

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

FINANCIAL STATEMENTS

JUNE 30, 2018

Ivan Baliello
Comptable Professionnel Agréé
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REVIEW ENGAGEMENT REPORT

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

I have reviewed the accompanying financial statements of **Pearson Educational Foundation/ Fondation Pearson pour l'Éducation** that comprise the statement of financial position as at June 30, 2018, and the statements of revenues and expenses and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require's me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of **Pearson Educational Foundation/ Fondation Pearson pour l'Éducation** as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Ivan Baliello, CPA Auditor, CA ¹

Chartered Professional Accountant (Auditor), Chartered Accountant

Hudson, Quebec
October 2, 2018

A handwritten signature in black ink, appearing to read "Ivan Baliello". The signature is written in a cursive style with a large, sweeping initial "I" and "B".

¹ CPA auditor, CA permit no. A123901

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
As at June 30, 2018

STATEMENT OF FINANCIAL POSITION

(Unaudited)

	2018	2017
	\$	\$
ASSETS		
Current		
Cash	116,517	88,592
Temporary investments (Note 3)	-	51,504
Accounts receivable	725	1,822
Consumption taxes receivable	3,442	1,593
	<u>120,684</u>	<u>143,511</u>
Other		
Temporary Investments (Note 3)	81,262	80,313
	<u>201,946</u>	<u>223,824</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,700	8,818
Long-term		
Externally restricted deferred contributions (Note 4 and Schedule B)	106,777	109,584
	<u>109,477</u>	<u>118,402</u>
NET ASSETS		
Internally Restricted (Schedule A)	113,816	132,102
Unrestricted	(21,347)	(26,680)
	<u>92,469</u>	<u>105,422</u>
	<u>201,946</u>	<u>223,824</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, 2018

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Internally Restricted fund \$	Internally Un- restricted fund \$	Total \$
2018:			
Balance – beginning of year	132,102	(26,680)	105,422
Revenues over expenses/ (expenses over revenues)	(18,286)	2,526	(15,760)
Internally designated transfers (Note 4)	-	2,807	2,807
Balance – End of year	113,816	(21,347)	92,469
2017:			
Balance – beginning of year	124,262	(5,514)	118,748
Revenues over expenses/ (expenses over revenues)	7,840	(18,713)	(10,873)
Internally designated transfers (Note 4)	-	(2,453)	(2,453)
Balance – End of year	132,102	(26,680)	105,422

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, 2018

STATEMENT OF REVENUES AND EXPENSES (Unaudited)

	2018	2017
	\$	\$
REVENUES		
Donations and activities	133,614	162,073
Interest	1,727	-
	135,341	162,073
EXPENSES		
Activities	109,568	125,975
Bank charges	319	369
Insurance	1,308	1,308
Office	994	1,110
Professional fees	3,117	3,367
Promotion	-	200
Wages and levies	35,795	40,617
	151,101	172,946
EXCESS OF EXPENSES OVER REVENUES	(15,760)	(10,873)

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, 2018

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Internally Restricted Funds					
Bauer Memorial Beaconsfield High	1,235	-281	48	1,002	-
Beacon Hill	416	-	105	521	-
BHS	30	-30	-	-	-
BHS Arts	97	-	-	-	97
BHS Community Scholarship	49	311	-	-	360
BHS Gallant Scholarship	-	-	1,000	1,000	-
BHS Music	27	-	-	-	27
BHS Ryan Marchand Memorial Scholarship	19,332	-	1,620	1,104	19,848
Birchwood	40	-	-	-	40
Children's World Academy	928	-	-	-	928
Christmas Park	6,455	-	-	6,411	44
Clearpoint	817	-	475	683	609
Clearpoint Elementary Library Renovation	805	-	191	566	430
Coopearive Education Spectrum Concert	-	-	1,224	1,013	211
Dorset	429	-	-	325	104
Experiential STEM Education	10,369	-	-	8,480	1,889
Forest Hill Jr.	-	-	4,495	4,495	-
Forest Hill Sr.	485	-	38	-	523
Horizon	170	-	-	-	170
In Memory of Jean Heffernan	-	-	1,078	1,078	-
John Killingbeck Memorial	68	-	191	259	-
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	900	-	-	900	-
JRHS Friends of Louise Chalmers Theatre Association	439	-	-	-	439
JRHS George Cassidy Memorial Award	1,155	-	-	300	855
JRHS Harry Fischer	29	-	-	-	29

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2018

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	7,912	-	29,450	22,162	15,200
JRHS Tristan Morrissette-Perkins Fund	-	-	5,971	912	5,059
Kingsdale Academy	485	-	-	-	485
Lakeside Academy	77	-	-	77	-
Lakeside Robotics	97	-	2,140	268	1,969
Lakeside Urban Bees	-	-	2,074	2,074	-
Lasalle Community Comprehensive	140	-	-	-	140
Lasalle Sr.	-	-	151	139	12
LBPSB Cooperative Education Program	191	-	-	191	-
LCCHS Christmas Baskets	-	-	71	-	71
LCCHS Peru Trip	111	-	-	111	-
LCCHS Make the Right Choice	4	-	-	-	4
Life Centre	73	-	-	-	73
Lindsay Place	47	-	-	-	47
MacDonald High Robotics	1,707	-	-	-	1,707
Maple Grove	-	-	500	500	-
Margaret Manson Learning Awards	453	-	1,473	1,538	388
Margaret Manson	102	-	-	-	102
Nutrition Funds	7,718	-	106	6,366	1,458
Overture With the Arts	49	-	427	-	476
OWTA Arbonne	152	-	-	152	-
OWTA Arbonne 2017	-	-	2,850	72	2,778
PCHS	474	-	-	-	474
Pearson Culinary	197	-	-	-	197
PETES	19	-	-	-	19
Riverdale	14	-	-	6	8
Riverdale Kondonis Family Drama Award	-	-	200	200	-
Riverdale Tammy Jane Chen Memorial Scholarship	-	-	1,217	103	1,114
Riverview	871	-	18	875	14
Riverview Lunch and Daycare Program	-	-	232	2	230
Riverview S.T.E.A.M.	-	-	546	-	546
Rona Cupak Flood Relief Fund	3,023	-	1,653	4,676	-
Rona Cupak Snowsuit & Boots - Elem	1,703	-	1,930	3,633	-
Rona Cupak High School Clothing	83	-	-	83	-
Springdale	770	-	-	-	770
Springdale Graduation	65	-	-	-	65
SSD Work Task Kits (Andrea Bertalan)	101	-	48	135	14
St. Charles	194	-	143	-	337
St. John Fesher Jr GDPL Grant	4,925	-	27	4,952	-
St. John Fisher Sr	1,808	-	-	-	1,808

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2018

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
St. Thomas Hockey	882	-	-	882	-
Sunshine Academy	-	-	48	-	48
Terry Fox	444	-	-	431	13
TOPS	74	-	-	-	74
Venture Camp	12,645	-	2,784	9,332	6,097
Verdun Lunch & After School Activities	3,215	-	-	-	3,215
Verdun Affordable Food Programs	747	-	-	115	632
Verdun	634	-	-	-	634
Westwood Mildred Schweizer Scholarship	28,000	-	9,000	4,000	33,000
Westwood Jr. Bridge to Burundi	1,018	-	-	-	1,018
Westwood Sr.	968	-	-	-	968
Westwood Sr. Make it Happen - Leadership Program	1,181	-	-	-	1,181
Westwood Sr. Maureen Kirk Conway Award	470	-	1,920	1,271	1,119
Westwood Tina Snelgrove Triple Threat Award	446	-	-	335	111
	132,102	-	75,594	93,880	113,816

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2018

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule B

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Externally Restricted Funds					
Born to Read	90,654	-	6,094	7,951	88,797
Macdonald High Alumni Association	15,464	-	-	500	14,964
St. Thomas High School 50th Anniversary	3,466	-	-	450	3,016
	109,584	-	6,094	8,901	106,777

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2018

STATEMENT OF CASH FLOWS

(Unaudited)

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Expenses over revenues	(15,760)	(10,873)
Changes in non-cash operating working capital:		
Transfer to externally restricted fund	2,807	(2,453)
Decrease (increase) in accounts receivable	1,097	(1,166)
Decrease (increase) in consumption taxes receivable	(1,849)	7,112
Decrease in deferred charges	-	1,195
Increase (decrease) in accounts payable and accrued liabilities	(6,118)	5,868
Increase (decrease) in deferred contributions	(2,807)	2,453
	(22,630)	2,136
INVESTING ACTIVITIES		
Decrease (increase) in temporary investments	50,555	(59,669)
INCREASE (DECREASE) IN CASH	27,925	(57,533)
CASH - BEGINNING OF YEAR	88,592	146,125
CASH - END OF YEAR	116,517	88,592

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, 2018

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, 2018

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, 2018

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:

2018:

Maturity Date	Interest Rate %	Amount \$
May 3, 2019	0.75-0.85%	25,424
May 16, 2019	0.95-1.20%	15,165
June 12, 2019	*	15,156
June 13, 2019	*	25,517
		81,262
Current portion		-
		81,262

*= 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.

2017:

Maturity Date	Interest Rate %	Amount \$
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
		80,313

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

4. EXTERNALLY RESTRICTED DEFERRED CONTRIBUTIONS

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

	2018	2017
	\$	\$
Balance – beginning of year	109,584	107,131
Deferred contributions received during the year	6,094	16,104
Deferred contributions recognized as revenues	(8,901)	(13,651)
Balance – end of year	106,777	109,584

5. NON-MONETARY TRANSACTIONS

The organization received donations in kind in the amount of \$13,676 (2017: \$29,021). These transactions are accounted for at the fair market value of the donations received and are recorded as donations revenues in the statement of revenues and expenses.

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.

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

7. 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.

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.