

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

FINANCIAL STATEMENTS

JUNE 30, 2019

Ivan Baliello
Comptable Professionnel Agréé
Chartered Professional Accountant

612 Main
Hudson, Quebec
J0P 1H0
514-250-4285
ivan@moncpa-ca.com

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, 2019, 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, 2019, 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
September 26, 2019

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, 2019

STATEMENT OF FINANCIAL POSITION

(Unaudited)

	2019	2018
	\$	\$
ASSETS		
Current		
Cash	116,422	116,517
Temporary investments (Note 3)	-	81,262
Accounts receivable	250	725
Consumption taxes receivable	1,221	3,442
	<u>117,893</u>	<u>201,946</u>
Other		
Temporary Investments (Note 3)	95,645	-
	<u>213,538</u>	<u>201,946</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	5,797	2,700
Long-term		
Externally restricted deferred contributions (Note 4 and Schedule B)	96,478	106,777
	<u>102,275</u>	<u>109,477</u>
NET ASSETS		
Internally Restricted (Schedule A)	127,330	113,816
Unrestricted	(16,067)	(21,347)
	<u>111,263</u>	<u>92,469</u>
	<u>213,538</u>	<u>201,946</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, 2019

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Internally Restricted fund \$	Internally Un- restricted fund \$	Total \$
2019:			
Balance – beginning of year	113,816	(21,347)	92,469
Revenues over expenses/ (expenses over revenues)	13,514	(5,019)	8,495
Internally designated transfers	-	10,299	10,299
Balance – End of year	127,330	(16,067)	111,263
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	-	2,807	2,807
Balance – End of year	113,816	(21,347)	92,469

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, 2019

STATEMENT OF REVENUES AND EXPENSES

(Unaudited)

	2019	2018
	\$	\$
REVENUES		
Donations and activities	98,033	104,554
Shows	18,657	19,993
Administration and overhead charges	3,703	4,096
Sporting events and miscellaneous	3,803	4,971
Interest	3,185	1,727
	127,381	135,341
EXPENSES		
Activities	86,775	109,568
Bank charges	173	319
Insurance	1,308	1,308
Office	1,337	994
Professional fees	3,292	3,117
Promotion	532	-
Wages and levies	25,469	35,795
	118,886	151,101
REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	8,495	(15,760)

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, 2019

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					
Beacon Hill Music	-	-	46	-	46
Beurling Food Program	-	-	475	-	475
Beurling Urban Bees	-	-	2,785	2,664	121
BHS Arts	97	-	-	-	97
BHS Community Scholarship	360	-	-	360	-
BHS Music	27	-	950	-	977
BHS Ryan Marchand Memorial Scholarship	19,848	-	1,615	1,152	20,311
Birchwood	40	-	-	-	40
Children's World Academy	928	-	1,995	2,787	136
Christmas Park	44	-	-	-	44
Clearpoint	609	-	475	30	1,054
Clearpoint Elementary Library Renovation	430	-	-	-	430
Clearpoint Geordie Theatre	-	-	665	665	-
Cooperative Education Spectrum Concert	211	-	-	-	211
Dorset	104	-	-	-	104
Evergreen Music	-	-	2,249	13	2,236
Experiential STEM Education	1,889	-	-	1,889	-
Forest Hill Jr.	-	-	2,233	2,149	84
Forest Hill Sr.	523	-	23	-	546
Horizon	170	-	-	-	170
In Memory of Richard Heffernan	-	-	855	855	-
John Killingbeck Memorial	-	-	95	-	95
John Rennie Actors' Studio	1,940	-	-	-	1,940
John Rennie	1,103	-	21	-	1,124
John Rennie Sport Etudes	495	-	-	-	495
JRHS Bright Ideas Award	-	-	150	150	-
JRHS Friends of Louise Chalmers Theatre Association	439	-	-	-	439
JRHS George Cassidy Memorial Award	855	-	-	300	555
JRHS Harry Fischer	29	-	-	29	-
JRHS Gordon S. Blackman Education Assistance	-	-	1,283	-	1,283

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2019

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	15,200	-	-	14,655	545
JRHS Tristan Morrissette-Perkins Fund	5,059	-	10,578	523	15,114
Kingsdale Academy	485	-	-	403	82
Lakeside Robotics	1,969	-	1,021	1,318	1,672
Lakeside Urban Bees	-	-	1,820	1,820	-
Lasalle Community Comprehensive	140	-	766	-	906
Lasalle Sr.	12	-	-	12	-
LCCHS Christmas Baskets	71	-	-	-	71
LCCHS Cooking Program	-	-	95	-	95
LCCHS Make the Right Choice	4	-	-	4	-
Life Centre	73	-	-	-	73
Lindsay Place	47	-	-	-	47
MacDonald High Grand Defi	-	-	618	618	-
MacDonald High Robotics	1,707	-	-	-	1,707
Maple Grove	-	-	500	500	-
Margaret Manson Learning Awards	388	-	470	858	-
Margaret Manson	102	-	-	-	102
Martin Routhier Memorial	-	-	1,153	-	1,153
Nutrition Funds	1,458	-	422	878	1,002
Overture With the Arts	476	-	209	590	95
OWTA Arbonne 2018	-	-	4,750	14	4,736
OWTA Arbonne 2017	2,778	-	-	749	2,029
PCHS	474	-	-	-	474
Pearson Culinary	197	-	-	197	-
PETES	19	-	-	19	-
Riverdale	8	-	-	8	-
Riverdale Kondonis Family Drama Award	-	-	200	200	-
Riverdale Tammy Jane Chen Memorial Scholarship	1,114	-	-	100	1,014
Riverdale Theatre Program	-	-	1,900	1,900	-
Riverview	14	-	1,226	889	351
Riverview Lunch and Daycare Program	230	-	-	-	230
Riverview S.T.E.A.M.	546	-	197	-	743
Riverview Walkathon 2018	-	-	204	204	-
Rona Cupak Snowsuit & Boots - Elem	-	-	1,589	1,589	-
Springdale	770	-	-	482	288
Springdale Graduation	65	-	-	65	-
SSD Work Task Kits (Andrea Bertalan)	14	-	95	-	109
St. Charles	337	-	-	-	337
St. John Fisher Sr	1,808	-	-	-	1,808
Sunshine Academy	48	-	-	-	48

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2019

Schedule of Internally and Externally Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Terry Fox	13	-	-	13	-
TOPS	74	-	-	-	74
Venture Camp	6,097	-	5,938	-	12,035
Verdun Lunch & After School Activities	3,215	-	-	2,454	761
Verdun Affordable Food Programs	632	-	-	632	-
Verdun	634	-	-	634	-
Westwood Band Support	-	-	2,209	-	2,209
Westwood Mildred Schweizer Scholarship	33,000	-	9,000	2,000	40,000
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	1,119	-	950	531	1,538
Westwood Tina Snelgrove Triple Threat Award	111	-	950	341	720
	113,816	-	62,775	49,261	127,330

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2019

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	88,797	-	6,128	13,623	81,302
Macdonald High Alumni Association	14,964	-	119	2,473	12,610
St. Thomas High School 50th Anniversary	3,016	-	-	450	2,566
	106,777	-	6,247	16,546	96,478

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2019

STATEMENT OF CASH FLOWS

(Unaudited)

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Revenues over expenses (expenses over revenues)	8,495	(15,760)
Changes in non-cash operating working capital:		
Transfer to externally restricted fund	10,299	2,807
Decrease in accounts receivable	475	1,097
Decrease (increase) in consumption taxes receivable	2,221	(1,849)
Increase (decrease) in accounts payable and accrued liabilities	3,097	(6,118)
Decrease in deferred contributions	(10,299)	(2,807)
	14,288	(22,630)
INVESTING ACTIVITIES		
Decrease (increase) in temporary investments	(14,383)	50,555
INCREASE (DECREASE) IN CASH	(95)	27,925
CASH - BEGINNING OF YEAR	116,517	88,592
CASH - END OF YEAR	116,422	116,517

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, 2019

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, 2019

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, 2019

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:

2019:

Maturity Date	Interest Rate %	Amount \$
July 20, 2020	2.25%	30,303
May 17, 2021	0.80%	15,340
June 28, 2022	0.65%	50,002
		95,645
Current portion		-
		95,645

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.

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2019

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:

	2019	2018
	\$	\$
Balance – beginning of year	106,777	109,584
Deferred contributions received during the year	6,247	6,094
Deferred contributions recognized as revenues	(16,546)	(8,901)
Balance – end of year	96,478	106,777

5. NON-MONETARY TRANSACTIONS

The organization received donations in kind in the amount of \$18,226 (2018: \$13,676). 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, 2019

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.