

Audited Financial Statements

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# Advanced Education Savings Plan

For the period from January 27, 2016 to March 31, 2016

# Advanced Education Savings Plan

March 31, 2016

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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 Advanced Education Savings Plan, which comprise the statement of financial position as at March 31, 2016, and the statement of comprehensive income, statement of changes in net assets attributable to subscribers and beneficiaries, and statement of cash flows for 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 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 Advanced Education Savings Plan as at March 31, 2016 and its financial performance, changes in its net assets attributable to subscribers and beneficiaries and its cash flows for the period from January 27, 2016 to March 31, 2016 in accordance with International Financial Reporting Standards.



Chartered Professional Accountants  
Licensed Public Accountants  
June 10, 2016

# Advanced Education Savings Plan

## Statement of Financial Position

As at March 31

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	<b>2016</b>
	<b>\$</b>
<b>Assets</b>	
Receivable from Legacy Education Savings Plan	123,513
Grants receivable	18,997
	<b>142,510</b>
<hr/>	
<b>Net assets attributable to Subscribers and Beneficiaries</b>	<b>142,510</b>
<hr/>	
<b>Net assets attributable to Subscribers and Beneficiaries represented by:</b>	
Subscriber contributions (Note 4)	103,991
Government grants	35,213
Income on Grant, net transferred	840
Income on subscriber contributions, net transferred	2,466
	<b>142,510</b>

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



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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 period from January 27, 2016 to March 31, 2016

	2016
	\$
<b>Expenses</b>	
Administration fees	480
Audit costs	15,000
Absorption of Plan's expenses	(15,480)
	-
<b>Increase (decrease) in Net Assets attributable to Subscribers and Beneficiaries from Operations</b>	-

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

For the period from January 27, 2016 to March 31, 2016

	2016
	\$
<b>Net assets attributable to Subscribers and Beneficiaries, beginning of period</b>	-
<b>Increase (decrease) in Net Assets attributable to Subscribers and Beneficiaries from Operations</b>	-
<b>Increase in Net Assets Attributable to Subscribers and Beneficiaries</b>	
Subscriber contributions received net of fees	103,991
Government grants received (Note 2):	
Canada Education Savings Grants (CESG)	21,213
Canada Learning Bond (CLB)	14,000
Income on grants, net transferred	840
Income on subscriber contributions, net transferred	2,466
	142,510
<b>Net assets attributable to Subscribers and Beneficiaries, end of period</b>	142,510

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

# Advanced Education Savings Plan

## Statement of Cash Flows

For the period from January 27, 2016 to March 31, 2016

	<b>2016</b>
	<b>\$</b>
Cash provided by (used in):	
<b>Operating Activities</b>	
Increase (decrease) in Net assets attributable to Subscribers and Beneficiaries from operations	-
Increase in receivable from Legacy Education Savings Plan	(123,513)
Increase in grant receivable	(18,997)
	<b>(142,510)</b>
<b>Financing Activities</b>	
Subscriber contributions received, net of fees	103,991
Government grants received	35,213
	840
Income on subscriber contributions received	2,466
	<b>142,510</b>
Increase (decrease) in cash	-
Cash and cash equivalents, beginning of period	-
<b>Cash and cash equivalents, end of period</b>	<b>-</b>

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

# Advanced Education Savings Plan

## Notes to the financial statements

March 31, 2016

### 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 an 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 10, 2016.

### 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*

Grants receivable is 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.

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

The fair value of receivable from Legacy Education Savings Plan and grants receivable approximates their carrying value, due to short-term maturity.

##### *(c) Offsetting*

Financial assets and liabilities are offset and the net amount 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 statements of financial position.

#### *Income taxes*

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

# Advanced Education Savings Plan

## Notes to the financial statements

March 31, 2016

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

#### Future accounting changes

##### (a) Financial instruments

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 standards on its financial statements.

##### (b) Presentation of Financial Statements

In December 2014, the IASB issued Disclosure Initiative Amendments to IAS 1 as part of the IASB's Disclosure Initiative. These amendments encourage entities to apply professional judgment regarding disclosure and presentation in their financial statements. These amendments are effective for annual periods beginning on or after January 1, 2016. The Plan is assessing the implications of these amendments.

#### 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 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.

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.

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.

### 3. Related party transactions

- a) In consideration for administrative services received, the Plan pays the administrator (GGAI) management fees of 2.35% per annum of the Plan's assets.
- b) 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 cheques returned and not honored.

# Advanced Education Savings Plan

## Notes to the financial statements

March 31, 2016

### 4. Subscriber contributions

The changes in the subscriber contributions for the year ended March 31, 2016 are as follow:

	<b>March 31, 2016</b>
	<b>\$</b>
Balance, beginning period	-
Amount contributed by subscribers	110,853
Account maintenance fees	(780)
Processing fee	(2,160)
Special service fees	(648)
Principal withdrawals on terminations or return of contribution	(3,274)
<b>Balance, end of period</b>	<b>103,991</b>

### 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. 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 is related to liquidity risk. As the Plan does not hold any investments as of March 31, 2016, there are no risks related to market (including interest rate or other price risk) and credit 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. The Plan's exposure to liquidity risk is concentrated in principal repayment to subscribers and payments of EAPs.

# Advanced Education Savings Plan

## Schedule 1- Educational assistance payment agreements

As at March 31, 2016

Year of eligibility	Number of units outstanding	Principal plus accumulated income	Government grants plus accumulated income	Total
		\$	\$	\$
2017	41	19,053	53	19,106
2018	87	20,533	-	20,533
2019	33	2,837	650	3,487
2020	5	2,570	-	2,570
2021	130	24,192	4,406	28,598
2022	113	3,920	850	4,770
2023	0	-	-	-
2024	14	77	1,510	1,587
2025	120	14,378	4,382	18,760
2026	65	1,569	-	1,569
2027	45	3,545	1,968	5,513
2028	29	80	-	80
2029	17	571	1,835	2,406
2030	123	655	622	1,277
2031	104	211	-	211
2032	75	542	-	542
2033	464	9,260	280	9,540
2034	89	2,464	500	2,964
<b>March 31, 2016</b>	<b>1,554</b>	<b>106,457</b>	<b>17,056</b>	<b>123,513</b>

# Advanced Education Savings Plan

## Schedule 2- Reconciliation of educational assistance agreements

As at March 31, 2016

	Opening agreements	Inflow agreements	Outflow agreements	Closing agreements
The following is a summary of Educational Assistance Payment contracts				
<b>2016</b>	-	<b>54</b>	-	<b>54</b>
The following reconciles Schedule 1 to the statements of financial position				
				<b>2016</b>
				\$
Total principal, government grants and accumulated income (Schedule 1)				<b>122,695</b>
Represented in the statements of financial position by				
Subscriber contributions				<b>103,991</b>
Accumulated government grants				<b>35,213</b>
Income earned on Subscriber contributions and government grants, net transferred				<b>3,306</b>
				<b>142,510</b>
Less: Government grants receivable				<b>18,997</b>
				<b>123,513</b>

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