the funding agencies. The amount of expenditures, if any, that may be disallowed by the funding agencies cannot be determined at this time, hence no provision for such disallowance has been reflected in the financial statements.

SAYA is a defendant in a lawsuit filed by a financial institution for alleged default of the financing agreement on an equipment lease. The suit asks for damages totaling \$59,850. SAYA has a counter-claim against the plaintiff and a third party, the sales agent involved with the equipment lease. SAYA has also proposed a settlement in the amount of \$40,000, which has been reflected as provision for contingency loss in the accompanying financial statements. If the settlement offer is not accepted, the amount of the ultimate loss to SAYA, if any, may equal the amount of damages sought by the plaintiff, plus taxes, interest, late fees, and attorney fees and costs and disbursements.

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

SAYA follows FASB guidance on *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. As defined in FASB *Accounting Standards Codification* ("ASC") 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

SAYA utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. SAYA's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

(Continue)

SOUTH ASIAN YOUTH ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS - (Continued)

The three levels of fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets and liabilities in inactive markets.
- Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

Due to the short-term nature of cash, receivables and payables, their fair value approximates carrying value.

NOTE 12 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing SAYA's services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NOTE 13 SUBSEQUENT EVENTS

SAYA evaluated subsequent events through December 4, 2013, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.