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**PEOPLE FOR EDUCATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
People for Education

### Report on the Financial Statements

We have audited the accompanying financial statements of People for Education, which comprise the statement of financial position as at June 30, 2011 and the statements of operations 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 generally accepted accounting principles 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from donation and fundraising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

*Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenue, the financial statements present fairly, in all material respects, the financial position of People for Education as at June 30, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Courauthwaite Mehta*

Chartered Accountants  
Licensed Public Accountants

September 19, 2011  
Toronto, Ontario

**PEOPLE FOR EDUCATION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2011**

	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 190,675	\$ 172,919
Term deposits	80,759	79,999
Accounts receivable	10,692	6,827
Sales tax recoverable	23,486	4,011
Prepaid expenses	<u>7,240</u>	<u>3,821</u>
	<u>\$ 312,852</u>	<u>\$ 267,577</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 26,516	\$ 9,740
Deferred revenue (note 5)	<u>65,684</u>	<u>39,002</u>
	<u>92,200</u>	<u>48,742</u>
Net assets		
Unrestricted	<u>220,652</u>	<u>218,835</u>
	<u>\$ 312,852</u>	<u>\$ 267,577</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# PEOPLE FOR EDUCATION

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
<b>REVENUE</b>		
Donation and event fundraising	\$ 296,693	\$ 250,178
Grants (note 6)	272,573	235,884
Memberships, speaking fees and other	<u>49,424</u>	<u>38,182</u>
	<u>618,690</u>	<u>524,244</u>
<b>EXPENSES</b> (note 7)		
Communications	250,677	147,793
Community development and partnerships	134,775	100,016
Research	101,366	86,214
Fundraising	83,302	86,884
Administration	<u>46,753</u>	<u>42,277</u>
	<u>616,873</u>	<u>463,184</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	1,817	61,060
Net assets, beginning of year	<u>218,835</u>	<u>157,775</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 220,652</u>	<u>\$ 218,835</u>

see accompanying notes

# PEOPLE FOR EDUCATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Cash received from operations:		
Excess of revenue over expenses for the year	\$ 1,817	\$ 61,060
Net change in working capital items (see below)	<u>16,699</u>	<u>30,923</u>
Net cash generated from operations	18,516	91,983
<b>INVESTING ACTIVITIES</b>		
Purchase of term deposit	<u>(760)</u>	<u>(2,141)</u>
<b>NET INCREASE IN CASH IN THE YEAR</b>	17,756	89,842
Cash, beginning of year	<u>172,919</u>	<u>83,077</u>
<b>CASH, END OF YEAR</b>	<u>\$ 190,675</u>	<u>\$ 172,919</u>
<b>Net change in working capital items:</b>		
Increase in accounts and grants receivable	\$ (23,340)	\$ (4,268)
Increase in prepaid expenses	(3,419)	(2,347)
Increase (decrease) in accounts payable and accrued liabilities	16,776	(1,464)
Increase in deferred revenue	<u>26,682</u>	<u>39,002</u>
	<u>\$ 16,699</u>	<u>\$ 30,923</u>

see accompanying notes

# PEOPLE FOR EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

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### 1. THE ORGANIZATION

People for Education is a not-for-profit organization incorporated without share capital in the Province of Ontario.

The organization is dedicated to the ideal of a fully publicly-funded education system that guarantees every child access to the education that meets his or her needs. The organization works toward this ideal by doing research, by providing clear, accessible information to the public and by engaging people to become actively involved in education issues in their own community.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

#### **Financial instruments**

The organization classifies fixed income securities as held-for-trading. Held-for-trading securities, which are purchased for redemption in the near term, are reported at estimated redemption amount.

#### **Revenue Recognition**

The organization follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Grants related to current expenditures are reflected in the accounts as revenue in the current year. Grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Grants related to the purchase of capital assets are recorded as revenue in the same period the related assets are charged to operations.
- iii) Speaking and other fees and related expenses are recognized in the period the services are provided.
- iv) Fundraising and donation revenue is recorded when funds are received. Donated materials and services which are purchased on behalf of the organization are not recorded in the accounts.
- v) Investment income is recognized as earned. Increases and decreases in market value of investments held-for-trading are recognized as investment income (losses) in the period in which they occur.

#### **Allocation of administrative expenses**

The organization allocates all non-salary administrative expenses by financial statement expense category based on the percentage of a category's salary to total salary expense in a given year (see note 7).

#### **Property and equipment**

Property and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives

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## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Term deposits**

Term deposits are carried at redemption value.

#### **Use of Estimates**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Specifically, significant assumptions have been made in arriving at the allocation of administrative expenses to programs. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

### 3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The organization classifies the financial assets and financial liabilities into one of the following categories:

*Held-for-trading* - This category comprises short-term fixed rate (1.20%) redeemable term deposits issued by a Canadian credit union. The investments are carried at the current redemption amount.

*Other financial assets and liabilities* - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

### 4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at June 30, 2011, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

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## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

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### 5. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2011	2010
Canadian Auto Workers Union	\$ 25,000	\$ 4,000
The Atkinson Charitable Foundation	20,000	31,668
The Heart and Stroke Foundation of Ontario	12,017	
The Ontario Trillium Foundation	7,000	
RBC Foundation	<u>1,667</u>	<u>3,334</u>
Deferred revenue, end of year	<u>\$ 65,684</u>	<u>\$ 39,002</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 39,002	\$ nil
Add cash received from foundation grants in year	299,255	274,886
Less foundation grants recognized in year (note 6)	<u>(272,573)</u>	<u>(235,884)</u>
Deferred revenue, end of year	<u>\$ 65,684</u>	<u>\$ 39,002</u>

### 6. GRANTS

Grants recognized in the year were as follows:

	2011	2010
The Ontario Trillium Foundation	\$ 124,800	\$
The Atkinson Charitable Foundation	51,668	73,332
Ontario Ministry of Education	39,838	85,021
Canadian Auto Workers Union	29,000	46,000
The Heart and Stroke Foundation of Ontario	12,018	13,365
RBC Foundation	11,667	16,666
Knowledge Network for Applied Education Research	2,000	
Canada Works Summer Employment Program	1,582	
Alterna Savings		<u>1,500</u>
	<u>\$ 272,573</u>	<u>\$ 235,884</u>

# PEOPLE FOR EDUCATION

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### 7. ADMINISTRATIVE EXPENSE ALLOCATION

Non-salary administrative expenses were allocated among the following expense categories in the year:

	2011	2010
Communications	\$ 20,423	\$ 19,013
Research	10,766	10,513
Community development and partnerships	9,861	11,219
Administration	6,267	7,203
Fundraising	<u>5,310</u>	<u>6,323</u>
Total non-salary administrative costs allocated in year	<u>\$ 52,627</u>	<u>\$ 54,271</u>

### 8. LEASE COMMITMENTS

The organization rents space under a lease ending June 30, 2012. Minimum lease payments under the lease are \$17,010.

### 9. INCOME TAX STATUS

The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).