

MAJURO WATER AND SEWER COMPANY, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

INDEPENDENT AUDITORS' REPORT

Board of Directors
Majuro Water and Sewer Company, Inc.:

We have audited the accompanying balance sheets of Majuro Water and Sewer Company, Inc. (MWSC), a component unit of the Republic of the Marshall Islands, as of September 30, 2001 and 2000, and the related statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of MWSC's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of MWSC as of September 30, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2002, on our consideration of MWSC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche

January 11, 2002

MAJURO WATER AND SEWER COMPANY, INC.

Balance Sheets
September 30, 2001 and 2000

	<u>2001</u>	2000 (As Restated note 10)
<u>ASSETS</u>		
Current assets:		
Cash	\$ <u>42,977</u>	\$ <u>27,215</u>
Receivables:		
Utility	1,488,195	1,406,873
Less allowance for doubtful accounts	<u>(1,364,289)</u>	<u>(1,330,119)</u>
	<u>123,906</u>	<u>76,754</u>
Other	11,990	39,810
Less allowance for doubtful accounts	<u>(1,838)</u>	<u>(34,793)</u>
	<u>10,152</u>	<u>5,017</u>
Receivable from affiliates, net (note 7)	<u>189,743</u>	<u>122,435</u>
Inventory	<u>122,199</u>	<u>127,130</u>
Prepaid expenses	<u>1,456</u>	<u>25,188</u>
Total current assets	490,433	383,739
Plant and equipment, net (note 4)	<u>8,446,388</u>	<u>8,843,306</u>
	\$ <u>8,936,821</u>	\$ <u>9,227,045</u>
<u>LIABILITIES AND STOCKHOLDER'S DEFICIENCY</u>		
Current liabilities:		
Loans payable (notes 5 and 8)	\$ 8,540,756	\$ 8,540,756
Accounts payable	87,948	39,682
Payable to affiliates (note 7)	1,223,387	1,113,526
Interest payable	2,275,624	1,688,170
Other accrued liabilities	<u>43,945</u>	<u>26,546</u>
Total current liabilities	<u>12,171,660</u>	<u>11,408,680</u>
Stockholder's deficiency:		
Common stock, \$1 par value, 100,000 shares authorized, paid-in and unissued (note 1)	100,000	100,000
Contributed capital (note 6)	450,875	470,478
Deficit	<u>(3,785,714)</u>	<u>(2,752,113)</u>
Total stockholder's deficiency	<u>(3,234,839)</u>	<u>(2,181,635)</u>
Commitments and contingencies (note 8)		
	\$ <u>8,936,821</u>	\$ <u>9,227,045</u>

See accompanying notes to financial statements.

MAJURO WATER AND SEWER COMPANY, INC.

Statements of Loss and Deficit
Years Ended September 30, 2001 and 2000

	<u>2001</u>	2000 (As Restated note 10)
Operating revenues:		
Utility billings	\$ 883,056	\$ 787,986
Hook-up and deliveries	167,754	126,505
Other	<u>8,222</u>	<u>5,090</u>
Total operating revenues	<u>1,059,032</u>	<u>919,581</u>
Operating expenses:		
Salaries, wages and benefits	641,593	580,806
Depreciation and amortization	429,539	437,882
Electricity	197,600	190,049
Spare parts	165,689	69,378
Bad debts	31,198	107,906
Petroleum, oil and lubricants	30,082	24,110
Chlorine	20,296	41,329
Communications	15,300	25,658
Contractual services	14,631	13,287
Insurance	11,080	6,195
Office supplies	9,353	12,265
Freight and handling	7,708	6,674
Repairs and maintenance	7,596	19,514
Travel	6,159	22,765
Miscellaneous	<u>36,956</u>	<u>63,064</u>
Total operating expenses	<u>1,624,780</u>	<u>1,620,882</u>
Loss from operations	<u>(565,748)</u>	<u>(701,301)</u>
Nonoperating income (expense):		
Operating subsidy from RepMar (note 8)	99,998	100,000
Gain on sale of fixed assets	-	1,319
Interest expense (note 5)	<u>(587,454)</u>	<u>(569,974)</u>
Total nonoperating income (expense), net	<u>(487,456)</u>	<u>(468,655)</u>
Net loss	(1,053,204)	(1,169,956)
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	<u>19,603</u>	<u>19,603</u>
Increase in deficit	(1,033,601)	(1,150,353)
Deficit at beginning of year	<u>(2,752,113)</u>	<u>(1,601,760)</u>
Deficit at end of year	\$ <u>(3,785,714)</u>	\$ <u>(2,752,113)</u>

See accompanying notes to financial statements.

MAJURO WATER AND SEWER COMPANY, INC.

Statements of Cash Flows
Years Ended September 30, 2001 and 2000

	<u>2001</u>	2000 (As Restated note 10)
Cash flows from operating activities:		
Loss from operations	\$ (565,748)	\$ (701,301)
Adjustments to reconcile loss from operations to net cash used for operating activities:		
Depreciation and amortization	429,539	437,882
Bad debts	31,198	107,906
(Increase) decrease in assets:		
Utility receivables	(81,322)	(102,139)
Other receivables	(3,020)	14,492
Receivable from affiliates	(66,451)	(125,773)
Inventory	4,931	13,486
Prepaid expenses	23,732	(25,188)
Increase (decrease) in liabilities:		
Accounts payable	48,266	3,131
Payable to affiliates	109,861	271,034
Retention payable	-	(571,507)
Other accrued liabilities	<u>17,399</u>	<u>(4,789)</u>
Net cash used for operating activities	<u>(51,615)</u>	<u>(682,766)</u>
Cash flows from noncapital financing activities:		
Operating subsidy from RepMar (note 8)	<u>99,998</u>	<u>100,000</u>
Net cash provided by noncapital financing activities	<u>99,998</u>	<u>100,000</u>
Cash flows from capital and related financing activities:		
Capital contribution from RepMar (notes 5 and 6)	-	70,766
Proceeds from loan	-	506,681
Acquisition and construction of capital assets	(32,621)	(40,271)
Proceeds from sale of equipment	<u>-</u>	<u>3,000</u>
Net cash (used for) provided by capital and related financing activities	<u>(32,621)</u>	<u>540,176</u>
Net increase (decrease) in cash	15,762	(42,590)
Cash at beginning of year	<u>27,215</u>	<u>69,805</u>
Cash at end of year	\$ <u><u>42,977</u></u>	\$ <u><u>27,215</u></u>

See accompanying notes to financial statements.

MAJURO WATER AND SEWER COMPANY, INC.

Notes to Financial Statements
September 30, 2001 and 2000

(1) Organization

Majuro Water and Sewer Company, Inc. (MWSC) was granted a corporate charter by the Cabinet of the Republic of the Marshall Islands (RepMar) on January 26, 1989. MWSC's principal lines of business are predominantly the collection and distribution of fresh water and wastewater. The principal markets for the collection and distribution of fresh water and wastewater are government agencies, businesses and residential customers located on the atoll of Majuro.

MWSC's articles of incorporation have authorized the issuance of 100,000 shares of \$1 par value common stock, which were paid in full by the Marshall Islands Development Authority (a component unit of RepMar), although no share certificates have been issued.

MWSC's financial statements are incorporated into the general purpose financial statements of RepMar as a component unit.

(2) Summary of Significant Accounting Policies

The accounting policies of MWSC conform to accounting principles generally accepted in the United States of America as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MWSC has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Basis of Accounting

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included in the balance sheets. Proprietary fund operating statements present increases and decreases in net total assets. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

MAJURO WATER AND SEWER COMPANY, INC.

Notes to Financial Statements
September 30, 2001 and 2000

(2) Summary of Significant Accounting Policies, Continued

Cash

For purposes of the balance sheets and the statements of cash flows, cash is defined as cash on hand and cash held in demand accounts. As of September 30, 2001 and 2000, cash was \$42,977 and \$27,215, respectively, and the corresponding bank balances were \$50,180 and \$31,499, respectively, which are maintained in one financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2001 and 2000, bank deposits were fully FDIC insured.

Receivables

All receivables are due from government agencies, businesses and individuals located within the Republic of the Marshall Islands and are interest free and uncollateralized. The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market (net realizable value).

Plant and Equipment

Plant and equipment are stated at cost. Depreciation of plant and equipment and amortization of leasehold improvements are calculated on the straight-line method based on the estimated useful lives of the respective assets.

Fund Equity

Contributed capital is recorded initially through receipt of capital grants. Depreciation expense for capital assets acquired with capital grants is recorded as a reduction of contributed capital.

Taxes

Corporate profits are not subject to income tax in the Republic of the Marshall Islands. The Government of the Republic of the Marshall Islands imposes a gross revenue tax of 3% on revenues. Pursuant to the Income Tax Act of 1989, as amended, sales of water and sewer services by public utility companies are exempt from gross revenue tax. Accordingly, MWSC is exempt from this tax relating to gross revenue from sales of water and sewer services.

Reclassifications

Certain reclassifications have been made to the 2000 financial statements in order to conform with the 2001 presentation.

MAJURO WATER AND SEWER COMPANY, INC.

Notes to Financial Statements
September 30, 2001 and 2000

(3) Risk Management

MWSC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MWSC has elected not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, MWSC believes it is more economical to manage its risks internally. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. No losses as a result of these risks have occurred in any of the past three years.

(4) Plant and Equipment

Plant and equipment at September 30, 2001 and 2000, consists of the following:

	<u>Estimated Useful Lives</u>	<u>2001</u>	<u>2000 (As Restated note 10)</u>
Water system infrastructure	25 years	\$ 9,110,478	\$ 9,110,478
Vehicles	2 - 3 years	123,733	105,644
Office equipment	3 - 8 years	80,710	96,237
Buildings and leasehold improvements	10 years	54,317	54,317
Machinery and equipment	5 - 10 years	<u>53,996</u>	<u>80,175</u>
		9,423,234	9,446,851
Less accumulated depreciation and amortization		<u>(976,846)</u>	<u>(603,545)</u>
		<u>\$ 8,446,388</u>	<u>\$ 8,843,306</u>

(5) Loans Payable

Majuro Water Supply Project ADB Loan #1

On March 24, 1994, the Board of Directors of MWSC obtained a loan from RepMar in an amount equivalent to 503,000 Special Drawing Rights. The loan bears interest at a fixed rate of 6.64% per annum on the outstanding principal balance and is a subsidiary loan of a loan agreement dated November 17, 1993 between the Asian Development Bank (ADB) and RepMar. Interest is calculated on a day-to-day basis from the date of each drawing against the loan account and is payable semi-annually on May 15 and November 15 of each year until March 24, 1997 at which time MWSC shall repay the principal amount of the loan, together with interest thereon, in twenty-four semi-annual installments of \$44,376. MWSC is currently in default of loan repayments under the loan agreement (see note 8). Thus, the loan amount has been classified as a current liability in the accompanying financial statements. During the years ended September 30, 2001 and 2000, MWSC incurred \$47,442 of interest expense related to this loan agreement.

MAJURO WATER AND SEWER COMPANY, INC.

Notes to Financial Statements
September 30, 2001 and 2000

(5) Loans Payable, Continued

Majuro Water Supply Project ADB Loan #1, Continued

As of September 30, 2001 and 2000, MWSC had drawn \$714,493 against this loan. Amounts expended against approved projects within the loan agreement were as follows:

<u>Description</u>	<u>Category</u>	<u>Total Amount Expended</u>	<u>Total Amount Expended Applied Against ADB Loan</u>
Consulting services	I	\$ <u>714,493</u>	\$ <u>714,493</u>

Majuro Water Supply Project ADB Loan #2

On September 18, 1996, the Board of Directors of MWSC obtained another loan from RepMar in an amount equivalent to 6,062,000 Special Drawing Rights. The loan bears interest at a fixed rate of 6.9% per annum on the outstanding principal balance and is a subsidiary loan of a loan agreement dated February 19, 1996 between the ADB and RepMar. Interest is calculated on a day-to-day basis from the date of each drawing against the loan account and is payable semi-annually on March 1 and September 1 of each year until March 1, 2001 at which time MWSC shall repay the principal amount of the loan, together with interest thereon, in fifty semi-annual installments of \$330,571. MWSC is currently in default of loan repayments under the loan agreement (see note 8). Thus, the loan amount has been classified as a current liability in the accompanying financial statements. During the years ended September 30, 2001 and 2000, MWSC incurred \$540,012 and \$522,532, respectively, of interest expense related to this loan agreement.

As of September 30, 2001 and 2000, MWSC had drawn \$7,826,263 against this loan. Amounts expended against approved projects within the loan agreement as of September 30, 2001 were as follows:

<u>Description</u>	<u>Category</u>	<u>Total Amount Expended</u>	<u>Total Amount Expended Applied Against ADB Loan</u>
Civil Works	I	\$ 4,071,746	\$ 3,581,665
Equipment	II	3,286,715	3,286,715
Consultants	III	756,102	756,102
Local Expenditures	VI	<u>201,781</u>	<u>201,781</u>
		\$ <u>8,316,344</u>	\$ <u>7,826,263</u>

In accordance with the loan agreement between the ADB and RepMar, RepMar is required to provide counterpart funding for capital expenditures incurred under certain categories. During the years ended September 30, 2001 and 2000, RepMar contributed \$0- and \$70,766, respectively, in counterpart funding (see note 6).

The excess of the total amount expended over the total amount applied against the ADB loan represents contributed capital from RepMar of \$490,081 as of September 30, 2001 and 2000 (see note 6).

MAJURO WATER AND SEWER COMPANY, INC.

Notes to Financial Statements
September 30, 2001 and 2000

(6) Contributed Capital

Contributed capital is derived from the following sources as of September 30, 2001 and 2000:

	<u>2001</u>	2000 (As Restated note 10)
RepMar (see note 5)	\$ 490,081	\$ 490,081
Less accumulated depreciation of contributed assets	<u>(39,206)</u>	<u>(19,603)</u>
	<u>\$ 450,875</u>	<u>\$ 470,478</u>

Changes in MWSC's contributed capital account were as follows:

	<u>2001</u>	2000 (As Restated note 10)
Balance at beginning of year	\$ 490,081	\$ 419,315
Contributing sources (note 5):		
Contributions from RepMar	<u>-</u>	<u>70,766</u>
Balance at end of year	<u>\$ 490,081</u>	<u>\$ 490,081</u>

(7) Related Party Transactions

MWSC is wholly-owned by the Marshall Islands Development Authority (MIDA), a component unit of RepMar, and is therefore affiliated with all RepMar-owned and affiliated entities.

MWSC's utility service is provided to RepMar and all RepMar-owned and affiliated entities. Services are extended to these entities at the same terms and conditions provided to third parties.

MWSC utilizes services from certain affiliated entities at substantially more favorable terms and conditions than those incurred from third parties.

A summary of related party transactions for the years ended September 30, 2001 and 2000, and related receivable (less allowance for doubtful accounts) and payable balances as of September 30, 2001 and 2000, is as follows:

MAJURO WATER AND SEWER COMPANY, INC.

Notes to Financial Statements
September 30, 2001 and 2000

(7) Related Party Transactions, Continued

	<u>2001</u>			
	<u>Revenues</u>	<u>Expenses</u>	<u>Receivables</u>	<u>Payables</u>
RepMar	\$ 75,451	\$ 39,186	\$ 196,762	\$ 225,064
Marshalls Energy Company, Inc.	2,489	223,778	8	631,939
Marshall Islands National Telecommunications Authority	19,137	9,032	800	1,628
Marshall Islands Social Security Administration	39,875	52,073	2,405	364,756
Majuro Resort, Inc.	44,167	2,427	4,735	-
Other	<u>27,723</u>	<u>7,911</u>	<u>20,426</u>	<u>-</u>
	208,842	334,407	225,136	1,223,387
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>(35,393)</u>	<u>-</u>
	<u>\$ 208,842</u>	<u>\$ 334,407</u>	<u>\$ 189,743</u>	<u>\$ 1,223,387</u>
	<u>2000</u>			
	<u>Revenues</u>	<u>Expenses</u>	<u>Receivables</u>	<u>Payables</u>
RepMar	\$ 39,693	\$ 18,691	\$ 126,509	\$ 214,437
Marshalls Energy Company, Inc.	5,036	219,981	-	487,240
Marshall Islands National Telecommunications Authority	4,063	14,831	1,319	1,968
Marshall Islands Social Security Administration	9,641	48,995	2,019	409,881
Majuro Resort, Inc.	32,735	1,313	6,475	-
Other	<u>43,135</u>	<u>5,006</u>	<u>22,363</u>	<u>-</u>
	134,303	308,817	158,685	1,113,526
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>(36,250)</u>	<u>-</u>
	<u>\$ 134,303</u>	<u>\$ 308,817</u>	<u>\$ 122,435</u>	<u>\$ 1,113,526</u>

Receivables from and payables to affiliates are uncollateralized, interest free and have no set repayment terms.

(8) Commitments and Contingencies

Commitments

On March 24, 1994, the Board of Directors of MWSC approved a loan agreement between RepMar and MWSC whereby RepMar would loan MWSC Special Drawing Rights 503,000 (approximately \$760,116 as of September 30, 2001) for construction of the Majuro Water Supply Project (see note 5). The remaining commitment as of September 30, 2001 is \$45,623.

On September 18, 1996, the Board of Directors of MWSC approved a loan agreement between RepMar and MWSC whereby RepMar would loan MWSC Special Drawing Rights 6,062,000 (approximately \$8,338,715 as of September 30, 2001) for construction of the Majuro Water Supply Project (see note 5). The remaining commitment as of September 30, 2001 is \$512,452.

MAJURO WATER AND SEWER COMPANY, INC.

Notes to Financial Statements
September 30, 2001 and 2000

(8) Commitments and Contingencies, Continued

Contingencies

An exclusive franchise to construct, maintain and operate the fresh water, waste water and sewer system within Majuro Atoll was granted to MWSC by RepMar on March 9, 1989. Simultaneously, RepMar leased to MWSC, at no cost, the Majuro Atoll fresh water, waste water and sewer system. The term of both the lease and the franchise is for a ten year period commencing on March 9, 1989, and continuing thereafter unless terminated by either party six months after written notice to the other. No notice to terminate has been executed as of September 30, 2001.

MWSC has incurred net losses of \$1,053,204 and \$1,169,956 during the years ended September 30, 2001 and 2000, respectively, and as of those dates, has working capital deficiencies of \$11,681,227 and \$11,024,941, respectively, and deficits of \$3,785,714 and \$2,752,113, respectively. Additionally, MWSC is in default of loan and interest payments on loans described below. MWSC received operating subsidies from RepMar during the years ended September 30, 2001 and 2000 of \$99,998 and \$100,000, respectively. Management believes that the continuation of MWSC's operations is dependent upon the future financial support of RepMar, compensation by RepMar for the cost of actual utility service provided, the collection of long outstanding utility receivables, and/or significant improvements in operations (see note 9).

MWSC does not maintain insurance coverage on its property and equipment or operations. In the event of a loss, MWSC may be self-insured to a material extent.

MWSC is currently in default of loan repayments under the loan agreements with RepMar for the Majuro Water Supply Project ADB Loan #1 and Loan #2 (see note 5). Under the terms and conditions of the loan agreements, RepMar must notify MWSC in writing of its default and that the principal amounts of the loans then outstanding will be due and payable together with any accrued interest. MWSC will have thirty (30) days to cure the default. In the event of failure to cure the default, the amounts referred to above will be due on the thirtieth day. As of September 30, 2001, MWSC has not received written notice of default from RepMar with respect to MWSC's default.

MWSC is currently delinquent on payment of certain payroll taxes to RepMar and the Marshall Islands Social Security Administration (MISSA) of \$225,064 and \$364,756, respectively, at September 30, 2001. MWSC is currently negotiating with the involved parties to repay these liabilities. Penalties and interest related to delinquent taxes owed to RepMar and MISSA aggregated \$46,030 and \$162,709, respectively, at September 30, 2001. However, MWSC is of the opinion that any interest and penalties on amounts outstanding will be waived. Accordingly, no provision for any liability for penalties and interest that may result has been made in the accompanying financial statements. The outstanding taxes due are classified as current liabilities due to the lack of formal agreements.

MAJURO WATER AND SEWER COMPANY, INC.

Notes to Financial Statements
September 30, 2001 and 2000

(9) Subsequent Event

During the period October 1, 2001 through January 11, 2002, MWSC received operating subsidies from RepMar per Cabinet Minute C.M.156 (2001) of \$600,000.

(10) Restatement

Subsequent to the issuance of MWSC's 2000 financial statements, MWSC's management determined that plant and equipment, accumulated depreciation and amortization, and retention payable were overstated as of September 30, 2000, and that contributed capital was understated as of September 30, 2000. As a result, plant and equipment, accumulated depreciation and amortization, retention payable, contributed capital and deficit as of September 30, 2000 and depreciation and amortization expense for the year then ended have been restated from the amounts previously reported as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
At September 30, 2000:		
Plant and equipment:		
Water system infrastructure	\$ <u>9,831,289</u>	\$ <u>9,110,478</u>
Accumulated depreciation	\$ <u>632,377</u>	\$ <u>603,545</u>
Retention payable	\$ <u>759,101</u>	\$ <u>-</u>
Contributed capital	\$ <u>451,791</u>	\$ <u>470,478</u>
Deficit	\$ <u>2,800,548</u>	\$ <u>2,752,113</u>
For the year ended September 30, 2000:		
Operating expenses:		
Depreciation and amortization	\$ <u>466,714</u>	\$ <u>437,882</u>