

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2021 and 2020

And Report of Independent Auditor

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
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Report of Independent Auditor

To the Board of Directors
Tennessee State Collaborative on Reforming Education
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Tennessee State Collaborative on Reforming Education (a nonprofit organization) ("SCORE"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee State Collaborative on Reforming Education as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of SCORE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SCORE's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SCORE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SCORE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cheng Bekant LLP

Nashville, Tennessee
July 13, 2022

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 20,526,383	\$ 13,945,690
Contributions receivable, net	967,677	1,154,601
Investments	1,871,879	1,289,281
Property and equipment, net of accumulated depreciation of \$205,977 and \$183,748, respectively	9,263	31,492
Total Assets	\$ 23,375,202	\$ 16,421,064
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 850,528	\$ 212,941
Funds held under agency agreements	281,742	1,062,595
Total Liabilities	1,132,270	1,275,536
Net Assets:		
Without donor restrictions	17,114,140	12,512,613
With donor restrictions	5,128,792	2,632,915
Total Net Assets	22,242,932	15,145,528
Total Liabilities and Net Assets	\$ 23,375,202	\$ 16,421,064

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Grants and contributions	\$ 10,311,428	\$ 7,700,885	\$ 18,012,313
Investment income	233,357	-	233,357
Net assets released from restrictions	5,205,008	(5,205,008)	-
Total Revenue, Gains, and Other Support	15,749,793	2,495,877	18,245,670
Expenses:			
Program services	10,495,689	-	10,495,689
Management and general	652,577	-	652,577
Total Expenses	11,148,266	-	11,148,266
Change in net assets	4,601,527	2,495,877	7,097,404
Net assets, beginning of year	12,512,613	2,632,915	15,145,528
Net assets, end of year	\$ 17,114,140	\$ 5,128,792	\$ 22,242,932

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Grants and contributions	\$ 5,622,827	\$ 3,559,732	\$ 9,182,559
Investment income	231,219	-	231,219
Net assets released from restrictions	5,944,743	(5,944,743)	-
Total Revenue, Gains, and Other Support	11,798,789	(2,385,011)	9,413,778
Expenses:			
Program services	7,174,326	-	7,174,326
Management and general	700,371	-	700,371
Total Expenses	7,874,697	-	7,874,697
Change in net assets	3,924,092	(2,385,011)	1,539,081
Net assets, beginning of year	8,588,521	5,017,926	13,606,447
Net assets, end of year	\$ 12,512,613	\$ 2,632,915	\$ 15,145,528

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services	
	Advocacy	Research and Innovation	Activating Philanthropy	Total	Management and General	Total
Consultants	\$ 942,436	\$ 2,523,977	\$ 252,524	\$ 3,718,937	\$ 28,841	\$ 3,747,778
Salary and related expenses	1,565,666	847,108	688,893	3,101,667	194,472	3,296,139
Subgrants and innovation funds	-	521,575	2,433,734	2,955,309	-	2,955,309
Travel and meetings	315,667	12,852	20,073	348,592	2,417	351,009
Technology	-	-	-	-	164,503	164,503
Communications and media	13,089	96,325	10,433	119,847	-	119,847
Lobbying	116,166	-	-	116,166	-	116,166
Team development	27,729	27,729	23,107	78,565	13,864	92,429
Search firm expenses	-	-	-	-	91,025	91,025
Rent/office space	-	-	-	-	75,781	75,781
Accounting and legal	19,936	19,936	16,613	56,485	9,968	66,453
Office expenses	-	-	-	-	35,472	35,472
Depreciation	-	-	-	-	22,229	22,229
Insurance	-	-	-	-	9,291	9,291
Board meetings	-	-	-	-	3,651	3,651
Supplies	121	-	-	121	1,063	1,184
	<u>\$ 3,000,810</u>	<u>\$ 4,049,502</u>	<u>\$ 3,445,377</u>	<u>\$ 10,495,689</u>	<u>\$ 652,577</u>	<u>\$ 11,148,266</u>

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services	
	Advocacy	Research and Innovation	Activating Philanthropy	Total	Management and General	Total
Salary and related expenses	\$ 1,137,810	\$ 748,559	\$ 598,847	\$ 2,485,216	\$ 509,020	\$ 2,994,236
Subgrants and innovation funds	-	-	2,198,965	2,198,965	-	2,198,965
Consultants	651,988	1,072,960	247,458	1,972,406	905	1,973,311
Travel and meetings	138,599	131,286	973	270,858	1,077	271,935
Lobbying	115,560	-	-	115,560	-	115,560
Technology	-	-	-	-	81,891	81,891
Accounting and legal	18,102	18,102	15,085	51,289	9,051	60,340
Communications and media	22,992	16,390	12,869	52,251	-	52,251
Rent/office space	-	-	-	-	48,447	48,447
Team development	9,805	9,805	8,171	27,781	4,902	32,683
Depreciation	-	-	-	-	24,797	24,797
Office expenses	-	-	-	-	10,613	10,613
Insurance	-	-	-	-	8,952	8,952
Supplies	-	-	-	-	716	716
	<u>\$ 2,094,856</u>	<u>\$ 1,997,102</u>	<u>\$ 3,082,368</u>	<u>\$ 7,174,326</u>	<u>\$ 700,371</u>	<u>\$ 7,874,697</u>

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,097,404	\$ 1,539,081
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	22,229	24,797
Unrealized gains on investments	(157,347)	(144,948)
Changes in operating assets and liabilities:		
Contributions receivable	186,924	1,474,449
Accounts payable	637,587	(650,669)
Funds held under agency agreements	<u>(780,853)</u>	<u>(2,031,835)</u>
Net cash flows from operating activities	<u>7,005,944</u>	<u>210,875</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(11,318)
Purchase/reinvestment of dividends	<u>(425,251)</u>	<u>(20,156)</u>
Net cash flows from investing activities	<u>(425,251)</u>	<u>(31,474)</u>
Change in cash and cash equivalents	6,580,693	179,401
Cash and cash equivalents, beginning of year	<u>13,945,690</u>	<u>13,766,289</u>
Cash and cash equivalents, end of year	<u><u>\$ 20,526,383</u></u>	<u><u>\$ 13,945,690</u></u>

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies

The State Collaborative on Reforming Education's ("SCORE") mission is to catalyze transformative change in Tennessee education so that all students can achieve success in college, career, and life. SCORE is an independent, nonprofit, and nonpartisan advocacy and research organization, founded in 2009 by Senator Bill Frist, MD, former U.S. Senate Majority Leader. SCORE supports student success across Tennessee by ensuring all schools and systems meet high expectations; preparing, recruiting, supporting, and retaining excellent teachers and leaders; and aligning K-12 and college with career and life success.

Financial Statement Presentation – The financial statements of SCORE have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SCORE. These net assets may be used at the discretion of SCORE's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SCORE or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent contributions receivable and amounts available for programs. None of SCORE's net assets with donor restrictions are required to be held in perpetuity by the donors at December 31, 2021 and 2020.

Cash and Cash Equivalents – SCORE considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions Receivable – SCORE accounts for potential losses in contributions receivable utilizing the allowance method. Management believes contributions receivable are fully collectible at December 31, 2021 and 2020. As a result, no allowance for uncollectible accounts has been provided.

Investments – Investments are stated at fair market value. Unrealized gains and losses, as well as appreciation or depreciation in market value, are reflected in the accompanying financial statements.

Fair Value Measurement – SCORE has established a process for determining fair values. Fair values are based upon quoted market prices, where available. If listed prices or quotes are not available, fair values are based upon market-based or independently-sourced market data. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while SCORE believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair values at the reporting date. U.S. GAAP has a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

The three levels of fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SCORE has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Property and Equipment – Property and equipment are stated at acquisition cost, or estimated fair value if donated, less accumulated depreciation, which is computed by the straight-line method over an estimated useful life of 5 to 15 years.

Contributions – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at the time the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition – SCORE follows the provisions of Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Program and Supporting Services – The following program and supporting services are included in the accompanying financial statements:

Advocacy – Expenses related to building awareness and support and sustaining the momentum among organizations and individuals for education reform and improving student success in the state of Tennessee.

Research and Innovation – Expenses related to research on key policies and the development of tools and reports focused on sharing best practices across the state to advance SCORE's strategic priorities.

Activating Philanthropy – Expenses related to advancing specific initiatives outlined in SCORE's strategic plan by building capacity at a state, regional, or local level including strategic investments with partners through subgrants and innovation funds.

Management and General – Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or activity. Includes costs associated with providing coordination and articulation of SCORE's program strategy, business management, general recordkeeping, budgeting, and related purposes.

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP 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.

Income Taxes – SCORE has qualified for tax exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Accounting Policies for Future Pronouncement – In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending December 31, 2022. SCORE is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – SCORE evaluated subsequent events through July 13, 2022, when these financial statements were available to be issued.

Note 2—Liquidity and availability of Resources

SCORE regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, SCORE considers all expenditures related to its ongoing activities of supporting public education in Tennessee, as well as the conduct of services undertaken to support those activities to be general expenditures. As a part of SCORE’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents, less funds held under fiscal agency agreements	\$ 20,244,641	\$ 12,883,095
Current portion of contributions receivable	967,677	917,933
Investments	1,871,879	1,289,281
Less net assets with donor restrictions	(5,128,792)	(2,632,915)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 17,955,405</u>	<u>\$ 12,457,394</u>

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 3—Investments

Investments are stated at fair value determined based on active markets and consist of the following at December 31:

	2021		
	Level 1	Level 2	Level 3
Mutual funds	\$ 1,871,879	\$ -	\$ -
			Total
			\$ 1,871,879

	2020		
	Level 1	Level 2	Level 3
Mutual funds	\$ 1,289,281	\$ -	\$ -
			Total
			\$ 1,289,281

Note 4—Concentrations

SCORE maintains cash and cash equivalents in excess of amounts insured by the Federal Deposit Insurance Corporation of approximately \$19,776,000 and \$13,445,000 as of December 31, 2021 and 2020, respectively. In management's opinion, risk related to each deposit is minimal.

SCORE received approximately 65% of its contributions from one donor and 72% of its contributions from three donors for the years ended December 31, 2021 and 2020, respectively. A significant reduction in the level of this support, if this were to occur, could have a negative impact on SCORE's programs and activities.

Note 5—Contributions receivable

Contributions receivable are scheduled to be received as follows at December 31:

	2021	2020
Amount receivable within one year	\$ 967,677	\$ 917,933
Amount receivable in one to five years	-	250,000
	967,677	1,167,933
Less discounts on contributions receivable	-	(13,332)
	<u>\$ 967,677</u>	<u>\$ 1,154,601</u>

Note 6—Funds held under agency agreements

SCORE is acting as a fiscal sponsor for certain organizations, receiving contributions, and making disbursements restricted for the purpose of the agreement. Expenditures are made after approval by the management of the corresponding organization. All funds are held in a bank account separate from funds of SCORE. The amount of funds held under agency agreements totaled \$281,742 and \$1,062,595 at December 31, 2021 and 2020, respectively.

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 7—Commitments

SCORE leases office space under a 16-month, noncancelable agreement which expires December 31, 2022. Rental expense under this lease agreement was \$75,781 and \$48,447 for the years ended December 31, 2021 and 2020, respectively.

The future minimum rental payment required for the year ending December 31, 2022 is \$104,720.

Note 8—Net assets with donor restrictions

SCORE receives specific contributions for expenses associated with its mission. These contributions are classified as net assets with donor restrictions until the restricted purpose has been fulfilled. The following represents a summary of the activity for the years ended December 31:

Purpose	Beginning, January 1, 2021	Contributions Received in 2021	Expended and/or Released by Specific Purpose Being Fulfilled	Ending, December 31, 2021
Tutoring	\$ -	\$ 3,325,000	\$ 681,701	\$ 2,643,299
LIFT Expansion	821,125	1,610,710	1,512,040	919,795
Momentum Metrics	-	660,175	119,577	540,598
Contributions receivable	836,668	-	586,668	250,000
Postsecondary Planning	10,000	425,000	190,745	244,255
Education Resources	7,877	275,000	101,173	181,704
High-Quality Public Charter Schools	102,507	200,000	156,951	145,556
Early Literacy & Bridge to Postsecondary	122,000	250,000	268,415	103,585
Summer Learning	-	100,000	-	100,000
CIRN Network & Data	732,738	-	732,738	-
Education Policy	-	650,000	650,000	-
COVID Recovery	-	75,000	75,000	-
Preparatory School	-	100,000	100,000	-
New venture fund	-	10,000	10,000	-
SCORE Prize/Data Analysis	-	20,000	20,000	-
	<u>\$ 2,632,915</u>	<u>\$ 7,700,885</u>	<u>\$ 5,205,008</u>	<u>\$ 5,128,792</u>

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 8—Net assets with donor restrictions (continued)

Purpose	Beginning, January 1, 2020	Contributions Received in 2020	Expended and/or Released by Specific Purpose Being Fulfilled	Ending December 31, 2020
Contributions receivable	\$ 2,179,168	\$ 400,000	\$ 1,742,500	\$ 836,668
LIFT Expansion	-	1,456,732	635,607	821,125
CIRN Network & Data	-	1,073,000	340,262	732,738
Early Literacy & Bridge to Postsecondary	-	250,000	128,000	122,000
High-Quality Public Charter Schools	-	200,000	97,493	102,507
Postsecondary Planning	-	25,000	15,000	10,000
Education Resources	-	100,000	92,123	7,877
Education (JCF)	2,828,258	-	2,828,258	-
New venture fund	10,500	25,000	35,500	-
SCORE Prize/Data Analysis	-	30,000	30,000	-
	<u>\$ 5,017,926</u>	<u>\$ 3,559,732</u>	<u>\$ 5,944,743</u>	<u>\$ 2,632,915</u>

Note 9—Retirement plan

SCORE maintains a 401(k) Plan for certain eligible employees. Employer expense for the years ended December 31, 2021 and 2020 totaled \$66,860 and \$45,382, respectively, and is included in salary and related expenses in the accompanying statements of functional expenses.