

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

FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020, 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, 2020, 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 20, 2020

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, 2020

STATEMENT OF FINANCIAL POSITION

(Unaudited)

	2020	2019
	\$	\$
ASSETS		
Current		
Cash	116,979	116,422
Temporary investments (Note 3)	45,784	-
Accounts receivable	-	250
Consumption taxes receivable	1,740	1,221
	<u>164,503</u>	<u>117,893</u>
Other		
Temporary Investments (Note 3)	50,368	95,645
	<u>214,871</u>	<u>213,538</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,701	5,797
Deferred revenues	2,000	-
	<u>4,701</u>	<u>5,797</u>
Long-term		
External restricted deferred contributions (Note 4 and Schedule B)	84,195	96,478
	<u>88,896</u>	<u>102,275</u>
NET ASSETS		
Internal Restricted (Schedule A)	130,631	127,330
Unrestricted	(4,656)	(16,067)
	<u>125,975</u>	<u>111,263</u>
	<u>214,871</u>	<u>213,538</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, 2020

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Internal Restricted \$	Internal Un- restricted \$	Total \$
2020:			
Balance – beginning of year	127,330	(16,067)	111,263
Revenues over expenses	2,318	11,411	13,729
Internal designated transfers	983	-	983
Balance – End of year	130,631	(4,656)	125,975
2019:			
Balance – beginning of year	113,816	(21,347)	92,469
Revenues over expenses/ (expenses over revenues)	13,514	(5,019)	8,495
Internal designated transfers	-	10,299	10,299
Balance – End of year	127,330	(16,067)	111,263

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, 2020

STATEMENT OF REVENUES AND EXPENSES

(Unaudited)

	2020	2019
	\$	\$
REVENUES		
Donations and activities	145,807	98,033
Shows	3,890	18,657
Administration and overhead charges	2,961	3,703
Sporting events and miscellaneous	746	3,803
Interest	1,446	3,185
	154,850	127,381
EXPENSES		
Activities	123,923	86,775
Bank charges	397	173
Insurance	1,439	1,308
Office	690	1,337
Professional fees	3,171	3,292
Promotion	403	532
Wages and levies	11,098	25,469
	141,121	118,886
REVENUES OVER EXPENSES	13,729	8,495

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, 2020

Schedule of Internal and External Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Internal Restricted Funds					
Beacon Hill Music	46	-	-	-	46
Beurling Food Program	475	-	-	-	475
Beurling Urban Bees	121	-	2,150	2,271	-
BHS Arts	97	-	-	-	97
BHS Music	977	-	641	-	1,618
BHS Ryan Marchand Memorial Scholarship	20,311	-	95	20,406	-
Birchwood	40	-	-	-	40
Children's World Academy	136	-	1,830	-	1,966
Christmas Park	44	-	-	-	44
Clearpoint	1,054	-	712	26	1,740
Clearpoint Elementary Library Renovation	430	-	-	-	430
Clearpoint Grad Aid	-	-	2,288	2,288	-
Cooperative Education Spectrum Concert	211	-	-	-	211
Dorset	104	-	917	633	388
Evergreen Gen	-	-	46	-	46
Evergreen Music	2,236	-	32	1,401	867
Experiential STEM Education	-	-	16,165	7,781	8,384
Forest Hill Jr.	84	-	992	75	1,001
Forest Hill Sr.	546	-	253	2	797
Horizon	170	-	-	-	170
John Killingbeck Memorial	95	(95)	-	-	-
John Rennie Actors' Studio	1,940	-	-	-	1,940
John Rennie	1,124	-	-	-	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	555	-	-	300	255
JRHS Gordon S. Blackman Education Assistance	1,283	-	46	-	1,329
JRHS Music Dept	545	-	14,250	14,506	289
JRHS Resource	-	-	1,140	-	1,140
JRHS Tristan Morrisette-Perkins Fund	15,114	-	12,791	520	27,385
Kingsdale Academy	82	-	-	-	82
Lakeside Robotics	1,672	-	3,975	5,647	-
Lakeside Urban Bees	-	-	2,127	2,127	-

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2020

Schedule of Internal and External Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Lasalle Community Comprehensive	906	-	-	460	446
Lasalle Junior Breakfast Club	-	-	183	-	183
LCCHS Christmas Baskets	71	-	95	-	166
LCCHS Cooking Program	95	-	-	-	95
LCCHS Hockey	-	-	950	-	950
LCCHS Phoenix Program	-	-	950	-	950
Life Centre	73	-	19	74	18
Lindsay Place	47	-	-	-	47
MacDonald High	-	983	47	128	902
MacDonald High Robotics	1,707	-	-	-	1,707
MacDonald Urban Bees	-	-	2,000	2,000	-
Margaret Manson Learning Awards	-	-	4,160	1,592	2,568
Margaret Manson	102	-	2,850	105	2,847
Martin Routhier Memorial	1,153	-	-	-	1,153
Nutrition Funds	1,002	-	698	14	1,686
Overture With the Arts	95	87	1,116	46	1,252
OWTA Arbonne 2019	-	-	2,850	14	2,836
OWTA Arbonne 2018	4,736	(87)	-	4,649	-
OWTA Arbonne 2017	2,029	-	-	2,029	-
PCHS	474	-	1,000	1,000	474
PCHS Holiday Food Baskets	-	-	2,718	1,144	1,574
Riverdale Tammy Jane Chen Memorial Scholarship	1,014	-	-	100	914
Riverview	351	-	377	15	713
Riverview Holiday Food Baskets	-	-	46	-	46
Riverview Lunch and Daycare Program	230	-	-	-	230
Riverview S.T.E.A.M.	743	-	214	-	957
Rona Cupak Snowsuit & Boots - Elem	-	95	1,453	1,548	-
Soulanges Gannalden	-	-	285	-	285
Springdale	288	-	1,371	1,343	316
SSD Work Task Kits (Andrea Bertalan)	109	-	-	-	109
St. Charles	337	-	119	177	279
St. John Fisher Sr	1,808	-	-	-	1,808
Sunshine Academy	48	-	-	-	48
TOPS	74	-	-	74	-
Venture Camp	12,035	-	238	7,745	4,528
Verdun Lunch & After School Activities	761	-	-	-	761
Westpark Playground	-	-	252	10	242
Westwood Band Support	2,209	-	689	121	2,777
Westwood Mildred Schweizer Scholarship	40,000	-	-	2,000	38,000

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2020

Schedule of Internal and External Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Westwood Sr.	968	-	-	-	968
Westwood Sr. Make it Happen - Leadership Program	1,181	-	-	-	1,181
Westwood Sr. Maureen Kirk Conway Award	1,538	-	-	-	1,538
Westwood Tina Snelgrove Triple Threat Award	720	-	950	341	1,329
Wilder Penfield	-	-	950	-	950
	127,330	983	87,180	84,862	130,631

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2020

Schedule of Internal and External Restricted Funds

(Unaudited)

Schedule B

	Balance - Beginning of Year \$	Fund Transfer \$	Deposits \$	Expenditures \$	Balance - End of Year \$
External Restricted Funds					
Born to Read	81,302	-	5,235	4,458	82,079
Macdonald High Alumni Association	12,610	(983)	115	11,742	-
St. Thomas High School 50th Anniversary	2,566	-	-	450	2,116
	96,478	(983)	5,350	16,650	84,195

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2020

STATEMENT OF CASH FLOWS

(Unaudited)

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Revenues over expenses	13,729	8,495
Changes in non-cash operating working capital:		
Decrease in accounts receivable	250	475
Decrease (increase) in consumption taxes receivable	(519)	2,221
Increase (decrease) in accounts payable and accrued liabilities	(3,096)	3,097
Increase in deferred revenues	2,000	-
Increase in internal restricted and unrestricted funds	983	10,299
Decrease in external restricted deferred contributions	(12,283)	(10,299)
	<u>(12,665)</u>	<u>5,793</u>
	1,064	14,288
INVESTING ACTIVITIES		
Increase in temporary investments	(507)	(14,383)
INCREASE (DECREASE) IN CASH	557	(95)
CASH - BEGINNING OF YEAR	116,422	116,517
CASH - END OF YEAR	116,979	116,422

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, 2020

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 schools, 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.

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/
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For the year ended June 30, 2020

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/
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For the year ended June 30, 2020

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:

2020:

Maturity Date	Interest Rate %	Amount \$
July 20,2020	2.25%	30,338
May 17, 2021	0.80-2.00%	15,446
June 11,2022	0.75-2.10%	50,368
		96,152
Current portion		45,784
		50,368

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

4. EXTERNAL 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:

	2020 \$	2019 \$
Balance – beginning of year	96,478	106,777
Transfer to internal restricted fund	(983)	-
Deferred contributions received during the year	5,350	6,247
Deferred contributions recognized as revenues	(16,650)	(16,546)
Balance – end of year	84,195	96,478

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2020

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

5. NON-MONETARY TRANSACTIONS

The organization received donations in kind in the amount of \$24,868 (2019: \$18,226). 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.

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.

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2020

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

7. FINANCIAL INSTRUMENTS (Cont'd)

Fair Value

Cash, consumption taxes receivable, current portion of temporary investments, accounts payable and accrued liabilities, and deferred revenues are all short-term in nature and as such their carrying values approximate fair values.

A reasonable estimate of fair value could not be made for long term portion of temporary investments and externally restricted deferred contributions for which there are no comparable fair values.

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.