

THE LADY MINTO HOSPITAL AT COCHRANE
FINANCIAL STATEMENT
TO MARCH 31, 2010

THE LADY MINTO HOSPITAL AT COCHRANE

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for the year ended March 31, 2010

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J. Clive Dorland, BComm. CA

AUDITOR'S REPORT

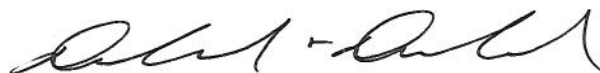
TO: The Members
Lady Minto Hospital at Cochrane
Cochrane, Ontario

I have audited the statement of financial position of The Lady Minto Hospital at Cochrane as at March 31, 2010 and the statements of operations, changes in net assets, and cash flow, for the year then ended. These financial statements are the responsibility of the Hospital's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of The Lady Minto Hospital at Cochrane as at March 31, 2010 and the results of its operations and the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

I have not audited budget figures.



Cochrane, Ontario
June 10, 2010

CHARTERED ACCOUNTANT
Licensed Public Accountant

THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO



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STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010

	2010	2009
ASSETS		
Current :		
Cash and cash equivalents	\$ 1,345,246	1,302,698
Accounts receivable (note 2)	237,363	210,211
Prepaid Expenses	-	50,000
Inventories	179,178	117,541
	<u>1,761,787</u>	<u>1,680,450</u>
Non-Current:		
Long Term Loans Receivable (note 3 a)	131,421	195,000
Investments (note 3b)	1,566,163	1,322,537
Capital Assets (note 4)	<u>12,373,810</u>	<u>12,055,923</u>
	<u>14,071,394</u>	<u>13,573,460</u>
	<u>\$ 15,833,181</u>	<u>15,253,910</u>
LIABILITIES and NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 929,205	151,229
Long Term Liabilities:		
Accrued Benefit Liability - Employee Future Benefits (note 6)	1,173,720	1,108,580
Deferred Contributions - Capital Assets (note 7)	<u>3,527,695</u>	<u>3,652,617</u>
	<u>4,701,415</u>	<u>4,761,197</u>
Net Assets		
Investment in Capital Assets (note 8)	9,188,326	8,604,768
Unrestricted	<u>1,014,235</u>	<u>1,736,716</u>
	<u>10,202,561</u>	<u>10,341,484</u>
	<u>\$ 15,833,181</u>	<u>15,253,910</u>

See accompanying notes to financial statements

On behalf of the Board:

Director

Director

**THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO**

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**STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2010**

	Budget	2010 Actual	2009 Actual
REVENUES			
Ministry of Health and Long Term Care			
-Base Allocation	\$ 9,088,600	9,135,200	8,908,225
-Hospital on-call coverage	450,000	438,536	442,760
-One time funding		-	68,800
Sub-total Ministry of Health Funding	9,538,600	9,573,736	9,419,785
Cancer Care Ontario	30,000	95,254	26,444
Recoveries & Miscellaneous Revenue	797,622	865,778	798,818
Investment Income (loss)	50,000	216,302	(104,658)
Amortization of Grants/Donations of Equipment	145,000	121,084	101,371
Alternate Funding Agreement	1,125,000	1,154,991	1,138,535
OHIP Patient Revenue	180,000	166,738	182,068
Other Patient Revenue	232,648	192,570	222,445
	12,098,870	12,386,453	11,784,808
EXPENSES			
Salaries & Wages (Schedule A)	5,278,247	5,423,148	5,407,958
Benefit Contributions	1,680,917	1,481,153	1,401,123
Employee Future Benefit Costs	65,000	65,140	57,734
Medical Staff Remuneration	1,776,000	1,928,285	1,767,429
Supplies & Other Expenses (Schedule A)	2,696,786	2,552,461	2,420,055
Medical/Surgical Supplies	265,800	164,259	163,072
Drugs & Medical Gases	182,000	267,758	174,676
Amortization-Equipment & software	250,000	291,516	231,533
Rental/Lease of Equipment	1,400	3,132	957
	12,196,150	12,176,852	11,624,537
SURPLUS (DEFICIT) FROM HOSPITAL OPERATIONS	(97,280)	209,601	160,271
Amortization of Deferred Contributions related to Building - Revenue	220,000	212,220	212,220
Amortization of Building - Expense	(440,000)	(474,925)	(441,909)
(DEFICIT) FROM ITEMS ABOVE	(220,000)	(262,705)	(229,689)
OTHER VOTES- MUNICIPAL LEVY			
Revenue	4,350	4,350	4,350
Expense	4,350	4,350	4,350
SURPLUS FROM OTHER VOTES	-	-	-
LONG-TERM CARE - VILLA MINTO			
Revenue (Note 11)	-	1,957,776	1,863,870
Expenses	-	(2,043,595)	(1,970,459)
(DEFICIT) LONG-TERM CARE- VILLA MINTO	-	(85,819)	(106,589)
(DEFICIT) FOR YEAR	\$ (317,280)	(138,923)	(176,007)

See accompanying notes to financial statements

THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO

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STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2010

	-----2010-----			2009
	Invested in Capital Assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 8,604,768	1,736,716	10,341,484	10,517,491
Excess of Revenues over Expenses	(445,900)	306,977	(138,923)	(176,007)
Investment in Capital Assets	1,029,458	(1,029,458)	-	-
Balance, end of year	\$ 9,188,326	1,014,235	10,202,561	10,341,484

See accompanying notes to financial statements

**THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO**

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**STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2010**

	2010	2009
Cash Provided by (used for):		
Operating Activities:		
Excess (deficiency) of revenues over expenses	\$ (138,923)	(176,007)
Items not involving cash:		
Amortization of capital assets	791,362	695,468
Amortization of deferred contributions related to capital	(345,461)	(324,474)
(Gains)Losses on Held-For-Trading Investments	(151,446)	185,934
Employee Future Benefit Cost (note 6)	65,140	57,734
Change in non-cash operating working capital	739,188	(23,927)
	<u>959,860</u>	<u>414,728</u>
Financing and Investing Activities:		
Deferred contributions capital received	220,539	185,459
Purchase of Capital Assets	(1,109,250)	(500,069)
Net investment (acquisitions)	(92,180)	(81,666)
(Increase) decrease in long term loans receivable	63,579	(10,000)
	<u>(917,312)</u>	<u>(406,276)</u>
Net increase in cash and cash equivalents	42,548	8,452
Cash and cash equivalents, beginning of year	<u>1,302,698</u>	<u>1,294,246</u>
Cash and cash equivalents, end of year	\$ <u>1,345,246</u>	<u>1,302,698</u>

Short -term highly liquid investments that are convertible to known amounts of cash and which are subject to an insignificant risk of change in value are included in cash and cash equivalents

Included in Cash and cash equivalents, end of year are redeemable Guaranteed Investment Certificates totalling \$1,055,454 (2009 -\$1,042,282)

See accompanying notes to financial statements

**THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO**

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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010**

The Lady Minto Hospital at Cochrane (the "Hospital") is a corporation without share capital incorporated under the Law of Ontario. The facility provides for health care services to Cochrane and surrounding area. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of that Income Tax Act are met.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Revenue Recognition

The Hospital follows the deferral method of accounting for contributions which include donations and government grants.

The Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long Term Care (MOHLTC). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in a subsequent period. These financial statements reflect agreed arrangements approved by the MOHLTC with respect to year ended March 31, 2010.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Changes in fair value of held-for-trading investments during the year are included in the determination of surplus(deficit) for the year.

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

Inventory

Inventories are valued at the lower of average cost and replacement value.

Investments

Held-for trading investments are recorded at fair market value.

Investments are classified as current/non current in accordance with their intended holding period.

**THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contributions where a fair market value can be reasonably determined. Assets acquired under capital assets are amortized over the estimated life of assets or over the lease term, as appropriate. Repairs and maintenance are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying value is written down to its residual value.

Capital Assets are amortized on a straight line basis using the following annual rates:

Buildings and Residential Properties	2.5% - 5%
Major Equipment	5% - 20%

In 1998, the Hospital acquired the Nursing Home Licence to operate a 37 bed Nursing Home pursuant to the Nursing Home Act (Ontario). The Nursing Home licence is recorded at cost (\$771,354) and has not been amortized considering that the licence is not issued for a specified period of time. The fair market value of the licence is not determinable and may differ materially from its carrying value.

Under the Long-Term Care Homes Act, 2007 (Ontario) and related Regulations which will be enforced as of July 1, 2010, licences will be issued for a fixed term which shall not exceed 25 years and will expire at the end of the fixed term, with provisions allowing for issuance by the Ministry of a new licence under particular conditions. A licence may be revoked under particular conditions set out in the Act. On the coming into force of the Act and presumed issuance of a new licence to Lady Minto Hospital for a fixed term, the licence will be amortized on a basis consistent with the term of the licence issued.

Under the new act, transfer of the licence from Lady Minto Hospital to a For-Profit entity is restricted to particular circumstances where the Hospital is in default of an obligation secured by a security interest in the licence.

Use of Estimates

The preparation of financial statements in conformity with Canadian 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 expenditures during the period. Actual results could differ from these estimates.

Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's benefit plans.

2. ACCOUNTS RECEIVABLE

	2010	2009
Provincial Insurance Plan	\$ 25,977	17,421
Due from MICs (note 5)	-	15,445
Other	211,386	187,345
	<u>\$ 237,363</u>	<u>210,211</u>

3 (a). LONG TERM LOANS RECEIVABLE -\$131,421

The Hospital committed to interest free loans to individuals under physician and nursing recruitment incentive agreements. Subject to conditions specified in the respective agreements, the loans are repayable over varying terms. The loans are unsecured.

**THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010**

	2010 Market	Cost	2009 Market	Cost
3 (b). INVESTMENTS - \$1,566,163				
Publicly traded investments:				
Held-for-trading:				
Fixed income mutual funds and government debt at various rates and maturities	\$ 1,053,001	1,028,737	975,030	988,225
Equities	513,162	522,362	347,507	347,507
	<u>\$ 1,566,163</u>	<u>1,551,099</u>	<u>1,322,537</u>	<u>1,335,732</u>

The Hospital is exposed to market risk on its publicly traded investments

Amount of increase in value of held-for-trading investments included investment income for the year - \$151,446

(2009 - loss in value of \$136,673 of held-for-trading investments applied to reduce investment income).

	2010		2009	
	Cost	Accumulated Amortization	Net	Net
4. CAPITAL ASSETS				
Land	\$ 86,514	-	86,514	26,514
Land Improvements	124,532	65,017	59,515	71,968
Nursing home licence	771,354	-	771,354	771,354
Software	23,540	23,540	-	2,640
Buildings	16,731,417	6,951,640	9,779,777	9,681,020
Equipment	4,615,082	2,938,432	1,676,650	1,502,427
Joint Venture (note 10)	732,485	732,485	-	-
	<u>\$ 23,084,924</u>	<u>10,711,114</u>	<u>12,373,810</u>	<u>12,055,923</u>

5. RELATED PARTY TRANSACTIONS

The Hospital exercises significant influence over the The MICs Group of Health Services (MICs) partnership by virtue of its being a member of the partnership and its ability to appoint some of the Board of Directors. The Partnership was established to increase opportunities for collaboration between its member Hospitals in sharing the costs and provision of health services. It is a non-profit organization.

Included in the Hospital expenses for the year is \$8,730,008 (2009 - \$8,142,792) paid (or payable) to the partnership for the Hospital's share of various costs functions, primarily general administration, paramedical and support services. Share of costs to participating hospitals are set by a methodology agreed to by the Board.

The deficiency of amounts paid from the Hospital to MICs over amounts paid or to be paid by MICs on behalf of the Hospital at year end is \$615,265 and is in Accounts payable and accrued liabilities (2009 excess \$15,445 included in accounts receivable).

In 2007/2008 the Partnership began a major Information System implementation to allow participation in the regional NEON information systems network on behalf of the three MICs partners. The total capital cost of the software licences, contribution to hardware and implementation is approximately \$1,210,000. Government assistance to the participating MICs hospitals in total towards the cost was 685,212 leaving the balance to be borne by the hospitals. The capital cost of the system to March 31, 2010 (\$1,210,243) and the related accrued Government assistance will be reflected on the financial statement of the partnership. The respective hospitals' share of costs after applying government assistance will be recognized in the future years as the capital cost of the system and the related government assistance are amortized. The ultimate cost to be borne by Lady Minto Hospital after applying government assistance is approximately \$240,000.

**THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010**

6. EMPLOYEE FUTURE BENEFITS

Lady Minto Hospital and the MICs Group of Health Services provide extended health care, dental and life insurance benefits to substantially all employees. Lady Minto Hospital provides for the accumulation of unused sick days to be paid out.

The accrued benefit obligation and accrued benefit liability related to employees of MICs and participating hospitals is determined by actuarial calculations in aggregate for all employees. The latest actuarial valuation was dated June, 2010 for the fiscal year ending March 31, 2010. Prior year amounts are determined by extrapolating figures from the last valuation along with particular estimates. Expenses are allocated to respective facilities according to where services are provided by the respective employee.

Net gains or losses are combined with the unamortized balance of previous gains or losses, and the portion of the total that exceeds 10% of the accrued benefit obligation is amortized over the remaining service period of active employees. Actuarial gain determined in 2010 valuation (including share of MICs gain)-\$9,619

The Lady Minto Hospital's accrued benefit liability related to post-retirement benefit plans for its employees and its proportionate share of accrued benefit liability for MICs on the balance sheet at March 31, 2010 is determined as follows:

	<u>Lady Minto Hospital</u>	<u>Share of MICs</u>	<u>2010 Total</u>	<u>2009 Total</u>
Balance beginning of year	\$ 1,010,900	97,680	1,108,580	1,050,846
Benefit expense	89,400	11,840	101,240	91,134
Payment made during the year	(36,100)		(36,100)	(33,400)
Net benefit expense	<u>53,300</u>	<u>11,840</u>	<u>65,140</u>	<u>57,734</u>
Balance of accrued benefit liability at end of year	<u>\$ 1,064,200</u>	<u>109,520</u>	<u>1,173,720</u>	<u>1,108,580</u>
Benefit expense is comprised as follows:				
Cost of benefits	\$ 42,900	6,993	49,893	43,842
Interest on Accrued Benefit Obligation	43,600	4,847	48,447	45,592
Amortization of past service costs	10,400	0	10,400	10,400
Amortization of net actuarial gain (loss)	<u>(7,500)</u>	<u>0</u>	<u>(7,500)</u>	<u>(8,700)</u>
Benefit Expense	<u>\$ 89,400</u>	<u>11,840</u>	<u>101,240</u>	<u>91,134</u>

**THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010**

6. EMPLOYEE FUTURE BENEFITS (continued)

The measurement date used to determine the accrued benefit obligation is March 31, 2010

The accrued benefit liability at March 31, 2010 is reconciled with the Accrued Benefit Obligation at March 31, 2010 as follows:

	Hospital	Share of MICs	2010 Total	2009 Total
Accrued Benefit obligation at March 31, 2010 as determined by actuarial valuation	\$ 941,200	99,604	1,040,804	988,183
Less: Unamortized amounts at March 31, 2010				
Past Service costs - sick day bank	(44,100)	-	(44,100)	(54,500)
Actuarial experience gain	167,100	9,916	177,016	174,897
Accrued employee benefit liability- March 31, 2010	\$ 1,064,200	109,520	1,173,720	1,108,580

The significant actuarial assumptions adopted in estimating the accrued benefit obligation are as follows:

	2010	2009
Discount Rate	4.75% per annum	4.75% per annum
Dental benefits cost escalation	4.00% per annum	4.00% per annum
Medical benefits cost escalation-extended health care	8.00% decreasing linearly each year to a rate of 4.5% / annum after 6 years	8.90% decreasing 0.55% per annum to reach an ultimate rate of 4.5% per annum

7. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2010	2009
Balance, beginning of year	\$ 3,652,617	3,791,633
Less amounts amortized to revenue	(345,461)	(324,474)
Add additions to deferred contributions	220,539	185,458
Balance, end of year	\$ 3,527,695	3,652,617

8. INVESTMENT IN CAPITAL ASSETS

	2010	2009
Capital assets	\$ 12,373,810	12,055,923
Less amounts financed by:		
Deferred contributions balance end of year	\$ (3,527,695)	
Less unexpended funding	342,211	(3,451,155)
	\$ 9,188,326	8,604,768

THE LADY MINTO HOSPITAL AT COCHRANE COCHRANE, ONTARIO

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2010

9. PENSION PLAN

Substantially all of the employees of the Hospital are eligible to be members of the Hospital of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan during the year by the Hospital amounted to \$526,695(2009 - \$480,545). These amounts are included employee benefit expense in the operating fund Statement of Operations

10. JOINT VENTURE

In 2001, the North Eastern Health Services Alliance, which is a group of 8 hospitals in Northeastern Ontario, agreed to jointly participate in the installation of a Picture Archiving Communication System (PACS). This system provides digital diagnostic imaging communication capability amongst all hospitals in the group. Timmins and District Hospital/Hôpital de Timmins et du District was given the responsibility to administer the funds on behalf of this group.

During th 2008\09 fiscal year the remainig net liquid assets were distributed back to the original partners. The capital assets of the joint venture were fully amortized as of March 31,2008 as were the related deferred donations and grants.

The Hospital's 6.27% share of the cost and accumulated amortization of Capital Assets at March31,2010 are included in the Statement of Financial Position.

There were no revenues or expenses during the 2009/10 fiscal year (2009 limited to \$6,275, Hospital share of interest income, with no expenses)

11. VILLA MINTO

Lady Minto Hospital operated the long term care facility, Villa Minto, under agreement with the Ministry of Health. Services are to be provided in accordance with the applicable provincial legislation.

Revenues are as follows:

	2010	2009
Provincial Subsidies	\$ 1,387,352	1,320,288
Charges to Residents	555,644	532,699
Other	14,780	10,883
	<u>\$ 1,957,776</u>	<u>1,863,870</u>

12. BUDGET FIGURES

Budgets for Long-term Care Villa Minto are prepared on a calendar year basis and not on a fiscal year basis. Consequently, budget figures are not presented.

13. INTER PROGRAM CHARGES AND RECOVERIES

Inter program recoveries and allocation of expenses are based on management determinations. Hospital Operations Revenues, Other Revenues includes \$540,813 (2009- \$493,460) of recoveries from Other Funding Sources.

14. CONTINGENT LIABILITY

The MICs Group of Health Services is part of a collective group of employers participating in the process of formulating a central pay equity plan for a particular employee group. The possible ultimate liability arising to Lady Minto Hospital on completion of the plan is not determinable.

**THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010**

15. FINANCIAL INSTRUMENTS

Fair Value - Unless otherwise indicated the carrying value of financial instruments approximates their fair value.

Credit Risk - The Hospital does not have significant exposure to credit risk arising from accounts receivable from any individual or party. A significant portion of the Hospital's accounts receivable are from Provincial or Federal governments

THE LADY MINTO HOSPITAL AT COCHRANE
COCHRANE, ONTARIO

SCHEDULE A

SCHEDULE OF SALARIES & WAGES, AND SUPPLIES & OTHER EXPENSES
YEAR ENDED MARCH 31, 2010

Department	Salaries and Wages	Supplies and Other	TOTAL 2010	TOTAL 2009
Nursing Services	2,500,633	46,377	2,547,010	2,438,914
Diagnostic and Therapeutic	1,008,774	609,671	1,618,445	1,577,103
Education	26,631	46,727	73,358	113,932
Administration and Other	1,887,110	1,849,686	3,736,796	3,698,064
	<u>\$ 5,423,148</u>	<u>2,552,461</u>	<u>7,975,609</u>	<u>7,828,013</u>