

Audited Financial Statements

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# Advanced Education Savings Plan

For the year ended March 31, 2017 and period ended  
March 31, 2016

# Advanced Education Savings Plan

March 31, 2017

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# Management's Responsibility for Financial Reporting

The accompanying audited financial statements of the Advanced Education Savings Plan (the "Plan") have been prepared by management and approved by the Board of Directors of the Global Educational Trust Foundation (the "Foundation") and Global Growth Assets Inc. ("GGAI"). Management is responsible for the information and representations contained in these financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. GGAI, which administers the Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced.

The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Plan, are described in Note 2 to the Financial Statements.

Deloitte LLP is the external auditor of the Plan. It has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the Planholders of the Plan its opinion on the financial statements.



**David Prestwich**  
Chief Executive Officer

Toronto, Ontario

## Independent Auditor's Report

To the Planholders of  
Advanced Education Savings Plan,

We have audited the accompanying financial statements of the Advanced Education Savings Plan ("AESP"), which comprise the statements of financial position as at March 31, 2017 and March 31, 2016, and the statements of comprehensive income, statements of changes in net assets attributable to subscribers and beneficiaries, and statements of cash flows for the year ended March 31, 2017 and the period from January 27, 2016 to March 31, 2016, 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 International Financial Reporting Standards, 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Advanced Education Savings Plan as at March 31, 2017 and March 31, 2016, and its financial performance, changes in its net assets attributable to subscribers and beneficiaries and its cash flows for the year ended March 31, 2017 and the period from January 27, 2016 to March 31, 2016 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants  
Licensed Public Accountants  
June 9, 2017

# Advanced Education Savings Plan

## Statements of Financial Position

As at March 31, 2016 and 2017

	2017	2016
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	1,165,093	-
Due from Legacy Education Savings Plan, Note 3	83,858	123,513
Due from Global Growth Assets Inc. (GGAI), Note 3	4,374	-
Grants Receivable	19,740	18,997
	<b>1,273,065</b>	<b>142,510</b>
<b>Liabilities</b>		
Accounts Payable	4,050	-
Due to Global RESP (GRES P), Note 3	31,381	-
<b>Net assets attributable to Subscribers and Beneficiaries</b>	<b>1,237,634</b>	<b>142,510</b>
<b>Net assets attributable to Subscribers and Beneficiaries represented by:</b>		
Subscriber Contributions , Note 4	885,355	103,991
Government Grants, Note 2	307,915	35,213
Income on Grant, net transferred	10,303	840
Income on Subscriber Contributions, net transferred	34,061	2,466
	<b>1,237,634</b>	<b>142,510</b>

Approved by the Board of Directors of Global Educational Trust Foundation and Global Growth Assets Inc.



\_\_\_\_\_  
Allan Smith  
Director



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Harold Wolkin  
Director

The accompanying notes are an integral part of these financial statements.

## Advanced Education Savings Plan

### Statement of Comprehensive Income

For the year ended March 31, 2017 and for the period from January 27, 2016 to March 31, 2016

	2017	2016
	\$	\$
<b>Revenue</b>		
Interest income for educational assistance payments	549	-
Change in unrealized appreciation on cash equivalents	243	-
	792	-
<b>Expenses</b>		
Administration fees	16,775	480
Other charges	384	-
Audit costs	16,050	15,000
Absorption of Plan's expenses	(33,209)	(15,480)
	-	-
<b>Increase in Net Assets Attributable to Subscribers and Beneficiaries from Operations</b>	<b>792</b>	<b>-</b>

### Statement of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the year ended March 31, 2017 and for the period from January 27, 2016 to March 31, 2016

	\$	\$
<b>Net Assets Attributable to Subscribers and Beneficiaries, beginning of period</b>	<b>142,510</b>	<b>-</b>
<b>Increase in Net Assets attributable to Subscribers and Beneficiaries from Operations</b>	<b>792</b>	<b>-</b>
<b>Increase in Net Assets Attributable to Subscribers and Beneficiaries</b>		
Subscriber contributions received net of fees, Note 4	805,536	103,991
Government grants received (Note 2):		
Canada Education Savings Grants (CESG)	174,735	21,213
Canada Learning Bond (CLB)	92,395	14,000
British Columbia Training and Education Savings Grant (BCTESG)	5,200	-
Saskatchewan an Advantage Grant for Education Savings (SAGES)	372	-
Income on grants, net transferred	9,463	840
Income on subscriber contributions, net transferred	31,595	2,466
<b>Decrease in Net Assets attributable to Subscribers and Beneficiaries</b>		
Refund of Subscriber contributions	(24,964)	-
	<b>1,094,332</b>	<b>142,510</b>
<b>Net assets attributable to Subscribers and Beneficiaries, end of period</b>	<b>1,237,634</b>	<b>142,510</b>

The accompanying notes are an integral part of these financial statements.

# Advanced Education Savings Plan

## Statement of Cash Flows

For the year ended March 31, 2017 and for the period from January 27, 2016 to March 31, 2016

	2017	2016
		\$
<b>Operating Activities</b>		
Increase in Net assets Attributable to Subscribers and Beneficiaries from Operations	792	-
Adjustment for:		
Change in unrealized appreciation on cash equivalents	(243)	
Decrease (increase) in receivable from Legacy Education Savings Plan	39,655	(123,513)
Increase in due to Global RESP ("GRES P")	31,381	-
Increase in due from Global Growth Assets Inc. ("GGA I")	(4,374)	-
Increase in Accounts Payable	4,050	-
Purchase of investments	(949,607)	-
Increase in Grant Receivable	(743)	(18,997)
	<b>(879,089)</b>	<b>(142,510)</b>
<b>Financing Activities</b>		
Subscriber contributions received, net of fees	805,536	103,991
Return of Subscriber contributions	(24,964)	
Government grants received	272,702	35,213
Income on grants received	31,595	840
Income on subscriber contributions received	9,463	2,466
	<b>1,094,332</b>	<b>142,510</b>
Increase in cash	215,243	-
Cash, beginning of period	-	-
<b>Cash, end of period</b>	<b>215,243</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements.

# Advanced Education Savings Plan

## Schedule of Investment Portfolio

As at March 31, 2017

	<b>Par Value</b>	<b>Cost</b>	<b>Fair value</b>
	\$	\$	\$
Cash - 18.47%		215,243	215,243
Cash equivalent - 81.53%		949,607	949,850
<b>Total Investment Portfolio</b>		<b>1,164,850</b>	<b>1,165,093</b>

# Advanced Education Savings Plan

## Notes to the Financial Statements

March 31, 2017

### 1. Organization and general

Advanced Education Savings Plan (the "Plan") was established on January 27, 2016. Global Educational Trust Foundation (the "Foundation") is the sponsor of the Plan. The Foundation is a not-for-profit organization, incorporated without share capital, under the laws of Canada. The Foundation retained Global Growth Assets Inc. ("GGAI") as administrator and Investment Fund Manager of the Plan. The Plan's registered place of business is 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3.

The Plan provides post-secondary education financial assistance to beneficiaries named in the Educational Assistance Payment ("EAP") Contracts. Global RESP Corporation ("GRESP"), a company incorporated under the Canada Business Corporations Act, is the registered distributor of the Plan. The Foundation, GRESP and GGAI are under common management and control.

The Foundation has had a specimen copy of the EAP Contract approved by the Canada Revenue Agency ("CRA") such that subscribers' EAP Contracts may be submitted to CRA on the subscriber's behalf by the Foundation for registration as Registered Education Savings Plans ("RESP"). A subscriber's plan is an education savings plan and not a RESP until the applicable conditions of the Income Tax Act (Canada) (the "ITA") are met and registered.

Subscribers to the Plan enter into EAP Contracts with the Foundation. Under an EAP Contract, the subscriber purchases units in the Plan. The subscriber authorizes the Foundation to deduct fees, as outlined in the prospectus, for the purpose of providing services to the Plan. At maturity, payments are made to the beneficiary after meeting the conditions as set out in the EAP Contract.

The financial statements of the Plan were authorized for issuance by the Board of Directors of the Foundation and GGAI on June 9, 2017.

### 2. Summary of significant accounting policies

#### *Basis of presentation*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared on a going concern and historical cost basis, except for certain financial assets and liabilities which have been presented at fair value at the end of each reporting period as described below.

#### *Financial Instruments*

##### *(a) Recognition, measurement and classification*

The Plan's investment portfolio is designated at fair value through profit or loss ("FVTPL") and is measured at fair value. All other financial assets/liabilities are measured at amortized cost, and are classified as loans and receivables and other financial liabilities.

Financial assets and liabilities are recognized when the Plan becomes a party to the contractual provisions of the instrument and are initially measured at fair value with transaction costs recorded immediately through profit or loss. Investments are recorded on a trade date basis.

Gains or losses due to the revaluation are recorded in net earnings for the period in which they arise. Financial assets classified as "loans and receivables" and financial liabilities classified as "other liabilities" are measured at their amortized cost using the effective interest method.

##### *(b) Fair value measurement*

The fair values of the due from Legacy Education Savings Plan, the due from Global Growth Assets Inc. and Grants Receivable approximates their carrying value, due to short-term maturity.

##### *(c) Offsetting*

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. No amounts have been offset in the statement of financial position.

##### *(d) Impairment of financial assets*

At each reporting date, the Plan assesses whether there is objective evidence that financial assets at amortized cost are impaired. If such evidence exists, the Plan recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

# Advanced Education Savings Plan

## Notes to the Financial Statements

March 31, 2017

### 2. Summary of significant accounting policies (continued)

#### Income taxes

The Plan is exempt from income taxes under Section 146.1 of the ITA.

#### Future accounting changes

In July 2014, the International Accounting Standard Board ("IASB") issued IFRS 9, "Financial Instruments", which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 adds a requirement dealing with expected credit losses (impairment), amends classification and measurement requirements by adding a new measurement category of fair value through other comprehensive income and introduces a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Plan is still in the process of assessing the impact of this new standard on its financial statements.

#### Net assets attributable to subscribers and beneficiaries

The Net Assets Attributable to Subscribers and Beneficiaries are a financial liability resulting from a unique contract and the Plan details the composition of this liability as a note to the financial statements, according to its use (whether for subscriber contributions, EAP account, government grants).

##### (a) Subscriber contributions

Subscribers' contributions reflect all amounts received from the subscribers and do not include any amounts receivable on subscribed units, as subscribers may terminate their plan at any time. As the contributions are due on demand, the amounts are recorded at face value in net assets attributable to subscribers and beneficiaries. The Foundation deducts sales charges, account maintenance fees, special services fees, where applicable, and insurance premiums where applicable from contributions made by subscribers in accordance with the terms of the prospectus. Refer to Note 4 for further details.

##### (b) Government grants

The Federal government encourages saving for post-secondary education by providing Canada Education Savings Grants ("CESG") on RESP contributions made subsequent to 1997 for children under 18 years of age. The maximum basic CESG per child is 20% of RESP contributions of up to \$2,500 (prior to 2007, it was based on \$2,000) made on behalf of each beneficiary in a year. Effective in 2004, additional CESG can be added based on up to the first \$500 of RESP yearly contributions at a rate of 10% or 20% when there is eligibility based on family net income. The maximum lifetime CESG is \$7,200; prior to 2007, it was \$7,000. Upon maturity of an EAP Contract and fulfillment of certain criteria established by the Federal government, the CESG contributions and accumulated investment income thereon will be added to EAPs made to qualified students.

The Saskatchewan Advantage Grant for Education Savings ("SAGES") is a grant from the government of Saskatchewan offered to each resident beneficiary who is 17 years of age or under. The SAGES amount is 10% of annual contributions made into an RESP on or after January 1, 2013 and has an annual maximum amount of \$250 per eligible beneficiary. The cumulative lifetime maximum for the SAGES is \$4,500 per eligible beneficiary.

Each child born on or after January 1, 2004 will be eligible for a Canada Learning Bond ("CLB") in each year that child's family is entitled to the National Child Benefit ("NCB") supplement, up to and including the year in which the child turns 15 years of age. CLB is \$500 in the first year of entitlement and \$100 in each subsequent year that the child remains eligible for NCB supplement until the year the child turns 15 years of age. Maximum CLB payments per child total up to \$2,000.

The government of British Columbia has introduced the new British Columbia Training and Education Savings Grant ("BCTESG") offered to each resident beneficiary born on or after January 1, 2007. After the beneficiary turns six years of age, the Province of British Columbia will deposit \$1,200 into the beneficiary's RESP. To qualify for the BCTESG, a subscriber must open the RESP and complete an application for the BCTESG within the following timeframes: (i) prior to August 14, 2018 for children born in 2007 and 2008, (ii) prior to August 14, 2018 for children born between January 1, 2009 and August 15, 2009 or (iii) prior to the beneficiary's ninth birthday for children born on or after August 16, 2009. The beneficiary and the custodial parent/legal guardian must be a resident of British Columbia when applying for the BCTESG and the application must be made between the beneficiary's sixth and ninth birthday. No matching or additional contributions are required.

Government grants received by the Plan with respect to a beneficiary are invested by the Plan and will ultimately be paid out to the beneficiary when the beneficiary becomes entitled to receive EAP. Under various circumstances, including the case where a plan is cancelled by the subscriber, the grant must be repaid.

# Advanced Education Savings Plan

## Notes to the Financial Statements

March 31, 2017

### 3. Related party transactions

- In consideration for administrative services received, the Plan pays the fund manager (GGAI) administration fees of 2.35% per annum of the Plan's assets. During the fiscal year, GGAI has absorbed the administration fees.
- The Plan's assets include \$83,858 (March 31, 2016 - \$123,513) receivable from Legacy Education Savings Plan for subscriber contributions and grants not yet allocated to the Plan and \$4,374 (March 31, 2016 - Nil) receivable from GGAI for bank charges. The Plan's payables include \$31,381 (March 31, 2016 - \$ Nil) payable to GRESP for processing and service fees.
- Special services fees paid from subscribers' contributions are remitted by the Foundation to GRESP. The fees principally relate to amounts charged to subscribers in respect of processing fees and for cheques returned and not honored.

### 4. Subscriber contributions

The changes in the subscriber contributions for the year ended March 31, 2017 and for the period from January 27, 2016 to March 31, 2016 are as follow:

	March 31, 2017	March 31, 2016
Balance, beginning period	103,991	-
Amount contributed by subscribers	828,794	107,170
Account maintenance fees	(6,948)	(780)
Insurance premiums	(248)	-
Special service fees	(15,270)	(2,399)
Refund of subscriber deposit	(24,964)	-
Balance, end of period	885,355	103,991

### 5. Capital risk management

The Plan's capital consists of the components of the net assets attributable to subscribers and beneficiaries as per the statement of financial position. The Plan has obligations to return subscriber contributions upon maturity or termination as well as pay EAPs of investment income, grants and income on grants. The Plan endeavors to invest subscriber contributions and government grants received in appropriate investments while maintaining sufficient liquidity to meet subscribers' obligations.

### 6. Fair value of financial instruments

Fair value measurements are classified in accordance within a fair value hierarchy (i.e. Level 1,2,3). Investments measured at fair value are classified in one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1 – Valuation based on bid prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 -Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Plan's financial instruments measured at fair value classified using the fair value hierarchy:

Assets measured at fair value as of March 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash equivalents	949,850	-	-	949,850
Total	949,850	-	-	949,850

There were no financial instruments as of March 31, 2016.

# Advanced Education Savings Plan

## Notes to the Financial Statements

March 31, 2017

### 7. Risk management

In the normal course of operations the Plan may be exposed to a variety of risks arising from financial instruments. The Plan's exposures to such risks are concentrated in its receivable balances and are related to liquidity risk.

The Plan's risk management process includes monitoring compliance with the Plan's investment policy as outlined in the Plan's prospectus. The Plan manages the effects of these financial risks to the Plan portfolio performance by retaining and overseeing professional external portfolio advisors. The portfolio advisors regularly monitor the Plan's positions, market events and manage the investment portfolio within the constraints of the investment policy.

#### (a) *Liquidity risk*

Liquidity risk is the risk that the Plan may not be able to meet its obligations on time. In mitigation of these risks, the Plan retains sufficient cash on hand, or receivables that can be readily convertible into cash.

# Advanced Education Savings Plan

## Schedule 1- Educational Assistance Payment Agreements

As at March 31, 2017

Year of eligibility	Number of units outstanding	Principal plus accumulated income	Government grants plus accumulated income	Total
		\$	\$	\$
2016	49	17,485	5,490	22,975
2017	120	60,026	10,792	70,818
2018	223	88,839	15,077	103,916
2019	299	49,548	10,713	60,261
2020	323	50,014	10,094	60,108
2021	496	65,960	13,798	79,758
2022	591	94,384	35,864	130,248
2023	415	54,239	14,344	68,583
2024	357	27,315	13,881	41,196
2025	577	47,422	16,840	64,262
2026	596	55,972	23,832	79,804
2027	648	50,895	16,968	67,863
2028	533	36,657	13,547	50,204
2029	609	40,469	16,253	56,722
2030	925	25,418	16,479	41,897
2031	649	38,230	16,100	54,330
2032	817	22,049	12,953	35,002
2033	1722	52,628	21,799	74,427
2034	1853	41,866	13,583	55,449
2035	0	-	71	71
<b>March 31,2017</b>	<b>11,802 -</b>	<b>919,416 -</b>	<b>298,478</b>	<b>1,217,894</b>

## Advanced Education Savings Plan

### Schedule 2- Reconciliation of Educational Assistance Agreements

As at March 31, 2017

	Opening agreements	Inflow agreements	Outflow agreements	Closing agreements
The following is a summary of Educational Assistance Payment contracts				
2017	54	387	20	421
2016	-	54	-	54

The following reconciles Schedule 1 to the statements of financial position

	2017	2016
	\$	\$
Total principal, government grants and accumulated income (Schedule 1)	1,217,894	123,513
Represented in the statements of financial position by		
Subscriber contributions	885,355	103,991
Accumulated government grants	307,915	35,213
Income earned on Subscriber contributions and government grants, net transferred	44,364	3,306
	1,237,634	142,510
Less: Government grants receivable	19,740	18,997
	1,217,894	123,513

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