

# Independent Auditors' Report



# Statement of Financial Position

As of July 31	2012			2011
note 7				
Cash and cash equivalents				\$ 565,895
Accounts receivable				
Student fees				42,465
Other				174,454
Due from related parties [note 3]				151,337
Inventory				41,961
Prepaid expenses				355,805
T				1,331,917
Long-term prepaid expenses				7,866
Capital assets, net [note 4]				12,659,948
				13,999,731
<b>LIABILITIES AND FUND BALANCES</b>				
Bank indebtedness [note 7]	1,700,000	—	—	1,700,000
Accounts payable and accrued liabilities	817,764	—	—	817,764
Interfund loan [note 6]	(379)	(1,453)	1,832	—
Current portion of long-term debt [note 7]	363,302	—		363,302
Deferred revenue	1,059,150	—	—	1,059,150
	3,939,837	(1,453)	1,832	3,940,216
Long-term debt [note 7]	36,647	—	—	36,647
	3,976,484	(1,453)	1,832	3,976,863
Commitments [note 13]				
Operating Fund	10,176,414	—	—	10,176,414
Restricted Fund [note 8]	—	413,147	—	413,147
Endowment Fund [note 9]	—	—	67,062	67,062
T	10,176,414	413,147	67,062	10,656,623
	14,152,898	411,694	68,894	14,633,486

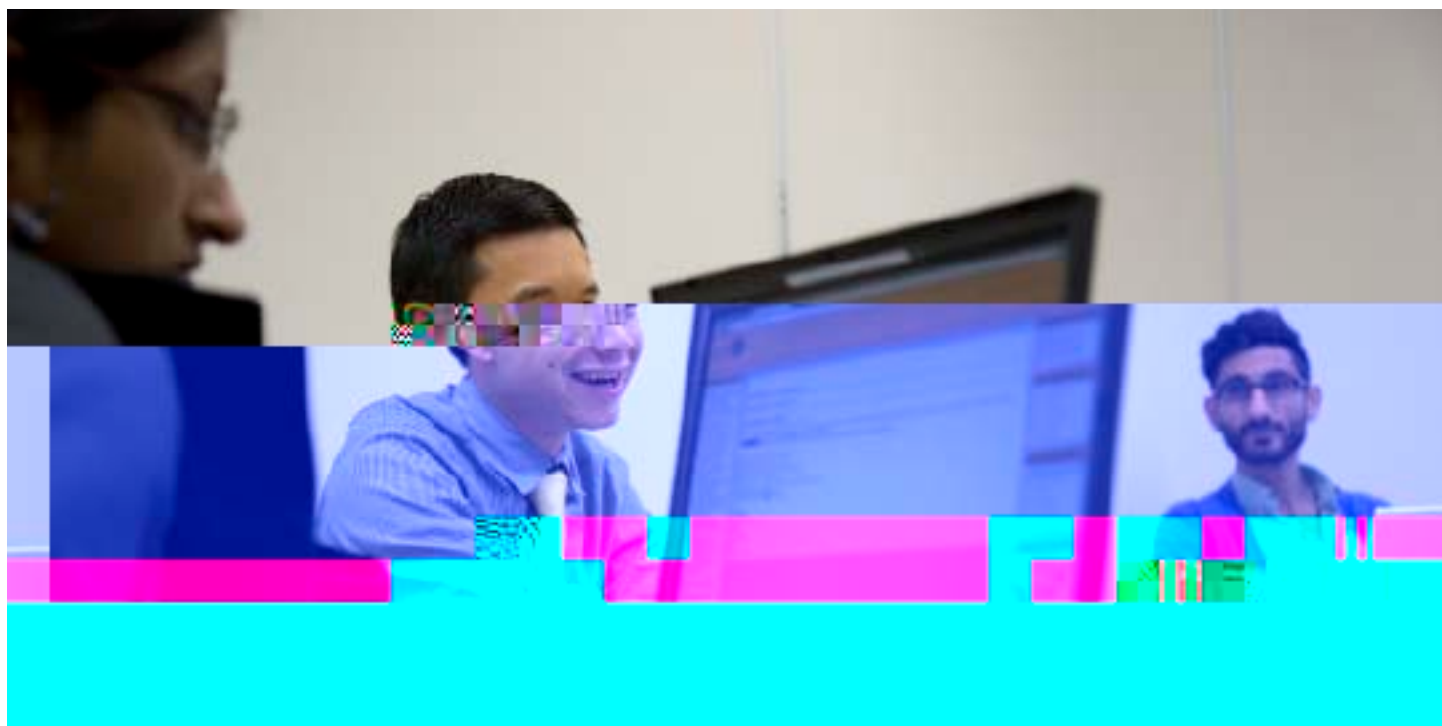
On behalf of the Board:

# Statement of revenues and expenses and fund balances

Year ended July 31	Operating Fund		Restricted Fund		Endowment Fund		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
								[restated - note 18]
Tuition	\$ 9,977,208	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,977,208	
Clinic	834,656	—	—	—	—	—	834,656	
Dispensary	89,423	—	—	—	—	—	89,423	
Property	1,066,902	—	—	—	—	—	1,066,902	
Membership fees	13,325	—	—	—	—	—	13,325	
Student and application fees	28,800	—	—	—	—	—	28,800	
General interest and continuing education	151,601	—	—	—	—	—	151,601	
Donations and sponsorships [note 10]	132,948	—	205,031	—	—	—	337,979	
Interest	26,157	—	588	—	—	—	26,745	
Research	376,110	—	200,000	—	—	—	576,110	
Other [note 11]	275,368	—	24	—	—	—	275,392	
	12,972,498	—	405,643	—	—	—	13,378,141	
Salaries and employee benefits	9,102,752	—	10,751	—	—	—	9,113,503	
Rent	40,646	—	3,598	—	—	—	44,244	
Office and general	907,250	—	63,503	—	—	—	970,753	
Travel, promotion and advertising	519,825	—	1,116	—	—	—	520,941	
Research	526,546	—	12,284	—	—	—	538,830	
Books and teaching supplies	403,334	—	11,567	—	—	—	414,901	
Professional services	98,407	—	—	—	—	—	98,407	
Bursaries and awards	59,078	—	87,993	—	—	—	147,071	
Graduation and student events	19,492	—	—	—	—	—	19,492	
General maintenance	723,757	—	20,089	—	—	—	743,846	
Interest on long-term debt	48,573	—	—	—	—	—	48,573	
Amortization	787,014	—	—	—	—	—	787,014	
	13,236,674	—	210,901	—	—	—	13,447,575	
	(264,176)	—	194,742	—	—	—	(69,434)	
Fund balances, beginning of year as restated [note 18]	10,552,639	—	202,431	—	67,062	—	10,822,132	
Fund balances, end of year	10,288,463	—	397,173	—	67,062	—	10,752,698	

See accompanying notes

# Statement of cash flows



Year ended July 31	2012	2011
		[restated - note 18]
Excess (deficiency) of revenues over expenses for the year		\$ (69,434)
Add item not involving cash		
Amortization		787,014
		717,580
Net change in non-cash working capital balances [note 14]		(457,302)
		260,278
Acquisition of capital assets		(721,224)
		(721,224)
Proceeds from credit facility		550,000
Repayment of long-term debt		(329,600)
		220,400
		(240,546)
Cash and cash equivalents, beginning of year		806,441
		565,895

See accompanying notes











## 12. OICC EXPENSE ALLOCATION

## 13. COMMITMENTS

2013	\$ 170,000
2014	165,000
2015	159,000
2016	33,000
	<u>527,000</u>

2011 - \$ , .

## 14. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

Accounts receivable	\$ (41,413)
Inventory	(2,095)
Prepaid expenses	(29,557)
Accounts payable and accrued liabilities	(258,273)
Interfund loan	—
Deferred revenue	(125,964)
	<u>(457,302)</u>



## 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Fair value

Financial instruments are measured at fair value at the reporting date. Fair value is the price that would be received to settle an asset or discharge a liability in an orderly transaction between market participants at the reporting date.

### Interest rate risk

The Group is exposed to interest rate risk arising from its financial instruments. The Group's policy is to manage interest rate risk by using interest rate derivatives.

### Credit risk

The Group is exposed to credit risk arising from its financial instruments. The Group's policy is to manage credit risk by using credit derivatives.

## 16. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure that the Group has sufficient capital to meet its obligations and to maintain a strong credit rating. The Group's capital management strategy is to maintain a balance between equity and debt capital. The Group's capital management strategy is to maintain a balance between equity and debt capital. The Group's capital management strategy is to maintain a balance between equity and debt capital.

## 17. COMPARATIVE FINANCIAL STATEMENTS

The financial statements are presented in comparative format. The comparative financial statements are presented for the periods immediately preceding the reporting period.

## 18. CORRECTION OF PRIOR ERROR

The Group has identified a prior period error in the measurement of certain financial instruments. The error has been corrected in the current period. The correction has resulted in a decrease in the Group's net assets of \$1,111,111.