

# QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Year ended May 31, 2014

## 9. Demand loans:

	2014	2013
Demand loan payable without interest, secured by property	\$ -	\$ 65,000,000
Demand loan payable including interest at 5% per annum	-	1,176,000
	\$ -	\$ 66,176,000

During the year, the demand loan payable without interest of \$65,000,000 was forgiven. This loan was subsequently classified as a deferred capital contribution as its intended purpose was to fund the construction of the University and, therefore, will be recognized into income at the same rate as the corresponding capital asset.

During the year, the demand loan payable with interest of \$1,176,000 was consolidated with long-term debt as part of a new loan agreement (note 8).

## 10. Capital lease obligation:

The Company has financed certain buildings and equipment by entering into capital lease agreements. Capital lease repayments are due as follows:

2015	\$ 708,120
2016	708,120
2017	708,120
2018	660,040
2019	636,000
Thereafter	12,190,000
Total minimum lease payments	15,610,400
Less amount representing interest	6,606,168
Present value of net minimum capital lease payments	9,004,232
Current portion of capital lease obligation	253,657
	\$ 8,750,575

Interest of \$396,642 (2013 - \$13,070) relating to capital lease obligations is included in interest.