



## FINANCIAL STATEMENTS

December 31, 2021 and 2020

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Everyone Cooperating to Help Others, Inc.  
Janesville, Wisconsin

### **Opinion**

We have audited the accompanying financial statements of Everyone Cooperating to Help Others, Inc., 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 Everyone Cooperating to Help Others, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year 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 Everyone Cooperating to Help Others, Inc. 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 Everyone Cooperating to Help Others, Inc. 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 Everyone Cooperating to Help Others, Inc.'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 Everyone Cooperating to Help Others, Inc.'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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Janesville, Wisconsin  
October 10, 2022

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 576,864	\$ 699,956
Grants receivable	97,367	64,261
Unconditional promises to give	69,500	48,000
Prepaid expenses	6,444	8,433
Property and equipment, net	1,131,953	1,124,955
Beneficial interest in assets held by Community Foundation of Southern Wisconsin	<u>417,109</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 2,299,237</u></u>	<u><u>\$ 1,945,605</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 26,593	\$ 14,542
Other accrued liabilities	<u>9,492</u>	<u>7,006</u>
<b>Total liabilities</b>	36,085	21,548
<b>NET ASSETS</b>		
Without donor restrictions	2,102,938	1,744,365
With donor restrictions	<u>160,214</u>	<u>179,692</u>
<b>Total net assets</b>	<u><u>2,263,152</u></u>	<u><u>1,924,057</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 2,299,237</u></u>	<u><u>\$ 1,945,605</u></u>

See accompanying notes.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
REVENUES		
Contributions		
Church	\$ 116,463	\$ 138,355
Individual	614,899	615,113
Group and business	70,656	223,941
Foundations	111,340	111,693
In-kind	3,132,673	3,177,002
Grant revenue	489,546	327,612
Paycheck Protection Program	-	80,000
Special events, net of costs of direct benefits to donors	16,373	10,311
Miscellaneous income	2,601	1,944
Change in beneficial interest in assets held by CFSW	17,109	-
Total revenues without donor restrictions	4,571,660	4,685,971
EXPENSES		
Program services		
Housing services	820,966	696,581
Food services	3,450,191	3,472,500
Other services	46,785	70,219
Supporting activities		
Management and general	41,003	41,767
Fundraising	17,906	24,678
Total expenses	4,376,851	4,305,745
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of time restrictions	48,000	39,333
Satisfaction of purpose restrictions	115,764	5,000
Change in net assets without donor restrictions	358,573	424,559
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	144,286	53,524
Net assets released from restrictions	(163,764)	(44,333)
Change in net assets with donor restrictions	(19,478)	9,191
<b>Change in net assets</b>	339,095	433,750
Net assets at beginning of year	1,924,057	1,490,307
<b>Net assets at end of year</b>	<u>\$ 2,263,152</u>	<u>\$ 1,924,057</u>

See accompanying notes.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2021

	Program Services			Supporting Activities			Total Expenses
	Housing Services	Food Services	Other Services	Management and General	Fundraising	Costs of Direct Benefit to Donors	
Direct assistance	\$ 521,555	\$ 3,176,386	\$ 22,655	\$ -	\$ -	\$ -	\$ 3,720,596
Personnel	226,537	198,493	9,022	9,633	9,022	-	452,707
Professional fees	1,117	239	239	20,653	-	-	22,248
Occupancy	1,885	18,948	342	439	316	-	21,930
Repairs and maintenance	6,381	31,071	1,983	939	939	-	41,313
Information technology	7,528	6,022	904	301	301	-	15,056
Postage and printing	791	38	38	1,948	2,495	-	5,310
Supplies	4,811	1,924	962	962	962	7,497	17,118
Insurance	4,175	4,175	4,175	696	696	-	13,917
Depreciation	37,773	12,591	6,296	3,148	3,148	-	62,956
Interest and fees	-	-	-	1,844	-	-	1,844
Travel, meals and entertainment	6,598	135	-	-	-	-	6,733
Staff development	1,646	-	-	412	-	-	2,058
Other	169	169	169	28	27	-	562
<b>Total expenses</b>	<b>820,966</b>	<b>3,450,191</b>	<b>46,785</b>	<b>41,003</b>	<b>17,906</b>	<b>7,497</b>	<b>4,384,348</b>
Less the costs of direct benefit to donors	-	-	-	-	-	(7,497)	(7,497)
<b>Total expenses per the statements of activities</b>	<b>\$ 820,966</b>	<b>\$ 3,450,191</b>	<b>\$ 46,785</b>	<b>\$ 41,003</b>	<b>\$ 17,906</b>	<b>\$ -</b>	<b>\$ 4,376,851</b>

See accompanying notes.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2020

	Program Services			Supporting Activities			Total Expenses
	Housing Services	Food Services	Other Services	Management and General	Fundraising	Costs of Direct Benefit to Donors	
Direct assistance	\$ 372,183	\$ 3,195,825	\$ 47,126	\$ -	\$ -	\$ -	\$ 3,615,134
Personnel	248,382	201,930	9,179	9,790	9,179	-	478,460
Professional fees	2,765	592	592	18,285	-	-	22,234
Occupancy	1,677	16,131	267	375	296	-	18,746
Repairs and maintenance	13,289	37,623	3,311	1,624	1,624	-	57,471
Information technology	5,769	4,615	692	231	231	-	11,538
Postage and printing	1,277	55	55	3,345	9,548	-	14,280
Supplies	1,099	440	220	220	220	3,236	5,435
Insurance	2,427	2,426	2,426	404	404	-	8,087
Depreciation	38,110	12,703	6,351	3,176	3,176	-	63,516
Interest and fees	-	-	-	3,880	-	-	3,880
Travel, meals and entertainment	7,855	160	-	-	-	-	8,015
Staff development	1,748	-	-	437	-	-	2,185
<b>Total expenses</b>	<b>696,581</b>	<b>3,472,500</b>	<b>70,219</b>	<b>41,767</b>	<b>24,678</b>	<b>3,236</b>	<b>4,308,981</b>
Less the costs of direct benefit to donors	-	-	-	-	-	(3,236)	(3,236)
<b>Total expenses per the statements of activities</b>	<b>\$ 696,581</b>	<b>\$ 3,472,500</b>	<b>\$ 70,219</b>	<b>\$ 41,767</b>	<b>\$ 24,678</b>	<b>\$ -</b>	<b>\$ 4,305,745</b>

See accompanying notes.



**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 339,095	\$ 433,750
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	62,956	63,516
Change in beneficial interest in assets held by Community Foundation of Southern Wisconsin	(17,109)	-
(Increase) decrease in assets		
Grants receivable	(33,106)	(29,523)
Unconditional promises to give	(21,500)	(8,667)
Prepaid expenses	1,989	(2,649)
Increase (decrease) in liabilities		
Accounts payable	12,051	(3,209)
Other accrued liabilities	2,486	3,235
Net cash flows from operating activities	346,862	456,453
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(69,954)	-
Additions to beneficial interest in assets held by Community Foundation of Southern Wisconsin	(400,000)	-
Net cash flows from investing activities	(469,954)	-
<b>Net change in cash</b>	(123,092)	456,453
Cash at beginning of year	699,956	243,503
<b>Cash at end of year</b>	<b>\$ 576,864</b>	<b>\$ 699,956</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 465	\$ 392

See accompanying notes.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Everyone Cooperating to Help Others, Inc. (ECHO) is a publicly supported nonprofit organization that accepts cash donations for rent and utility assistance, food, lodging, and other needs as well as contributions of personal supplies for distribution to eligible needy individuals in the Janesville, Wisconsin area.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2021 and 2020, all unconditional promises to give are receivable in less than one year.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. In some instances, a funding source may have a reversionary interest in property and equipment purchased with grant funds.

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Government Grants**

ECHO receives grants from government agencies and others that are conditioned upon ECHO incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by ECHO, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Donated Food, Toys, and School Supplies**

Donated food is valued using a weighted average wholesale price per pound of \$1.75 and \$1.65 for the years ended December 31, 2021 and 2020, respectively, as determined by the Feeding America national food bank network. Contributions of commodity food are valued using guidelines provided by the United States Department of Agriculture. Donated food items distributed through ECHO'S food pantry are recognized as expenses in the food services program. Donated toys and school supplies are valued at \$1.00 per item and recorded as contributions and expenses upon donation.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy which is allocated on a square-footage basis, as well as personnel, insurance, and depreciation, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

*Housing services*—Housing services fall into two sub-categories, both of which include case management: lodging in motels and rent assistance. Lodging in motels is provided to homeless people for 1-6 weeks. This plan is customized to the person's personal struggles and barriers to self-sufficiency. Rent assistance is usually one-month assistance once a year, unless the person is part of a grant-specific program allowing for multiple months of rent assistance, coupled with other support services and monthly case management. Case management is customized to the individual's needs and may include budgeting, credit, leases, communication, home care, tenant, and landlord rights, linking to other community services, etc.

*Food services*—Provides groceries from the food pantry, consisting of a week's supply of food for a family, once-a-month. ECHO also serves people through its other food services, such as baby food, senior stock boxes, community meal, farmers market, Thanksgiving groceries, Christmas dinner, and emergency food at grocery stores. ECHO also helps other pantries, nursing and group homes, senior centers, and other groups when they have an abundance of certain items, for example: bread, produce, snacks, etc.

*Other services*—Includes transportation, household goods, personal supplies, school supplies, and much more. Just a few of these services include gasoline, bus tokens, school supplies, and Christmas gifts to children through ECHO's Christmas adopt-a-family program.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Management and general*—Includes accounting and production of financial reports, oversight of the annual budget, supervision of departments and programs, maintenance of personnel records, attending general board and committee meetings, and any other administrative and office services necessary for ECHO.

*Fundraising*—Provides the structure necessary to encourage and secure private financial support from churches, individuals, foundations, and corporations.

**Paycheck Protection Program Loan**

ECHO received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. ECHO expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. ECHO recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

**Income Tax Status**

ECHO is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, ECHO qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**Date of Management's Review**

Management has evaluated subsequent events through October 10, 2022, the date which the financial statements were available to be issued.

**Beneficial Interest in Assets Held by Community Foundation of Southern Wisconsin**

ECHO's beneficial interest in assets held by Community Foundation of Southern Wisconsin (Foundation) represents an agreement between ECHO and the Foundation in which ECHO transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded, and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to ECHO by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

NOTE 2—CONCENTRATION OF CREDIT RISK

ECHO maintains its cash balances in one financial institution located in Janesville, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021 and 2020, ECHO's uninsured cash balances total approximately \$346,000 and \$473,000, respectively.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

**NOTE 3—PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2021	2020
Building	\$ 1,439,732	\$ 1,439,732
Land	15,000	15,000
Furniture and equipment	168,640	168,640
Vehicles	43,049	43,049
Land improvements	103,138	33,184
Accumulated depreciation	(637,606)	(574,650)
Property and equipment, net	\$ 1,131,953	\$ 1,124,955

**NOTE 4—LINE OF CREDIT**

ECHO has an unsecured \$60,000 line of credit that was unused at December 31, 2021 and 2020. Advances on the line carry an interest rate of 1% over prime (4.75% and 4.75% at December 31, 2021 and 2020).

**NOTE 5—NET ASSETS WITH DONOR RESTRICTIONS**

The board of directors has designated \$417,109 of net assets without donor restrictions for an endowment fund as of December 31, 2021. The board did not designate any net assets without donor restrictions as of December 31, 2020.

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Education fund	\$ 2,978	\$ 1,692
Emergency rent assistance	87,736	125,000
Food pantry	-	5,000
Promises to give, without donor restrictions, but which are unavailable for expenditure until due	69,500	48,000
Net assets with donor restrictions	\$ 160,214	\$ 179,692

**NOTE 6—ENDOWMENT**

At December 31, 2021, ECHO's board of directors has designated \$417,109 of net assets without donor restrictions as a general endowment fund to support the mission of ECHO. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

---

NOTE 6—ENDOWMENT (continued)

ECHO established a fund at the Community Foundation of Southern to invest its endowment assets. The agreement between ECHO and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to ECHO. However, the Foundation will make annual distributions of the income earned on the fund subject to the Foundation’s spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of ECHO if ECHO ceases to exist or if the Foundation’s board of governors votes that support of ECHO either is no longer necessary or is inconsistent with the needs of the community.

The Foundation’s primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. The Foundation seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

Composition of and changes in endowment net assets for the year ended December 31, 2021, were as follows:

Board-designated endowment net assets at beginning of year	\$ -
Contributions	400,000
Change in value of beneficial interest	17,109
	417,109
Board-designated endowment at end of year	\$ 417,109

NOTE 7—COMPONENT FUNDS HELD BY COMMUNITY FOUNDATION

ECHO is the beneficiary of two component funds of the Community Foundation of Southern Wisconsin, Inc.: the ECHO Endowment Fund and the Sandgren Education Fund. Component funds of the Foundation are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant the Foundation variance power that allows the Foundation to modify the donors’ stipulations under certain circumstances as the Foundation monitors the changing needs of the community. Therefore, the funds are not included in the accompanying financial statements. At December 31, 2021 and 2020, the balances of the ECHO Endowment Fund were \$47,928 and \$42,676, and the balances of the Sandgren Education Fund were \$38,019 and \$35,027, respectively. ECHO received a distribution of \$1,514 from the ECHO Endowment Fund during the year ended December 31, 2020 and received distributions of \$1,286 and \$1,230 from the Sandgren Education Fund during the years ended December 31, 2021 and 2020, respectively.

**EVERYONE COOPERATING TO HELP OTHERS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

---

---

NOTE 8—CONDITIONAL PROMISES TO GIVE

ECHO has grants that are conditioned upon ECHO incurring qualifying expenses under the grant programs. At December 31, 2021 and 2020, these conditional grants totaled \$246,361 and \$293,908, respectively. These conditional grants will be recognized when the respective conditions are met in future years.

NOTE 9—LIQUIDITY AND AVAILABILITY

The following table reflects ECHO's financial assets as of December 31, 2021 and 2020, reduced by amounts not available to meet cash needs for general expenditures within one year of the dates of the statements of financial position because of donor-imposed restrictions or internal board designations.

	<u>2021</u>	<u>2020</u>
Financial assets at end of year	\$ 1,160,840	\$ 812,217
Less those unavailable for general expenditures with one year		
Restricted by donor with purpose restrictions	(90,714)	(131,692)
Board-designated endowment	<u>(417,109)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 653,017</u>	<u>\$ 680,525</u>

ECHO strives to maintain liquid financial assets sufficient to cover 90 days of expenses. In the event of an unanticipated liquidity need, ECHO also could draw upon a \$60,000 line of credit (as further discussed in Note 4).