

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

FINANCIAL STATEMENTS

JUNE 30, 2022

Ivan Baliello
Comptable Professionnel Agréé
Chartered Professional Accountant

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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, 2022, 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, 2022, 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 ¹

Chartered Professional Accountant (Auditor)

Hudson, Quebec
September 6, 2022

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

¹ CPA auditor, permit no. A123901

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
As at June 30, 2022

STATEMENT OF FINANCIAL POSITION

(Unaudited)

	2022 \$	2021 \$
ASSETS		
Current		
Cash	127,859	118,675
Temporary investments (Note 3)	68,045	-
Consumption taxes receivable	1,587	1,842
	<u>197,491</u>	<u>120,517</u>
Other		
Temporary Investments (Note 3)	60,317	127,052
	<u>257,808</u>	<u>247,569</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	5,473	4,494
Deferred revenues	-	3,034
	<u>5,473</u>	<u>7,528</u>
Long-term		
External restricted deferred contributions (Note 4 and Schedule B)	81,475	82,582
	<u>86,948</u>	<u>90,110</u>
NET ASSETS		
Internal Restricted (Schedule A)	171,333	144,132
Unrestricted	(473)	13,327
	<u>170,860</u>	<u>157,459</u>
	<u>257,808</u>	<u>247,569</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, 2022

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Internal Restricted \$	Internal Un- restricted \$	Total \$
2022:			
Balance – beginning of year	144,132	13,327	157,459
Revenues over expenses/ (expenses over revenues)	27,201	(13,800)	13,401
Balance – End of year	171,333	(473)	170,860
2021:			
Balance – beginning of year	130,631	(4,656)	125,975
Revenues over expenses	13,501	17,983	31,484
Balance – End of year	144,132	13,327	157,459

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, 2022

STATEMENT OF REVENUES AND EXPENSES

(Unaudited)

	2022 \$	2021 \$
REVENUES		
Donations and activities	101,592	115,365
Shows	10,761	-
Administration and overhead charges	1,505	1,773
Sporting events and miscellaneous	944	-
Interest	1,478	1,332
	116,280	118,470
EXPENSES		
Activities	77,312	79,347
Bank and processing charges	1,147	1,620
Insurance	1,720	1,554
Office	1,876	819
Professional fees	3,493	3,411
Promotion	1,373	235
Wages and levies	15,958	-
	102,879	86,986
REVENUES OVER EXPENSES	13,401	31,484

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, 2022

Schedule of Internal and External Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning of Year \$	Transfers in and Deposits \$	Transfers out and Expenditures \$	Balance - End of Year \$
Internal Restricted Funds				
Allion	809	443	-	1,252
Beacon Hill	91	-	-	91
Beacon Hill Music	229	143	6	366
Beurling Academy	662	443	-	1,105
Beurling Food Program	475	-	-	475
BHS Arts	97	-	-	97
BHS Convocation Awards	5,794	-	450	5,344
BHS Music	1,618	1,121	43	2,696
Birchwood	40	18	-	58
Children's World Academy	3,791	48	1,777	2,062
Christmas Park	44	-	-	44
Clearpoint	521	618	24	1,115
Clearpoint Elementary Library Renovation	430	-	-	430
Cooperative Education Spectrum Concert	211	-	-	211
Dorset	13	1,900	1,910	3
Edgewater	-	48	2	46
Equity and Inclusivity	854	423	8	1,269
Evergreen Gen	46	-	-	46
Evergreen Music	867	-	-	867
Every Child Matters	-	1,805	15	1,790
Experiential STEM Education	8,384	-	2,240	6,144
Forest Hill Jr.	62	95	5	152
Forest Hill Sr.	1,190	6,382	7,572	-
Fun Run 2022	-	7,714	280	7,434
Heart and hands Clinic	-	1,866	1,025	841
Horizon	170	-	-	170
John Rennie Actors' Studio	1,940	-	-	1,940
John Rennie	1,124	125	114	1,135
John Rennie Sport Etudes	542	-	-	542
JRHS Bright Ideas Award	-	150	150	-
JRHS Friends of Louise Chalmers Theatre Association	439	-	-	439
JRHS George Cassidy Memorial Award	105	950	300	755
JRHS Gordon S. Blackman Education Assistance	1,329	-	-	1,329

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2022

Schedule of Internal and External Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning	Transfers in	Transfers out	Balance - End
	of Year	and Deposits	and Expenditures	of Year
	\$	\$	\$	\$
JRHS Music Dept	289	-	-	289
JRHS Resource	15	-	15	-
JRHS Tom Nemeth and Mark hanna Awards	-	2,000	2,000	-
JRHS Tristan Morrisette-Perkins	29,539	9,197	8,476	30,260
Kingsdale Academy	274	185	7	452
Kingsdale Daycare Services	83	-	-	83
Lakeside Robotics	-	4,750	73	4,677
Lasalle Community Comprehensive	1,108	442	-	1,550
Lasalle Junior Breakfast Club	-	209	8	201
LCCHS Christmas Baskets	404	2,613	75	2,942
LCCHS Cooking Program	95	-	-	95
LCCHS Hockey	950	-	-	950
LCCHS Phoenix Program	950	-	-	950
LCCHS Robotics	-	500	-	500
Life Centre	18	-	-	18
Lindsay Place	47	-	47	-
Lindsay Place Holiday	23	-	23	-
MacDonald High	623	-	-	623
MacDonald High Robotics	1,707	-	-	1,707
MacDonald Urban Bees	170	-	170	-
Maple Grove	-	475	475	-
Margaret Manson Learning Awards	1,131	5,415	1,238	5,308
Margaret Manson	2,847	-	1,158	1,689
Martin Routhier Memorial	1,153	-	1,153	-
Masks for Students	-	3,337	3,337	-
Nutrition Funds	1,824	-	-	1,824
Overture With the Arts	1,692	238	1,006	924
PACC Cookbook	337	-	337	-
PACC VOC Good Citizeen Award	-	475	-	475
PCHS	474	20	189	305
PCHS Holiday Food Baskets	1,599	1,963	3,562	-
Place Cartier	274	-	-	274
Riverdale Tammy Jane Chen Memorial Scholarship	914	-	100	814
Riverview	417	519	419	517
Riverview Holiday Food Baskets	157	1,444	1,357	244
Riverview S.T.E.A.M.	731	398	91	1,038
Rona Cupak Snowsuit & Boots	1,470	677	1,972	175

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2022

Schedule of Internal and External Restricted Funds

(Unaudited)

Schedule A

	Balance - Beginning	Transfers in	Transfers out	Balance - End
	of Year	and Deposits	and Expenditures	of Year
	\$	\$	\$	\$
RVRHS Alumni Scholarship	-	12,722	-	12,722
Sherbrooke Academy Holiday Baskets	63	3,148	122	3,089
Sherbrooke Sr	24	-	-	24
Soulanges Gannaiden	285	-	-	285
Springdale	316	-	-	316
SSD Work Task Kits (Andrea Bertalan)	109	17	126	-
St. Charles	279	-	-	279
St. Charles Holiday Baskets	23	-	-	23
St. John Fisher Sr	1,808	-	-	1,808
St. Patrick	631	-	-	631
St. Thomas	15	191	17	189
Sunshine Academy	48	-	-	48
Sunshine Holiday Baskets	32	166	7	191
Venture Camp	3,978	-	1,964	2,014
Verdun	899	633	8	1,524
Verdun Adult and Career	507	442	-	949
Verdun Holiday Baskets	506	228	609	125
Verdun Lunch and After School Activities	761	-	-	761
Westpark General	-	24	-	24
Westpark Playground	242	-	242	-
Westwood Archie MacIsaac-Vacon Memorial Scholarship	4,029	-	500	3,529
Westwood Band Support	2,777	-	1,631	1,146
Westwood Mildred Schweitzer Scholarship	36,000	-	1,149	34,851
Westwood Sr.	968	-	-	968
Westwood Sr. Make it Happen - Leadership Program	1,181	-	-	1,181
Westwood Sr. Maureen Kirk Conway Award	1,352	-	600	752
Westwood Tina Snelgrove Triple Threat Award	702	364	338	728
Wilder Penfield	950	-	-	950
Wilder Penfield Kindergarten Playground	2,455	665	26	3,094
	144,132	77,749	50,548	171,333

PEARSON EDUCATIONAL FOUNDATION/ FONDATION PEARSON POUR L'ÉDUCATION

For the year ended June 30, 2022

Schedule of Internal and External Restricted Funds

(Unaudited)

Schedule B

	Balance - Beginning of Year \$	Transfers in and Deposits \$	Transfers out and Expenditures \$	Balance - End of Year \$
External Restricted Funds				
Born to Read	80,916	4,750	5,257	80,409
St. Thomas High School 50th Anniversary	1,666	-	600	1,066
	82,582	4,750	5,857	81,475

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2022

STATEMENT OF CASH FLOWS

(Unaudited)

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Revenues over expenses	13,401	31,484
Changes in non-cash operating working capital:		
Decrease (increase) in consumption taxes receivable	255	(102)
Increase in accounts payable and accrued liabilities	979	1,793
Increase (decrease) in deferred revenues	(3,034)	1,034
Decrease in external restricted deferred contributions	(1,107)	(1,613)
	(2,907)	1,112
	10,494	32,596
INVESTING ACTIVITIES		
Increase in temporary investments	(1,310)	(30,900)
INCREASE IN CASH	9,184	1,696
CASH - BEGINNING OF YEAR	118,675	116,979
CASH - END OF YEAR	127,859	118,675

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, 2022

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, 2022

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, 2022

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:

2022:

Maturity Date	Interest Rate %	Amount \$
July 11, 2022	0.75-2.10%	52,270
May 18, 2023	0.35-0.55%	15,775
October 23, 2023	0.50-1.10%	30,200
November 16, 2023	*	30,117
		128,362
Current portion		68,045
		60,317

2021:

Maturity Date	Interest Rate %	Amount \$
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
		127,052
Current portion		-
		127,052

*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.

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:

	2022 \$	2021 \$
Balance – beginning of year	82,582	84,195
Deferred contributions received during the year	4,750	-
Deferred contributions recognized as revenues	(5,857)	(1,613)
Balance – end of year	81,475	82,582

**PEARSON EDUCATIONAL FOUNDATION/
FONDATION PEARSON POUR L'ÉDUCATION**
For the year ended June 30, 2022

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

5. NON-MONETARY TRANSACTIONS

The organization received donations in kind in the amount of \$14,200 (2021: \$10,849). 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/
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For the year ended June 30, 2022

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.