

Crossroads Urban Center

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2016 and 2015



CROSSROADS URBAN CENTER

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Independent Auditor's Report

To the Board of Directors

Crossroads Urban Center

We have audited the accompanying financial statements of **Crossroads Urban Center** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015 and 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 audits 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 Crossroads Urban Center as of December 31, 2016 and 2015 and the changes 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.

Larson & Company PC

Salt Lake City, Utah
August 8, 2017

CROSSROADS URBAN CENTER

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

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 643,902	\$ 560,401
Accounts and grants receivable	9,470	27,833
Food inventories	49,479	41,792
Prepaid expenses and deposits	15,103	14,239
Total current assets	<u>717,954</u>	<u>644,265</u>
INVESTMENTS	799,877	754,602
PROPERTY AND EQUIPMENT, NET	<u>160,783</u>	<u>134,698</u>
Total assets	<u>\$ 1,678,614</u>	<u>\$ 1,533,565</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 28,997	\$ 2,586
Accrued liabilities	67,250	61,360
Total current liabilities	<u>96,247</u>	<u>63,946</u>
Total liabilities	<u>96,247</u>	<u>63,946</u>
NET ASSETS		
Unrestricted		
Board designated	869,868	811,846
Undesignated	688,898	608,606
Temporarily restricted	23,601	49,167
Total net assets	<u>1,582,367</u>	<u>1,469,619</u>
Total liabilities and net assets	<u>\$ 1,678,614</u>	<u>\$ 1,533,565</u>

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

CROSSROADS URBAN CENTER
 Statements of Activities
 For the Years Ended December 31, 2016 and 2015

	2016	2015
Change in unrestricted net assets		
Support, revenues, gains and losses		
Contributions and grants	\$ 771,427	\$ 688,613
Thrift store sales	32,190	32,681
Donated food, rent and other	878,149	901,255
Special events (net of direct benefits to donors 2016; \$4,344 2015; \$1,966)	14,844	16,181
Loss on note receivable	-	(21,840)
Investment return	30,680	9,312
Other income	14,048	15,726
Total support, revenues, gains and losses	1,741,338	1,641,928
Satisfaction of restrictions	25,566	7,500
Total support, revenues, gains and losses and satisfaction of restrictions	1,766,904	1,649,428
Expenses		
Food pantry and outreach	1,422,281	1,458,684
Management and general	99,990	95,161
Fundraising	106,319	73,986
Total expenses	1,628,590	1,627,831
Change in unrestricted net assets	138,314	21,597
Change in temporarily restricted net assets		
Contributions	-	49,167
Net assets released from restrictions	(25,566)	(7,500)
Change in temporarily restricted net assets	(25,566)	41,667
Increase in net assets	112,748	63,264
Net assets, beginning of year	1,469,619	1,406,355
Net assets, end of year	\$ 1,582,367	\$ 1,469,619

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

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

	<u>Food pantry and outreach</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Officer's compensation	\$ 42,504	\$ 13,098	\$ 13,097	\$ 68,699
Other salaries and wages	305,888	52,690	30,984	389,562
Food distributions	789,896	-	-	789,896
Health insurance	42,694	7,180	4,945	54,819
Supplies	31,504	328	26,034	57,866
Donated rent	45,600	8,400	6,000	60,000
Emergency assistance	53,812	-	-	53,812
Payroll taxes	32,514	5,548	3,724	41,786
Depreciation	13,753	2,533	1,810	18,096
Professional fees	15,400	2,837	2,026	20,263
Program support	3,616	835	871	5,322
Other benefits	10,869	1,958	1,309	14,136
Utilities	7,117	1,080	660	8,857
Repairs and maintenance	7,297	962	588	8,847
Telephone	3,869	589	360	4,818
Bank and credit card charges	-	45	2,174	2,219
Vehicle expenses	2,392	-	-	2,392
Postage	1,657	305	218	2,180
Rubbish	849	215	132	1,196
Insurance	1,825	180	129	2,134
Water	999	88	53	1,140
Event expenses	-	-	14,297	14,297
Other	8,226	1,119	1,252	10,597
Total expenses	1,422,281	99,990	110,663	1,632,934
Less expenses included with revenue	-	-	(4,344)	(4,344)
Total functional expenses statement of activities	\$ 1,422,281	\$ 99,990	\$ 106,319	\$ 1,628,590

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

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

	<u>Food pantry and outreach</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Officer's compensation	\$ 42,047	\$ 13,071	\$ 13,071	\$ 68,189
Other salaries and wages	303,921	47,523	18,258	369,702
Food distributions	831,365	-	-	831,365
Health insurance	37,768	5,406	2,779	45,953
Supplies	42,083	1,205	26,046	69,334
Donated rent	44,400	10,200	5,400	60,000
Emergency assistance	39,321	-	-	39,321
Payroll taxes	32,841	5,680	2,912	41,433
Depreciation	14,174	2,512	1,255	17,941
Professional fees	17,016	3,015	1,508	21,539
Program support	7,717	738	184	8,639
Other benefits	9,763	1,661	863	12,287
Utilities	5,986	914	483	7,383
Repairs and maintenance	6,798	667	334	7,799
Telephone	3,709	507	268	4,484
Bank and credit card charges	-	33	1,535	1,568
Vehicle expenses	2,384	-	-	2,384
Postage	2,350	416	208	2,974
Rubbish	910	198	104	1,212
Insurance	1,883	180	90	2,153
Water	1,175	104	55	1,334
Other	11,073	1,131	599	12,803
Total expenses	1,458,684	95,161	75,952	1,629,797
Less expenses included with revenue	-	-	(1,966)	(1,966)
Total functional expenses statement of activities	\$ 1,458,684	\$ 95,161	\$ 73,986	\$ 1,627,831

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

CROSSROADS URBAN CENTER
 Statements of Cash Flows
 For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Increase in net assets	\$ 112,748	\$ 63,264
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	18,096	17,941
Stock donations	(6,168)	(5,964)
Loss on note receivable	-	21,840
Unrealized loss on investments	16,009	83,607
Decrease (increase) in operating assets		
Accounts and grants receivable	18,363	(3,978)
Food inventories	(7,687)	1,493
Prepaid expenses and deposits	(864)	(3,665)
Increase (decrease) in operating liabilities		
Accounts payable	26,411	2,586
Accrued liabilities	5,890	14,894
	182,797	192,018
Cash flows from investing activities		
Purchases of investments	(55,116)	(92,753)
Payments received on note receivable	-	9,987
Additions to property and equipment	(44,180)	(28,580)
	(99,296)	(111,346)
Net increase in cash	83,501	80,672
Cash and cash equivalents, beginning of year	560,401	479,729
Cash and cash equivalents, end of year	\$ 643,902	\$ 560,401
Supplemental information		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

CROSSROADS URBAN CENTER

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crossroads Urban Center (the "Organization") was founded in 1966 under the auspices of United Methodist Women and received the designation as a 501(c)(3) in 1973. The Organization services low income, disabled, and minority populations of Utah by providing food, clothing, and household items. The Organization also organizes and manages community groups that address affordable housing and other social issues.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. Under the standards the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted based upon the following criteria:

- **Unrestricted net assets** consist of board designated and undesignated categories and represent expendable funds available for operations which are not otherwise limited by donor restrictions. From time-to-time the board designates unrestricted net assets for specific purposes. These board designated net assets are shown as a sub-category of unrestricted net assets.
- **Temporarily restricted net assets** consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- **Permanently restricted net assets** are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Accounts and Grants Receivable and Promises to Give

Accounts and grants receivable and promises to give are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted. Promises to give due later than one year are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using imputed interest rates applicable to the years in which promises are received. Discounts on promises to give that are measured at present value are amortized between the date the promise to give is initially recognized and the date the cash or other contributed assets are received.

Food Inventories

Inventories consist primarily of food and are valued at the lower of cost or market. Cost is determined on the first-in first-out method. Donated food was valued at \$2.20 per pound for 2016 and 2015.

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment, net

Acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by donation, at estimated fair value at the date of the donation.

Depreciation and amortization is computed over the following estimated useful lives using the straight line method.

<u>Assets</u>	<u>Useful Life</u>
Leasehold improvements	3-20 years
Buildings	45 years
Equipment	5-10 years
Vehicles	5 years

Long-lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators were present for the years ended December 31, 2016 and 2015.

Investments

Investments consist of publically traded marketable equity securities carried at fair value based on quoted market prices. Unrealized gains and losses are included as investment return in the statement of activities.

Board Designated Endowment

The endowment includes board designated funds of **\$799,877** and \$754,602 as December 31, 2016 and 2015, respectively. The Board of Directors has determined that all income earned on the principal balance will be reinvested until the principal reaches \$1,000,000, at which point the earnings will become available for use in the Organization. The Organization may make additional contributions to the principal portion of the endowment. The Organization has adopted investment and spending policies approved by the Board of Directors for the board designated endowment assets that attempts to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the corpus of the endowment assets over the long-term. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns vary year to year from projected returns. To satisfy long-term rate-of-return objectives the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on equity-based investments to achieve long-term return objectives within prudent risk parameters.

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and In-Kind Donations and Support

Contributions are recognized when the donor makes a promise to give that is unconditional and are considered to be available for unrestricted use unless restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported as satisfactions of restrictions.

Donations of property and equipment and goods and services are recorded as support at their estimated fair market value at the date of gift. These donations are reported as unrestricted support unless the donor has restricted the donation for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as temporarily restricted support and reclassified to unrestricted net assets when placed in service.

The Organization's administrative offices and food pantry are rented free of charge from a religious organization. Donated rent and related expenses of \$60,000 were recognized for the years ended December 31, 2016 and 2015. A significant amount of food is donated for the Organization's pantry operations. The food is valued at \$2.20 per pounds and donations were approximately **\$798,520** and \$837,167 for the years ended December 31, 2016 and 2015, respectively. The Organization received other in-kind contributions for services and other miscellaneous items that totaled **\$11,929** and \$4,088 for the years ended December 31, 2016 and 2015, respectively. The Organization also receives contributions of clothing and personal items for which it is impractical to determine a value. These items are given away or sold in the Thrift Store operations of the Organization.

Revenues

Thrift store sales are recognized on a cash basis when the transaction occurs.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

No provision for income taxes has been provided in the financial statements as the Organization is exempt under Section 501(c) (3) of the Internal Revenue Code and has an active favorable determination letter from the Internal Revenue Service.

The Organization's federal income tax returns for 2012 through 2016 are open tax years subject to examinations by the Internal Revenue Service.

Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. 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 the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations and Contingencies

The Organization does not believe that it is subject to any unusual credit risk beyond the normal credit risk attendant to operating its business.

2. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Salt Lake City Corporation	\$ -	\$ 2,685
Network for Good	-	2,878
St. Mark's Food Bank	2,000	-
United Methodist Women	4,420	20,435
Goldman Sachs	1,000	-
Other receivables	2,051	1,836
Total grants receivable	<u>\$ 9,470</u>	<u>\$ 27,833</u>

3. INVESTMENTS

Unrealized gains and losses are included as investment return in the statement of activities. Total investment income, gains and losses for the years ended December 31 are as follows:

	<u>2016</u>	<u>2015</u>
Investment return, unrestricted		
Interest and dividends	\$ 46,703	\$ 93,071
Net realized and unrealized gain	(16,023)	(83,759)
Total investment return, unrestricted	<u>\$ 30,680</u>	<u>\$ 9,312</u>

The fair values of the financial instruments shown in the following table represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset at the measurement date, the fair value measurement reflects the Organization's judgments about the assumptions that market participants would use in pricing the asset. Those judgments are based on the best information available including expected cash flows, and appropriately risk-adjusted interest rates, and available observable and unobservable inputs. Financial assets and financial liabilities recorded in the balance sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

3. INVESTMENTS (Continued)

Level 1 – Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access. Examples include prices derived from NYSE, NASDAQ, Chicago Board of Trade, and Pink Sheets.

Level 2 – Financial assets and financial liabilities whose values are based on (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in non-active markets, or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability. Examples include Matrix pricing, market corroborated pricing, and inputs such as yield curves and indices.

Level 3 – Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the Organization’s estimates of the assumptions that market participants would use in valuing the financial asset and financial liabilities. Examples include Investment Manager Pricing for Price Placements, Private Equities, Hedge Funds, etc.

Fair values for assets measured on a recurring basis are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
December 31, 2016				
Mutual Funds	\$ 799,877	\$ 799,877	\$ -	\$ -
Total investments	\$ 799,877	\$ 799,877	\$ -	\$ -
December 31, 2015				
Mutual Funds	\$ 754,602	\$ 754,602	\$ -	\$ -
Total investments	\$ 754,602	\$ 754,602	\$ -	\$ -

4. NOTE RECEIVABLE, NET

During June 2012, the Organization executed an Asset Purchase and Security Agreement (the “Agreement”) for the sale of certain assets related to the food co-op operations. The sale of these assets generated a loss of \$56,059 for the Organization. As part of the Agreement, the buyer has an option to pay the purchase price of \$119,000 on an installment basis at six percent per annum, with monthly payments of \$2,780 beginning on August 2012 with final payment due in August 2016.

During the years ended December 31, 2015, the buyer made principal payments of \$9,987. Payments were not received on a regular basis. During 2015, the Organization determined the remaining balance to be uncollectible and the remaining balance of \$21,840 was written off.

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Cost		
Land	\$ 26,700	\$ 26,700
Buildings and improvements	316,441	274,765
Equipment	40,071	38,511
Vehicles	<u>28,371</u>	<u>28,371</u>
Total cost of property and equipment	411,583	368,347
Accumulated depreciation and amortization	<u>(250,800)</u>	<u>(233,649)</u>
Net property and equipment	\$ 160,783	\$ 134,698

The Organization incurred depreciation and amortization expense of **\$18,096** and \$17,941 for the years ended December 31, 2016 and 2015, respectively.

6. BOARD DESIGNATED NET ASSETS

As of December 31, certain unrestricted net assets have been designated by the board as follows:

	<u>2016</u>	<u>2015</u>
Food fund	\$ 19,141	\$ 23,001
Thrift store reserve fund	12,674	11,024
Children's shoe fund	36,241	21,014
Board designated endowment	799,877	754,602
Infant supplies	<u>1,935</u>	<u>2,205</u>
	\$ 869,868	\$ 811,846

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

6. BOARD DESIGNATED NET ASSETS (Continued)

Board Designated Endowment

The following table presents the various components of the endowment funds including assets held as unrestricted, temporarily restricted and permanently restricted. Changes in endowment funds are as follows:

	<u>2016</u>	<u>2015</u>
Endowment net assets		
January 1,	\$ 754,602	\$ 739,493
Investment income	30,209	9,145
Contributions	<u>15,067</u>	<u>5,964</u>
Endowment net assets		
December 31,	<u>\$ 799,878</u>	<u>\$ 754,602</u>

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Anti-hunger program	\$ -	\$ 6,000
Facilities improvement program	<u>23,601</u>	<u>43,167</u>
	<u>\$ 23,601</u>	<u>\$ 49,167</u>

8. BENEFIT PLAN

The Organization sponsors a simple IRA contribution plan for all eligible employees. Participants are required to contribute a minimum of 2% of compensation and the Organization matches up to 3% of compensation. All participants are fully vested in the plan. Total contributions to the plan by the Organization for the years ended December 31, 2016 and 2015 were **\$11,773** and \$9,920, respectively.

9. CONCENTRATION OF CREDIT RISK

The Organization maintains funds at multiple financial institutions. Accounts at these institutions are federally insured by Federal Deposit Insurance Corporation or National Credit Union Association up to \$250,000. The Organization has not experienced any loss in such accounts. As of December 31, 2016 and 2015, there were amounts exceeding these limits. The Organization believes it is not exposed to any significant credit risk on its cash balances.

The Organization maintains an account with a brokerage firm. The account contains cash and investments. The balances are insured by the Securities Investors Protection Corporation up to \$500,000 with a \$250,000 limit for cash claims. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date the financial statements were available to be issued. No events have occurred subsequent to December 31, 2016 requiring recording or disclosure in these financial statements.