

**Quest University Canada**  
**Notes to Financial Statements**

**May 31, 2012**

**5. Demand Loan**

	2012	2011
Demand loan payable to ██████████ non-interest bearing. Secured by University's property up to \$65,000,000. ██████████ has agreed not to demand full repayment until December 1, 2012 or such later date as may be agreed upon.	\$ 65,000,000	\$ -
Demand loan payable to Sea to Sky Foundation, non-interest bearing, payable at the earlier of written demand or August 15, 2017. Secured by University's property up to \$75,000,000.	-	75,023,352
	\$ 65,000,000	\$ 75,023,352

During the year, \$10,023,352 of the demand loan payable to Sea to Sky Foundation was forgiven and recorded as a direct increase in net assets invested in property & equipment. The remaining \$65,000,000 was discharged, and Sea to Sky Foundation released all security over the University's property. In exchange, the University assumed Sea to Sky Foundation's demand loan payable to ██████████ in the amount of \$65,000,000.

**6. Long-Term Debt**

	2012	2011
Loan payable due on January 31, 2013, non-interest bearing, with a par value of \$1,500,000, amortized at an effective interest rate of 5%. After January 31, 2013, due on demand, including interest at 5% per annum.	\$ 1,450,925	\$ -
Loan payable due on October 31, 2014, including interest at 7% per annum. Secured by a general security agreement.	2,125,000	-
Loan payable due on October 31, 2014, including interest at 8% per annum. Secured by a general security agreement.	2,750,000	-
	6,325,925	-
Less: current portion	(1,450,925)	-
	\$ 4,875,000	\$ -