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**PEOPLE FOR EDUCATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2009**

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**AUDITORS' REPORT**

To the Members,  
People for Education

We have audited the statement of financial position of People for Education as at June 30, 2009 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations and fundraising, 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.

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 referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Cowperthwaite Mehta*

Chartered Accountants  
Licensed Public Accountants

August 31, 2009  
Toronto, Ontario

**PEOPLE FOR EDUCATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 83,077	\$ 161,551
Term deposits	77,858	75,000
Accounts receivable	6,570	7,129
Prepaid expenses	<u>1,474</u>	<u>1,474</u>
	<u>\$ 168,979</u>	<u>\$ 245,154</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 11,204	\$ 20,899
Deferred revenue (note 4)	<u>          </u>	<u>95,626</u>
	<u>11,204</u>	<u>116,525</u>
Net assets		
Unrestricted	<u>157,775</u>	<u>128,629</u>
	<u>\$ 168,979</u>	<u>\$ 245,154</u>

Approved on behalf of the Board:

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

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

see accompanying notes

# PEOPLE FOR EDUCATION

## STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2009

	<b>2009</b>	<b>2008</b>
<b>REVENUE</b>		
Grants (note 5)	\$ 315,947	\$ 280,171
Donation and event fundraising	219,239	190,444
Memberships, speaking fees and other	<u>31,766</u>	<u>34,137</u>
	<u>566,952</u>	<u>504,752</u>
<b>EXPENSES</b> (note 6)		
Communications	153,074	132,094
Community development and partnerships	141,718	123,730
Research	105,754	139,727
Fundraising	95,267	72,877
Administration	<u>41,993</u>	<u>34,824</u>
	<u>537,806</u>	<u>503,252</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	29,146	1,500
Net assets, beginning of year	<u>128,629</u>	<u>127,129</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 157,775</u>	<u>\$ 128,629</u>

see accompanying notes

# PEOPLE FOR EDUCATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>2009</u>	<u>2008</u>
<b>OPERATING ACTIVITIES</b>		
Cash received from operations:		
Excess of revenue over expenses for the year	\$ 29,146	\$ 1,500
Net change in working capital items (see below)	<u>(104,762)</u>	<u>(57,172)</u>
Net cash used for operations	(75,616)	(55,672)
<b>INVESTING ACTIVITIES</b>		
Purchase of term deposit	<u>(2,858)</u>	<u>(75,000)</u>
<b>NET DECREASE IN CASH IN THE YEAR</b>	(78,474)	(130,672)
Cash, beginning of year	<u>161,551</u>	<u>292,223</u>
<b>CASH, END OF YEAR</b>	<u>\$ 83,077</u>	<u>\$ 161,551</u>
<b>Net change in working capital items:</b>		
Decrease (increase) in accounts and grants receivable	\$ 559	\$ (1,305)
Decrease in accounts payable and accrued liabilities	(9,695)	(1,007)
Decrease in deferred revenue	<u>(95,626)</u>	<u>(54,860)</u>
	<u>\$ (104,762)</u>	<u>\$ (57,172)</u>

see accompanying notes

# PEOPLE FOR EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

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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

The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant:

#### **Financial instruments**

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

*Held-for-trading* - This category comprises fixed income securities. These investments are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations in the period incurred. Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred.

*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.

#### **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) Conference and speaker 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.

# PEOPLE FOR EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

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

#### 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

#### Term deposits

Term investments 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's financial instruments consist of cash, term deposits, accounts receivable, accounts payable and accrued liabilities. The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value because of the short-term nature of these instruments. Term deposits are carried at cost plus accrued interest, which approximates the fair value of these instruments.

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

The organization manages its liquidity risk by monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due.

### 4. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2009	2008
The Atkinson Charitable Foundation	\$ nil	\$ 49,599
The Toronto Community Foundation		23,950
Canadian Council on Learning		19,204
The Ontario Trillium Foundation		<u>2,873</u>
Deferred revenue, end of year	<u>\$ nil</u>	<u>\$ 95,626</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 95,626	\$ 150,486
Add cash received from foundation grants in year	220,321	225,311
Less foundation grants recognized in year (note 5)	<u>(315,947)</u>	<u>(280,171)</u>
Deferred revenue, end of year	<u>\$ nil</u>	<u>\$ 95,626</u>

# PEOPLE FOR EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

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### 5. GRANTS

Grants recognized in the year were as follows:

	2009	2008
Ontario Ministry of Education	\$ 85,021	\$ 31,021
Canadian Auto Workers Union	50,000	33,755
The Atkinson Charitable Foundation	49,599	58,506
The Ontario Trillium Foundation	44,573	87,551
Canadian Council on Learning	25,204	15,244
Toronto Community Foundation	24,950	6,050
RBC Foundation	15,000	13,454
The Heart and Stroke Foundation of Ontario	11,600	
Ontario Library Association	<u>10,000</u>	<u>34,590</u>
	<u>\$ 315,947</u>	<u>\$ 280,171</u>

### 6. ADMINISTRATIVE EXPENSE ALLOCATION

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

	2009	2008
Communications	\$ 11,819	\$ 9,476
Community development and partnerships	14,872	10,394
Research	12,610	15,687
Fundraising	4,741	3,423
Administration	<u>6,338</u>	<u>5,763</u>
Total non-salary administrative costs allocated in year	<u>\$ 50,380</u>	<u>\$ 44,743</u>

### 7. LEASE COMMITMENTS

The organization rents space under a lease ending June 30, 2012. Minimum lease payments under the lease are as follows:

2010	\$ 17,010
2011	17,010
2012	<u>17,010</u>
	<u>\$ 51,030</u>

### 8. INCOME TAX STATUS

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