

USENIX

THE ADVANCED COMPUTING SYSTEMS ASSOCIATION

Financial Statements

For the Years Ended December 31, 2006 & 2005

USENIX ASSOCIATION

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Independent Auditor's Report

To the Board of Trustees of
USENIX Association

We have audited the accompanying statements of financial position of USENIX Association (a nonprofit organization) as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USENIX Association as of December 31, 2006 and 2005, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



McSweeney & Associates
Certified Public Accountants

Grass Valley, CA
May 17, 2007

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USENIX ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2006 and 2005

ASSETS	2006	2005
Current Assets		
Cash & cash equivalents	\$ 1,245,162	\$ 1,138,826
Receivables	63,087	47,081
Prepaid expenses	47,203	39,003
Inventory	4,388	5,913
	<hr/>	<hr/>
Total current assets	1,359,840	1,230,823
Investments at fair market value	6,047,657	5,343,665
Property and Equipment		
Office furniture and equipment	503,596	477,724
Less: accumulated depreciation	<u>(452,814)</u>	<u>(421,264)</u>
Net property and equipment	50,782	56,460
Other assets	248,521	206,515
	<hr/>	<hr/>
	\$ <u>7,706,800</u>	\$ <u>6,837,463</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accrued expenses	\$ 671,921	\$ 589,575
Accrued income taxes payable	-	11,200
Contributions held for OpenAFS	176	1,200
Deferred Revenue	<u>55,290</u>	<u>40,000</u>
Total current liabilities	727,387	641,975
Long-term Liabilities	<u>248,521</u>	<u>206,515</u>
Total liabilities	975,908	848,490
Net Assets		
Unrestricted Net Assets	<u>6,730,892</u>	<u>5,988,973</u>
Net Assets	<u>6,730,892</u>	<u>5,988,973</u>
	\$ <u>7,706,800</u>	\$ <u>6,837,463</u>

The accompanying notes are an integral part of these financial statements.

USENIX ASSOCIATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2006 and 2005

	2006	2005
REVENUES		
Conference & workshop revenue	\$ 3,407,994	\$ 3,281,826
Membership dues	552,978	572,560
Product sales	8,017	12,858
SAGE dues & other revenue	131,290	128,039
General sponsorship	0	2,925
	4,100,279	3,998,208
OPERATING EXPENSES		
Conferences & workshops	2,645,671	2,709,818
Membership; login:	394,439	387,520
Projects & GoodWorks	284,472	291,935
SAGE	224,313	164,111
Management and general	433,327	457,473
Fund Raising	112,143	97,782
	4,094,365	4,108,639
Net operating surplus/(deficit)	5,914	(110,431)
NON-OPERATING ACTIVITY		
Donations	0	0
Interest & dividend income	245,024	171,766
Gains & losses on marketable securities	556,471	32,907
Investment fees	(62,185)	(59,267)
Other non-operating	(3,305)	(20,197)
	736,005	125,209
Net investment income & non-operating expense	736,005	125,209
Increase/(decrease) in net assets	741,919	14,778
Net assets, beginning of year	5,988,973	5,974,195
Net assets, end of year	\$ 6,730,892	\$ 5,988,973

The accompanying notes are an integral part of these financial statements.

USENIX ASSOCIATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 741,919	\$ 14,778
Adjustments to reconcile increase in net assets to net cash provided by/(used for) operating activities:		
Depreciation	31,550	41,524
Decrease/(Increase) in receivables	(16,006)	39,336
Decrease in inventory	1,525	4,916
Decrease/(Increase) in prepaid expense	(8,200)	14,313
Increase in accrued expenses	81,322	277,019
Increase in accrued income taxes	(11,200)	11,200
Increase in deferred revenue	15,290	38,140
	<u>94,281</u>	<u>426,448</u>
Total adjustments		
Net cash provided by operating activities	<u>836,200</u>	<u>441,226</u>
CASH FLOWS PROVIDED BY/(USED FOR) INVESTING ACTIVITIES:		
Purchase of investments	(3,743,603)	(2,423,109)
Sale of investments	3,743,603	2,423,109
Net investment income designated for long-term purposes	(142,510)	(105,057)
Realized & unrealized gains on investments	(561,482)	(32,907)
Disposition of equipment	0	1,643
Purchase of property & equipment	(25,872)	(15,210)
	<u>(729,864)</u>	<u>(151,531)</u>
Net cash used for investing activities		
Net change in cash & equivalents	106,336	289,695
Cash & equivalents, beginning of year	<u>1,138,826</u>	<u>849,131</u>
Cash & equivalents, end of year	<u>\$ 1,245,162</u>	<u>\$ 1,138,826</u>
Cash payments for:		
Interest	-0-	-0-
Taxes	-0-	\$3,532

The accompanying notes are an integral part of these financial statements.

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

USENIX Association was incorporated in 1980 and was granted status as a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code in 1984. The principal purpose of the organization is to provide educational benefits, including the exchange and communication of research and technological ideas pertaining to advanced computing systems and tools. There are approximately 5,300 members in the United States and 45 countries. The Association's programs include:

Conferences and Workshops

USENIX conferences are designed using a combination of staff expertise and volunteer program committees that are comprised of industry professionals. USENIX conferences are highly technical, attracting attendees with mid- to senior-level experience in IT positions, and offering opportunities for learning, networking, presenting, and publishing research in the conference proceedings. Major annual conferences include the System Administration (LISA) Conference, the Security Symposium, and the USENIX Annual Technical Conference. Smaller conferences on specific areas in advanced computing systems are also held. A highly regarded tutorial program accompanies most conferences.

Programs and Memberships

The Association publishes a magazine six times a year. The publication features technical articles on a wide range of topics, tips on system administration techniques, workplace strategies, book reviews, and summaries of the Association's conferences. Membership with the Association provides numerous benefits and includes generous discounts for conferences, access to online conference proceedings, and a free subscription to the Association's magazine.

Student Programs, Good Works, and Projects

Special distributions are designated for student programs, standards activities, Good Works, and various projects due to a spending policy adopted by the Board of Directors. Distributions are given to universities, students, and organizations throughout the year, with oversight of these programs provided by volunteer committees and staff. See additional information in Note 2.

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

SAGE – The USENIX SIG for sysadmins

SAGE is a special interest group of USENIX serving the system administration community. SAGE benefits include a series of booklets on practical topics such as job descriptions, an annual salary survey, a members' list, and a Web resource site that includes job postings.

Basis of Accounting and Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The net assets, revenues, gains and losses, expenses and other changes in the accompanying financial statements are classified based on the existence or absence of donor imposed restrictions. Accordingly, for reporting purposes, net assets of the Association and changes therein are classified as follows:

Unrestricted net assets - represent net assets that are not subject to donor-imposed stipulations and are available to support the Association's operations. This includes certain amounts designated by the board for the reserve fund or other uses.

Temporarily restricted net assets - represent contributions that are limited in use by the Association in accordance with temporary donor imposed stipulations. These stipulations may expire with time or may be satisfied and removed by actions of the Association according to the terms of the contribution. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. There were no temporarily restricted net assets at December 31, 2006 and 2005.

Permanently restricted net assets - represent contributions to be held as investments in perpetuity as directed by the original donor. At December 31, 2006 and 2005 the Association does not have any permanently restricted net assets.

Accounting 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

Income Tax Status

The Association was granted tax-exempt status as provided by Internal Revenue Code Section 501(c)(3) in a determination letter dated August 15, 1984. In addition, the Association has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the Code. As a result, the Association is exempt from paying income taxes, except with respect to income unrelated to its tax exempt purpose, and thus no provision for income taxes has been reflected in these financial statements, except with respect to unrelated business income.

Revenue Recognition

Revenues from conferences and workshops are recognized when the events take place. Amounts received prior to the events are recorded as deferred revenue. Membership dues, which are non-refundable, are recognized as income when dues are received. Revenues from product sales are recognized upon completion of sales. Contributions are recognized when an unconditional promise to give is made.

Cash and Cash Equivalents

The Association considers all highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents.

Marketable Securities

Marketable securities with readily determinable fair market values are stated at fair market value and both realized and unrealized gains and losses are reflected in the statement of activities. These investments are subject to market fluctuations.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over their respective estimated useful lives, which range from five to seven years. It is the Association's policy to capitalize expenditures for those items in excess of \$1,000. Maintenance and repairs are charged to expense as incurred.

Inventory

Inventory consists of conference proceedings from various conferences that are available for sale. Inventory is presented at the lower of cost or market, first-in,

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

first-out.

Functional Allocation of Expenses

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

2. Investments - Reserve Fund

In December 1992, the Board of Directors established an investment account with the intent of assuring a reserve fund for operations and a growth opportunity for supporting the "Good Works" programs envisioned by USENIX. The fund was set up with \$1,000,000 from unrestricted funds. The reserve fund is currently managed by three professional investment advisors under the supervision of Smith Barney. The following briefly summarizes the activity of the fund:

USENIX ASSOCIATION
RESERVE FUND SUMMARY (IN U.S. DOLLARS)

Year Ended	Beginning Balance	Transfers from/(to) operating accounts	Donations	Earnings & Growth of Managed Fund net of Advisory fees	Distributions for Good Works	Ending Balance
YE 11/30/93	-0-	1,150,000		78,986		1,228,986
YE 11/30/94	1,228,986			25,595		1,203,391
YE 11/30/95	1,203,391	575,000				2,248,420
13mos end 12/30/96	2,248,420	200,000	1,401,815	990,478		4,840,713
YE 12/31/97	4,840,713			169,899		5,010,612
YE 12/31/98	5,010,612			866,302	(228,636)	5,648,278
YE 12/31/99	5,648,278			2,363,649	(256,644)	7,755,283
YE 12/31/00	7,755,283	903,933		(279,304)	(295,474)	8,084,438
YE 12/31/01	8,084,438			(1,090,850)	(355,000)	6,638,588
YE 12/31/02	6,638,588	(1,210,619)		(791,954)	(289,253)	4,346,762
YE 12/31/03	4,346,762			569,891		4,916,653
YE 12/31/04	4,916,653			289,048		5,205,701
YE 12/31/05	5,205,701			137,964		5,343,665
YE 12/31/06	5,343,665			703,992		6,047,657

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

The Board has established portfolio objectives and investment guidelines that outline the permitted asset mix and characteristics of the portfolio of securities. The investment guidelines are based upon an investment horizon of greater than five years and the Board recognizes that assuming some risk is inherent in the investment process. The security guidelines target a mix of 45 to 55% fixed income securities and 45 to 55% equity securities. There are also limitations on the concentrations in single issues or sectors. Additional targets and guidelines are determined by the treasurer, executive director, and investment advisors.

The advisory fees, which include all management fees and transaction costs, are a blended rate based on the equity/fixed income mix applied to the assets under management. The fees paid for 2006 and 2005 were 1.09 and 1.12% of the average portfolio for the year, respectively, and varied with the portfolios. The intent of the Board is to allow the reserve funds to be invested in high quality securities and bonds for mid-term growth while still providing USENIX with liquidity and safety for reserve needs.

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

As of December 31, 2006 and 2005, the reserve fund consisted of the following:

Reserve fund by type of security – December 31, 2006 (IN U.S. DOLLARS)

	Cost	Market Value	Unrealized		% of Market Value	
			Gain	Loss		
Cash & money market	212,823	212,823			3.5	3.5
US Government treasury Notes	2,107,575	2,114,269	6,694		35.0	39.5
Debt Securities-Foreign gov't	0	0	0		0.0	
Corporate Debt Securities	280,537	273,554	0	(6,983)	4.5	
Equity Securities	2,547,082	3,447,011	899,929		57.0	57.0
Total Investments	5,148,017	6,047,657	906,623	(6,983)		100%
Net unrealized gain/(loss)				899,640		

Reserve fund by type of security – December 31, 2005 (IN U.S. DOLLARS)

	Cost	Market Value	Unrealized		% of Market Value	
			Gain	Loss		
Cash & money market	226,242	226,242			4.2	4.2
US Government treasury Notes	1,767,706	1,751,845		(15,861)	32.8	38.9
Debt Securities-Foreign gov't	0	0	0		0.0	
Corporate Debt Securities	332,530	326,133		(6,397)	6.1	
Equity Securities	2,498,261	3,039,445	541,184		56.9	56.9
Total Investments	4,824,739	5,343,665	541,184	(22,258)		100%
Net unrealized gain/(loss)				518,926		

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

3. Concentration of Credit Risk - Cash

The Association maintains cash at one financial institution in excess of the FDIC insured limit of \$100,000 per institution. At December 31, 2006, the Association's uninsured cash balance totaled \$ 116,493.

4. Retirement Plan

In 1986, the Association adopted a defined contribution pension plan for its employees. Contributions are made on behalf of the employees at the rate of 12% of an eligible employee's compensation. The amounts contributed to the plan for the periods ended December 31, 2006 and 2005, were \$ 111,934 and \$114,300, respectively. The Association also provides a 401(k) deferred compensation plan available to its employees. This plan does not provide matching contributions.

5. Other Assets/ Long Term Liabilities

The Association has a non-qualified deferred compensation plan for certain key employees. The total of participant deferred compensation, which is reflected in long-term liabilities, was \$248,521 and \$206,515 at December 31, 2006 and December 31, 2005, respectively.

6. Lease Obligation

The Association leases 2,910 square feet of office space at its headquarters in Berkeley, California, under terms of a lease dated January 13, 1987. The most recent renewal, dated June 13, 2006, extended the lease through May 31, 2011. The base rent is \$5,800 per month, beginning June 1, 2006 (\$1.99 sq. ft.). There is a provision for a CPI adjustment with a minimum 3% increase per year. The future lease obligations are as follows for the years ended December 31:

2007	\$ 70,818
2008	\$ 72,941
2009	\$ 75,131
2010	\$ 77,386
2011	\$ 32,640

Rent expense for the years ended December 31, 2006 and 2005 was \$73,144 and \$ 74,074, respectively.

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

7. Commitments - Future Conferences

The Association sponsors an Annual Technical Conference, a major Systems Administration Conference, known as LISA, and a Security Conference. In addition, the Association sponsors a number of smaller events on specialized topics. Commitments for the larger conferences are generally made for hotel and meeting room space approximately five years prior to the conference dates. The following major contracts have been finalized.

<u>Annual Technical Conference</u>		<u>Peak Night Rooms Committed</u>	<u>Total Nights Committed</u>
June 2007	Santa Clara	475	2,156
June 2008	Boston	394	1,885
June 2009	San Diego	400	1,910
June 2010	Boston	340	1,765
 <u>LISA Conference</u>			
November 2007	Dallas	660	3,665
November 2008	San Diego	750	4,315
November 2009	Baltimore	625	3,665
December 2010	San Jose	625	3,675
December 2011	Boston	625	3,665
 <u>Security Conference</u>			
August 2007	Boston	200	920
August 2008	San Jose	230	995

In the event of a cancellation or a lower than anticipated attendance, there is a potential liability to the Association for the commitments to the hotels and convention centers involved in these contracts. As of December 31, 2006 the potential liabilities in the event of cancellation were \$2,276,443, including all USENIX conference commitments. As of December 31, 2005 these potential liabilities were \$2,137,600. As of May 17, 2007, the potential liabilities increased to \$2,314,522, due to the approaching 2007 Annual Tech and LISA 2008 conferences. Not all conference commitments are subject to cancellation penalties.

USENIX ASSOCIATION
Notes to Financial Statements
December 31, 2006

8. Legal Contingency

The Association was named Defendant in a lawsuit that seeks compensation for fees the Plaintiff claims are due under an agreement as well as unspecified damages. The Association denies being a party to the agreement on which the claim is based. Management believes this claim is covered under the Association's liability insurance policy. The Association's insurer has confirmed that the Association may be covered for this claim under its liability insurance policy but has not made a final determination as of the date of this report. The complaint enumerates fees that the plaintiff claims are due for the sixteen months ended December 31, 2006 (\$192,400), together with fees for two previous months (\$24,000) for a total of \$216,400, plus an unspecified amount for fees due for the year ending December 31, 2007. Management believes that the outcome of this suit will not have a material effect on the financial condition of the Association.

Supplemental Schedules



USENIX ASSOCIATION
SAGE STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2006 and 2005

	2006	2005
REVENUES		
Membership dues	\$ 128,370	\$ 125,580
SAGE publications	2,360	2,339
Other SAGE income (T-shirts, misc.)	560	120
	<hr/>	<hr/>
Total revenues	131,290	128,039
SAGE Direct Expenses		
Web server	27,827	
Elections		68
Database & system administration	653	1,845
Salary survey	4,000	
Legal fees		4,152
Publications/Booklets/Editor	33,970	30,678
Mailing lists	1,530	
Member mailings	2,313	1,639
Program manager	40,850	3,420
Promotion	2,076	5
SAGE transition		5,889
SAGE office	279	391
Discretionary expenses	1,056	
Sage awards		431
Web		2,040
T-shirts	3,259	1,503
Total direct expenses	<hr/> 117,813	<hr/> 52,061
Personnel and G & A expense	<hr/> 106,500	<hr/> 112,050
Total SAGE expenses	<hr/> 224,313	<hr/> 164,111
Net operating surplus/(deficit)	<hr/> \$ (93,023)	<hr/> \$ (36,072)

The accompanying notes are an integral part of these financial statements.

**USENIX ASSOCIATION
Conference & Workshop Revenues and Expenses
For the Year Ended December 31, 2006**

	2006 Workshops					2006 Conferences				Combined Total	
	#1-Linux Kernel Ottawa	#2-OSDI Seattle	#5 SRUTI San Jose	#9 NSDI Boston	Total	Annual			Security		
						Boston	Washington	Vancouver BC			
REVENUE:											
Technical fees		\$ 185,660	\$ 9,200	\$60,455	\$255,335	\$182,920	\$ 316,525	\$187,635	\$687,080	\$942,415	
Tutorial fees					0	438,370	1,105,290	128,801	1,672,461	1,672,461	
Special workshop		17,544			17,544	13,250	11,100	24,700	49,050	66,594	
Sponsorship	\$ 248,500	184,000	12,000	36,500	481,000	16,000	15,500	14,500	46,000	527,000	
Vendor display/other		1,500			1,500	8,145	182,879	7,000	198,024	199,524	
Total Revenue	248,500	388,724	21,200	96,955	755,379	658,685	1,631,294	362,636	2,652,615	3,407,994	
Attendees	87	454	51	177	769	674	1,170	415	2,259	3,028	
EXPENSES:											
Marketing		436	9	188	633	40,925	92,718	19,001	152,644	153,277	
Registration packet	192	2,017	192	261	2,662	4,145	9,258	2,761	16,164	18,826	
Registration Web form	578	1,565	53	839	3,035	4,604	2,003	902	7,509	10,544	
Tutorial expenses					0	193,356	350,967	61,614	605,937	605,937	
Technical sessions	6,077	49,307	4,174	18,459	78,017	62,555	76,582	48,404	187,541	265,558	
Attendee proceedings		5,600	434	3,654	9,688	6,028	6,784	3,015	15,827	25,515	
Reception/Food & Beverage/Catering	11,868	60,404	1,511	9,594	83,377	44,736	72,825	34,023	151,584	234,961	
Coffee breaks/Lunches	6,586	24,526	2,559	8,411	42,082		4,773	9,660	14,433	56,515	
Program committee expenses		2,308	728	1,636	4,672	11,736	14,573	13,165	39,474	44,146	
Terminal room & telephones		2,319	500	3,130	5,949	8,350	13,812	5,218	27,380	33,329	
Exhibition					0	1,427	36,900	600	38,927	38,927	
Credit card fees		6,540	269	2,058	8,867	17,867	41,910	10,184	69,961	78,828	
Conference signs	668	1,116	109	431	2,324	1,211	3,281	976	5,468	7,792	
Gratuities		400	360	360	760	995	1,310	479	2,784	3,544	
Miscellaneous & T shirts/giveaways	10,095	4,322	6	655	15,078	11,036	11,607	5,278	27,921	42,999	
Attendee Survey					0	99	7,809	75	7,983	7,983	
Staff/BOD travel & hotel	2,388	3,488	217	1,545	7,638	11,081	15,196	5,753	32,030	39,668	
Meeting room rental	9,764	450	6,922		17,136	1,000	1,000	365	3,000	5,000	
Awards		1,000		1,000	2,000	1,747	3,365	1,243	6,355	6,355	
Temporary help					0				0	11,500	
Travel assistance-non student					11,500	1,566	6,066		7,632	7,632	
Student Volunteers					0	4,939	7,732	5,551	18,222	21,411	
Shipping of materials	955	1,573	55	606	3,189		9,268		9,268	9,268	
Revenue insurance					0					0	
Total Direct Expenses	60,671	167,371	17,738	52,827	298,607	429,403	789,739	229,267	1,448,409	1,747,016	
Personnel and G & A Expenses	25,804	79,829	23,270	54,878	183,781	243,060	351,440	120,374	714,874	898,655	
Total Conference & Workshop Expenses	86,475	247,200	41,008	107,705	482,388	672,463	1,141,179	349,641	2,163,283	2,645,671	
Excess of Revenue over Expense	\$162,025	\$141,524	(\$19,808)	(\$10,750)	\$272,991	(\$13,778)	\$490,115	\$12,995	\$489,332	\$762,323	

The accompanying notes are an integral part of these financial statements.

USENIX ASSOCIATION
General and Administrative Expenses
For the Years Ended December 31, 2006 and 2005

	2006		2005
General & administrative expense			
Occupancy	\$ 95,761	\$	94,211
Depreciation	31,550		41,524
Board of directors expenses	68,199		47,431
Image marketing/public relations	15,413		26,251
System mgmt & computer expenses	35,643		46,627
Accounting and legal	83,949		53,033
Office expenses	54,604		35,117
Renewal mailings	5,318		4,108
Telephone	22,456		11,958
Insurance	35,542		55,235
Election/bylaws	10,663		
Other operating expenses	69,705		67,280
General & Administrative expense	\$ 528,803	\$	482,775

The accompanying notes are an integral part of these financial statements.