REDWOOD COMMUNITY RADIO, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2012 and 2011

TABLE OF CONTENTS

December 31, 2012

523 Main Street
P.O. Box 637
Ferndale, CA 95536
(707) 786-9798
Fax: (707) 786-9799

AYCOCK AND EDGMON
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Redwood Community Radio, Inc.

We have audited the accompanying financial statements of Redwood Community Radio, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities 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 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 Redwood Community Radio, Inc. as of December 31, 2012 and 2011, 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.

Other Matter

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Aycock & Edgmon

Aycock and Edgmon
July 25, 2013

Philip R. Aycock, CPA
philipaycock@aecpas.com

AN ACCOUNTANCY CORPORATION

Stacey R. Edgmon, CPA
stacey@aecpas.com

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

December 31, 2012 and 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 105,608	$ 79,222
Accounts receivable - Net	51,260	54,186
Prepaid expenses	10,308	9,931
Inventory	1,800	2,621
Total Current Assets	168,976	145,960
Property and Equipment		
Land	49,037	49,037
Buildings	268,199	268,199
Equipment	628,141	410,268
Accumulated depreciation	(374,995)	(339,514)
Total Property and Equipment	570,382	387,990
Other Assets		
Investment	7,000	7,000
Note receivable	-	157,977
Total Other Assets	7,000	164,977
TOTAL ASSETS	$ 746,358	$ 698,927
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 2,781	$ 71,091
Current portion of notes payable	-	15,842
Sales tax payable	833	270
Payroll taxes and related benefits payable	7,165	6,560
Note payable	20,000	-
Interest payable	253	-
Deferred revenue	15,251	11,755
Accrued liabilities:		
Compensated absences	15,714	14,921
Total Current Liabilities	61,997	120,439
Long-Term Liabilities		
Notes payable	-	34,158
TOTAL LIABILITIES	61,997	154,597
Net Assets		
Unrestricted net assets	530,071	537,350
Temporarily restricted net assets	154,290	6,980
Total Net Assets	684,361	544,330
TOTAL LIABILITIES AND NET ASSETS	$ 746,358	$ 698,927

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE, AND GAINS				
Support				
Contributions	$ 154,428	$ 173,279	$ -	$ 327,707
Membership contributions	192,525	-	-	192,525
Underwriting	105,186	-	-	105,186
In-kind and trade-out support	51,789	-	-	51,789
Total Support	503,928	173,279	-	677,207
Revenue and Gains				
Fund-raising	40,779	-	-	40,779
Direct event costs	(26,766)	-	-	(26,766)
Advertising	6,305	-	-	6,305
Other income	62	-	-	62
Novelty sales	4,128	-	-	4,128
Interest income	7,780	-	-	7,780
Total Revenue and Gains	32,288	-	-	32,288
Net Assets Released from Restriction	25,969	(25,969)	-	-
TOTAL SUPPORT, REVENUE, AND GAINS	562,185	147,310	-	709,495
EXPENSES				
Program Services				
Program expenses	281,294	-	-	281,294
Total Program Services	281,294	-	-	281,294
Support Services				
General and administrative	219,084	-	-	219,084
Fund-raising and membership	69,086	-	-	69,086
Total Support Services	288,170	-	-	288,170
TOTAL EXPENSES	569,464	-	-	569,464
CHANGE IN NET ASSETS	(7,279)	147,310	-	140,031
NET ASSETS, JANUARY 1	537,350	6,980	-	544,330
NET ASSETS, DECEMBER 31	$ 530,071	$ 154,290	$ -	$ 684,361

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE, AND GAINS				
Support				
Contributions	$ 394,198	$ 25,515	$ -	$ 419,713
Membership contributions	179,803	-	-	179,803
Underwriting	112,394	-	-	112,394
In-kind and trade-out support	11,932	-	-	11,932
Total Support	698,327	25,515	-	723,842
Revenue and Gains				
Fund-raising	26,943	-	-	26,943
Direct event costs	(14,744)	-	-	(14,744)
Production	12,541	-	-	12,541
Novelty sales	10,176	-	-	10,176
Interest income	1,064	-	-	1,064
Total Revenue and Gains	35,980	-	-	35,980
Net Assets Released from Restriction	53,808	(53,808)	-	-
TOTAL SUPPORT, REVENUE, AND GAINS	788,115	(28,293)	-	759,822
EXPENSES				
Program Services				
Program expenses	263,735	-	-	263,735
Total Program Services	263,735	-	-	263,735
Support Services				
General and administrative	255,029	-	-	255,029
Fund-raising and membership	63,721	-	-	63,721
Total Support Services	318,750	-	-	318,750
TOTAL EXPENSES	582,485	-	-	582,485
CHANGE IN NET ASSETS	205,630	(28,293)	-	177,337
NET ASSETS, JANUARY 1	331,720	35,273	-	366,993
NET ASSETS, DECEMBER 31	$ 537,350	$ 6,980	$ -	$ 544,330

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

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 140,031	$ 177,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	35,481	14,457
Realized loss on sale of assets	2,701	44,091
Non cash contributions	-	(275,000)
(Increases) decreases in operating assets:		
Accounts receivable	2,926	(874)
Prepaid expenses	(377)	303
Inventory	821	173
Increases (decreases) in operating liabilities:		
Accounts payable	(68,054)	60,770
Sales tax payable	563	(22)
Accrued liabilities	1,395	6,440
Deferred revenue	3,496	(5,021)
Total Adjustments	(21,048)	(154,683)
Net Cash Provided by Operating Activities	118,983	22,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of assets	-	63,909
Principal payments received on note receivable	155,276	2,023
Purchase of equipment	(217,873)	(143,877)
Net Cash Used by Investing Activities	(62,597)	(77,945)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new borrowing	60,000	80,000
Principal payments paid to reduce debt	(90,000)	(30,000)
Net Cash Provided (Used) by Financing Activities	(30,000)	50,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,386	(5,291)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	79,222	84,513
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 105,608	$ 79,222

Supplemental information:
In 2011, a donor contributed a manufactured home and land to Redwood Community Radio, Inc. The fair value at the date of contribution was $268,000. In addition, in 2011 a donor contributed silver to Redwood Community Radio, Inc. with a fair value at the date of contribution of $7,000.

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

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Redwood Community Radio, Inc. (RCR) is a nonprofit public benefit corporation charted on April 21, 1983. It is governed by a board of directors that represents the community it serves. The primary purpose of RCR is to own and operate a community-supported broadcast system that provides news, educational programs, public information, music, and entertainment.

RCR operates three transmitters serving Humboldt, northern Mendocino, and Trinity counties in northern California. RCR is membership-based and receives a significant portion of its financial support through pledges from members of the community. The daily operations of RCR is performed by volunteer programmers and paid full-time staff.

Basis of Accounting

The financial statements of RCR have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Promises to Give

Contributions are recognized when the donor makes a promise to give to RCR that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the 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.

RCR uses the allowance method to determine uncollectible unconditional promises received. The allowance is based on the prior years' uncollected spring and fall balances.

Financial Statement Presentation

RCR presents information about its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. During the fiscal years ended December 31, 2012 and 2011, RCR had no permanently restricted net assets.

Unrestricted net assets are those whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects, such as by contract, loan agreement, or board designation.

Temporarily restricted net assets are those whose use is subject to a donor-imposed restriction of time or purpose. When a purpose or time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Property and Equipment

Property and equipment are valued at historical cost for purchased items and at estimated fair value for donated items. Depreciation is computed on all depreciable property using the straight line method based on estimated useful lives. The estimated lives of such assets range between five and forty years. RCR has not established an explicit capitalization policy.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted and Unrestricted Support

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is 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 in the Statement of Activities as net assets released from restrictions.

Contributed Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by RCR.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, RCR considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

RCR is exempt from federal and state income taxes under Internal Revenue Code Section (IRC) 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Additionally, the Internal Revenue Service has determined that RCR is not a private foundation within the meaning of IRC Section 509(a).

Compensated Absences

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, “Accounting for Compensated Absences,” no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Functional Expenses

RCR allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising

RCR uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. The advertising costs totaled $8,379 and $12,482 for the years ended December 31, 2012 and 2011, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - CASH AND CASH EQUIVALENTS

At December 31, 2012 and 2011, cash and cash equivalents were composed of the following:

	2012	2011
Petty cash	$ 150	$ 150
Checking and savings	105,458	79,072
	$ 105,608	$ 79,222

NOTE C - RECEIVABLES

Receivables were composed of the following at December 31, 2012 and 2011:

	2012	2011
Underwriting receivables	$ 11,339	$ 12,755
Allowance for doubtful accounts	(2,984)	(4,585)
	8,355	8,170
Spring and Fall Pledge receivables	30,231	34,266
Trade receivable	1,575	8,359
Other	11,099	3,391
	$ 51,260	$ 54,186

NOTE D - PROPERTY AND EQUIPMENT

The following is a summary of the changes in property and equipment:

	Balance Jan 1, 2011	Additions	Disposals	Balance Dec 31, 2011
Land and land improvements	$ 49,037	$ -	$ -	$ 49,037
Building and improvements	268,199			268,199
Studio equipment	105,197	-	-	105,197
Broadcast equipment	119,560	143,877	-	263,437
Office equipment	41,634	-	-	41,634
	583,627	143,877	-	727,504
Accumulated depreciation	(325,057)	(14,457)	-	(339,514)
	$ 258,570	$ 129,420	$ -	$ 387,990

	Balance Jan 1, 2012	Additions	Disposals	Balance Dec 31, 2012
Land and land improvements	$ 49,037	$ -	$ -	$ 49,037
Building and improvements	268,199			268,199
Studio equipment	105,197	-	-	105,197
Broadcast equipment	263,437	217,873	-	481,310
Office equipment	41,634	-	-	41,634
	727,504	217,873	-	945,377
Accumulated depreciation	(339,514)	(35,481)	-	(374,995)
	$ 387,990	$ 182,392	$ -	$ 570,382

Depreciation expense for the years ended December 31, 2012 and 2011 was $35,481 and $14,457, respectively.

NOTE E - NOTE RECEIVABLE

On October 19, 2011, RCR sold the property that was received as an unrestricted contribution in 2011 and received a $160,000 note receivable from Zeus Kuzu with an interest rate of 7.25%. The note called for monthly payments of $1,480 and was due October 19, 2026. The note was secured by a deed of trust. On November 8, 2012 the receivable was sold.

The following is a summary of the change in the note receivable:

Jan 1, 2011 Balance	Additions	Principal Payments	Loss on Sale of Asset	Dec 31, 2011 Balance
$ -	$ 160,000	$ 2,023	$ -	$ 157,977

Jan 1, 2012 Balance	Additions	Principal Payments	Loss on Sale of Asset	Dec 31, 2012 Balance
$ 157,977	$ -	$ 155,304	$ 2,673	$ -

NOTE F - INVESTMENT

In 2011, RCR received a bequest that contained, among other assets, a collection of silver coins. The fair value at the date of contribution was appraised at $7,000.

NOTE G - DEFERRED REVENUE

Deferred revenue consists of prepayments made by underwriters and are short-term in nature.

NOTE H - NOTES PAYABLE

The following is a schedule of the changes in the long-term debt for the years ended December 2012 and 2011:

					Classification	
	Balance Jan 1, 2011	Principal Additions	Principal Reductions	Balance Dec 31, 2011	Current Portion	Long-Term Portion
Ken Miller	$ -	$ 50,000	$ -	$ 50,000	$ 15,842	$ 34,158

					Classification	
	Balance Jan 1, 2012	Principal Additions	Principal Reductions	Balance Dec 31, 2012	Current Portion	Long-Term Portion
Ken Miller	$ 50,000	$ -	$ 50,000	$ -	$ -	$ -
Laura Glauberman	-	20,000	-	20,000	20,000	-
	$ 50,000	$ 20,000	$ 50,000	$ 20,000	$ 20,000	$ -

A. Note payable to Ken Miller payable at $1,498.54 per month beginning January 30, 2012, including interest at 5.0%. The unpaid principal and interest was paid on November 30, 2012. The note was secured by the promissory note (Note E).

B. Note payable to Laura Glauberman payable within 30 days of the sale of RCR interest in the former Fitch property provided that payment is made on or before October 31, 2013 with interest at 3% beginning July 30, 2012;

   The interest rate increases to 6% beginning November 1, 2013 if the unpaid principal is not paid by October 31, 2013. Minimum monthly payments of at least $1,000 will be due beginning November 2014 if the full balance of principal and interest is not fully paid on or before October 31, 2014.

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consists of 2011 Radio Community Service Grant funds of $6,980 that are restricted to the use of acquiring, producing, promoting, and distributing national public radio programming.

NOTE J - SIGNIFICANT CONCENTRATION RISK

RCR maintains cash balances with local financial institutions that are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Administration for up to $250,000. Redwood Community Radio, Inc. had no uninsured cash balances at December 31, 2012 and 2011.

NOTE K - OPERATING LEASES

RCR leases space to house a transmitter, antenna and related equipment at three locations as follows:

Lease with Estrella TV
RCR leases space for the transmitter located on Cahto Peak in Mendocino County. The lease is month to month and may be cancelled by either party with thirty days written notice. The monthly rent is $350 per month.

Lease with N. Johannesen
RCR entered into a lease with N. Johannesen on August 11, 1999 for space on a tower for broadcasting equipment on Pratt Mountain. The monthly rent was $1,000 per month. Beginning September 2012, the rent increased to $1,045 per month.

Lease with Pollack/Peltz Broadcasting, LLC
This lease is for space on a broadcast tower located in Eureka, California. The lease is renewed each year with a 3% increase from the previous year. The current rent is $800 per month.

NOTE L - COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

The grant funds received under CSG are allocated between unrestricted and restricted amounts by a percentage determined by CPB. The percentages were 77.99% and 78.44% unrestricted and 22.01% and 21.56% restricted for the 2013 and 2012 grant years, respectively. The restricted funds are to be used exclusively for the acquisition, production, promotion and distribution of national programming of high quality, diversity, creativity, excellence, and innovation.

A summary of grants received are as follows:

	2012	2011
Unrestricted	$ 96,119	$ 92,832
Restricted	25,969	25,515
Total	$ 122,088	$ 118,347

NOTE M - 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 benefitted.

NOTE N - CONTINGENT LIABILITIES

Financial awards from federal, state, and local governmental entities in the form of grants are subject to audit. Such audits could result in claims against RCR for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits because the amounts, if any, cannot be determined at this date.

NOTE O - SUBSEQUENT EVENTS

RCR's management has evaluated its subsequent events through July 25, 2013, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2012

	Program	Fund-raising	General and Administrative	Total
Salaries and wages	$ 108,161	$ 26,072	$ 113,544	$ 247,777
Payroll taxes	9,954	2,508	10,305	22,767
Workers' compensation insurance	2,607	628	3,012	6,247
	120,722	29,208	126,861	276,791
Advertising	7,973	-	406	8,379
Bad debt expense	330	25,297	43	25,670
Bank charges	-	1,242	149	1,391
Broadcasting	52,841	-	-	52,841
Fund-raising and novelty costs	4,549	12,548	-	17,097
Insurance	-	-	9,059	9,059
Interest expense	2,281	-	382	2,663
Occupancy costs	3,576	-	20,390	23,966
Professional	15,432	190	28,883	44,505
Programming	12,113	-	-	12,113
Promotion	10,354	81	-	10,435
Repair and maintenance - Building	12,518	-	11	12,529
Staff development and organization development	4,180	-	851	5,031
Supplies	5,750	253	16,679	22,682
Travel and training	1,108	255	3,375	4,738
Miscellaneous	-	12	2,181	2,193
TOTAL EXPENSES BEFORE DEPRECIATION AND LOSSES	253,727	69,086	209,270	532,083
Depreciation	27,567	-	7,914	35,481
Loss on asset disposal	-	-	1,900	1,900
TOTAL EXPENSES AND LOSSES	$ 281,294	$ 69,086	$ 219,084	$ 569,464

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

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

	Program	Fund-raising	General and Administrative	Total
Salaries and wages	$ 105,417	$ 19,896	$ 115,773	$ 241,086
Payroll taxes	10,214	1,907	10,068	22,189
Workers' compensation insurance	2,340	442	2,698	5,480
	117,971	22,245	128,539	268,755
Advertising	10,940	330	1,212	12,482
Bad debt expense	8,854	10,991	-	19,845
Bank charges	-	935	567	1,502
Broadcasting	43,962	-	43	44,005
Fund-raising and novelty costs	-	23,636	-	23,636
Insurance	-	-	6,631	6,631
Occupancy costs	1,676	-	18,261	19,937
Professional	14,713	1,290	24,240	40,243
Programming	12,083	-	-	12,083
Promotion	9,711	2,880	-	12,591
Repair and maintenance - Building	22,850	-	251	23,101
Staff development	4,085	-	774	4,859
Supplies	6,850	1,073	13,484	21,407
Travel and training	3,614	341	2,898	6,853
Miscellaneous	-	-	6,007	6,007
TOTAL EXPENSES BEFORE DEPRECIATION AND LOSSES	257,309	63,721	202,907	523,937
Depreciation	6,426	-	8,031	14,457
Loss on asset disposal	-	-	44,091	44,091
TOTAL EXPENSES AND LOSSES	$ 263,735	$ 63,721	$ 255,029	$ 582,485

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