

**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, 2017 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**<sup>1</sup>

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

Hudson, Quebec  
October 18, 2017



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

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
As at June 30, 2017

**STATEMENT OF FINANCIAL POSITION**

(Unaudited)

	2017 \$	2016 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	88,592	146,125
Temporary investments (Note 3)	51,504	72,148
Accounts receivable	1,822	656
Consumption taxes receivable	1,593	8,705
Deferred charges	-	1,195
	<b>143,511</b>	<b>228,829</b>
<b>Other</b>		
Temporary Investments (Note 3)	80,313	-
	<b>223,824</b>	<b>228,829</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	8,818	2,950
<b>Long-term</b>		
Deferred contributions (Note 4 and Schedule A)	109,584	107,131
	<b>118,402</b>	<b>110,081</b>
<b>NET ASSETS</b>		
Internally Restricted (Schedule B)	106,582	124,262
Unrestricted	(1,160)	(5,514)
	<b>105,422</b>	<b>118,748</b>
	<b>223,824</b>	<b>228,829</b>

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

**APPROVED:**

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**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2017

**STATEMENT OF CHANGES IN NET ASSETS**

(Unaudited)

	Internally Restricted fund \$	Internally Un- restricted fund \$	Total \$
<b>2017:</b>			
Balance – beginning of year	124,262	(5,514)	118,748
Revenues over expenses/ (expenses over revenues)	4,817	(15,690)	(10,873)
Internally designated transfers (Note 4)	(22,497)	20,044	(2,453)
Balance – End of year	106,582	(1,160)	105,422
<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 4)	-	(2,591)	(2,591)
Balance – End of year	124,262	(5,514)	118,748

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, 2017

**STATEMENT OF REVENUES AND EXPENSES**

(Unaudited)

	2017 \$	2016 \$
<b>REVENUES</b>		
Donations	158,155	229,814
Activities	3,918	15,744
Interest	-	2,720
	<b>162,073</b>	<b>248,278</b>
<b>EXPENSES</b>		
Activities	125,975	181,667
Bank charges	369	623
Insurance	1,308	1,308
Office	1,110	1,493
Professional fees	3,367	2,667
Promotion	200	691
Wages and levies	40,617	39,469
	<b>172,946</b>	<b>227,918</b>
<b>EXCESS OF REVENUES OVER EXPENSES/ (EXPENSES OVER REVENUES)</b>	<b>(10,873)</b>	<b>20,360</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, 2017**

**Schedule of Internally and Externally Restricted Funds**

(Unaudited)

**Schedule A**

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
<b>Internally Restricted Funds</b>					
Bauer Memorial Beaconsfield High	1,686	-	49	500	1,235
Beacon Hill	416	-	-	-	416
Beechwood	485	-	-	485	-
BHS	30	-	-	-	30
BHS Arts	97	-	-	-	97
BHS Community Scholarship	49	-	-	-	49
BHS Gallant Scholarship	-	-	1,000	1,000	-
BHS Music	2,908	-	-	2,881	27
BHS Ryan Marchand Memorial Scholarship	16,986	-	3,446	1,100	19,332
Birchwood	40	-	-	-	40
Children's World Academy	443	-	485	-	928
Christmas Park	6,455	-	-	-	6,455
Clearpoint	183	-	1,334	700	817
Clearpoint Elementary Library Renovation	-	-	805	-	805
CPC Parents Conference	18	-	-	18	-
Dorset	803	-	-	374	429
Edgewater	89	-	-	89	-
Experimental STEM Education	18,188	(-18,188)	-	-	-
Forest Hill Sr.	485	-	-	-	485
George and Judith Springate Education Scholarship	-	-	10,000	10,000	-
Horizon	170	-	-	-	170
John Killingbeck Memorial	68	(-68)	-	-	-
John Rennie Actors' Studio	1,940	-	-	-	1,940
John Rennie	1,103	-	-	-	1,103
John Rennie Sport Etudes	495	-	-	-	495
JRHS Bright Ideas Award	-	-	150	150	-
JRHS en Bleu	-	-	1,932	1,032	900
JRHS Friends of Louise Chalmers Theatre Association	439	-	-	-	439
JRHS George Cassidy Memorial Award	-	-	1,455	300	1,155
JRHS Harry Fischer	29	-	-	-	29

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

**For the year ended June 30, 2017**

**Schedule of Internally and Externally Restricted Funds**

(Unaudited)

**Schedule A**

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
JRHS Music Dept	3,165	-	1,940	5,012	93
Kingsdale Academy	-	-	485	-	485
Lakeside Academy	28	-	49	-	77
Lakeside Robotics	-	-	97	-	97
Lakeside Urban Bees	-	-	1,944	1,944	-
Lasalle Community Comprehensive	140	-	-	-	140
LBPSB Cooperative Education Program	-	-	1,358	1,167	191
LCCHS Christmas Baskets	243	-	-	243	-
LCCHS Peru Trip	111	-	-	-	111
LCCHS Make the Right Choice	4	-	-	-	4
Life Centre	104	-	10	41	73
Lindsay Place	47	-	-	-	47
MacDonald High Robotics	1,707	-	-	-	1,707
Maple Grove	-	-	500	500	-
Maple Grove Foundation GO	59	-	-	59	-
Margaret Manson Learning Awards	37	-	1,687	1,271	453
Margaret Manson	102	(-102)	-	-	-
Nutrition Funds	12,398	(-2,353)	2,132	6,812	5,365
Overture With the Arts	22	-	4,429	4,402	49
OWTA Arbonne	-	-	2,910	2,758	152
OWTA Canadian Heritage Grant	111	-	-	111	-
PCHS	474	-	-	-	474
Pearson Culinary	197	-	-	-	197
PETES	19	-	-	-	19
Riverdale	14	-	-	-	14
Riverdale Kondonis Family Drama Award	-	-	200	200	-
Riverview	194	-	2,377	1,700	871
Rona Cupak Snowsuit & Boots - Elem	1,703	(-1,703)	-	-	-
Rona Cupak High School Clothing	83	(-83)	-	-	-
Springdale	770	-	-	-	770
Springdale Graduation	65	-	-	-	65
SSD Work Task Kits (Andrea Bertalan)	225	-	-	124	101
St. Charles	-	-	194	-	194
St. John Fesher Jr GDPL Grant	-	-	4,925	-	4,925
St. John Fisher Sr	1,808	-	-	-	1,808
St. Thomas Hockey	882	-	-	-	882
Terry Fox	444	-	-	-	444
TOPS	254	-	20	200	74
Venture Camp	5,155	-	11,821	4,331	12,645

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

For the year ended June 30, 2017

**Schedule of Internally and Externally Restricted Funds**

(Unaudited)

**Schedule A**

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Verdun Activities	2,615	-	600	-	3,215
Verdun Affordable School Programs	146	-	601	-	747
Verdun	10,865	-	-	10,231	634
Westwood Schweizer Scholarship	23,000	-	9,000	4,000	28,000
Westwood Jr. Bridge to Burundi	1,018	-	-	-	1,018
Westwood Sr.	483	-	485	-	968
Westwood Sr. Make it Happen - Leadership Program	1,181	-	-	-	1,181
Westwood Sr. Maureen Kirk Conway Award	-	-	970	500	470
Westwood Tina Snelgrove Triple Threat Award	784	-	-	338	446
	124,262	(-22,497)	69,390	64,573	106,582

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

**For the year ended June 30, 2017**

**Schedule of Internally and Externally Restricted Funds**

(Unaudited)

**Schedule B**

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
<b>Externally Restricted Funds</b>					
Born to Read	87,251	-	16,104	12,701	90,654
Macdonald High Alumni Association	15,964	-	-	500	15,464
St. Thomas High School 50th Anniversary	3,916	-	-	450	3,466
	107,131	-	16,104	13,651	109,584

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2017

**STATEMENT OF CASH FLOWS**

(Unaudited)

	2017 \$	2016 \$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Revenues over expenses (expenses over revenues)	(10,873)	20,360
Changes in non-cash operating working capital:		
Transfer to externally restricted fund	(2,453)	(2,591)
Decrease (increase) in accounts receivable	(1,166)	594
Decrease in consumption taxes receivable	7,112	200
Decrease (increase) in deferred charges	1,195	(1,195)
Increase (decrease) in accounts payable and accrued liabilities	5,868	(150)
Decrease in deferred revenues	-	(15,000)
Increase in deferred contributions	2,453	2,591
	<b>2,136</b>	<b>4,809</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in temporary investments	(59,669)	50,032
<b>INCREASE (DECREASE) IN CASH</b>	<b>(57,533)</b>	<b>54,841</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>146,125</b>	<b>91,284</b>
<b>CASH - END OF YEAR</b>	<b>88,592</b>	<b>146,125</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, 2017

**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, 2017

**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, 2017

**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:

**2017:**

<b>Maturity Date</b>	<b>Interest Rate %</b>	<b>Amount \$</b>
July 12, 2017	1.35%	51,504
May 3, 2019	0.75-0.85%	25,000
May 16, 2019	0.95-1.20%	15,000
May 30, 2019	*	25,313
June 12, 2019	*	15,000
		131,817
Current portion		51,504
		<b>80,313</b>

\*= Amounts are invested in a BMO return enhancing GIC. The rate of return for the term will be the return on the reference portfolio, except that the return will not be less than the guaranteed rate of return or greater than the maximum rate of return.

**2016:**

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

**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:

	<b>2017 \$</b>	<b>2016 \$</b>
Balance – beginning of year	107,131	104,540
Deferred contributions received during the year	16,104	15,879
Deferred contributions recognized as revenues	(13,651)	(13,288)
Balance – end of year	109,584	107,131

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2017

**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. 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.

**7. 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.

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

DRAFT