

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
LIABILITIES AND FUND BALANCES				
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

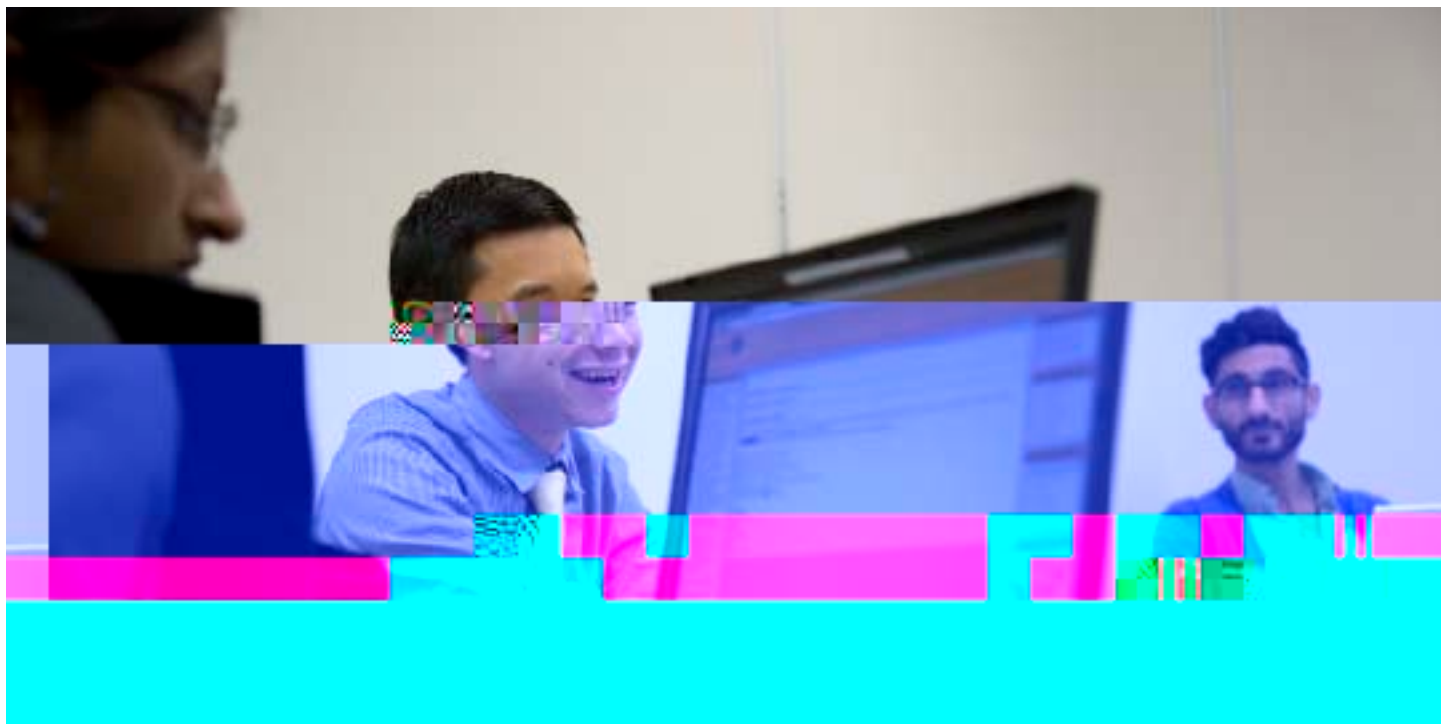
On behalf of the Board:

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

Notes to Financial Statements

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I. NATURE OF THE ORGANIZATION

The organization is a not-for-profit corporation organized under the laws of the State of California. It is a public utility company, as defined in the Public Utilities Code of the State of California. The organization is a member of the California Public Utilities Commission (CPUC). The organization is a public utility company, as defined in the Public Utilities Code of the State of California. The organization is a member of the California Public Utilities Commission (CPUC).

2. SIGNIFICANT ACCOUNTING POLICIES

The organization follows generally accepted accounting principles (GAAP) for not-for-profit organizations. The organization's accounting policies are consistent with those of the CPUC. The organization's accounting policies are consistent with those of the CPUC.

Fund accounting

The organization maintains separate accounts for each fund. The organization's accounting policies are consistent with those of the CPUC. The organization's accounting policies are consistent with those of the CPUC.

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Revenue recognition

The organization recognizes revenue when it is earned. The organization's accounting policies are consistent with those of the CPUC. The organization's accounting policies are consistent with those of the CPUC.

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12. OICC EXPENSE ALLOCATION

13. COMMITMENTS

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

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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 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 use a combination of equity and debt financing to meet its capital requirements.

The Group's capital structure consists of the following components:

Equity	\$ 1,100,000
Debt	\$ 800,000
Total capital	\$ 1,900,000

The Group's capital management strategy is to maintain a capital structure that is consistent with its risk profile and to ensure that the Group has sufficient capital to meet its obligations.

17. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements are presented for the periods ending 31/12/2011 and 31/12/2010.

18. CORRECTION OF PRIOR ERROR

The Group has identified a prior error in the financial statements for the period ending 31/12/2010. The error relates to the measurement of a financial instrument. The error has been corrected in the financial statements for the period ending 31/12/2011.

Equity	\$ 1,100,000
Debt	\$ 800,000
Total capital	\$ 1,900,000