

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2016**

DRAFT

**Ivan Baliello**  
Comptable Professionnel Agréé  
Chartered Professional Accountant

612 Main  
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, 2016 and the statements of revenues and expenses, 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 accounting standards for not for profit organizations.

**Ivan Baliello, CPA Auditor, CA**

**Chartered Professional Accountant (Auditor), Chartered Accountant**

Hudson, Quebec  
October 19, 2016



<sup>1</sup> CPA auditor, CA permit no.A123901

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
As at June 30, 2016

**STATEMENT OF FINANCIAL POSITION**

(Unaudited)

	2016	2015
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	146,125	91,284
Temporary investments (Note 4)	72,148	50,984
Accounts receivable	656	1,250
Consumption taxes receivable	8,705	8,905
Deferred charges	1,195	-
	<b>228,829</b>	152,423
<b>Other</b>		
Temporary Investments (Note 4)	-	71,196
	<b>228,829</b>	223,619
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	2,950	3,100
Deferred revenues	-	15,000
	<b>2,950</b>	18,100
<b>Long-term</b>		
Deferred contributions (Note 5 and Schedule A)	107,131	104,540
	<b>110,081</b>	122,640
<b>NET ASSETS</b>		
Internally Restricted (Schedule B)	124,262	98,243
Unrestricted	(5,514)	2,736
	<b>118,748</b>	100,979
	<b>228,829</b>	223,619

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, 2016

**STATEMENT OF CHANGES IN NET ASSETS** (Unaudited)

	Internally Restricted fund \$	Internally Un- restricted fund \$	Total \$
<b>2016:</b>			
Balance – beginning of year	98,243	2,736	100,979
Revenues over expenses	26,019	(5,659)	20,360
Internally designated transfers (Note 6)	-	(2,591)	(2,591)
<b>Balance – End of year</b>	<b>124,262</b>	<b>(5,514)</b>	<b>118,748</b>
<b>2015:</b>			
Balance – beginning of year	91,520	15,194	106,714
Revenues over expenses	2,026	691	2,717
Internally designated transfers (Note 6)	4,697	(13,149)	(8,452)
<b>Balance – End of year</b>	<b>98,243</b>	<b>2,736</b>	<b>100,979</b>

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, 2016

**STATEMENT OF REVENUES AND EXPENSES**

(Unaudited)

	2016	2015
	\$	\$
<b>REVENUES</b>		
Donations (Note 3)	229,814	250,685
Activities	15,744	17,197
Interest	2,720	2,252
	<u>248,278</u>	<u>270,134</u>
<b>EXPENSES</b>		
Activities	181,667	228,831
Bank charges	623	316
Insurance	1,308	1,308
Office	1,493	2,250
Professional fees	2,667	3,217
Promotion	691	712
Wages and levies	39,469	30,783
	<u>227,918</u>	<u>267,417</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>20,360</u>	<u>2,717</u>

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, 2016

**Schedule of Internally and Externally Restricted Funds**

(Unaudited)

**Schedule A**

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
<b>Externally Restricted Funds</b>					
Born to Read	81,597	-	15,879	10,225	87,251
Macdonald High Alumni Association	18,577	-	-	2,613	15,964
St. Thomas High School 50th Anniversary	4,366	-	-	450	3,916
	<b>104,540</b>	<b>-</b>	<b>15,879</b>	<b>13,288</b>	<b>107,131</b>

DRAFT

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2016

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule B

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
<b>Internally Restricted Funds</b>					
Bauer Memorial Beaconsfield High	1,638	-	48	-	1,686
Beacon Hill	416	-	-	-	416
Beechwood	970	-	485	970	485
Beurling Academy	-	-	5,634	5,634	-
BHS	30	-	-	-	30
BHS Arts	97	-	-	-	97
BHS Community Scholarship	49	-	-	-	49
BHS Gallant Scholarship	-	-	1,000	1,000	-
BHS Music	2,423	-	485	-	2,908
BHS Ryan Marchand Memorial Scholarship	-	-	17,489	503	16,986
Birchwood	40	-	-	-	40
Children's World Academy	443	-	-	-	443
Christmas Park	6,681	-	-	226	6,455
Clearpoint	-	-	2,425	2,242	183
CPC Parents Conference	18	-	-	-	18
Dorset	153	-	994	344	803
Edgewater	4	-	485	400	89
Experimental STEM Education	15,830	-	46,778	44,420	18,188
Forest Hill Sr.	485	-	-	-	485
George and Judith Springate Education Scholarship	-	-	2,000	2,000	-
Grant - Allancroft Cooking	2,000	-	-	2,000	-
Grant - Christmas Park Lego Therapy	131	-	-	131	-
Grant - Dawson Alternative Writers	1,200	-	-	1,200	-
Grant - JRHS Datalogging	1,326	-	-	1,326	-
Grant - Lindsay Place Collaborative Art	1,750	-	-	1,750	-
Grant - Pierre Elliot Trudeau Anti-Bully	450	-	-	450	-
Grant - Student Services Yoga and Fitness	1,380	-	-	1,380	-
Horizon	970	-	-	800	170
In Memory of Joy Lafrance	-	-1,251	1,251	-	-
John Killingbeck Memorial	140	-	68	140	68
John Rennie Actors' Studio	1,940	-	-	-	1,940
John Rennie	1,103	-	500	500	1,103
John Rennie Sport Etudes	495	-	-	-	495
JRHS Don Kinsella Bursary	19	-	-	19	-
JRHS Friends of Louise Chalmers Theatre Association	-	-	485	46	439
JRHS Harry Fischer	29	-	-	-	29

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2016

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule B

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
JRHS Music Dept	1,049	-	2,910	794	3,165
Lakeside Academy	28	-	-	-	28
Lasalle Community Comprehensive	140	-	-	-	140
LCCHS Christmas Baskets	97	-	558	412	243
LCCHS Peru Trip	111	-	-	-	111
LCCHS Make the Right Choice	4	-	-	-	4
Life Centre	64	-	40	-	104
Lindsay Place	47	-	-	-	47
MacDonald High Robotics	737	-	970	-	1,707
Maple Grove	-	-	500	500	-
Maple Grove Foundation GO	831	-	-	772	59
Margaret Manson Learning Awards	1,081	-	-	1,044	37
Margaret Manson	102	-	-	-	102
Nutrition Funds	5,151	1,800	13,032	7,585	12,398
Orchard Grad	82	-	-	82	-
Overture With the Arts	121	-	349	448	22
Overture With the Arts - GM Champions	1,902	-	-	1,902	-
OWTA Arbonne	-	-	2,425	2,425	-
OWTA Canadian Heritage Grant	-	-	13,241	13,130	111
PCHS	474	-	-	-	474
Pearson Culinary	197	-	-	-	197
PETES	-	-	19	-	19
Riverdale	26	-	140	152	14
Riverdale CFER Guinea Pigs Team	766	-	-	766	-
Riverdale Kondonis Family Drama Award	-	-	394	394	-
Riverview	-	-	194	-	194
Rona Cupak Snowsuit & Boots - Elem	1,947	-	5,946	6,190	1,703
Rona Cupak High School Clothing	-	-1,800	2,455	572	83
Springdale	770	-	-	-	770
Springdale Graduation	65	-	-	-	65
SSD Work Task Kits (Andrea Bertalan)	388	-	-	163	225
St. Charles	388	-	224	612	-
St. John Fisher Sr	2,500	-	-	692	1,808
St. Lawrence Academy Sr	1,164	-	656	1,820	-
St. Paul Enrichment	1,206	-	1,125	2,331	-
St. Thomas	-	-	970	970	-
St. Thomas Hockey	882	-	-	-	882
Terry Fox	444	-	-	-	444
Thorndale Christmas Baskets	5	-	-	5	-
Thorndale	1,461	-	-	1,461	-



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

For the year ended June 30, 2016

**Schedule of Internally and Externally Restricted Funds**

(Unaudited)

**Schedule B**

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
TOPS	254	-	-	-	254
Venture Camp	2,716	1,251	1,504	316	5,155
Verdun Activities	788	362	2,068	603	2,615
Verdun Affordable School Programs	-	-	146	-	146
Verdun Field Trip	362	-362	-	-	-
Verdun	874	-	9,991	-	10,865
Westwood Schweizer Scholarship	23,000	-	6,000	6,000	23,000
Westwood Jr. Bridge to Burundi	1,018	-	-	-	1,018
Westwood Sr.	483	-	-	-	483
Westwood Sr. Make it Happen - Leadership Program	1,181	-	-	-	1,181
Westwood Tina Snelgrove Triple Threat Award	1,127	-	-	343	784
	<b>98,243</b>	<b>-</b>	<b>145,984</b>	<b>119,965</b>	<b>124,262</b>

DRAFT

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2016

**STATEMENT OF CASH FLOWS**

(Unaudited)

	2016	2015
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Revenues over expenses	20,360	2,717
Changes in non-cash operating working capital:		
Transfer to externally restricted fund	(2,591)	(8,452)
Decrease (increase) in accounts receivable	594	(250)
Decrease in consumption taxes receivable	200	1,412
Increase in deferred charges	(1,195)	-
Decrease in accounts payable and accrued liabilities	(150)	(1,625)
Increase (decrease) in deferred revenues	(15,000)	15,000
Increase in deferred contributions	2,591	8,451
	<u>4,809</u>	<u>17,253</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in temporary investments	50,032	(2,180)
<b>INCREASE IN CASH</b>	<b>54,841</b>	<b>15,073</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>91,284</b>	<b>76,211</b>
<b>CASH - END OF YEAR</b>	<b>146,125</b>	<b>91,284</b>

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, 2016

**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, 2016

**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, 2016

**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

**3. REVENUE ERROR**

During the year, the company discovered that for the year ended June 30, 2015 an amount of \$15,000 has been recorded as donation revenue in error. This amount related to funds received prior to July 1, 2015 for golf activities which occurred subsequent to the June 30, 2015 year-end. As a result of this error, donation revenues were overstated by \$15,000. The financial statements have been adjusted to correctly reflect the donation revenues as follows:

- i) Decreasing donation revenues and net revenues over expenses for the internally unrestricted fund by \$15,000 on the statements of revenues and expenses and changes in net assets for the year ended June 30, 2015.
- ii) Increasing deferred revenues by \$15,000 on the statement of financial position as at June 30, 2015.
- iii) Increasing donation revenues and net revenues over expenses for the internally unrestricted fund by \$15,000 on the statements of revenues and expenses and changes in net assets, for the year ended June 30, 2016.

**4. TEMPORARY INVESTMENTS**

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

**2016:**

Maturity Date	Interest Rate %	Amount \$
April 3, 2017	1.15-1.35%	72,148

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
Current portion		50,984
		<u>71,196</u>

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2016

**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

**5. DEFERRED CONTRIBUTIONS**

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

	2016	2015
	\$	\$
Balance – beginning of year	<b>104,540</b>	96,089
Deferred contributions received during the year	<b>15,879</b>	15,983
Deferred contributions recognized as revenues	<b>(13,288)</b>	(7,532)
Balance – end of year	<b>107,131</b>	104,540

**6. INTERFUND TRANSFERS**

An amount of \$2,591 was transferred from the unrestricted internal fund to the restricted external fund. In 2015, \$8,452 and \$4,697 were respectively transferred from the unrestricted internal fund to the restricted external fund and restricted internal fund.

**7. REMUNERATION OF DIRECTORS**

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

**8. 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.

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2016

**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

**8. FINANCIAL INSTRUMENTS – (Cont'd)**

**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.

**9. 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.

**10. COMPARATIVE FIGURES**

Certain figures of the prior year have been reclassified to conform with the method of preparation used in the current year.