



Registered Charity Information Return

23 2013-05-31 864070859 RR 0001 3020678

a

Section A: Identification

- To help you fill out this form, refer to Guide T4033 (13), *Completing the Registered Charity Information Return*. It can be found on our Web pages at www.cra.gc.ca/charities, under "Charities-related forms and publications".
- The *Privacy Act* protects all personal information given on this form, which is kept in personal information bank CRA PPU 200. The Canada Revenue Agency (CRA) will make this form and all attachments available to the public on the Charities Directorate Web site, except for information or data identified as confidential. All of the information collected on this form may be shared as permitted by law (for example, with certain other government departments and agencies).

Note: Even if a charity is inactive, an information return must be filed to maintain its registered status.

If you did not receive a barcode label to attach to the return, complete the following:

1. Charity name:

Quest University Canada

2. Return for fiscal period ending:

Year	Month	Day
2 0 1 3	0 5	3 1

3. BN/registration number:

864070859 RR 0001

4. Web address (if applicable):

www.questu.ca

A1 Was the charity in a subordinate position to a parent organization? 1510 Yes No
If yes, give the name and BN/registration number of the organization.

Name:	BN (if applicable)
-------	--------------------

A2 Has the charity wound-up, dissolved, or terminated operations? 1570 Yes No

A3 Is your charity designated as a public foundation or private foundation? 1600 Yes No

If you must complete Schedule 1, *Foundations*. Refer to Form TF725, *Registered Charity Basic Information Sheet*, to confirm the designation. (TF725 is part of the return.)

Directors/trustees and like officials

Charities must complete Form T1235, *Directors/Trustees and Like Officials Worksheet*. Only the public information section of the worksheet is available to the public. Charities subject to the Ontario *Corporations Act* must also complete Form RC232-WS, *Director/Officer Worksheet and Ontario Corporations Information Act Annual Return*.

Programs and general information

Was the charity active during the fiscal period? 1800 Yes No
Explain why in the "Ongoing programs" space below at C2.

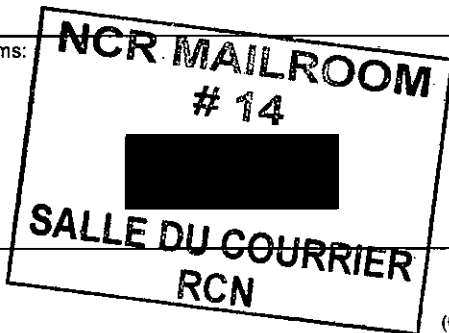
In the space below, describe all ongoing and new charitable programs the charity carried on this fiscal period to further its purpose(s) (as defined in its governing documents). "Programs" includes all of the charitable activities that the charity carries out on its own through employees or volunteers as well as through qualified donees and intermediaries. The charity may also use this space to describe the contributions of its volunteers in carrying out its programs, for example, number of volunteers and/or hours. Do not include the names of employees or volunteers. Grant-making charities should describe the types of organizations they support. Do not describe fundraising activities in this space.

Attach additional sheets of paper or annual reports.

Ongoing programs:

Daily operations including delivery of academic programs to students for a Four-Year Baccalaureate Liberal Arts and Science Degree
Providing of residence facilities to students
Developed partnership agreements with certain Post-Secondary Institutions around the world

New programs:



F5000008590406

Registered charities may make gifts to qualified donees. Qualified donees are other registered Canadian charities, as well as certain other organizations described in the *Income Tax Act*.

C3 Did the charity make gifts or transfer funds to qualified donees or other organizations? **2000** Yes No
If yes, you must complete Form T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*.

C4 Did the charity carry on, fund, or provide any resources through employees, volunteers, agents, joint ventures, contractors, or any other individuals, intermediaries, entities, or means (other than qualified donees) for any activity/program/project outside Canada? **2100** Yes No
If yes, you must complete Schedule 2, *Activities Outside Canada*.

C5 Political Activities

A registered charity may pursue political activities only if the activities are non-partisan, related to its charitable purposes, and limited in extent. A political activity is any activity that explicitly communicates to the public that a law, policy or decision of any level of government inside or outside Canada should be retained, opposed, or changed.

(a) Did the charity carry on any political activities during the fiscal period, including making gifts to qualified donees that were intended for political activities? **2400** Yes No
If yes, you must complete Schedule 7, *Political Activities*.

(b) Total amount spent by the charity on these political activities. **5030** \$

(c) Of the amount at line 5030, the total amount of gifts made to qualified donees. **5031** \$

(d) Total amount received from outside Canada that was directed to be spent on political activities. **5032** \$

If you entered an amount on line 5032 you must complete Schedule 7, *Political Activities*, Table 3.

C6 If the charity carried on fundraising activities or engaged third parties to carry on fundraising activities on its behalf, tick all fundraising methods that it used during the fiscal period:

- | | | |
|--|--|--|
| 2500 <input type="checkbox"/> Advertisements/print/radio/TV commercials | 2570 <input checked="" type="checkbox"/> Sales | 2620 <input type="checkbox"/> Telephone/TV solicitations |
| 2510 <input type="checkbox"/> Auctions | 2575 <input type="checkbox"/> Internet | 2630 <input checked="" type="checkbox"/> Tournament/sporting events |
| 2530 <input type="checkbox"/> Collection plate/boxes | 2580 <input type="checkbox"/> Mail campaigns | 2640 <input type="checkbox"/> Cause-related marketing |
| 2540 <input type="checkbox"/> Door-to-door solicitation | 2590 <input checked="" type="checkbox"/> Planned-giving programs | 2650 <input type="checkbox"/> Other |
| 2550 <input type="checkbox"/> Draws/lotteries | 2600 <input type="checkbox"/> Targeted corporate donations/sponsorships | 2660 Specify: _____ |
| 2560 <input type="checkbox"/> Fundraising dinners/galas/concerts | 2610 <input checked="" type="checkbox"/> Targeted contacts | |

C7 Did the charity pay external fundraisers? **2700** Yes No
If yes, you must complete the following lines, and complete Schedule 4, *Confidential Data*, Table 1.

(a) Enter the gross revenue collected by the fundraisers on behalf of the charity. **5450** \$

(b) Enter the amounts paid to and/or retained by the fundraisers. **5460** \$

(c) Tick the method of payment to the fundraiser:

- | | | |
|--|---|--|
| 2730 <input type="checkbox"/> Commissions | 2750 <input type="checkbox"/> Finder's fee | 2770 <input type="checkbox"/> Honoraria |
| 2740 <input type="checkbox"/> Bonuses | 2760 <input type="checkbox"/> Set fee for services | 2780 <input type="checkbox"/> Other |
| 2790 Specify: _____ | | |

(d) Did the fundraiser issue tax receipts on behalf of the charity? **2800** Yes No

C8 Did the charity compensate any of its directors/trustees or like officials or persons not at arm's length from the charity for services provided during the fiscal period (other than reimbursement for expenses)? **3200** Yes No

C9 Did the charity incur any expenses for compensation of employees during the fiscal period? **3400** Yes No
If yes, you must complete Schedule 3, *Compensation*.

C10 Did the charity receive any donations or gifts of any kind valued at \$10,000 or more from any donor that was **not** resident in Canada and was **not** any of the following? **3900** Yes No

- a Canadian citizen, nor
- employed in Canada, nor
- carrying on a business in Canada, nor
- a person having disposed of taxable Canadian property?

If yes, you must complete Schedule 4, *Confidential Data*, Table 2, for each donation of \$10,000 or more.

- C11 Did the charity receive any non-cash gifts (gifts-in-kind) for which it issued tax receipts? 4000 Yes No
If yes, you must complete Schedule 5, *Non-Cash Gifts*.
- C12 Did the charity acquire a non-qualifying security? 5800 Yes No
- C13 Did the charity allow any of its donors to use any of its property? (except for permissible uses) 5810 Yes No
- C14 Did the charity issue any of its tax receipts for donations on behalf of another organization? 5820 Yes No

Section D: Financial Information

Complete Section D only if you **do not** have to complete Schedule 6, *Detailed Financial Information*.

Complete Schedule 6 if **any** of the following applies to the charity:

- a) The charity's revenue exceeds \$100,000.
- b) The amount of all property (for example, investments, rental properties) not used in charitable activities is more than \$25,000.
- c) The charity has permission to accumulate funds during this fiscal period.

Do not complete Section D if you must complete Schedule 6.

Show all amounts to the nearest single Canadian dollar. Do not enter "See attached financial statements". All relevant fields must be filled out.

D1 Was the financial information reported below prepared on an accrual or cash basis? 4020 Accrual Cash

D2 Summary of financial position:

Using the charity's own financial statements, enter the following:

Did the charity own land and/or buildings? 4050 Yes No

Total assets (including land and buildings) 4200 \$ _____

Total Liabilities 4350 \$ _____

Did the charity borrow from, loan to, or invest assets with any non-arm's length persons? 4400 Yes No

D3 Revenue:

Did the charity issue tax receipts for gifts? 4490 Yes No

If yes, enter the total eligible amount of all gifts for which the charity issued tax receipts 4500 \$ _____

Total amount of 10 year gifts received 4505 \$ _____

Total amount received from other registered charities 4510 \$ _____

Total other gifts received for which a tax receipt was **not** issued by the charity (excluding amounts at lines 4575 and 4630) 4530 \$ _____

Did the charity receive any revenue from any level of government in Canada? 4565 Yes No

If yes, total amount received 4570 \$ _____

Total tax-receipted revenue from all sources outside of Canada (government and non-government) 4571 \$ _____

Total non tax-receipted revenue from all sources outside of Canada (government and non-government) 4575 \$ _____

Total non tax-receipted revenue from fundraising 4630 \$ _____

Total revenue from sale of goods and services (except to any level of government in Canada) 4640 \$ _____

Other revenue not already included in the amounts above 4650 \$ _____

Total revenue (add lines 4500, 4510 to 4570, and 4575 to 4650) 4700 \$ _____

D4 Expenditures:

Professional and consulting fees 4860 \$ _____

Travel and vehicle expenses 4810 \$ _____

All other expenditures not already included in the amounts above (excluding gifts to qualified donees) 4920 \$ _____

Total expenditures (excluding gifts to qualified donees) (add lines 4860, 4810, and 4920) 4950 \$ _____

Of the amount at line 4950:

a) Total expenditures on charitable activities 5000 \$ _____

b) Total expenditures on management and administration 5010 \$ _____

Total amount of gifts made to all qualified donees 5050 \$ _____

Total expenditures (add lines 4950 and 5050) 5100 \$ _____

Section E: Certification

This return must be signed by a director/trustee or like official of the registered charity who has authority to sign on behalf of the charity. It is a serious offence under the *Income Tax Act* to provide false or deceptive information.

I certify that the information given on this form, the basic information sheet, and any attachment is, to the best of my knowledge, correct, complete, and current.

Name (print): David Helfand	Signature: [Redacted]
Position in charity: President / Director	Date: [Redacted] Telephone number: [Redacted]

Section F: Confidential data

F1 Enter the physical address of the charity and the address in Canada for the charity's books and records. Post office box numbers and rural routes are not sufficient.

	Physical address of the charity	Address for the charity's books and records
Complete street address	[Redacted]	[Redacted]
City	[Redacted]	[Redacted]
Province or territory and postal code	[Redacted]	[Redacted]

F2 Name and address of individual who completed this return.

[Redacted]

Foundations **Schedule 1**

- 1** Did the foundation acquire control of a corporation? **100** Yes No
 - 2** Did the foundation incur any debts other than for current operating expenses, purchasing or selling investments, or in administering charitable activities? **110** Yes No
- For private foundations only:**
- 3** Did the foundation hold any shares, rights to acquire shares, or debts owing to it that meet the definition of a non-qualified investment? **120** Yes No
 - 4** Did the foundation own more than 2% of any class of shares of a corporation? **130** Yes No
If yes, you must complete and attach Form T2081, *Excess Corporate Holdings Worksheet*.

Activities outside Canada **Schedule 2**

For more information about carrying on activities outside of Canada, go to www.cra.gc.ca/charities, select "Policies and guidance", then "Operating a registered charity" and see Guidance CG-002, *Canadian Registered Charities Carrying Out Activities Outside Canada*.

- 1** Total expenditures on activities/programs/projects carried on outside Canada, excluding gifts to qualified donees **200** \$ _____
- 2** Were any of the charity's financial resources spent on programs outside of Canada under any kind of an arrangement including a contract, agency agreement, or joint venture to any other individual or organization (excluding gifts to qualified donees)? **210** Yes No

If yes, enter the amounts of the total reported on line 200 transferred to these individuals/organizations as required in the following table:

Name of individual/organization	Using the country codes at the end of Schedule 2, enter the code where the activities were carried out.	Amount (\$) Show amounts to the nearest Canadian dollar

3 Using the list below, enter the country code where the charity itself carried on programs or devoted any of its resources.

4 Are any projects undertaken outside Canada funded by the Canadian International Development Agency (CIDA)?..... 220 Yes No

If yes, what was the total amount the charity spent under this arrangement?..... 230 \$

5 Were any of the charity's activities outside of Canada carried out by employees of the charity?..... 240 Yes No

6 Were any of the charity's activities outside of Canada carried out by volunteers of the charity?..... 250 Yes No

7 Is the charity exporting goods as part of its charitable activities?..... 260 Yes No

If yes, list the items being exported, their value (in Canadian dollars), their destination and the country code.

Item	Value	Destination (city/region)	Country code

Country codes

- | | | | |
|---------------------------------|---------------------------------|--------------------|--------------------------------|
| AF-Afghanistan | CU-Cuba | KP-North Korea | RO-Romania |
| AL-Albania | CY-Cyprus | KR-South Korea | RU-Russia |
| DZ-Algeria | DK-Denmark | KW-Kuwait | RW-Rwanda |
| AO-Angola | DO-Dominican Republic | KG-Kyrgyzstan | SA-Saudi Arabia |
| AR-Argentina | EC-Ecuador | LA-Laos | RS-Serbia |
| AM-Armenia | EG-Egypt | LB-Lebanon | SL-Sierra Leone |
| AZ-Azerbaijan | SV-El Salvador | LR-Liberia | SG-Singapore |
| BD-Bangladesh | ET-Ethiopia | MK-Macedonia | SO-Somalia |
| BY-Belarus | FR-France | MG-Madagascar | ES-Spain |
| BT-Bhutan | GA-Gabon | MY-Malaysia | LK-Sri Lanka |
| BO-Bolivia | GM-Gambia | ML-Mali | SD-Sudan |
| BA-Bosnia and Herzegovina | GE-Georgia | MU-Mauritius | SY-Syrian Arab Republic |
| BW-Botswana | DE-Germany | MX-Mexico | TJ-Tajikistan |
| BR-Brazil | GH-Ghana | MN-Mongolia | TZ-United Republic of Tanzania |
| BN-Brunei Darussalam | GT-Guatemala | ME-Montenegro | TH-Thailand |
| BG-Bulgaria | GY-Guyana | MZ-Mozambique | TL-Timor-Leste |
| BI-Burundi | HT-Haiti | MM-Myanmar (Burma) | TR-Turkey |
| KH-Cambodia | HN-Honduras | NA-Namibia | UG-Uganda |
| CM-Cameroon | IN-India | NL-Netherlands | UA-Ukraine |
| CF-Central African Republic | ID-Indonesia | NI-Nicaragua | GB-United Kingdom |
| TD-Chad | IR-Iran | NE-Niger | US-United States of America |
| CL-Chile | IQ-Iraq | NG-Nigeria | UY-Uruguay |
| CN-China | IL-Israel | OM-Oman | UZ-Uzbekistan |
| CO-Columbia | PS-Israeli Occupied Territories | PK-Pakistan | VE-Venezuela |
| KM-Comoros | IT-Italy | PA-Panama | VN-Vietnam |
| CD-Democratic Republic of Congo | JM-Jamaica | PE-Peru | YE-Yemen |
| CG-Republic of Congo | JP-Japan | PH-Philippines | ZM-Zambia |
| CR-Costa Rica | JO-Jordan | PL-Poland | ZW-Zimbabwe |
| CI-Côte d'Ivoire | KZ-Kazakhstan | QA-Qatar | |
| HR-Croatia | KE-Kenya | RE-Réunion | |

Use the following codes for countries not listed above:

- QS-Other countries in Africa
- QR-Other countries in Asia and Oceania
- QM-Other countries in Central and South America
- QP-Other countries in Europe
- QO-Other countries in the Middle East
- QN-Other countries in North America

1 (a) Enter the number of permanent, full-time, compensated positions in the fiscal period. This number should represent the number of positions the charity had including both managerial positions and others, and should not include independent contractors. Do not enter a dollar amount. 300

(b) For the ten (10) highest compensated, permanent, full-time positions enter the number of positions that are within each of the following annual compensation categories. Do not tick the boxes, use numbers.

<input type="checkbox"/> 305 \$1 – \$39,999	<input type="checkbox"/> 310 \$40,000 – \$79,999	<input type="checkbox"/> 315 <input checked="" type="checkbox"/> 6 \$80,000 – \$119,999
<input checked="" type="checkbox"/> 320 <input checked="" type="checkbox"/> 3 \$120,000 – \$159,999	<input type="checkbox"/> 325 \$160,00 – \$199,999	<input type="checkbox"/> 330 <input checked="" type="checkbox"/> 1 \$200,000 – \$249,999
<input type="checkbox"/> 335 \$250,000 – \$299,999	<input type="checkbox"/> 340 \$300,000 – \$349,999	<input type="checkbox"/> 345 \$350,000 and over

2 (a) Enter the number of part-time or part-year (for example, seasonal) employees the charity employed during the fiscal period. 370

(b) Total expenditure on compensation for part-time or part-year employees in the fiscal period. 380 \$

3 Total expenditure on all compensation in the fiscal period. 390 \$

The information in this schedule is for the CRA's use and may be shared as permitted by law (for example, with certain other government departments and agencies).

1. Information about fundraisers

Enter the name(s) and arm's length status of each external fundraiser.

Name	At arm's length? Yes/No

2. Information about donors not resident in Canada

Complete this schedule to report any gift of any kind valued at \$10,000 or more received from any donor that was not resident in Canada and was not any of the following:

- a Canadian citizen, nor
- employed in Canada, nor
- carrying on business in Canada, nor
- a person having disposed of taxable Canadian property.

Enter the name of each donor and the value of the gift in the chart below. Tick whether the donor was an organization (for example a business, corporate entity, charity, non-profit organization), a government or an individual.

Name	Value	Organization	Government	Individual

1 Tick all types of non-cash gifts (gifts-in-kind) received for which a tax receipt was issued:

- | | | |
|--|--|---|
| <input type="checkbox"/> 500 Artwork/wine/jewellery | <input type="checkbox"/> 525 Ecological properties | <input type="checkbox"/> 550 Publicly traded securities/ commodities/mutual funds |
| <input type="checkbox"/> 505 Building materials | <input type="checkbox"/> 530 Life insurance policies | <input type="checkbox"/> 555 Books |
| <input type="checkbox"/> 510 Clothing/furniture/food | <input type="checkbox"/> 535 Medical equipment/supplies | <input type="checkbox"/> 560 Other |
| <input type="checkbox"/> 515 Vehicles | <input type="checkbox"/> 540 Privately-held securities | <input type="checkbox"/> 565 Specify: _____ |
| <input type="checkbox"/> 520 Cultural properties | <input type="checkbox"/> 545 Machinery/equipment/ computers/software | |

2 Enter the total amount of tax-receipted non-cash gifts. 580 \$

Complete Schedule 6 if any of the following applies:

- a) The charity's revenue exceeds \$100,000.
- b) The amount of all property (for example, investments, rental properties) not used in charitable activities is more than \$25,000.
- c) The charity has permission to accumulate funds during this fiscal period.

Do not complete Section D: *Financial Information*, if you must complete Schedule 6.

Was the financial information reported below prepared on an accrual or cash basis? 4020 Accrual Cash

Statement of financial position

Show all amounts to the nearest single Canadian dollar. Do not enter "see attached financial statements". All relevant fields must be filled out.

Assets:

Cash, bank accounts, and short-term investments	4100	\$	1,906,114
Amounts receivable from non-arm's length persons	4110	\$	
Amounts receivable from all others	4120	\$	242,130
Investments in non-arm's length persons	4130	\$	
Long-term investments	4140	\$	1,799,438
Inventories	4150	\$	117,033
Land and buildings in Canada	4155	\$	92,398,710
Other capital assets in Canada	4160	\$	3,028,615
Capital assets outside Canada	4165	\$	
Accumulated amortization of capital assets	4166	\$	- 14,872,222
Other assets	4170	\$	1,595,188
10 year gifts	4180	\$	
Total assets (add lines 4100 to 4170)	4200	\$	86,215,006

Liabilities:

Accounts payable and accrued liabilities	4300	\$	1,559,550
Deferred revenue	4310	\$	702,836
Amounts owing to non-arm's length persons	4320	\$	
Other liabilities	4330	\$	75,814,386
Total liabilities (add lines 4300 to 4330)	4350	\$	78,076,772

Amount included in lines 4150, 4155, 4160, 4165 and 4170 not used in charitable activities

4250	\$	
------	----	--

Statement of operations

Revenue:

Total eligible amount of all gifts for which the charity issued tax receipts	4500	\$	37,494
Total eligible amount of tax-receipted tuition fees	5610	\$	
Total amount of 10 year gifts received	4505	\$	
Total amount received from other registered charities	4510	\$	862,981
Total other gifts received for which a tax receipt was not issued by the charity (excluding amounts at lines 4575 and 4630)	4530	\$	23,782
Total revenue received from federal government	4540	\$	5,381
Total revenue received from provincial/territorial governments	4550	\$	6,831
Total revenue received from municipal/regional governments	4560	\$	
Total tax-receipted revenue from all sources outside of Canada (government and non-government)	4571	\$	
Total non tax-receipted revenue from all sources outside Canada (government and non-government)	4575	\$	
Total interest and investment income received or earned	4580	\$	82,464
Gross proceeds from disposition of assets	4590	\$	5,600
Net proceeds from disposition of assets (show a negative amount with brackets)	4600	\$	- 25,882
Gross income received from rental of land and/or buildings	4610	\$	535,467
Total non tax-receipted revenues received for memberships, dues and association fees	4620	\$	
Total non tax-receipted revenue from fundraising	4630	\$	9,263
Total revenue from sale of goods and services (except to any level of government in Canada)	4640	\$	2,261,986
Other revenue not already included in the amounts above	4650	\$	11,635,457
Specify type(s) of revenue included in the amount reported at 4650	4655		
Total revenue (add lines 4500, 4510 to 4560, 4575, 4580, and 4600 to 4650)	4700	\$	15,435,224

Expenditures:

Advertising and promotion	4800	\$	223,484
Travel and vehicle expenses	4810	\$	327,466
Interest and bank charges	4820	\$	645,080
Licences, memberships, and dues	4830	\$	12,050
Office supplies and expenses	4840	\$	388,165
Occupancy costs	4850	\$	3,777,737
Professional and consulting fees	4860	\$	171,796
Education and training for staff and volunteers	4870	\$	69,824
Total expenditure on all compensation (enter the amount reported at line 390 in Schedule 3, if applicable)	4880	\$	6,277,302
Fair market value of all donated goods used in charitable activities	4890	\$	
Purchased supplies and assets	4891	\$	237,866
Amortization of capitalized assets	4900	\$	2,559,012
Research grants and scholarships as part of charitable activities	4910	\$	6,670,843
All other expenditures not included in the amounts above (excluding gifts to qualified donees)	4920	\$	614,108
Specify type(s) of expenditures included in the amount reported at 4920.....	4930	Ancillary, Student programs, Misc	
Total expenditures before gifts to qualified donees (add lines 4800 to 4920)	4950	\$	21,974,733

Of the amounts at lines 4950 and 5031 (reported at C5 Political Activities (c)):

a) Total expenditures on charitable activities	5000	\$	20,443,966
b) Total expenditures on management and administration	5010	\$	1,530,767
c) Total expenditures on fundraising	5020	\$	
d) Total expenditures on political activities, inside or outside Canada, from question C5 (b)	5030	\$	
e) Total other expenditures included in line 4950	5040	\$	
Total amount of gifts made to all qualified donees	5050	\$	
Total expenditures (add lines 4950 and 5050)	5100	\$	21,974,733

Other financial information

Permission to accumulate property:

Only registered charities that have written permission to accumulate should complete this section.

• Enter the amount accumulated for the fiscal period, including income earned on accumulated funds	5500	\$	
• Enter the amount disbursed for the fiscal period for the specified purpose	5510	\$	

Permission to reduce disbursement quota:

If the charity has received approval to make a reduction to its disbursement quota, enter the amount for the fiscal period	5750	\$	
--	------	----	--

Property not used in charitable activities:

Enter the value of property not used for charitable activities or administration during:

• The 24 months before the beginning of the fiscal period	5900	\$	171,564
• The 24 months before the end of the fiscal period	5910	\$	159,899

A registered charity may pursue political activities only if the activities are non-partisan, related to its charitable purposes, and limited in extent. A political activity is any activity that explicitly communicates to the public that a law, policy or decision of any level of government inside or outside Canada should be retained, opposed, or changed.

1 Describe the charity's political activities, including gifts to qualified donees intended for political activities, and explain how these relate to its charitable purposes.

2 Identify the way the charity participated in or carried out political activities during the fiscal period.

		Resources used Tick all the boxes that apply			
		Staff	Volunteers	Financial	Property
Media releases and advertisements	700	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conferences, workshops, speeches, or lectures	701	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Publications (printed or electronic)	702	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rallies, demonstrations, or public meetings	703	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Petitions, boycotts (calls to action)	704	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Letter writing campaign (printed or electronic)	705	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internet (Web site, social media (Twitter, YouTube))	706	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gifts to qualified donees for political activities	707	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify):	708	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Funding from outside of Canada for political activities

3 If the charity entered an amount on line 5032, complete the fields below. Enter the political activity that the funds were intended to support, the amount received from each country outside Canada, and the corresponding country code (using the codes provided in Schedule 2.) For more information on how to complete this table, see Guide T4033 (13).

Political activity	Amount	Code



Directors/Trustees and Like Officials Worksheet



You must give us complete information for each director/trustee and like official who, at any time during the fiscal period of this return, was and like officials are persons who govern a registered charity. See the reverse for information on filling out this form.

Total number of directors/trustees and like officials: 7

23 2013-05-31_864070859 RR 0001 3020678

Public Information	Confidential data
Last name: Annandale First name: Ken Initial:	[REDACTED]
Term ▶ Start date (Y/M/D): 2 0 1 1 1 1 0 8 End date (Y/M/D):	
Position: Director At arm's length with other Directors? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Last name: Birch First name: Dan Initial:	
Term ▶ Start date (Y/M/D): 2 0 1 2 0 4 2 8 End date (Y/M/D):	
Position: Director At arm's length with other Directors? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Last name: Helfand First name: David Initial:	
Term ▶ Start date (Y/M/D): 2 0 0 8 0 9 2 6 End date (Y/M/D):	
Position: Director At arm's length with other Directors? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Last name: Larson First name: Mary Jo Initial:	
Term ▶ Start date (Y/M/D): 2 0 1 2 1 2 0 7 End date (Y/M/D):	
Position: Director At arm's length with other Directors? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Last name: Lee First name: Greg Initial:	
Term ▶ Start date (Y/M/D): 2 0 1 1 1 1 0 8 End date (Y/M/D):	
Position: Director At arm's length with other Directors? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Last name: Louie First name: Stuart Initial:	
Term ▶ Start date (Y/M/D): 2 0 1 3 0 3 0 1 End date (Y/M/D):	
Position: Director At arm's length with other Directors? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Last name: Worland First name: Ian Initial:	
Term ▶ Start date (Y/M/D): 2 0 0 8 0 7 2 8 End date (Y/M/D):	
Position: Director At arm's length with other Directors? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Last name: First name: Initial:	Home address – Street number and name:
Term ▶ Start date (Y/M/D): End date (Y/M/D):	City: Prov/Terr: Postal code:
Position: At arm's length with other Directors? <input type="checkbox"/> Yes <input type="checkbox"/> No	Telephone number: Date of birth (Y/M/D):
Last name: First name: Initial:	Home address – Street number and name:
Term ▶ Start date (Y/M/D): End date (Y/M/D):	City: Prov/Terr: Postal code:
Position: At arm's length with other Directors? <input type="checkbox"/> Yes <input type="checkbox"/> No	Telephone number: Date of birth (Y/M/D):

Financial Statements of

**QUEST UNIVERSITY
CANADA**

Years ended May 31, 2013 and May 31, 2012

COPY - COPY



INDEPENDENT AUDITORS' REPORT

To the Members of Quest University Canada

We have audited the accompanying financial statements of Quest University Canada (the "Entity") which comprise the statement of financial position as at May 31, 2013, the statements of operations and changes in net assets and cash flows for the year then ended, and notes comprising 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 accounting standards for not-for-profit organizations, 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.

Auditors' Responsibility

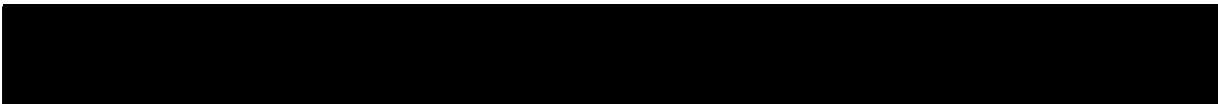
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance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

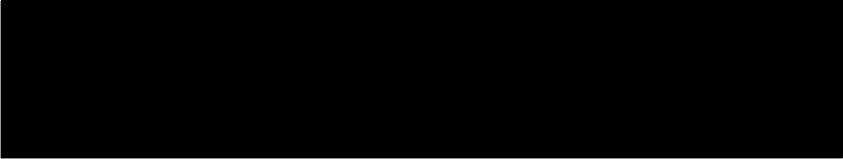
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity and we were not able to determine whether any adjustments might be necessary to donation revenue and deficiency of revenues over expenses reported in the statement of operations and assets and net assets reported in the statement of financial position.






Qualified Opinion

In our opinion, except for the possible effects on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Entity as at May 31, 2013, the results of its operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw your attention to Note 1 of the financial statements which describes the Entity adopted Canadian accounting standards for not-for-profit organizations on June 1, 2012 with a transition date of June 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at May 31, 2012 and June 1, 2011, and the statement of operations, changes in net assets and cash flows for the year ended May 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.



Chartered Accountants

October 28, 2013

Abbotsford, British Columbia

COOPY | COPY

QUEST UNIVERSITY CANADA

Statement of Financial Position

May 31, 2013, with comparative figures for May 31, 2012 and June 1, 2011

	May 31, 2013	May 31, 2012	June 1, 2011
		(Unaudited - note 16)	(Unaudited - note 16)
Assets			
Current assets:			
Cash	\$ 1,758,321	\$ 1,663,608	\$ 299,532
Investments and marketable securities	147,793	172,004	171,123
Accounts receivable (note 4)	242,130	292,495	329,699
Inventories	117,033	113,330	86,545
Prepaid expenses	1,595,187	1,102,555	172,163
Restricted cash (note 3)	1,799,438	1,872,874	505,050
	<u>5,659,902</u>	<u>5,216,866</u>	<u>1,564,112</u>
Investment in partnership (note 14)	1	-	-
Capital assets (note 5)	80,555,103	82,597,205	85,045,021
	<u>\$ 86,215,006</u>	<u>\$ 87,814,071</u>	<u>\$ 86,609,133</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 923,577	\$ 880,930	\$ 727,012
Refundable deposits and unearned revenue	635,973	325,931	210,013
Deferred contributions (note 6)	546,846	408,554	-
Deferred capital contributions (note 7)	155,990	194,988	187,485
Current portion of long-term debt (note 8)	-	1,450,925	-
Demand loans (note 9)	66,176,000	65,000,000	75,023,352
Current portion of capital lease obligation (note 10)	52,968	-	-
	<u>68,491,354</u>	<u>68,261,328</u>	<u>76,147,862</u>
Capital lease obligation (note 10)	210,418	-	-
Long-term debt (note 8)	9,375,000	4,875,000	-
Net assets:			
Invested in capital assets (note 11(a))	15,072,916	17,369,002	9,802,477
Restricted for certification (note 3)	1,799,438	1,872,874	505,050
Invested in library capital assets (note 11(a))	62,811	33,215	31,707
Unrestricted	(8,796,931)	(4,597,348)	122,037
	<u>8,138,234</u>	<u>14,677,743</u>	<u>10,461,271</u>
Commitments (note 13)			
	<u>\$ 86,215,006</u>	<u>\$ 87,814,071</u>	<u>\$ 86,609,133</u>

On behalf of the Board

Director

Governor

Director

Governor

See accompanying notes to financial statements.

QUEST UNIVERSITY CANADA

Statement of Operations

Year ended May 31, 2013, with comparative figures for 2012

	2013	2012
		(Unaudited - note 16)
Revenues:		
Student revenue:		
Course fees	\$ 11,620,397	\$ 9,069,507
Room and board	2,021,755	1,668,223
	<u>13,642,152</u>	<u>10,737,730</u>
Constituency support:		
Donations	924,257	1,508,985
	<u>924,257</u>	<u>1,508,985</u>
Other income:		
Loss on sale of capital assets	(25,882)	-
Lease, investment and miscellaneous income	318,265	385,265
Ancillary rentals	576,432	489,947
	<u>868,815</u>	<u>875,212</u>
	<u>15,435,224</u>	<u>13,121,927</u>
Expenses:		
Administration	505,516	403,379
Advertising	223,484	192,519
Ancillary services	223,238	175,599
Campus accommodations	2,809,159	2,777,347
Campus operations	968,578	976,776
Consulting fees	14,421	4,466
Insurance	131,944	139,811
Interest on long-term debt	589,281	320,427
Professional fees	66,367	114,128
Programs	909,388	860,357
Salaries and benefits	6,154,679	4,923,024
Scholarships and bursaries	6,819,666	5,520,030
	<u>19,415,721</u>	<u>16,407,863</u>
Deficiency of revenues over expenses before the undernoted	(3,980,497)	(3,285,936)
Amortization of deferred capital contributions (note 7)	38,998	42,497
Amortization of capital assets	(2,598,010)	(2,563,441)
Deficiency of revenues over expenses	<u>\$ (6,539,509)</u>	<u>\$ (5,806,880)</u>

See accompanying notes to financial statements.

QUEST UNIVERSITY CANADA

Statement of Changes in Net Assets

Year ended May 31, 2013, with comparative figures for 2012

May 31, 2013	Invested in capital assets (note 11)	Invested in library capital assets (note 11)	Restricted for certification (note 3)	Unrestricted	Total
Balance, beginning of year	\$ 17,369,002	\$ 33,215	\$ 1,872,874	\$ (4,597,348)	\$ 14,677,743
Deficiency of revenues over expenses	(2,574,224)	(10,670)	-	(3,954,615)	(6,539,509)
Net change in invested in capital assets	278,138	40,266	-	(318,404)	-
Transfers	-	-	(73,436)	73,436	-
Net assets, end of year	\$ 15,072,916	\$ 62,811	\$ 1,799,438	\$ (8,796,931)	\$ 8,138,234
May 31, 2012 (Unaudited - note 16)	Invested in capital assets (note 11)	Invested in library capital assets (note 11)	Restricted for certification (note 3)	Unrestricted	Total
Balance, beginning of year	\$ 9,802,477	\$ 31,707	\$ 505,050	\$ 122,037	\$ 10,461,271
Deficiency of revenues over expenses	(2,513,730)	(7,214)	-	(3,285,936)	(5,806,880)
Net change in invested in capital assets	10,080,255	8,722	-	(65,625)	10,023,352
Transfers	-	-	1,367,824	(1,367,824)	-
Net assets, end of year	\$ 17,369,002	\$ 33,215	\$ 1,872,874	\$ (4,597,348)	\$ 14,677,743

See accompanying notes to financial statements.

QUEST UNIVERSITY CANADA

Statement of Cash Flows

Year ended May 31, 2013, with comparative figures for 2012

	2013	2012
		(Unaudited - note 16)
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (6,539,509)	\$ (5,806,880)
Items not involving cash:		
Amortization of deferred capital contributions	(38,998)	(42,497)
Amortization of capital assets	2,598,010	2,563,441
Loss on sale of capital asset	25,882	-
Revenue recognized on interest contribution (note 6)	(311,708)	(191,446)
Changes in non-cash operating working capital:		
Investments and marketable securities	24,211	(881)
Accounts receivable	50,365	37,204
Inventories	(3,703)	(26,785)
Prepaid expenses	(492,632)	(930,392)
Accounts payable and accrued liabilities	42,646	153,918
	(4,645,436)	(4,244,318)
Financing:		
Net receipts of refundable deposits and unearned revenues	310,042	115,918
Net receipts of deferred capital contributions	-	50,000
Proceeds from long-term debt	4,500,000	6,325,925
Repayment of long-term debt	(274,925)	-
Net receipts of deferred contributions	450,000	600,000
Proceeds from obligations under capital lease	298,400	-
Repayment of obligations under capital lease	(35,014)	-
	5,248,503	7,091,843
Investments:		
Purchase of capital assets	(587,390)	(115,625)
Proceeds on disposal of capital assets	5,600	-
	(581,790)	(115,625)
Increase in cash position	21,277	2,731,900
Cash position, beginning of year	3,536,482	804,582
Cash position, end of year	\$ 3,557,759	\$ 3,536,482
Represented by:		
Cash	\$ 1,758,321	\$ 1,663,608
Restricted cash	1,799,438	1,872,874
	\$ 3,557,759	\$ 3,536,482

See accompanying notes to financial statements.

QUEST UNIVERSITY CANADA

Notes to Financial Statements

Years ended May 31, 2013 and May 31, 2012

1. Nature of operations:

Quest University Canada (the "University") is incorporated as a corporation without share capital under the Sea to Sky University Act (British Columbia). The University provides post-secondary education and grants the degree of Bachelor of Arts & Sciences to students drawn from Canada and other parts of the world.

The University is a registered charity under the Income Tax Act and accordingly exempt from income taxes under Paragraph 149(1)(l) of the Income Tax Act.

On June 1, 2012, the University adopted Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook ("not-for-profit standards"). These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the University has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is June 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

There were no adjustments to net assets as at June 1, 2011 or deficiency of revenues over expenses for the year ended May 31, 2012 as a result of the transition to not-for-profit standards.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes the University will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The University has experienced significant operating losses and negative cash flows from operations in each of fiscal 2011, 2012 and 2013. The operating losses and negative cash flows from operations experienced by the University have been funded by contributions received under a third party funding agreement (notes 8 and 9) in the form of demand loans and long-term debt financing and not donations.

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

With the assistance of funds received under the third party funding agreement noted above, management forecasts the University will have sufficient cash flows to fund operations through fiscal 2014. However, with the third party funding agreement expiring in fiscal 2015, the ability of the University to continue in the long-term as a going concern is dependent on the demand loans and long-term debt being forgiven by the respective third parties or repaid from other major donations and the University being able to generate positive operating cash flows by fiscal 2016.

The University does not consolidate the financial statements of Quest University Canada Foundation (the "Foundation") (note 12), an entity which the University controls.

(b) Revenue recognition:

The University follows the deferral method of accounting for contributions which includes donations and government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. 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.

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.

Operating subsidies are recorded when received.

Course fees and ancillary revenues are recorded as earned.

(c) Inventories:

Inventory, consisting of bookstore, office and general supplies, is recorded at the lower of cost (which is the original purchase price of the product) and replacement cost.

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

2. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value, if any.

Capital assets are amortized using the following rates:

Buildings	40 years straight line
Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Leasehold improvements	straight line over life of the lease term
Library	20% declining balance
Vehicles	20% declining balance
Website	30% declining balance

(e) Use of estimates:

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the carrying amount of capital assets, accounts payable and accrued liabilities. Actual results could differ from those estimates.

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

2. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The University has elected to carry its investments and marketable securities, excluding the investment in partnership, at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

3. Restricted cash:

Restricted cash consists of two guaranteed investments certificates held in trust [REDACTED] in accordance with irrevocable letters of credit to the Ministry of Advanced Education and the [REDACTED] respectively.

	May 31, 2013	May 31, 2012	June 1, 2012
Represented by:			
Ministry of Advanced Education, accrues interest at 1.52% per annum, bears a term of 12 months ending July 8, 2013	\$ 959,438	\$ 668,250	\$ 505,050
[REDACTED] accrues interest at 1.57% per annum, bears a term of 6 months ending October 21, 2013	840,000	1,204,624	-
	\$ 1,799,438	\$ 1,872,874	\$ 505,050

4. Accounts receivable:

	May 31, 2013	May 31, 2012	June 1, 2011
Accounts receivable	\$ 324,531	\$ 338,771	\$ 340,391
Less allowance for doubtful accounts	82,401	46,276	10,692
	\$ 242,130	\$ 292,495	\$ 329,699

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

5. Capital assets:

May 31, 2013	Cost	Accumulated amortization	Net book value
Land	\$ 650,000	\$ -	\$ 650,000
Buildings	91,748,710	13,028,769	78,719,941
Computer equipment	1,313,011	885,736	427,275
Furniture and equipment	988,675	526,900	461,775
Leasehold improvements	154,378	90,661	63,717
Library	485,824	267,020	218,804
Vehicles	16,133	7,124	9,009
Website	70,594	66,012	4,582
	\$ 95,427,325	\$ 14,872,222	\$ 80,555,103

May 31, 2012	Cost	Accumulated amortization	Net book value
Land	\$ 650,000	\$ -	\$ 650,000
Buildings	91,721,453	10,735,051	80,986,402
Computer equipment	1,010,894	767,358	243,536
Furniture and equipment	866,502	426,728	439,774
Leasehold improvements	58,803	58,803	-
Library	445,557	217,354	228,203
Vehicles	101,533	58,789	42,744
Website	70,594	64,048	6,546
	\$ 94,925,336	\$ 12,328,131	\$ 82,597,205

June 1, 2011	Cost	Accumulated amortization	Net book value
Land	\$ 650,000	\$ -	\$ 650,000
Buildings	91,721,453	8,442,014	83,279,439
Computer equipment	1,010,893	662,986	347,907
Furniture and equipment	813,000	323,472	489,528
Leasehold improvements	58,803	58,803	-
Library	386,835	167,643	219,192
Vehicles	98,133	48,529	49,604
Website	70,594	61,243	9,351
	\$ 94,809,711	\$ 9,764,690	\$ 85,045,021

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

6. Deferred contributions:

Deferred contributions represent unspent externally restricted donations designated by the donor for the purpose of paying the interest related to long-term debt of the University.

	May 31, 2013	May 31, 2012	June 1, 2011
Balance, beginning of year	\$ 408,554	\$ -	\$ -
Add amounts received:			
Donations	450,000	600,000	-
	858,554	600,000	-
Less amounts recognized as revenue in the year, used for:			
Interest on long-term debt	(311,708)	(191,446)	-
	\$ 546,846	\$ 408,554	\$ -

7. Deferred capital contributions:

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

	May 31, 2013	May 31, 2012	June 1, 2011
Balance, beginning of year	\$ 194,988	\$ 187,485	\$ 171,390
Contributions received in the year	-	50,000	55,970
	194,988	237,485	227,360
Less:			
Amounts amortized to revenue	(38,998)	(42,497)	(39,875)
	\$ 155,990	\$ 194,988	\$ 187,485

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

8. Long-term debt:

	May 31, 2013	May 31, 2012	June 1, 2011
Loan payable due January 2013, non-interest bearing, with a par value of \$1,500,000, amortized at an effective interest rate of 5%	\$ -	\$ 1,450,925	\$ -
Loan payable including interest at 8% per annum, due August 2015; secured by a general security agreement	2,125,000	2,125,000	-
Loan payable including interest at 9% per annum, due August 2015; secured by a general security agreement	2,750,000	2,750,000	-
Loan payable including interest at 8% per annum, due October 2015	2,000,000	-	-
Loan payable including interest at 8% per annum, due October 2015	2,500,000	-	-
	<u>9,375,000</u>	<u>6,325,925</u>	<u>-</u>
Current portion of long-term debt	-	1,450,925	-
	<u>\$ 9,375,000</u>	<u>\$ 4,875,000</u>	<u>\$ -</u>

Future principal payment required on on all long-term debt for the next three fiscal years are as follows:

2014	\$ -
2015	\$ -
2016	\$ 9,375,000

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

9. Demand loans:

	May 31, 2013	May 31, 2012	June 1, 2011
Demand loan payable without interest, secured by property	\$ 65,000,000	\$ 65,000,000	\$ 75,023,352
Demand loan payable including interest at 5% per annum	1,176,000	-	-
	<u>\$ 66,176,000</u>	<u>\$ 65,000,000</u>	<u>\$ 75,023,352</u>

10. Capital lease obligation:

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

	May 31, 2013	May 31, 2012	June 1, 2011
Year ending May 31:			
2014	\$ 72,120	\$ -	\$ -
2015	72,120	-	-
2016	72,120	-	-
2017	72,120	-	-
2018	24,040	-	-
Total minimum lease payments	312,520	-	-
Less amount representing interest at 8%	49,134	-	-
Present value of net minimum capital lease payments	263,386	-	-
Current portion of capital lease obligation	52,968	-	-
	<u>\$ 210,418</u>	<u>\$ -</u>	<u>\$ -</u>

Interest of \$13,070 relating to capital lease obligations is included in interest expense.

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

11. Invested in capital assets and invested in library capital assets:

(a) Invested in capital assets and invested in library capital assets are calculated as follows:

	May 31, 2013	May 31, 2012	June 1, 2011
Capital assets - net book value	\$ 80,555,103	\$ 82,597,205	\$ 85,045,021
Capital lease obligation	(263,886)	-	-
Amounts financed by:			
Deferred capital contributions	(155,990)	(194,988)	(187,485)
Demand loan secured by property	(65,000,000)	(65,000,000)	(75,023,352)
	\$ 15,135,727	\$ 17,402,217	\$ 9,834,184
Total allocated as follows:			
Invested in capital assets	\$ 15,072,916	\$ 17,369,002	\$ 9,802,477
Invested in library capital assets	62,811	33,215	31,707
	\$ 15,135,727	\$ 17,402,217	\$ 9,834,184

(b) Change in invested in capital assets and invested in library capital assets are calculated as follows:

	May 31, 2013	May 31, 2012	June 1, 2011
Excess (deficiency) of revenue over expenses:			
Amortization of deferred capital contributions	\$ 38,998	\$ 42,497	\$ 39,875
Amortization of capital assets	(2,598,010)	(2,563,441)	(2,575,855)
Loss on sale of capital assets	(25,882)	-	-
	\$ (2,584,894)	\$ (2,520,944)	\$ (2,535,980)
Total allocated as follows:			
Invested in capital assets	\$ (2,574,224)	\$ (2,513,730)	\$ (2,528,887)
Invested in library capital assets	(10,670)	(7,214)	(7,093)
	\$ (2,584,894)	\$ (2,520,944)	\$ (2,535,980)

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

11. Invested in capital assets and invested in library capital assets (continued):

- (b) Change in invested in capital assets and invested in library capital assets are calculated as follows (continued):

	May 31, 2013	May 31, 2012	June 1, 2011
Net change in invested in capital assets and invested in library capital assets:			
Purchase of capital assets	\$ 587,890	\$ 115,625	\$ 389,502
Forgiveness of loan payable	-	10,023,352	-
Proceeds from capital lease obligation	(298,400)	-	-
Amounts funded by deferred contributions	-	(50,000)	(55,970)
Proceeds from disposal of capital assets	(5,600)	-	-
Repayment of capital lease obligation	35,014	-	-
	<u>\$ 318,404</u>	<u>\$ 10,088,977</u>	<u>\$ 333,532</u>
Total allocated as follows:			
Invested in capital assets	\$ 278,138	\$ 10,080,255	\$ 326,857
Invested in library capital assets	40,266	8,722	6,675
	<u>\$ 318,404</u>	<u>\$ 10,088,977</u>	<u>\$ 333,532</u>

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

12. Quest University Canada Foundation (the "Foundation"):

The Foundation's purpose is to undertake fundraising in which the proceeds received will be used to help fund the University.

The University has control over the Foundation by virtue of the Foundation's Board of Directors being comprised of employees of the University and, as a result, the University can affect the operations of the Foundation. The Foundation is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act.

A summary of the Foundation's financial position, operations and cash flows for the year ended August 31, 2012 are as follows:

	August 31, 2012	August 31, 2011	August 31, 2010
Assets	\$ 33,475	\$ 49,659	\$ 81,796
Liabilities	-	450	461
Net assets	\$ 33,475	\$ 50,109	82,257

	August 31, 2012	August 31, 2011
Revenue	\$ 344,470	\$ 244,054
Expenses	360,204	276,181
Deficiency of revenue over expenses	\$ (15,734)	\$ (32,127)

Cash flows provided by (used in):		
Operating activities	\$ (16,098)	\$ (32,205)

As at and during the year ended, May 31, 2013 the Foundation had the following transactions with the University:

	2013	2012
Donations provided to the University	\$ 110,000	\$ 245,000

Transactions occur in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related entities.

QUEST UNIVERSITY CANADA

Notes to Financial Statements (continued)

Years ended May 31, 2013 and May 31, 2012

13. Commitments:

The University is committed to minimum annual lease payments under various equipment and student residences leases as follows:

2014	\$ 3,089,460
2015	3,203,460
2016	3,203,460
2017	2,044,548
2018	1,814,918
	<hr/>
	\$ 13,355,846

14. Investment in partnership:

The University entered into a limited liability partnership (LLP) agreement with the purpose of constructing a new student residence. As part of the agreement, Quest leased land to the LLP in exchange for 100 limited partner units. The investment in the LLP has been recorded at the nominal value of \$1. The University uses the equity method to account for this investment.

15. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2012.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The University is exposed to credit risk with respect to the accounts receivable. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

16. Prior year figures:

The prior year figures, as previously reported under Part V of the CICA Handbook - Accounting, were audited by another auditor.