

PEARSON EDUCATIONAL FOUNDATION  
FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Unaudited)

**PEARSON EDUCATIONAL FOUNDATION**

**JUNE 30, 2013**

---

<b>CONTENTS</b>	<b>PAGE</b>
<b>REVIEW ENGAGEMENT REPORT</b>	<b>1</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>3</b>
<b>STATEMENT OF OPERATIONS</b>	<b>4</b>
<b>STATEMENT OF CASH FLOW</b>	<b>5</b>
<b>NOTES TO THE UNAUDITED FINANCIAL STATEMENTS</b>	<b>6 - 8</b>
<b>SCHEDULE OF FUNDS</b>	<b>9 - 11</b>



Société de comptables professionnels agréés  
Partnership of Chartered Professional Accountants

350-3773 boul. de la Côte Vertu  
St. Laurent, Québec H4R 2M3  
Téléphone/Telephone (514) 333-4840  
Télécopieur/Facsimile (514) 333-4838  
slk@slkabramovitch.ca

## REVIEW ENGAGEMENT REPORT

To the Members of  
**Pearson Educational Foundation**

We have reviewed the statement of financial position of Pearson Educational Foundation as at June 30, 2013 and the statements of changes in net assets, operations and cash flows for the year then ended. We conducted our review in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

We draw attention to Note 3 of the financial statements which describes that Pearson Educational Foundation adopted Canadian accounting standards for not-for-profit organizations on July 1, 2012 with a transition date of July 1, 2011. These standards were applied retrospectively by the members to the comparative information in these financial statements, including the statement of financial position as at June 30, 2012 and July 1, 2011, and the statements of changes in net assets, operations and cash flows for the year ended June 30, 2012 and the related disclosures. We were not engaged to report on the restated comparative information and, as such, it is neither audited or reviewed.

*SLK Abramovitch LLP*

1

Montreal, Quebec  
October 18, 2013

<sup>1</sup>By Howard Levine, CPA, CA auditor

**PEARSON EDUCATIONAL FOUNDATION**

(Incorporated under the Québec Companies Act)

**STATEMENT OF FINANCIAL POSITION**

As at June 30	2013	2012	July 1, 2011
<b>(Unaudited)</b>			
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 81,442	\$157,559	\$172,994
Accounts receivable	--	15,211	1,030
Sundry receivable	17,081	16,369	6,830
	98,523	189,139	180,854
<b>Investments (Note 4)</b>	100,000	--	--
	<b>\$198,523</b>	<b>\$189,139</b>	<b>\$180,854</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 655	\$ 6,942	\$ 2,500
<b>Deferred contributions (Note 5)</b>	90,662	174,516	142,940
<b>Net assets</b>			
Internally restricted (Note 6)	116,258	24,665	9,548
Unrestricted (deficiency)	(9,052)	(16,984)	25,866
	107,206	7,681	35,414
	<b>\$198,523</b>	<b>\$189,139</b>	<b>\$180,854</b>

*See accompanying notes to the unaudited financial statements*

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

**PEARSON EDUCATIONAL FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**

For the year ended June 30

			<b>2013</b>	<b>2012</b>
	Internally restricted fund	Unrestricted fund	<b>Total</b>	<b>Total</b>
<b>(Unaudited)</b>				
Balance – beginning of year	\$ 24,665	(16,984)	\$ 7,681	\$109,319
Prior period adjustment	--	--	--	(73,905)
As restated	24,665	(16,984)	7,681	35,414
Excess (deficiency) of revenues over expenditures	(9,110)	24,393	15,283	(6,852)
Internally designated transfers (Note 7)	100,703	(16,461)	84,242	(20,881)
<b>Balance – end of year</b>	<b>\$116,258</b>	<b>(9,052)</b>	<b>\$107,206</b>	<b>\$ 7,681</b>

*See accompanying notes to the unaudited financial statements*

**PEARSON EDUCATIONAL FOUNDATION**

**STATEMENT OF OPERATIONS**

For the year ended June 30 2013 2012

(Unaudited)

	2013	2012
<b>Revenues</b>		
Donations	\$225,529	\$195,903
Activities	8,405	2,441
Interest	533	666
	<b>234,467</b>	<b>199,010</b>
<b>Expenditures</b>		
Activities	195,121	158,856
Salary and wages	13,680	38,232
Office and general	2,648	1,671
Insurance	1,308	1,532
Promotion	3,040	2,465
Professional fees	3,024	2,889
Banks charges	363	217
	<b>219,184</b>	<b>205,862</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 15,283</b>	<b>\$ (6,852)</b>

*See accompanying notes to the unaudited financial statements*

**PEARSON EDUCATIONAL FOUNDATION****STATEMENT OF CASH FLOWS**

For the year ended June 30

**2013****2012****(Unaudited)**

<b>Cash flow from operating activities:</b>		
Excess (deficiency) of revenue over expenditures	\$ 15,283	\$ (6,852)
Changes in non-cash elements of working capital:		
Transfer to unrestricted fund	84,242	(20,881)
Accounts receivable	15,211	(14,181)
Sundry receivable	(712)	(9,539)
Accounts payable	(6,287)	4,442
Deferred contributions	(83,854)	31,576
	<b>23,883</b>	<b>(15,435)</b>
<b>Cash flow from investing activities:</b>		
Acquisition of investments	(100,000)	--
<b>Net decrease in cash position</b>	<b>(76,117)</b>	<b>(15,435)</b>
Cash position - beginning of year	157,559	172,994
<b>Cash position - end of year</b>	<b>\$ 81,442</b>	<b>\$157,559</b>

*See accompanying notes to the unaudited financial statements*

# PEARSON EDUCATIONAL FOUNDATION

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

June 30, 2013

---

### **Note 1 - Status**

---

Pearson Educational Foundation is incorporated under Part III of Québec Companies Act as a non-for-profit organization. The Foundation is active in the collection of donations and the provision of financial support to schools, centers and individuals. As such, the Foundation is exempt from income tax.

### **Note 2 - Significant accounting policies**

---

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### **Use of estimates**

Certain items recognized in the financial statements are subject to measurement uncertainty. The preparation of financial statements in conformity with Canadian generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. The financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

#### **Financial instruments**

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and deferred contributions.

Financial assets measured at fair value include term deposit.

#### **Revenue and expense recognition**

- i) The Foundation follows the deferral method of accounting for grants and contributions. Restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- ii) Grants and contributions received in advance are reflected in the financial statements as deferred revenues.
- iii) Interest income is recognized as revenue when they are earned.



**PEARSON EDUCATIONAL FOUNDATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

June 30, 2013

**Note 2 - Significant accounting policies (continued)**

**Contributed materials and services**

Contributions of materials and services are recognized as both revenues and expenses in these financial statements when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

The work of the Foundation is dependent on the voluntary service of many members and others. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

**Pledges**

The amount of any pledges to contribute funds to the Foundation is included in revenues when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

**Note 3 - Impact of the change in the basis of accounting**

The Foundation has elected to apply the standards in Part III of the CICA Handbook for not-for-profit organizations in accordance with Canadian standards for not-for-profit organizations. These financial statements are the first financial statements for which the Foundation has applied the Canadian accounting standards for not-for-profit organizations. The financial statements for the year ended June 30, 2013 were prepared in accordance with the accounting principles and provisions set out in first-time adoption by not-for-profit organizations, Section 1501, for first-time adopters of the basis of accounting. The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end.

**Note 4 - Investments**

	2013	2012
Guaranteed investment certificates, bearing interest at rates from 1.25% to 1.35%, maturing April 4, 2016	\$100,000	\$ --

**Note 5 - Deferred contributions**

	2013	2012
Deferred contributions represent unspent resource externally restricted operating funding received for specific purposes. Changes in deferred contribution balances are as follows:		
Balance – beginning of year	\$174,516	\$142,940
Inter-fund transfers (Note 7)	(100,703)	--
Deferred contributions received	26,498	85,851
Recognized as revenue	(9,649)	(54,275)
<b>Balance – end of year</b>	<b>\$ 90,662</b>	<b>\$174,516</b>

**PEARSON EDUCATIONAL FOUNDATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

June 30, 2013

---

**Note 6 - Restrictions on net assets**

---

These funds are allocated to specific projects by the Board of Directors and accordingly are disbursed at the discretion of the administration.

**Note 7 - Inter-fund transfers and internal restrictions**

---

Amounts of \$100,703 and \$16,461 were transferred respectively from the externally restricted fund to the internally restricted fund and from the internally restricted fund to the unrestricted fund. These internally restricted amounts are not available for any other purpose without approval of the Board of Directors.

**Note 8 - Financial instruments**

---

**Risk management**

The Foundation, as part of operations, has established avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the Foundation follows a risk management policy approved by its Board of Directors.

**Credit risk**

It is management's opinion that the Foundation is not exposed to significant credit risk as the Foundation does not have customer receivables.

**Market risk**

Market risk is the risk that future cash flows will fluctuate because of change in market prices. It is comprised of three types of risk: currency risk, interest rate risk and other price risk. The Foundation is exposed to certain market risks including changes in pricing and limited access to foreign markets.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flow associated with some financial assets and liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities.

**Liquidity risk**

Liquidity risk is the risk the Foundation will encounter difficulty meeting obligations associated with financial liabilities. The Foundation's current liquidity risk is low; however, the Foundation currently relies in part on future donations and grants to fund its operations.

**Note 9 - Comparative figures**

---

Certain reclassifications of the 2012 amounts have been made in order to facilitate comparison with the current year.

Pearson Educational Foundation  
 Schedule of funds  
 For the year ended June 30, 2013  
 (Unaudited)

Description	Balance Beginning of year	Deposits	Expenses	Balance End of year
<b>Internally Restricted Funds</b>				
Bauer Memorial Beaconsfield High School	4,540	49	2,000	2,589
Beacon Hill Fund	1,245	-	-	1,245
Beechwood General Fund	-	14,880	14,403	477
Beurling - Food Program	420	-	456	(36)
BHS Arts	97	-	-	97
BHS Community Scholarship	-	359	350	9
BHS Gallant Fund	-	1,000	1,000	-
BHS Music Fund	2,399	24	-	2,423
Children's World Academy Fund	2,428	-	1,985	443
Christmas Park General Fund	3,772	2,909	-	6,681
CPC Parents Conference	1,380	2,013	2,742	651
Dr. Judith Springate Scholarship	-	1,000	1,000	-
Dorset General Fund	200	-	-	200
Edgewater Camp Fund	378	-	-	378
Experiential STEM Education Fund	18,139	25,483	38,543	5,079
Forest Hill Sr. Fund	485	-	-	485
Friends of Louise Chalmers Theatre Association	5,434	-	5,434	-
Hary Fischer Fund	534	-	245	289
John Killingbeck Memorial Fund	3,964	485	1,500	2,949
John Rennie High School General Fund	1,420	1,739	2,056	1,103
John Rennie High School Sports Ende	9,364	-	-	9,364
John Rennie Hockey Fund	825	-	-	825
JRHS Don Kinsella Bursary Fund	75	400	250	225
JRHS Music Dept Fund	-	679	300	379
JRHS TD Friends of the Environment	-	3,222	3,222	-
Lakeside Academy General Fund	577	-	-	577
Lakeside Jubilation Gala 2012	197	128	-	325
LaSalle Comprehensive General Fund	471	-	-	471

Pearson Educational Foundation  
 Schedule of funds  
 For the year ended June 30, 2013  
 (Unaudited)

Description	Balance Beginning of year	Deposits	Expenses	Balance End of year
LBPSB Hungry Kids program	46	538	2,284	(1,700)
LCCHS Peru Trip	217	-	-	217
LCCHS : Make the Right Choice	405	4,986	3,997	1,394
Lindsay Place General Fund	100	-	53	47
Lindsay Place : Dylan Ford Scholarship	-	300	300	-
Maple Grove General Fund	790	-	790	-
Maple Grove : Fondation Go	831	-	-	831
Margaret Manson Learning Awards	4,247	67	1,097	3,217
Margaret Manson Elementary School General Fund	3,295	87	38	3,344
Mun's Walk	-	11,558	57	11,501
Orchard Elementary Fund	(47)	-	-	(47)
Orchard Grad Fund	-	485	483	2
PCHS General Fund	230	367	-	597
Pearson Culinary Fund	76	121	-	197
Rona Cupak Fund	2,278	709	2,087	900
Riverdale General Fund	(799)	1,769	954	16
Springdale Graduation Fund	276	-	-	276
St. Charles Gen'l Fund	-	194	-	194
St. John Fisher Fund	2,500	-	-	2,500
St. Lawrence Academy Sr Fund	1,164	-	-	1,164
St Paul Literacy Fund	9,321	11,231	19,898	654
St. Thomas Hockey Fund	1,095	437	350	1,182
Terry Fox General Fund	250	194	-	444
Thorndale Christmas Baskets	-	2,282	1,685	597
Thorndale General Fund	1,544	-	-	1,544
TOPS	103	8,100	8,233	(30)
Verdun camp	10,050	15,610	12,536	13,124
Verdun Elementary Field Trip	1,562	-	1,200	362
Verdun Elementary Fund	11,775	485	318	11,942

Pearson Educational Foundation  
 Schedule of funds  
 For the year ended June 30, 2013  
 (Unaudited)

Description	Balance Beginning of year	Deposits	Expenses	Balance End of year
Verdun Lunch Program	100	-	-	100
Verdun Summer Transition	-	1,940	-	1,940
Westwood High General Fund	12,970	6,000	2,000	16,970
Westwood Jr. Bridge to Burundi	1,050	-	32	1,018
Westwood Senior High School General Fund	500	-	-	500
Westwood Sr. Make it Happen - Leadership Program	18	8,048	5,635	2,431
Westwood Tina Snelgrove Triple Threat Award	-	2,492	890	1,602
	\$ 124,291	\$ 132,370	\$ 140,403	\$ 116,258

Externally Restricted Funds

Concordia Workshop	\$ -	388	-	\$ 388
Born to Read	48,060	26,091	9,340	64,811
Macdonald High Alumni Association Fund	21,143	20	966	20,197
St. Thomas High School 50th Anniversary	5,716	-	450	5,266
	\$ 74,919	\$ 26,499	\$ 10,756	\$ 90,662