

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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

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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, 2021, 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, 2021, 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 <sup>1</sup>

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

Hudson, Quebec  
October 12, 2021

A handwritten signature in dark ink, appearing to read 'Ivan Baliello', with a large, stylized loop at the end of the signature.

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

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
As at June 30, 2021

**STATEMENT OF FINANCIAL POSITION**

(Unaudited)

	2021 \$	2020 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	118,675	116,979
Temporary investments (Note 3)	-	45,784
Consumption taxes receivable	1,842	1,740
	<u>120,517</u>	<u>164,503</u>
<b>Other</b>		
<b>Temporary Investments</b> (Note 3)	127,052	50,368
	<u>247,569</u>	<u>214,871</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	4,494	2,701
Deferred revenues	3,034	2,000
	<u>7,528</u>	<u>4,701</u>
<b>Long-term</b>		
External restricted deferred contributions (Note 4 and Schedule B)	82,582	84,195
	<u>90,110</u>	<u>88,896</u>
<b>NET ASSETS</b>		
<b>Internal Restricted (Schedule A)</b>	144,132	130,631
<b>Unrestricted</b>	13,327	(4,656)
	<u>157,459</u>	<u>125,975</u>
	<u>247,569</u>	<u>214,871</u>

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, 2021

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

	<b>Internal Restricted \$</b>	<b>Internal Un- restricted \$</b>	<b>Total \$</b>
<b>2021:</b>			
Balance – beginning of year	<b>130,631</b>	<b>(4,656)</b>	<b>125,975</b>
Revenues over expenses/ (expenses over revenues)	<b>13,501</b>	<b>17,983</b>	<b>31,484</b>
Internal designated transfers	-	-	-
<b>Balance – End of year</b>	<b>144,132</b>	<b>13,327</b>	<b>157,459</b>
<b>2020:</b>			
Balance – beginning of year	127,330	(16,067)	111,263
Revenues over expenses	2,318	11,411	13,729
Internal designated transfers	983	-	983
<b>Balance – End of year</b>	<b>130,631</b>	<b>(4,656)</b>	<b>125,975</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, 2021

**STATEMENT OF REVENUES AND EXPENSES**

(Unaudited)

	2021 \$	2020 \$
<b>REVENUES</b>		
Donations and activities	115,365	145,807
Shows	-	3,890
Administration and overhead charges	1,773	2,961
Sporting events and miscellaneous	-	746
Interest	1,332	1,446
	<b>118,470</b>	<b>154,850</b>
<b>EXPENSES</b>		
Activities	79,347	123,923
Bank and processing charges	1,620	397
Insurance	1,554	1,439
Office	819	690
Professional fees	3,411	3,171
Promotion	235	403
Wages and levies	-	11,098
	<b>86,986</b>	<b>141,121</b>
<b>REVENUES OVER EXPENSES</b>	<b>31,484</b>	<b>13,729</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, 2021****Schedule of Internal and External Restricted Funds**

(Unaudited)

**Schedule A**

	Balance - Beginning of Year \$	Deposits \$	Expenditures \$	Balance - End of Year \$
<b>Internal Restricted Funds</b>				
Allion	-	809	-	809
Beacon Hill	-	95	4	91
Beacon Hill Music	46	190	7	229
Beechwood Giving	-	499	499	-
Beurling Academy	-	662	-	662
Beurling Food Program	475	-	-	475
Beurling Urban Bees	-	2,127	2,127	-
BHS Arts	97	-	-	97
BHS Convocation Awards	-	6,365	571	5,794
BHS Music	1,618	-	-	1,618
Birchwood	40	-	-	40
Children's World Academy	1,966	1,900	75	3,791
Christmas Park	44	-	-	44
Clearpoint	1,740	2,869	4,088	521
Clearpoint Elementary Library Renovation	430	-	-	430
Cooperative Education Spectrum Concert	211	-	-	211
Dorset	388	1,900	2,275	13
Edgewater	-	665	665	-
Equity and Inclusivity	-	865	11	854
Evergreen Gen	46	-	-	46
Evergreen Music	867	-	-	867
Experiential STEM Education	8,384	-	-	8,384
Forest Hill Jr.	1,001	1,207	2,146	62
Forest Hill Sr.	797	515	122	1,190
Fun Run 2021 Bubble	-	9,771	9,771	-
Horizon	170	-	-	170
John Rennie Actors' Studio	1,940	-	-	1,940
John Rennie	1,124	-	-	1,124
John Rennie Sport Etudes	495	49	2	542
JRHS Bright Ideas Award	-	150	150	-
JRHS Friends of Louise Chalmers Theatre Association	439	-	-	439
JRHS George Cassidy Memorial Award	255	-	150	105
JRHS Gordon S. Blackman Education Assistance	1,329	-	-	1,329
JRHS Holiday	-	1,656	1,656	-

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

**For the year ended June 30, 2021**

**Schedule of Internal and External Restricted Funds**

(Unaudited)

**Schedule A**

	Balance - Beginning	Deposits	Expenditures	Balance - End
	of Year			of Year
	\$	\$	\$	\$
JRHS Music Dept	289	-	-	289
JRHS Resource	1,140	-	1,125	15
JRHS Tristan Morrisette-Perkins	27,385	3,159	1,005	29,539
Kingsdale Academy	82	200	8	274
Kingsdale Daycare Services	-	86	3	83
Lakeside Urban Bees	-	2,127	2,127	-
Lasalle Community Comprehensive	446	662	-	1,108
Lasalle Junior Breakfast Club	183	285	468	-
LCCHS Christmas Baskets	166	238	-	404
LCCHS Cooking Program	95	-	-	95
LCCHS Hockey	950	-	-	950
LCCHS Phoenix Program	950	-	-	950
Life Centre	18	-	-	18
Lindsay Place	47	-	-	47
Lindsay Place Holiday	-	560	537	23
MacDonald High	902	12,033	12,312	623
MacDonald High Robotics	1,707	-	-	1,707
MacDonald Urban Bees	-	2,315	2,145	170
Margaret Manson Learning Awards	2,568	-	1,437	1,131
Margaret Manson	2,847	-	-	2,847
Martin Routhier Memorial	1,153	-	-	1,153
Masks for Students	-	3,337	3,337	-
Nutrition Funds	1,686	143	5	1,824
Overture With the Arts	1,252	1,088	648	1,692
OWTA Arbonne 2019	2,836	-	2,836	-
PACC Cookbook	-	6,576	6,239	337
PCHS	474	-	-	474
PCHS Holiday Food Baskets	1,574	1,710	1,685	1,599
Place Cartier	-	285	11	274
Riverdale Tammy Jane Chen Memorial Scholarship	914	-	-	914
Riverview	713	899	1,195	417
Riverview Holiday Food Baskets	46	3,287	3,176	157
Riverview Lunch and Daycare Program	230	-	230	-
Riverview S.T.E.A.M.	957	260	486	731
Rona Cupak Snowsuit & Boots	-	4,876	3,406	1,470
Sherbrooke Academy Holiday Baskets	-	3,632	3,569	63
Sherbrooke Sr	-	24	-	24



**PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION****For the year ended June 30, 2021****Schedule of Internal and External Restricted Funds**

(Unaudited)

**Schedule A**

	Balance - Beginning of Year \$	Deposits \$	Expenditures \$	Balance - End of Year \$
Soulanges Gannaiden	285	-	-	285
Springdale	316	-	-	316
SSD Work Task Kits (Andrea Bertalan)	109	-	-	109
St. Charles	279	-	-	279
St. Charles Holiday Baskets	-	916	893	23
St. John Fisher Sr	1,808	-	-	1,808
St. Patrick	-	665	34	631
St. Thomas	-	570	555	15
Sunshine Academy	48	-	-	48
Sunshine Holiday Baskets	-	477	445	32
Venture Camp	4,528	-	550	3,978
Verdun	-	899	-	899
Verdun Adult and Career	-	507	-	507
Verdun Holiday Baskets	-	506	-	506
Verdun Lunch and After School Activities	761	-	-	761
Westpark Playground	242	-	-	242
Westwood Archie MacIsaac-Vacon Memorial Scholarship	-	4,750	721	4,029
Westwood Band Support	2,777	-	-	2,777
Westwood Mildred Schweitzer Scholarship	38,000	-	2,000	36,000
Westwood Sr.	968	-	-	968
Westwood Sr. Make it Happen - Leadership Program	1,181	-	-	1,181
Westwood Sr. Maureen Kirk Conway Award	1,538	1,140	1,326	1,352
Westwood Tina Snelgrove Triple Threat Award	1,329	649	1,276	702
Wilder Penfield	950	-	-	950
Wilder Penfield Kindergarten Playground	-	2,556	101	2,455
	130,631	93,711	80,210	144,132

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

**For the year ended June 30, 2021**

**Schedule of Internal and External Restricted Funds**

(Unaudited)

**Schedule B**

	<b>Balance - Beginning</b>	<b>Deposits</b>	<b>Expenditures</b>	<b>Balance - End</b>
	<b>of Year</b>			<b>of Year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<hr/> <b>External Restricted Funds</b>				
Born to Read	<b>82,079</b>	<b>-</b>	<b>1,163</b>	<b>80,916</b>
St. Thomas High School 50th Anniversary	<b>2,116</b>	<b>-</b>	<b>450</b>	<b>1,666</b>
	<hr/>			<hr/>
	<b>84,195</b>	<b>-</b>	<b>1,613</b>	<b>82,582</b>
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**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2021

**STATEMENT OF CASH FLOWS**

(Unaudited)

	2021 \$	2020 \$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Revenues over expenses	31,484	13,729
Changes in non-cash operating working capital:		
Increase in accounts receivable	-	250
Increase in consumption taxes receivable	(102)	(519)
Increase (decrease) in accounts payable and accrued liabilities	1,793	(3,096)
Increase in deferred revenues	1,034	2,000
Increase in internal restricted and unrestricted funds	-	983
Decrease in external restricted deferred contributions	(1,613)	(12,283)
	1,112	(12,665)
	32,596	1,064
<b>INVESTING ACTIVITIES</b>		
Increase in temporary investments	(30,900)	(507)
<b>INCREASE IN CASH</b>	1,696	557
<b>CASH - BEGINNING OF YEAR</b>	116,979	116,422
<b>CASH - END OF YEAR</b>	118,675	116,979

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, 2021

**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/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2021

**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, 2021

**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:

**2021:**

<b>Maturity Date</b>	<b>Interest Rate %</b>	<b>Amount \$</b>
July 11, 2022	1.65-2.10%	51,072
May 18, 2023	0.35-0.55%	15,775
October 23, 2023	0.50-1.10%	30,105
November 16, 2023	*	30,100
		<b>127,052</b>
Current portion		-
		<b>127,052</b>

\*BMO progressive GIC includes BMO Market Index GICs, BMO dividend Fund linked GIC, BMO Return Enhancing GIC, BMO Top Performing Portfolio GIC, BMO Callable Equity Linked GIC, BMO Select GIC, BMO Income Enriched GIC and BMO Growth GIC. These investments have various rates of return.

**2020:**

<b>Maturity Date</b>	<b>Interest Rate %</b>	<b>Amount \$</b>
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
		<b>50,368</b>

**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:

	<b>2021 \$</b>	<b>2020 \$</b>
Balance – beginning of year	<b>84,195</b>	96,478
Transfer to internal restricted fund	-	(983)
Deferred contributions received during the year	-	5,350
Deferred contributions recognized as revenues	<b>(1,613)</b>	(16,650)
Balance – end of year	<b>82,582</b>	84,195

**PEARSON EDUCATIONAL FOUNDATION/  
FONDATION PEARSON POUR L'ÉDUCATION**  
For the year ended June 30, 2021

**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

**5. NON-MONETARY TRANSACTIONS**

The organization received donations in kind in the amount of \$10,849 (2020: \$24,868). 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, 2021

**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

**7. FINANCIAL INSTRUMENTS (Cont'd)**

**Fair Value**

Cash, consumption taxes receivable, 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.