

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

FINANCIAL STATEMENTS

JUNE 30, 2015

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, 2015 and the statements of operations, 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.

Ivan Baliello, CPA Auditor, CA

Chartered Professional Accountant (Auditor), Chartered Accountant

Hudson, Quebec
September 8, 2015



¹ CPA auditor, CA permit no.A123901

PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION
As at June 30, 2015

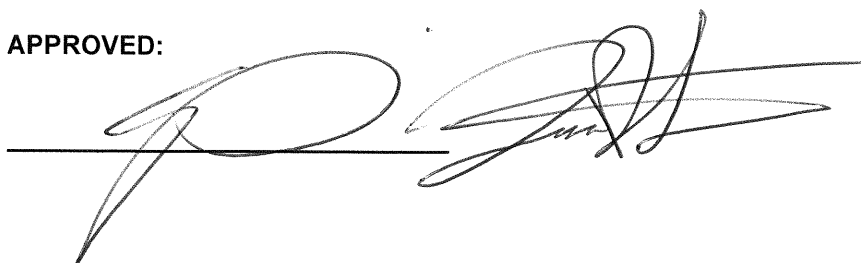
STATEMENT OF FINANCIAL POSITION

(Unaudited)

	2015	2014
	\$	\$
ASSETS		
Current		
Cash	91,284	76,211
Accounts receivable	1,250	1,000
Consumption taxes receivable	8,905	10,317
	<u>101,439</u>	<u>87,528</u>
Other		
Temporary Investments (Note 3)	<u>122,180</u>	<u>120,000</u>
	<u>223,619</u>	<u>207,528</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	<u>3,100</u>	<u>4,725</u>
Long-term		
Deferred contributions (Note 4 and Schedule A)	<u>104,540</u>	<u>96,089</u>
	<u>107,640</u>	<u>100,814</u>
NET ASSETS		
Internally Restricted (Schedule B)	<u>90,007</u>	<u>91,520</u>
Unrestricted	<u>25,972</u>	<u>15,194</u>
	<u>115,979</u>	<u>106,714</u>
	<u>223,619</u>	<u>207,528</u>

The accompanying notes are an integral part of these financial statements.

APPROVED:



**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2015

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Internally Restricted fund \$	Internally Un- restricted fund \$	Total \$
2015:			
Balance – beginning of year	91,520	15,194	106,714
Net operating surplus	(6,210)	23,927	17,717
Internally designated transfers (Note 5)	4,697	(13,149)	(8,452)
Balance – End of year	90,007	25,972	115,979
2014:			
Balance – beginning of year	116,258	(9,052)	107,206
Net operating surplus	(29,041)	33,976	4,935
Internally designated transfers (Note 5)	4,303	(9,730)	(5,427)
Balance – End of year	91,520	15,194	106,714

The accompanying notes are an integral part of these financial statements.

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2015

STATEMENT OF OPERATIONS

(Unaudited)

	2015	2014
	\$	\$
REVENUES		
Donations	265,685	232,089
Activities	17,197	9,913
Interest	2,252	1,378
	285,134	243,380
EXPENSES		
Activities	228,831	202,636
Bank charges	316	641
Insurance	1,308	1,308
Office	2,250	1,053
Professional fees	3,217	6,276
Promotion	712	1,345
Wages and levies	30,783	25,186
	267,417	238,445
NET OPERATING SURPLUS	17,717	4,935

The accompanying notes are an integral part of these financial statements.

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION
For the year ended June 30, 2015
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					
Born to Read	71,990	-	15,983	6,376	81,597
Macdonald High Alumni Association	19,283	-	-	706	18,577
St. Thomas High School 50th Anniversary	4,816	-	-	450	4,366
	96,089	-	15,983	7,532	104,540

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION
For the year ended June 30, 2015
Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule B

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Internally Restricted Funds					
Bauer Memorial Beaconsfield High	2,638	-	-	1,000	1,638
Beacon Hill	947	-	-	531	416
Beechwood	-	-	970	-	970
BHS	-	-	30	-	30
BHS Arts	97	-	-	-	97
BHS Community Scholarship	-	-	49	-	49
BHS Gallant Scholarship	-	-	1,000	1,000	-
BHS Music	2,423	-	-	-	2,423
Birchwood	40	-	-	-	40
Children's World Academy	443	-	-	-	443
Christmas Park	6,681	-	-	-	6,681
CPC Parents Conference	18	-	-	-	18
Dorset	153	-	-	-	153
Douglas Flook Memorial	963	(1,206)	243	-	-
Dr. Judith Springate Scholarship	-	-	2,000	2,000	-
Edgewater	378	-	-	374	4
Experimental STEM Educational	9,078	-	47,778	41,026	15,830
Forest Hill Sr.	485	-	-	-	485
JRHS Harry Fischer	59	-	-	30	29
Horizon	970	-	-	-	970
John Killingbeck Memorial	1,449	(1,449)	140	-	140
John Rennie Actors' Studio	970	-	970	-	1,940
John Rennie	1,103	-	2,440	2,440	1,103
John Rennie Sport EtudeS	437	-	4,850	4,792	495
John Rennie Hockey	825	-	-	825	-
John Rennie Bursary	219	-	-	200	19
JRHS Don Kinsella Bursary	373	-	970	300	1,049
JRHS Music Dept	1,925	(2,022)	97	-	-
La France Memoriam	28	-	-	-	28
Community Academy	471	-	19,551	19,882	140
Lasalle Comprehensive	-	-	97	-	97
LCCHS Christmas Baskets	111	-	-	-	111
LCCHS Peru Trip	4	-	-	-	4
LCCHS Make the Right Choice	90	-	16	-	64
Life Centre	47	-	-	42	47
Lindsay Place	-	-	-	-	-

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION
For the year ended June 30, 2015
Schedule of Internally and Externally Restricted Funds

(Unaudited)

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
MacDonald High Robotics	-	-	2,425	1,688	737
Maple Grove	-	-	500	500	-
Maple Grove Foundation GO	831	-	-	-	831
Margaret Manson Learning Awards	2,133	-	-	1,052	1,081
Margaret Manson	102	-	-	-	102
Nutrition Funds	9,272	1,279	679	6,079	5,151
Orchard	2,909	-	6,334	9,243	-
Orchard Grad	2	-	873	793	82
Overture With the Arts	728	-	1,164	1,771	121
Overture With the Arts - GM Champions	-	-	4,802	2,900	1,902
PCHS	474	-	-	-	474
Pearson Culinary	197	-	-	-	197
Rona Cupak Snowsuit & Boots	24	6,073	1,301	5,451	1,947
Riverdale	68	-	1,455	1,497	26
Riverdale CFER Guinea Pigs Team	-	-	970	204	766
Riverdale Kondonis Family Drama Award	-	-	200	200	-
Springdale	-	-	8,730	7,960	770
Springdale Graduation	65	-	-	-	65
SSD Work Task Kits (Andrea Bertalan)	-	-	388	-	388
St. Charles	194	-	194	-	388
St. John Fisher Sr	2,500	-	-	-	2,500
St. Lawrence Academy Sr	1,164	-	-	-	1,164
St. Paul Enrichment	734	-	1,266	794	1,206
St. Thomas Hockey	882	-	-	-	882
Terry Fox	444	-	-	-	444
Thorndale Christmas Baskets	5	-	-	-	5
Thorndale	1,544	-	437	520	1,461
TOPS	5,887	-	5,820	11,453	254
Venture Camp	2,148	2,022	49	1,503	2,716
Verdun Activities	-	-	1,305	517	788
Verdun Field Trip	362	-	-	-	362
Verdun	242	-	698	66	874
Westwood Schweizer Scholarship	21,000	-	6,000	4,000	23,000
Westwood Jr. Bridge to Burundi	1,018	-	-	-	1,018
Westwood Sr. Make it Happen - Leadership Program	505	-	728	750	483
Westwood Sr. Make it Happen - Leadership Program	1,181	-	-	-	1,181
Westwood Tina Snelgrove Triple Threat Award	1,474	-	-	346	1,128
	91,520	4,697	127,519	133,729	90,007

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2015

STATEMENT OF CASH FLOWS

(Unaudited)

	2015	2014
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net operating surplus	17,717	4,935
Changes in non-cash operating working capital:		
Transfer to externally restricted fund	(8,452)	(5,427)
Increase in accounts receivable	(250)	(1,000)
Decrease in consumption taxes receivable	1,412	6,764
Increase (decrease) in accounts payable and accrued liabilities	(1,625)	4,070
Increase in deferred contributions	8,451	5,427
	<u>17,253</u>	<u>14,769</u>
INVESTING ACTIVITIES		
Increase in temporary investments	(2,180)	(20,000)
INCREASE (DECREASE) IN CASH	15,073	(5,231)
CASH - BEGINNING OF YEAR	76,211	81,442
CASH - END OF YEAR	91,284	76,211

The accompanying notes are an integral part of these financial statements.

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2015

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, 2015

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.

Externally restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted and internally restricted 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, 2015

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

3. TEMPORARY INVESTMENTS

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

2015:

Maturity Date	Interest Rate %	Amount \$
April 3, 2016	1.30-1.55%	50,984
April 3, 2017	1.15-1.35%	71,196
		122,180

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

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:

	2015 \$	2014 \$
Balance – beginning of year	96,089	90,662
Deferred contributions received during the year	15,983	16,800
Deferred contributions recognized as revenues	(7,532)	(11,373)
Balance – end of year	104,540	96,089

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2015

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

5. INTERFUND TRANSFERS

Amounts of \$8,452 and \$4,697 were respectively transferred from the unrestricted internal fund to the restricted external fund and restricted internal fund. In 2014, \$5,427 and \$4,303 were respectively transferred from the unrestricted internal fund to the restricted external fund and restricted internal fund.

6. REMUNERATION OF DIRECTORS

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

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 market and other 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.

Market and other price risk

Market and other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The organization's investments are subject to market risk through its fixed income investments. The organization mitigates this risk by diversifying its investments in guaranteed investment certificates.

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.