

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**

FINANCIAL STATEMENTS

JUNE 30, 2014

Ivan Baliello
Comptable Professionnel Agréé
Chartered Professional Accountant

61 Rue Cameron, Suite 230
Hudson, Quebec
J0P 1H0
514-250-4285
ivan@moncpa-ca.com

REVIEW ENGAGEMENT REPORT

To the Board of Directors of **Pearson Educational Foundation/ Fondation Pearson pour l'Éducation**

I have reviewed the statement of financial position of **Pearson Educational Foundation/ Fondation Pearson pour l'Éducation** as at June 30, 2014 and the statements of revenues and expenses and changes in net assets and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to me by the organization.

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

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

The financial statements for the prior year were audited by another firm of chartered professional accountants.

Ivan Baliello, CPA Auditor, CA ¹

Chartered Professional Accountant (Auditor), Chartered Accountant

Hudson, Quebec
September 5, 2014



¹ CPA auditor, CA permit no.A123901

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
As at June 30, 2014

STATEMENT OF FINANCIAL POSITION

(Unaudited)

	2014	2013
	\$	\$
ASSETS		
Current		
Cash	76,211	81,442
Accounts receivable	1,000	-
Consumption taxes receivable	10,317	17,081
	87,528	98,523
Other		
Temporary Investments (Note 3)	120,000	100,000
	207,528	198,523
LIABILITIES		
Current		
Accounts payable and accrued liabilities	4,725	655
Long-term		
Deferred contributions (Note 4 and Schedule A)	96,089	90,662
	100,814	91,317
NET ASSETS		
Internally Restricted (Note 5 and Schedule B)	91,520	116,258
Unrestricted (deficiency)	15,194	(9,052)
	106,714	107,206
	207,528	198,523

See accompanying notes

APPROVED:

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2014

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Internally Restricted fund	Internally Un- restricted fund	2014 \$	2013 \$
Balance – beginning of year	116,258	(9,052)	107,206	7,681
Excess (deficiency) of revenues over expenditures	(29,041)	33,976	4,935	15,283
Internally designated transfers (Note 6)	4,303	(9,730)	(5,427)	84,242
Balance – End of year	91,520	15,194	106,714	107,206

See accompanying notes

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2014

STATEMENT OF REVENUES AND EXPENSES (Unaudited)

	2014	2013
	\$	\$
REVENUES		
Donations	232,089	225,529
Activities	9,913	8,405
Interest	1,378	533
	243,380	234,467
EXPENSES		
Activities	202,636	195,121
Bank charges	641	363
Insurance	1,308	1,308
Office	1,053	2,648
Professional fees	6,276	3,024
Promotion	1,345	3,040
Wages and levies	25,186	13,680
	238,445	219,184
EXCESS OF REVENUES OVER EXPENDITURES	4,935	15,283

See accompanying notes

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2014

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning of year	Fund transfer	Deposits	Expenditures	Balance - End of year
Externally Restricted Funds					
Concordia Workshop	388	-	-	388	-
Born to Read	64,811	-	16,514	9,335	71,990
Macdonald High Alumni Association Fund	20,197	-	286	1,200	19,283
St. Thomas High School 50th Anniversary	5,266	-	-	450	4,816
	90,662	0	16,800	11,373	96,089

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2014

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule B

	Balance - Beginning of year	Fund transfer	Deposits	Expenditures	Balance - End of year
Internally Restrcted Funds					
Bauer Memorial Beaconsfield High School	2,589	-	49	-	2,638
Beacon Hill Fund	1,245	-	-	298	947
Beechwood General Fund	477	-	1,586	2,063	-
Beurling - Food Program	(36)	-	36	-	-
BHS Arts	97	-	-	-	97
BHS Community Scholarship	9	-	91	100	-
BHS Gallant Fund	-	-	1,000	1,000	-
BHS Music Fund	2,423	-	-	-	2,423
Birchwood General Fund	-	-	400	360	40
Children's World Academy Fund	443	-	-	-	443
Christmas Park General Fund	6,681	-	-	-	6,681
Clearpoint School Fund	-	-	633	633	-
CPC Parents Conference	651	-	-	633	18
Dr. Judith Springate Scholarship	-	-	1,000	1,000	-
Dorset General Fund	200	-	-	47	153
Douglas Flook Memorial Fund	-	-	963	-	963
Edgewater Camp Fund	378	-	-	-	378
Experimental STEM Educational Fund	5,079	-	37,115	33,116	9,078
Forest Hill Senior Fund	485	-	-	-	485
Harry Fischer Fund	289	-	-	230	59
Horizon General Fund	-	-	970	-	970
John Killingbeck Memorial Fund	2,949	-	-	1,500	1,449
John Rennie Actrors' Studio Fund	-	-	970	-	970
John Rennie High School General Fund	1,103	-	2,634	2,634	1,103
John Rennie High School Sports Etude	9,364	-	9,700	18,627	437
John Rennie Hockey Fund	825	-	-	-	825
JRHS Don Kinsella Bursary Fund	225	-	194	200	219
JRHS Music Dept Fund	379	-	-	-	379
La France Memoriam	-	-	1,925	-	1,925
Lakeside Academy General Fund	577	-	-	549	28
Lakeside Jubilation Gala 2012	325	-	-	325	-
Lasalle Comprehensive General Fund	471	-	-	-	471
LBPSB Hungary Kids Program	(1,700)	-	1,700	-	-
LCCHS Peru Trip	217	-	3,608	3,714	111
LCCHS : make the Right Choice	1,394	-	3,245	4,635	4

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2014

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule B

	Balance - Beginning of year	Fund transfer	Deposits	Expenditures	Balance - End of year
Life Centre Fund	-	-	90	-	90
Lindsay Place General Fund	47	-	-	-	47
Maple Grove: Foundation GO	831	-	-	-	831
Margaret Manson Learning Awards	3,217	-	19	1,103	2,133
Margaret Manson Elementary School General Fund	3,344	-	-	3,242	102
Mum's Walk	11,501	(11,729)	2,015	1,787	-
Nutrition for Life	-	14,128	592	5,448	9,272
Orchard Elementary Fund	(47)	-	2,956	-	2,909
Orchard Grad Fund	2	-	-	-	2
Overure with the Arts	-	-	728	-	728
PCHS General Fund	597	-	194	317	474
Pearson Culinary Fund	197	-	-	-	197
Rona Cupak Fund	900	2,303	5,530	8,709	24
Riverdale General Fund	16	-	1,455	1,403	68
Riverdale Kondonis Family Drama Award Fund	-	-	200	200	-
Spotlight on the Stars	-	-	485	485	-
Springdale Graduation Fund	276	-	-	211	65
St. Charles Gen'l Fundc	194	-	-	-	194
St. John Fisher Fund	2,500	-	-	-	2,500
St. Lawrence Academy Sr Fund	1,164	-	-	-	1,164
St. Paul Literacy Fund (formely St. Paul Literacy Fund)	654	-	9,868	9,788	734
St. Thomas Hockey Fund	1,182	-	-	300	882
Terry Fox General Fund	444	-	-	-	444
Thorndale Christmas Baskets	597	-	1,154	1,746	5
Thorndale General Fund	1,544	-	-	-	1,544
TOPS	(30)	-	5,917	-	5,887
Venture Camp (formely Verdun Camp)	13,124	-	970	11,946	2,148
Verdun Elementary Field Trip	362	-	-	-	362
Verdun Elementary Fund	11,942	-	-	11,700	242
Verdun Lunch Program	100	(399)	299	-	-
Verdun Summer Transition	1,940	-	-	1,940	-
Westwood High Schweizer Scholarship Fund	16,970	-	6,030	2,000	21,000
Westwood Jr. Bridge to Burundi	1,018	-	-	-	1,018
Westwood Senior High School General Fund	500	-	728	723	505
Westwood Sr. Make it Happen - Leadership Program	2,431	-	-	1,250	1,181
Westwood Tina Snelgrove Triple Threat Award	1,602	-	230	358	1,474
					0
	116,258	4,303	107,279	136,320	91,520

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2014

STATEMENT OF CASH FLOWS

(Unaudited)

	2014	2013
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	4,935	15,283
Changes in non-cash operating working capital:		
Transfer to unrestricted fund	(5,427)	84,242
Decrease (increase) in accounts receivable	(1,000)	15,211
Decrease (increase) in consumption taxes receivable	6,764	(712)
Increase (decrease) in accounts payable and accrued liabilities	4,070	(6,287)
Increase (decrease) in deferred contributions	5,427	(83,854)
	14,769	23,883
INVESTING ACTIVITIES		
Additions to temporary investments	(20,000)	(100,000)
DECREASE IN CASH	(5,231)	(76,117)
CASH - BEGINNING OF YEAR	81,442	157,559
CASH - END OF YEAR	76,211	81,442

See accompanying notes

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2014

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The organization is incorporated under Part III of the Quebec Companies Act as a non-profit organization, is a registered charity for income tax purposes and is exempt from income taxes. The organization is active in the collection of donations and the provision of financial support to school, centers and individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

Restricted Funds

External restrictions refer to any conditions or specific uses that have been requested or required by the donors in making a gift to the organization. Internal restrictions refer to those funds which management has earmarked for specific purposes, where the donors have not placed any restrictions on their use.

Use of Estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include a valuation of accounts receivable. Actual results could differ from those estimates.

Measurement of Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value. The amount of transaction costs directly attributable to the instrument is expensed in the period incurred.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost on a linear basis, except for derivatives, which are subsequently measured at fair value. Changes in fair value are recognized in revenues or expenses.

When there is an indication of impairment and such an impairment is determined to have occurred, the carrying amount of the financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial assets. Such impairments can be subsequently reversed if the value subsequently improves.

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2014

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Cash and cash equivalents

The organization considers deposits in banks, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

Revenue Recognition

The organization 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.

Grants and contributions received in advance are reflected in the statements of financial position as deferred revenues.

Interest income is recognized as revenue when they are earned.

Contributed Services

The organization would not be able to carry out its activities without the services of many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Contributed Materials

Contribution of materials is recognized as both revenue and expense and is measured at fair value when it can be reasonably estimated and when the materials are used in the normal course of the organization's operations.

Pledges

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

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2014

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

3. TEMPORARY INVESTMENTS

Surplus of the organization is invested in bank term deposits with the following maturity dates and interest rates:

2014:

Maturity Date	Interest Rate %	Amount \$
April 3, 2016	1.30-1.55%	50,000
April 3, 2017	1.15-1.35%	70,000
		120,000

2013:

Maturity Date	Interest Rate %	Amount \$
April 6, 2016	1.25-1.35%	100,000

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted funding received for specific future purposes. The changes to the deferred contribution balances are as follows:

	2014 \$	2013 \$
Balance – beginning of year	90,662	174,516
Inter fund transfers	-	(100,703)
Deferred contributions received during the year	16,800	26,498
Deferred contributions recognized as revenues	(11,373)	(9,649)
Balance – end of year	96,089	90,662

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2014

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

5. REMUNERATION OF DIRECTORS

No remuneration was paid to any director during the year as a result of their contributed services on the board.

6. INTERFUND TRANSFERS

Amounts of \$5,427 and \$4,303 were respectively transferred from the unrestricted internal fund to the restricted external fund and restricted internal fund. In 2013, \$100,703 and \$16,461 were respectively transferred from the external restricted fund to the internal restricted fund and from the internal restricted fund to the unrestricted fund.

7. FINANCIAL INSTRUMENTS

Risk Management

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk and price risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

Credit Risk Exposure

The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and accordingly, does not anticipate significant loss for non-performance.

Interest Rate Risk Exposure

The organization does not have any interest rate risk.

Liquidity Risk Exposure

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements. Additional cash requirements are met with the use term deposits held which provides flexibility in the short term to meet operational needs and bridge long-term financing.

8. CAPITAL DISCLOSURE

The organization's objective is to safeguard its ability to continue as a going concern, in order to provide support to schools, centers and individuals.