



**Saskatchewan Forage Seed Development Commission
Annual Report
July 1, 2011 to June 30, 2012**

Board of Directors 2011-2012

Chairman Report

Executive Director Report

Agenda of the Annual General Meeting – December 5, 2012

Minutes of the Annual General Meeting – December 5, 2012

Budget for 2012-2013

Programs and Activities for 2012-2013

2011-2012 Audited Financial Report

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Board of Directors 2011-2012**

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Chairman's Report – David Maxwell
December 5, 2012

Hello fellow forage producers:

Once again, this year brought plenty of challenges to the agriculture industry. Many of us started the year with more water than we really needed. My timothy and alfalfa crops handled the water better than my annual crops. This is why we need to hedge the weather bet and plant forages. Later in the summer, however, my timothy crop was attacked by true armyworm. This is why we need more research and crop protection products in forage seed production.

Your Board has been working well this year through conference calls, in-person meetings and our summer field day. I want to thank the members of your Board for their dedication to the industry. We added two new Directors this year, Nels Smelland and James Silcox of Nipawin, SK. I have been the Chairman of the Commission for three years and it is certainly a great help to have the full complement of Board members this year. In 2014, we will see four of our Directors' terms expire. I want to encourage any levy payer who is interested in advancing our industry through the efforts of the Commission to contact me, or any of the Directors, to discuss the activities of the Board and to consider letting your name stand as Director.

Nancy Johns left the Commission in March to expand her crop advisor business. Thank you to Nancy for her efforts over the past five years! In the same month, we hired Ray McVicar as the new Executive Director. Ray has been doing a great job of organizing this bunch of farmers. Thank you Ray!

The Saskatchewan Agri-Food Council has been very helpful in keeping us on the straight and narrow regarding Provincial policies affecting Commissions.

The Commission continues to promote the forage seed industry with a limited budget. We have asked the Saskatchewan Ministry of Agriculture to champion increased funding for forage seed research in the upcoming Growing Forward II program, and we are working with the newly formed Saskatchewan Forage Network to raise awareness of the need for increased forage seed research capabilities in our Province.

Our annual field day was held at Carrot River in July. Despite heavy rainfall the previous day, we managed to look at some research projects in the field and had a tour of the AG-Vision Seeds facilities. Thank you to AG-Vision Seeds and others for their hospitality and efforts.

I am pleased with the research projects that have been carried out this year. We continue to look for good research projects that will advance our industry. We spend your money on projects that will benefit your farm, so please contact any of the Directors to provide us with guidance for the future.

At the Commission, we are very positive about the industry as forages will always be a significant cog in the wheel of agriculture. Please keep forages in mind for spring planting next year. High input crops are okay, but forages have a great fit for spreading the workload, nitrogen production, improving the tilth of the soil and making money.

All the best in 2013!

David S. Maxwell

Saskatchewan Forage Seed Development Commission (SFSDC)
Executive Director Report for 2011-2012
Ray McVicar - December 5, 2012

The 2011-2012 year began with Nancy Johns working as Executive Director of the Commission. In March 2012, Nancy left to increase her crop advisor business. Nancy played a very important part of the Commission's past five years and her efforts are greatly appreciated.

I began with the Commission in April 2012, after retiring from Saskatchewan Agriculture after about 19 years in the Crops Branch. I want to thank the Board of Directors and the levy payers of the Commission for the opportunity to act as Executive Director.

The 2011-2012 fiscal year was the first year in many that saw an increase in the number of levy payers and an increase in the levy contributed to the SFSDC. The higher prices paid for other crops such as canola and wheat have placed pressure on forage seed crops to keep up in the competition for growers' acres. Forage seed prices did improve this year and it is hoped that this indicates the industry is on the move upward.

REVENUE	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Levy funds collected	\$46,318	\$34,854	\$42,543	\$39,093	\$58,215
Less levy refund	\$64*	(\$365)	(\$768)	(\$850)	(\$1,308)
Levy Total	\$46,382	\$34,489	\$41,775	\$38,243	\$56,907
Producers contributing levy	175	138	149	229	313

* levy refunds of (\$230.81) - \$294.81 adjustment from 2010-2011

The summary of the 2011-2012 forage seed levy is provided in the accompanying table. Red clover continues to be our largest crop, followed by timothy, hybrid bromegrass, sweet clover, perennial ryegrass, and others.

CROP KIND	Weight (kg)	Total Value (\$)	Levy (\$)
Alsike Clover	46,329	\$101,936.68	\$764.53
Birdsfoot Trefoil	12,466	\$119,887.33	\$899.17
Cicer Milkvetch	28,363	\$110,033.10	\$825.26
Red Clover	1,142,000	\$2,126,393.29	\$15,947.97
Sainfoin	28,273	\$50,758.70	\$380.69
Sweet Clover	190,445	\$364,171.70	\$2,731.29
Annual Ryegrass	191,791	\$72,291.47	\$534.69
Crested Wheatgrass	135,140	\$211,469.37	\$1,586.02
Dahurian Wild Rye	53,334	\$149,820.70	\$1,123.65
Hybrid Bromegrass	97,451	\$365,570.67	\$2,741.78
Intermediate Wheatgrass	81,069	\$124,567.30	\$934.25
Meadow Bromegrass	14,589	\$40,205.33	\$301.54
Meadow Fescue	9,964	\$17,572.80	\$131.80
Perennial Ryegrass	397,175	\$350,116.49	\$2,625.87
Pubescent Wheatgrass	544	\$1,199.00	\$8.99
Red Top	15,357	\$104,457.90	\$783.43
Reed Canarygrass	2,502	\$8,821.33	\$66.16
Russian Wild Rye	6,728	\$28,377.10	\$212.83
Slender Wheatgrass	61,306	\$172,912.00	\$1,296.84

Smooth Bromegrass	3,318	\$8,696.85	\$65.02
Tall Fescue	46,393	\$46,450.67	\$348.38
Timothy	781,000	\$1,279,535.06	\$9,601.44
Western Wheatgrass	77,570	\$180,417.00	\$1,353.12

Thank you to all of our levy payers and the forage seed crop buyers who contributed their funds, time and efforts to the Commission.

The Commission's research focus continued with a number of forage seed research projects completed or continued in 2011-2012 and two new projects were initiated. ADOPT projects with funding from Saskatchewan Ministry of Agriculture were: Fertilizing Forage Grasses for Seed Production (continued), Pod Sealant Technology in Trefoil Seed Production (completed), Bromegrass Seed Midge Control (completed) and Fungicides for Use in Forage Seed Grasses (initiated). Thank you to Saskatchewan Agriculture for their support.

The SFSDC continued the research into Bromegrass Seed Midge Control by funding its own project on hybrid bromegrass in the Carrot River area during the 2012 growing season. The report will be available shortly.

The SFSDC provided \$4,000 towards the initiation of a new fertility project "Improving Nitrogen Use Efficiency in Forage Seed Production" led by Dr. Fran Walley at the University of Saskatchewan. An initial report is included in the Fall 2012 SFSDC Newsletter.

We continue to partner with the University of Alberta by providing \$1,000 per year for three years to their research on "Pheromone-Mediated Mating Disruption" for red clover casebearer. The project is currently in year two, and their interim report is included in the Fall 2012 SFSDC Newsletter.

The Invasive Plant Species project with Saskatchewan Forage Council and the Frenchman-Wood River Weed Management Area continued with an assessment of the Weed Free Hay project and the production and distribution of Invasive Plant Species Best Management Practice publications. A booklet was also distributed on indentifying invasive plant species.

Significant efforts were made by Nancy Johns and consultants toward the development of the SFSDC Website. We continue to make improvements and updates at the site, so please check it out at: www.skforageseeddc.com

The SFSDC Board of Directors held five board meetings or conference calls during the 2011-2012 year as well as the grower information session held in Nipawin, SK on December 6, 2011. Unfortunately, the very wet weather washed out the annual field day planned for July 2011.

Prairie Seeds Newsletter is an extremely important method for the Commission to communicate with our levy payers, buyers and researchers. Two editions were planned and published during the 2011-2012 year. If you receive more than one copy or have some suggestions for articles you would like to see in future newsletters, please notify the SFSDC office. The Commission also provided copies of the Forage Seed News to current levy payers in order to help keep up on current issues in the forage seed industry throughout the Prairies.

More information about the levy, past research projects, links to production bulletins, as well as copies of our past newsletters are available on the SFSDC website at: www.skforageseeddc.com

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Saskatchewan Forage Seed Development Commission 2011-2012 Annual General Meeting

Wednesday, December 5, 2012

Chair: David Maxwell

AGENDA

- 1. Call to Order**
- 2. Agenda**
 - **Approval of the Agenda**
- 3. Minutes of the 2010-2011 Annual Meeting – Ray McVicar**
 - **Approval of the Minutes of the 2010-2011 Annual Meeting**
 - **Business Arising from the Minutes**
- 4. Reports**
 - **Chairman Report – David Maxwell**
 - **Executive Director Report – Ray McVicar**
 - **2011-2012 Financial Report – Ray McVicar**
 - **2012-2013 Budget – Marcel Enns**
 - **Approval of the Reports**
- 5. New Business**
 - **Appointment of Auditor for 2012-2013**
- 6. Other Business**
- 7. Adjourn**



**Saskatchewan Forage Seed Development Commission
2011-2012 Annual General Meeting**

Wednesday, December 5, 2012 Evergreen Centre - Nipawin, Saskatchewan
MINUTES

Chairman: David Maxwell

Recording: Ray McVicar

Note: There were 24 forage seed growers in attendance.

1. Meeting called to order at 3:00 PM
2. Agenda
 - Moved by Roger Kirk, seconded by Marcel Enns to approve the agenda. Carried.
3. Minutes of the 2010-2011 Annual General Meeting were reviewed by Ray McVicar.
 - Moved by Randy Tulloch, seconded by Marcel Enns that the minutes of the 2010-2011 AGM be accepted. Carried.
 - Business Arising from the Minutes - none
4. Reports
 - Chairman's Report – David Maxwell
 - Wet weather conditions again in 2012
 - True armyworm infestation in timothy
 - Added James Silcox and Nels Smelland as Directors
 - Nancy Johns was replaced by Ray McVicar as Executive Director
 - More forage seed research is needed – looking for input from growers
 - Executive Director Report – Ray McVicar
 - Increase in levy to \$46,382 and number of levy payers to 175
 - Research projects included: Fertilizing Forage Grasses for Seed Production (continued); Pod Sealant Technology in Trefoil Seed Production (completed); Bromegrass Seed Midge Control (completed); Fungicides for Use in Forage Seed Grasses (initiated); provided \$4,000 toward Dr. Fran Walley's Nitrogen Use Efficiency project; and provided \$1,000/year for three years to U of Alberta for research on red clover casebearer.
 - Invasive Plant Species Project continued
 - SFSDC Website was developed and launched
 - Five board meetings or conference calls were held during 2011-2012
 - The grower information session was held on December 6, 2011
 - Prairie Seeds Newsletter - two editions were published
 - List of planned programs and activities for the 2012-2013 fiscal year were highlighted
 - 2011-2012 Financial Report – Audited report was distributed and reviewed by Ray McVicar
 - 2012-2013 Budget was distributed and reviewed by Marcel Enns
 - Moved by Ed Sauder, seconded by Randy Tulloch that all the Reports be accepted. Carried.
5. New Business
 - Moved by Marcel Enns, seconded by Roger Kirk to appoint Bob Milton, Milton & Associates, Regina, SK as Auditor for 2012-2013. Carried
6. Other Business - none
7. Moved by Marcel Enns to adjourn the AGM at 3:25 PM. Carried.

**Saskatchewan Forage Seed Development
Commission
Budget 2012 / 2013
For the Period July 1, 2012 to June 30, 2013**

	<u>2012/13 Budget</u>
INCOME	
Estimated levy income	\$40,000
Estimated levy refunds	-\$700
Estimated other income	
Research	\$1,525
Interest	\$2,500
 Total Income	 \$43,325
 EXPENDITURES	
Administration	\$12,000
Director Meetings	\$500
Promotion / Advertising	\$1,000
Annual General Meeting	\$500
Bank Charges	\$100
Database Management	\$1,500
Director Expenses	\$3,000
Website Maintenance	\$1,000
Newsletter (2)	\$3,000
Postage / Freight	\$300
Auditor	\$1,400
eNews / Forage Seed News	\$4,000
GST Paid	\$500
Subtotal:	\$28,800
 Research	
Weed Control in Grasses	\$1,500
Weed Control in Legumes	\$1,500
Fertility in Grasses (Agrotain)	\$350
Red Clover Cases Bearer	\$1,000
Bromegrass Midge	\$3,275
Fertility in Grasses	\$5,000
Fungicide on Grasses	\$7,800
Subtotal:	\$20,425
 Total Expenses	 \$49,225
NET INCOME	-\$5,900

Saskatchewan Forage Seed Development Commission Planned Programs and Activities for 2012-2013

- Summer research field day
- Develop and submit SFSDC Policies to Agri-Food Council
- Secure insurance for Directors and Officers
- Maintain SFSDC Grower Database
- Maintain contact with Agri-Food Council regarding reporting and regulations
- Participate in the Saskatchewan Forage Network
- Provide *Forage Seed News* Magazine to current levy payers
- Continue Research Program
 - ADOPT projects: Fertility on Grasses, Fungicides on Grasses
 - U of S Nitrogen Use Efficiency, U of A Red Clover Casebearer, Bromegrass Seed Midge
 - Investigate potential new research projects with Northeast Ag Research Foundation, U of S, Agriculture and Agri-Food Canada, Manitoba Forage Seed Association, etc.
- Identify minor use needs for forage seed production
- Promote increased research in forage seed crops – Growing Forward II and Saskatchewan Agriculture
- Grower Information Session – December 5, 2012
- Publish two issues of Prairie Seeds Newsletter
- Regularly update the SFSDC Website

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Merv Culham, Chartered Accountant

To the Members of
Saskatchewan Forage Seed Development Commission

I have made an examination to determine whether Saskatchewan Forage Seed Development Commission complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended June 30, 2012:

The Agri-Food Act, 2004
The Saskatchewan Forage Seed Development Plan Regulations

My examination was made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, Saskatchewan Forage Seed Development Commission has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended June 30, 2012.

Merv Culham



Chartered Accountant
Regina, Saskatchewan
October 29, 2012

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Merv Culham, Chartered Accountant

To the Members of
Saskatchewan Forage Seed Development Commission

I have audited Saskatchewan Forage Seed Development Commission's control as of June 30, 2012 to express an opinion as to the effectiveness of its control related to the following objectives.

- To safeguard agency resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan to achieve its goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, revenue-raising, spending, borrowing and investing.

I used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make my judgements about the effectiveness of Saskatchewan Forage Seed Development Commission's control. I did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The CICA defines control as comprising those elements of an organization's objectives that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

Saskatchewan Forage Seed Development Commission's management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I conducted my audit in accordance with standards for assurance engagements established by the Canadian Institute of Chartered Accountants. Those standards require that I plan and perform an audit to obtain reasonable assurance as to effectiveness of Saskatchewan Forage Seed Development Commission's control related to the objectives above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control

may become ineffective because of changes in internal and external conditions, or the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, Saskatchewan Forage Seed Development Commission's control was effective, in all material respects, to meet the objectives stated above as of June 30, 2012 based on the CICA criteria of control framework.

Merv Culham

A handwritten signature in black ink, appearing to read 'Merv Culham', written over a horizontal line.

Chartered Accountant
Regina, Saskatchewan
October 29, 2012

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Financial Statements
For the year ended
June 30, 2012

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Merv Culham, Chartered Accountant

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Saskatchewan Forage Seed Development Commission

I have audited the accompanying financial statements of the Saskatchewan Forage Seed Development Commission which comprise the statement of financial position as at June 30, 2012, and the accompanying statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

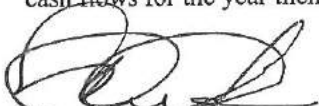
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Forage Seed Development Commission as at June 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


October 29, 2012
Regina, Saskatchewan


Saskatchewan Forage Seed Development Commission

BALANCE SHEET

As at June 30, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	208,186	180,789
Levy receivable	16,351	23,644
	<u>224,537</u>	<u>204,433</u>
LIABILITIES		
CURRENT		
Accounts payable	6,260	10,368
Levy refunds payable	0	294
	<u>6,260</u>	<u>10,662</u>
SURPLUS		
SURPLUS		
Unappropriated	218,277	193,771
	<u>224,537</u>	<u>204,433</u>

Approved on behalf of the Board

 Director MARCEL ENNS DEC 5, 2012

Director

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission
STATEMENT OF REVENUE, EXPENDITURE AND UNAPPROPRIATED SURPLUS
 For the year ended June 30, 2012

	2012 Budget	2012 Actual	2011 Actual
REVENUE			
Levy funds collected	30,000	46,318	34,854
Less levy refund requests	0	64	(365)
	30,000	46,382	34,489
Grants	0	7,056	6,260
Investment income	0	2,820	807
	30,000	56,258	41,556
EXPENDITURE			
Administration	12,000	12,602	11,131
Advertising and promotion	0	632	0
Annual general meeting	0	292	2,495
Bank charges	0	77	30
Database management	1,500	1,339	882
Directors' expense	1,000	999	6,903
E=News and Forage Seed News	3,000	500	0
Newsletter	5,000	1,462	1,111
Postage	0	87	21
Professional fees	1,100	1,260	1,100
Travel	0	0	719
Website design and maintenance	4,700	5,344	0
Research			
Fertility trials in grasses	1,000	1,325	4,000
Red Clover casebearer	1,000	1,000	0
Brome grass seed midge project	4,000	3,575	0
Fungicide applications for disease control in grass seed	5,000	708	0
Pod sealant	0	550	
Invasive Plant Species Management	0	0	1,814
	39,300	31,752	30,206
SURPLUS (DEFICIT) FOR THE YEAR	(9,300)	24,506	11,350
UNAPPROPRIATED SURPLUS BEGINNING OF YEAR		193,771	182,421
UNAPPROPRIATED SURPLUS END OF YEAR		218,277	193,771

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission

STATEMENT OF CASH FLOWS

For the year ended June 30, 2012

	2012	2011
CASH PROVIDED BY (USED BY) THE FOLLOWING ACTIVITIES		
OPERATIONS		
Surplus (deficit) for the year	24,506	11,350
Net change in non-cash working capital balances		
Accounts receivable	7,293	(16,976)
Accounts payable	(4,108)	10,368
Levy refunds payable	(294)	294
Increase (decrease) in cash during the year	27,397	5,036
CASH BEGINNING OF THE YEAR	180,789	175,753
CASH END OF THE YEAR	208,186	180,789

During the year, the organization had cash flows arising from interest and income taxes paid as follows:

Bank charges paid	77	30
Income taxes paid	0	0

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission

NOTES

For the year ended June 30, 2012

1. Nature of entity

Saskatchewan Forage Seed Development Commission operates to promote and enhance the forage seed industry in Saskatchewan for maximum return to producers through research, leadership and communication in the industry.

Saskatchewan Forage Seed Development Commission is a non-profit organization incorporated under the Agri-Foods Act, 2004 of Saskatchewan. Under present legislation, no income taxes are paid on the reported income of such operations.

2. Accounting policies

The carrying amount of cash and term deposits - approximates their fair market value due to the short term maturities of these items.

The company does not have a significant credit exposure to any individual customer or counterpart.

Levy funds are recorded as revenue when received or receivable, if the amount to be received can be reasonably estimated. Other revenues are recorded as earned.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The budgeted figures are presented for comparison purposes as prepared and approved by the Board, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed.

Saskatchewan Forage Seed Development Commission
EXPENDITURE BY OBJECT
For the year ended June 30, 2012

	2012	2011
Personal		
Ray McVicar	5,597	0
Hope Floats Services	10,547	17,271
Payees under \$1,000	1,964	882
	<u>18,108</u>	<u>18,153</u>
Suppliers		
Levy refunds	0	365
Merv Culham, CA	1,320	1,100
Prairie Orchid Media	4,812	0
Payees under \$1,000	1,760	5,139
	<u>7,892</u>	<u>6,604</u>
Research		
Maxwell Farms Inc.	0	1,814
Pasqua Agro Services	1,325	0
Rick Cherepuschak	3,000	0
University of Alberta	1,000	0
University of Saskatchewan	0	4,000
Payees under \$1,000	427	0
	<u>5,752</u>	<u>5,814</u>
	<u>31,752</u>	<u>30,571</u>

See accompanying notes to the financial statements.