

**Supporting and Mentoring Youth Advocates and Leaders**

Financial Statements  
and Independent Auditors' Report

December 31, 2016 and 2015

# Supporting and Mentoring Youth Advocates and Leaders

Financial Statements  
December 31, 2016 and 2015

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Supporting and Mentoring Youth Advocates and Leaders

We have audited the accompanying financial statements of the Sexual Minority Youth Assistance League, doing business as Supporting and Mentoring Youth Advocates and Leaders (SMYAL), which comprise the statements of financial position as of December 31, 2016 and 2015; the related statements of activities, functional expenses, and cash flows for the years 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 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 audits. We conducted our audits in accordance with 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 from 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 SMYAL as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia  
December 11, 2017

## Supporting and Mentoring Youth Advocates and Leaders

### Statements of Financial Position December 31, 2016 and 2015

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 380,297	\$ 295,737
Grants receivable	18,940	17,776
Contributions receivable	1,000	42,500
Prepaid expenses and other assets	9,200	2,937
Property and equipment, net	227,028	244,265
Deferred financing costs, net	791	1,318
Deposits	9,200	-
Total assets	<u>\$ 646,456</u>	<u>\$ 604,533</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 23,170	\$ 20,230
Mortgage payable	205,134	221,430
Total liabilities	<u>228,304</u>	<u>241,660</u>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	304,489	129,155
Board-designated – operating reserve	106,844	106,844
Board-designated – infrastructure fund	-	19,374
Total unrestricted	411,333	255,373
Temporarily restricted	6,819	107,500
Total net assets	<u>418,152</u>	<u>362,873</u>
Total liabilities and net assets	<u>\$ 646,456</u>	<u>\$ 604,533</u>

See accompanying notes.

## Supporting and Mentoring Youth Advocates and Leaders

Statement of Activities  
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Special events:			
Special event revenue	\$ 309,225	\$ -	\$ 309,225
Less: costs of direct benefit to donors	(74,562)	-	(74,562)
Net revenue from special events	234,663	-	234,663
Contributions	263,325	26,000	289,325
Government grants	130,758	-	130,758
Interest income	503	-	503
Miscellaneous income	100	-	100
Net assets released from restrictions	126,681	(126,681)	-
<b>Total revenue and support</b>	<b>756,030</b>	<b>(100,681)</b>	<b>655,349</b>
<b>Expenses</b>			
Program services:			
Health and wellness	173,522	-	173,522
Community education	153,360	-	153,360
Youth leadership development	129,104	-	129,104
Transitional housing	55,222	-	55,222
<b>Total program services</b>	<b>511,208</b>	<b>-</b>	<b>511,208</b>
Supporting services:			
General and administrative	44,933	-	44,933
Fundraising	43,929	-	43,929
<b>Total supporting services</b>	<b>88,862</b>	<b>-</b>	<b>88,862</b>
<b>Total expenses</b>	<b>600,070</b>	<b>-</b>	<b>600,070</b>
<b>Change in Net Assets</b>	155,960	(100,681)	55,279
<b>Net Assets, beginning of year</b>	<b>255,373</b>	<b>107,500</b>	<b>362,873</b>
<b>Net Assets, end of year</b>	<b>\$ 411,333</b>	<b>\$ 6,819</b>	<b>\$ 418,152</b>

See accompanying notes.

## Supporting and Mentoring Youth Advocates and Leaders

Statement of Activities  
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Special events:			
Special event revenue	\$ 234,935	\$ -	\$ 234,935
Less: costs of direct benefit to donors	(66,496)	-	(66,496)
Net revenue from special events	168,439	-	168,439
Contributions	290,374	107,500	397,874
Government grants	87,921	-	87,921
Interest income	334	-	334
Miscellaneous income	1,446	-	1,446
Net assets released from restrictions	98,319	(98,319)	-
<b>Total revenue and support</b>	<b>646,833</b>	<b>9,181</b>	<b>656,014</b>
<b>Expenses</b>			
Program services:			
Health and wellness	135,695	-	135,695
Community education	181,718	-	181,718
Youth leadership development	187,036	-	187,036
<b>Total program services</b>	<b>504,449</b>	<b>-</b>	<b>504,449</b>
Supporting services:			
General and administrative	44,023	-	44,023
Fundraising	43,714	-	43,714
<b>Total supporting services</b>	<b>87,737</b>	<b>-</b>	<b>87,737</b>
<b>Total expenses</b>	<b>592,186</b>	<b>-</b>	<b>592,186</b>
<b>Change in Net Assets</b>	<b>54,647</b>	<b>9,181</b>	<b>63,828</b>
<b>Net Assets, beginning of year</b>	<b>200,726</b>	<b>98,319</b>	<b>299,045</b>
<b>Net Assets, end of year</b>	<b>\$ 255,373</b>	<b>\$ 107,500</b>	<b>\$ 362,873</b>

See accompanying notes.

**Supporting and Mentoring Youth Advocates and Leaders**

Statement of Functional Expenses  
For the Year Ended December 31, 2016

	Health and Wellness	Community Education	Youth Leadership Development	Transitional Housing	Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total
Salaries	\$ 70,631	\$ 71,340	\$ 37,810	\$ 37,810	\$ 217,591	\$ 18,905	\$ 18,906	\$ -	\$ 255,402
Payroll taxes	5,789	5,849	3,150	3,150	17,938	2,062	2,062	-	22,062
Employee benefits	6,906	6,975	3,697	3,697	21,275	1,849	1,850	-	24,974
Contracted services	34,316	13,316	21,566	-	69,198	4,993	4,994	-	79,185
Conferences and meetings	3,508	3,508	3,508	-	10,524	1,315	1,316	-	13,155
Occupancy	6,190	6,190	6,190	2,978	21,548	-	-	71,290	92,838
Office and other supplies	2,125	2,125	2,125	-	6,375	935	796	-	8,106
Printing and copying	1,465	1,465	1,465	-	4,395	987	112	3,272	8,766
Postage and delivery	329	329	329	-	987	123	123	-	1,233
Telephone	918	918	918	918	3,672	458	458	-	4,588
Equipment rental	2,137	2,137	2,137	-	6,411	802	802	-	8,015
Bank fees	479	479	479	-	1,437	179	179	-	1,795
Dues and subscriptions	285	285	285	-	855	106	106	-	1,067
Travel	1,344	1,344	1,344	-	4,032	504	505	-	5,041
Depreciation and amortization	3,552	3,552	3,552	3,552	14,208	1,778	1,778	-	17,764
Marketing	1,650	1,650	1,650	-	4,950	619	619	-	6,188
Information technology	4,865	4,865	4,865	-	14,595	1,823	1,824	-	18,242
Interest	1,928	1,928	1,928	1,928	7,712	963	963	-	9,638
Insurance	1,750	1,750	1,750	-	5,250	655	656	-	6,561
Payroll fees	387	387	387	-	1,161	145	146	-	1,452
Program supplies	8,072	8,072	8,073	-	24,217	-	-	-	24,217
Accounting fees	8,877	8,877	8,877	-	26,631	3,328	3,329	-	33,288
Repair and maintenance	4,790	4,790	4,790	-	14,370	1,795	1,796	-	17,961
Licenses and permits	40	40	40	-	120	15	15	-	150
Utilities	1,189	1,189	1,189	1,189	4,756	594	594	-	5,944
Scholarships	-	-	7,000	-	7,000	-	-	-	7,000
<b>Total Functional Expenses</b>	<b>173,522</b>	<b>153,360</b>	<b>129,104</b>	<b>55,222</b>	<b>511,208</b>	<b>44,933</b>	<b>43,929</b>	<b>74,562</b>	<b>674,632</b>
Less: Direct Benefits to Donors	-	-	-	-	-	-	-	(74,562)	(74,562)
<b>Total Expenses</b>	<b>\$ 173,522</b>	<b>\$ 153,360</b>	<b>\$ 129,104</b>	<b>\$ 55,222</b>	<b>\$ 511,208</b>	<b>\$ 44,933</b>	<b>\$ 43,929</b>	<b>\$ -</b>	<b>\$ 600,070</b>

See accompanying notes.



**Supporting and Mentoring Youth Advocates and Leaders**

Statement of Functional Expenses  
For the Year Ended December 31, 2015

	Health and Wellness	Community Education	Youth Leadership Development	Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total
Salaries	\$ 52,291	\$ 97,587	\$ 86,088	\$ 235,966	\$ 19,609	\$ 19,609	\$ -	\$ 275,184
Payroll taxes	4,429	8,266	7,834	20,529	1,674	1,674	-	23,877
Employee benefits	5,570	10,097	9,588	25,255	2,089	2,089	-	29,433
Contracted services	1,375	1,375	10,664	13,414	515	515	-	14,444
Conferences and meetings	3,198	1,604	9,364	14,166	301	301	-	14,768
Occupancy	9,219	-	200	9,419	-	-	61,837	71,256
Office and other supplies	4,546	4,546	4,546	13,638	1,706	1,706	-	17,050
Printing and copying	1,989	1,989	1,989	5,967	1,055	746	4,659	12,427
Postage and delivery	338	322	338	998	121	121	-	1,240
Telephone	1,463	1,463	1,463	4,389	549	549	-	5,487
Equipment rental	2,315	2,315	2,315	6,945	868	868	-	8,681
Bank fees	218	218	218	654	82	82	-	818
Dues and subscriptions	770	729	879	2,378	323	323	-	3,024
Travel	4,063	323	1,287	5,673	225	226	-	6,124
Consultants	3,080	12,080	3,415	18,575	1,155	1,155	-	20,885
Depreciation and amortization	4,790	4,790	4,790	14,370	1,797	1,796	-	17,963
Marketing	1,755	1,175	1,750	4,680	441	441	-	5,562
Information technology	7,048	7,048	7,048	21,144	2,643	2,643	-	26,430
Interest	2,738	2,738	2,738	8,214	1,027	1,027	-	10,268
Insurance	3,224	3,224	3,224	9,672	1,209	1,209	-	12,090
Payroll fees	559	559	559	1,677	210	210	-	2,097
Program supplies	3,584	2,137	3,606	9,327	-	-	-	9,327
Accounting fees	8,825	8,825	8,825	26,475	3,309	3,309	-	33,093
Repair and maintenance	8,065	8,065	8,065	24,195	3,024	3,024	-	30,243
Licenses and permits	243	243	243	729	91	91	-	911
Scholarships	-	-	6,000	6,000	-	-	-	6,000
<b>Total Functional Expenses</b>	<b>135,695</b>	<b>181,718</b>	<b>187,036</b>	<b>504,449</b>	<b>44,023</b>	<b>43,714</b>	<b>66,496</b>	<b>658,682</b>
Less: Direct Benefits to Donors	-	-	-	-	-	-	(66,496)	(66,496)
<b>Total Expenses</b>	<b>\$ 135,695</b>	<b>\$ 181,718</b>	<b>\$ 187,036</b>	<b>\$ 504,449</b>	<b>\$ 44,023</b>	<b>\$ 43,714</b>	<b>\$ -</b>	<b>\$ 592,186</b>

See accompanying notes.

## Supporting and Mentoring Youth Advocates and Leaders

### Statements of Cash Flows For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 55,279	\$ 63,828
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,764	17,963
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(1,164)	4,946
Contributions receivable	41,500	55,841
Prepaid expenses and other assets	(6,263)	(2,937)
Deposits	(9,200)	-
(Decrease) increase in:		
Accounts payable and accrued expenses	2,940	(5,949)
Net cash provided by operating activities	100,856	133,692
<b>Cash Flows from Investing Activity</b>		
Purchases of property and equipment	-	(3,072)
Net cash used in investing activity	-	(3,072)
<b>Cash Flows from Financing Activity</b>		
Principal payments under mortgage payable	(16,296)	(14,840)
Net cash used in financing activity	(16,296)	(14,840)
<b>Net Increase in Cash and Cash Equivalents</b>	84,560	115,780
<b>Cash and Cash Equivalents, beginning of year</b>	295,737	179,957
<b>Cash and Cash Equivalents, end of year</b>	\$ 380,297	\$ 295,737
<b>Supplementary Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 9,638	\$ 10,268

*See accompanying notes.*

# Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2016 and 2015

## 1. Nature of Operations

The Sexual Minority Youth Assistance League, doing business as Supporting and Mentoring Youth Advocates and Leaders (SMYAL), was incorporated under the laws of the District of Columbia on August 16, 1984, as a 501(c)(3) not-for-profit corporation dedicated to the health and well-being of all lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth. SMYAL's mission is to support LGBTQ youth in the Washington, DC metropolitan region. Through youth leadership, SMYAL creates opportunities for LGBTQ youth to build self-confidence, develop critical life skills, and engage their peers and community through service and advocacy. Committed to social change, SMYAL builds, sustains, and advocates for programs, policies, and services that LGBTQ youth need as they grow into adulthood. SMYAL funds its programs and supporting services primarily through individual contributions, foundation grants, corporate support, and government grants.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of SMYAL's operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of SMYAL or the passage of time.

### Cash Equivalents

For the purpose of the statements of cash flows, SMYAL considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

### Grants Receivable

Grants receivable primarily consist of amounts due within one year under grants for program services. Management determines the need for an allowance for doubtful grants by identifying any troubled accounts. No allowance for doubtful accounts is recorded as management believes that all grants receivable are fully collectible.

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2016 and 2015

### 2. Summary of Significant Accounting Policies (continued)

#### Contributions Receivable

Contributions receivable represent unconditional contributions to be paid within a year and are recorded at net realizable value. SMYAL uses the direct write-off method for uncollectible accounts, as historically, write-offs of contributions receivable have been minimal. At December 31, 2016 and 2015, management believes all contributions receivable are fully collectible.

#### Property and Equipment

Property and equipment purchases at a cost of \$1,000 or more and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation on furniture and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. The building is being depreciated on the straight-line basis over 45 years, and building improvements are amortized over their estimated useful lives, which range from five to 30 years. Expenditures for major repairs and improvements are capitalized.

#### Deferred Financing Costs

In 2013, SMYAL deferred financing costs of \$2,591 incurred in the refinancing of its mortgage obligation. This amount is being amortized over the term of the related debt using the straight-line method. Amortization expense was \$527 for the both years ended December 31, 2016 and 2015, respectively.

#### Revenue Recognition

Contributions are recognized as revenue when received or promised, and are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year are reported as unrestricted contributions.

Grant revenue is generated from government sources and is generally under cost reimbursement arrangements where unrestricted revenue is recognized at the time costs are incurred. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position.

Revenue from all other sources is recognized when earned.

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2016 and 2015

### 2. Summary of Significant Accounting Policies (continued)

#### In-Kind Contributions

The value of contributions that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are recorded at their estimated fair value, as provided by the donor, at the date of receipt.

SMYAL also receives services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification 958-605-25-16, *Contributed Services*.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2020.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented in financial statements and notes about nonprofit organization liquidity, financial performance, and cash flows. The guidance is effective beginning in 2018.

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2016 and 2015

### 2. Summary of Significant Accounting Policies (continued)

#### Subsequent Events

In preparing these financial statements, SMYAL has evaluated events and transactions for potential recognition or disclosure through December 11, 2017, the date the financial statements were available to be issued.

### 3. Concentrations of Credit Risk

Financial instruments that potentially subject SMYAL to significant concentrations of credit risk consist of cash and cash equivalents, grants, and contributions receivables. SMYAL maintains various cash deposit and transaction accounts with financial institutions, and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). SMYAL has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal. Grants and contributions receivable consist primarily of amounts due from governmental agencies, other nonprofits, and individual donors. Management believes that the credit risk related to these receivables is minimal.

### 4. Property and Equipment

Property and equipment consists of the following at December 31:

	2016	2015
Building	\$ 315,964	\$ 315,964
Building improvements	115,523	115,523
Furniture and equipment	41,882	41,882
Total property and equipment	473,369	473,369
Less: accumulated depreciation and amortization	(246,341)	(229,104)
Property and equipment, net	\$ 227,028	\$ 244,265

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2016 and 2015

### 5. Temporarily Restricted Net Assets

SMYAL's temporarily restricted net assets consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Gay-straight alliance network program	\$ 5,819	\$ 15,000
Time restricted	<u>1,000</u>	<u>92,500</u>
Total temporarily restricted net assets	<u>\$ 6,819</u>	<u>\$ 107,500</u>

### 6. Mortgage Payable

In 2013, SMYAL refinanced its mortgage for its face value at the date of the refinance, reducing the interest rate to 4.42% per annum and extending the maturity date to July 17, 2018. SMYAL is obligated under a note payable secured by a building. The note is payable in monthly installments of principal and interest of \$2,158, and contains a provision for a balloon payment equal to the unpaid principal and interest as of the maturity date.

Principal payments required under the mortgage agreement are due as follows for the years ending December 31:

2017	\$ 17,294
2018	<u>187,840</u>
Total scheduled principal payments	<u>\$ 205,134</u>

### 7. Commitment and Contingencies

#### Government Cooperative Agreements and Grants

Funds that SMYAL receives from various U.S. state and local government agencies are subject to audit under the provisions of the cooperative agreements. The ultimate determination of amounts received under the cooperative agreements and grants is based upon the allowance of costs reported to, and accepted by, the oversight agencies. Until such cooperative agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2016 and 2015

### 7. Commitment and Contingencies (continued)

#### Operating Leases

SMYAL entered into a lease agreement for a four-unit apartment plus an office structure in Washington, DC. The structure will be utilized for the Transitional Housing program. The lease commenced on January 1, 2017 and expires on December 31, 2019. The lease calls for base monthly rental payments of \$9,200 during the first year, and \$9,400 during the second year. Deferred rent on this lease is not recorded in the accompanying statements of financial position due to immateriality.

SMYAL also leases a copier machine under an operating lease, which expires in March 2018.

Total future minimum lease payments under all operating leases are as follows for the years ending December 31:

2017	\$	117,540
2018		<u>114,585</u>
Future minimum lease payments	\$	<u>232,125</u>

### 8. Retirement Plan

SMYAL maintains a simple individual retirement plan and contributes two percent of the employee's salary for all eligible employees. Employees may contribute up to the maximum amount allowable by law. Total retirement plan expense for the years ended December 31, 2016 and 2015 were \$4,675 and \$6,338, respectively.

### 9. Income Taxes

SMYAL is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from income taxes except for taxes on unrelated business activities. No tax expenses were recorded in the accompanying financial statements for the years ended December 31, 2016 and 2015, as there were no unrelated business activities. Contributions to SMYAL are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management evaluated SMYAL's tax positions and has concluded that SMYAL has taken no uncertain tax positions that require adjustment to or disclosure in the accompanying financial statements.