Heritage Educational Foundation

IMPRESSION PLAN

(Education savings program provided by Heritage Foundation)

Financial Statements

Six months ended June 30, 2018

Unaudited semi-annual financial statements

The auditor has not reviewed the Plan's June 30, 2018 financial statements. The Foundation appoints an independent auditor to audit the Plan's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the interim financial statements, this must be disclosed in an accompanying notice.

IMPRESSION PLAN

Statements of Financial Position
(unaudited)

As at June 30, 2018 and December 31, 2017

		June 30, 2018		December 31, 2017
Assets				
Cash and cash equivalents	$	15,915	$	20,383
Investments, at fair value (note 3)		888,698		908,566
Accrued interest		5,562		4,699
Due from Foundation (note 5)		–		585
Net assets attributable to subscribers and beneficiaries	$	910,175	$	934,233
Number of units outstanding		87,557		90,239
Net assets per unit	$	10.40	$	10.35

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

On behalf of the Board of
the Heritage Education Foundation:

____________________ Director

____________________ Director

IMPRESSION PLAN

Statements of Comprehensive Income
(unaudited)

For the six months ended June 30, 2018 and 2017

		2018		2017
Income:				
Interest	$	9,944	$	9,376
Realized gains (losses), net		(7,390)		684
Change in unrealized gains (losses), net		3,804		9,915
		6,358		19,975
Expenses:				
Portfolio management fees		261		256
Increase in net assets attributable to subscribers and beneficiaries from operations	$	6,097	$	19,719
Increase in net assets attributable to subscribers and beneficiaries from operations per unit (note 4)	$	0.07	$	0.23

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

IMPRESSION PLAN

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

(unaudited)

For the six months ended June 30, 2018 and 2017

	2018	2017
Net assets attributable to subscribers and beneficiaries, beginning of period	$ 934,232	$ 899,006
Increase in net assets attributable to subscribers and beneficiaries:		
Subscribers' contributions	42,006	45,276
Government grants	17,087	13,055
	59,093	58,331
Decrease in net assets attributable to subscribers and beneficiaries:		
Educational assistance payments	-	(34,398)
Redemptions	(63,160)	(45,739)
	(63,160)	(80,137)
Net increase in net assets attributable to subscribers and beneficiaries	(26,087)	(21,806)
Increase in net assets attributable to subscribers and beneficiaries from operations	6,097	19,719
Net assets attributable to subscribers and beneficiaries, end of period	$ 910,175	$ 896,919

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

IMPRESSION PLAN

Statements of Cash Flows
(unaudited)

For the six months ended June 30, 2018 and 2017

		2018		2017
Cash provided by (used in):				
Operating activities:				
Increase in net assets attributable to subscribers and beneficiaries from operations	$	6,097	$	19,719
Items not involving cash:				
Change in unrealized losses (gains), net		(3,804)		(9,915)
Realized losses (gains), net		7,390		(684)
Amortization of bond premiums/discount		4,604		6,824
Change in non-cash operating items:				
Increase in accrued interest		(277)		949
Decrease in due from Foundation		-		2,500
Purchase of investments		(1,066,536)		(419,328)
Proceeds from sale of investments		1,078,212		363,003
		25,686		(36,932)
Financing activities:				
Subscribers' contributions		42,006		45,276
Government grants received, including transfer-ins		17,087		13,055
Educational assistance payments and redemptions		(89,247)		(80,137)
		(30,154)		(21,806)
Increase (decrease) in cash and cash equivalents		(4,468)		(58,738)
Cash and cash equivalents, beginning of period		20,383		67,911
Cash and cash equivalents, end of period	$	15,915	$	9,173
Supplemental cash flow information:				
Interest received	$	10,809	$	17,149

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

IMPRESSION PLAN

Schedule of Investment Portfolio

(unaudited)

June 30, 2018

Description	Interest rate	Maturity date	Face value	Amortized cost	Fair value
Government - federal					
Canada Government Bond	0.50%	11/01/2018	$ 5,000	$ 4,989	$ 4,984
Canada Government Bond	0.75%	08/01/2019	255,000	252,236	252,225
Canada Housing Trust Bond	3.80%	06/15/2021	20,000	20,760	20,911
Canada Housing Trust Bond	2.40%	12/15/2022	30,000	29,972	30,063
Canada Housing Trust Bond	2.35%	09/15/2023	15,000	15,190	14,956
Canada Housing Trust Bond	2.35%	03/15/2028	90,000	87,200	88,338
Canada Housing Trust Bond	2.65%	03/15/2028	50,000	50,007	50,356
Canada Government Bond	5.75%	06/01/2029	135,000	184,932	181,510
Canada Government Bond	5.75%	06/01/2033	10,000	14,127	14,480
Government - provincial					
Hydro Québec Debentures	11.00%	08/15/2020	20,000	21,954	23,639
Ontario Province CDA	6.50%	03/08/2029	80,000	101,946	106,270
British Columbia Province Debentures	5.70%	06/18/2029	10,000	11,059	12,732
Corporate financial institution bonds					
National Bank of Canada	1.96%	06/30/2022	20,000	19,455	19,326
Royal Bank of Canada Senior Notes	2.95%	05/01/2023	15,000	15,000	15,019
Bank of Montreal	2.89%	06/20/2023	10,000	9,998	9,976
Toronto Dominion Bank	1.99%	03/23/2022	15,000	15,000	14,586
Manulife Bank of Canada	2.08%	05/26/2022	10,000	10,000	9,701
Royal Bank of Canada Unsecured Notes	2.33%	12/05/2023	10,000	10,000	9,684
Nova Scotia Bank Unsecured Notes	3.10%	02/02/2028	10,000	9,997	9,942
Total portfolio			$ 810,000	$ 883,823	$ 888,698

See accompanying notes to financial statements.

IMPRESSION PLAN

Notes to Financial Statements
(unaudited)

As at June 30, 2018

The Impression Plan (the "Plan") was established on June 20, 2003 by the Heritage Educational Foundation (the "Foundation"), a not-for-profit corporation incorporated under the laws of Canada without share capital. The Foundation was incorporated and organized on December 1, 1986 and continued under the Canada Not-for-profit Corporations Act on July 28, 2014. Prior to August 28, 2018, the Plan was distributed by Heritage Education Funds Inc. ("HEFI").

Effective January 1, 2018, Knowledge First Financial Inc. ("KFFI") acquired control of all of the outstanding shares of HEFI. KFFI is incorporated under the laws of Canada and is a wholly owned subsidiary of Knowledge First Foundation ("KFF"). Concurrent with the acquisition of HEFI, certain directors of KFF became the directors of the Foundation, resulting in the Foundation being under the common management of KFF as of January 1, 2018. KFF is a not-for-profit organization that sponsors various Knowledge First Education Savings Plans ("KF Plans"). KFFI is the investment fund manager and distributor of the KF Plans. Effective August 28, 2018, HEFI and KFFI amalgamated under the Canada Business Corporations Act and the resulting entity will operate under the name Knowledge First Financial Inc. ("KFFI" or the "Distributor").

The Plan provides a savings vehicle for parents, grandparents and others ("subscriber" or "subscribers") to save for a designated child's (the "beneficiary") post-secondary education. The subscribers' contributions and the government grants are invested in government securities, guaranteed mortgages, mortgage-backed securities where all of the underlying mortgages are guaranteed mortgages, cash equivalents, guaranteed investment certificates ("GICs") and other evidences of indebtedness of Canadian financial institutions, where such securities of the financial institution have an approved credit rating. The income of the Plan is invested in fixed income securities as described above, corporate bonds, provided those corporate bonds have a minimum credit rating of BBB or equivalent, as rated by a designated rating organization; and may be invested in exchange-traded equity securities listed on a stock exchange in Canada such as the TSX. The subscriber enters into an Education Savings Plan contract (the "Contract") with the Foundation in accordance with the Plan's prospectus, pursuant to which the subscriber subscribes for units in the Plan. Unless otherwise defined herein, all capitalized terms have the meanings given to them in the Contract and the prospectus dated August 28, 2018 (the "Prospectus"). The address of the Plan's registered office is 50 Burnhamthorpe Road West, Mississauga, Ontario, Canada.

The financial statements were authorized for issue by the Board of Directors of the Foundation on August 29, 2018.

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

1. Significant accounting policies:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL"), which are accounted for and presented at fair value.

These financial statements are presented in Canadian dollars, which is the Plan's functional currency.

(a) Financial instruments:

(i) Recognition, initial measurement and classification:

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized in profit or loss. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

The Plan has designated its investments, including debt securities, at FVTPL.

Net assets attributable to subscribers and beneficiaries are classified as financial liabilities given the Plan's obligation to settle or redeem the units issued by the Plan with cash at the subscriber's option.

All other financial assets and financial liabilities are measured at amortized cost, and are classified as loans and receivables and other financial liabilities, respectively.

(ii) Fair value measurement:

Fair value is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair values of bonds, bank deposit notes and GICs are based on closing market prices, being the quoted price in an active market for that instrument. The fair values of cash equivalents, short-term investments and accrued interest approximate their carrying values due to the short-term nature of these financial instruments.

Net assets attributable to subscribers and beneficiaries are measured at the redemption amount and are considered to be a residual interest in the assets of the Plan after deducting all of its liabilities.

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

1. Significant accounting policies (continued):

(a) Financial instruments (continued):

(iii) Offsetting:

Financial assets and liabilities are offset and the net amount presented in the statements 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.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL.

(b) Investment transactions and income recognition:

Investment transactions are recorded on a settlement date basis. Realized gains or losses and changes in unrealized gains or losses are recognized in profit or loss in the year when such gains or losses occur.

Interest income is recorded on an accrual basis and includes amortization of any premiums or discounts on the purchase of the investments using the effective interest method.

(c) Subscribers' contributions and deferred sales charge:

Subscribers' contributions reflect all amounts received from the subscribers. Subscribers may redeem their Plan units at any time. Contributions to the Plan can be made up to and including December 31st of the 31st year following the year a Contract was entered into with the Foundation. There is an early withdrawal fee, in the form of a deferred sales charge, applicable should the subscribers discontinue or terminate their contracts within the first six years of enrolment, unless the withdrawal is an Educational Assistance Payment ("EAP") to a qualified student.

The deferred sales charge is the declining amount applied to the market value of the subscriber account based upon length of time the contributions are held in the Plan. The charge compensates the distributor for upfront commissions that were paid to the subscribers' dealing representative for selling the Plan. The deferred sales charge is paid to the Foundation on a monthly basis. The deferred sales charge is calculated on a prescribed schedule outlined in the Prospectus.

(d) Government contributions:

Canada Education Savings Grant ("CESG") contributions represent the amount of federal government grants received by the Plan pursuant to the CESG program. The amount of grant received under the program is 20% of annual contributions made into a Registered Education Savings Plan ("RESP") and has an annual maximum of $500 per eligible beneficiary up to December 31st of the year in which the beneficiary turns 17 years of age. An additional CESG amount may be available based on the

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

1. Significant accounting policies (continued):

(d) Government contributions (continued):

net family income of the beneficiary and provides for an additional grant of 20% on the first $500 of annual contributions for beneficiaries whose annual family net income does not exceed $45,916* and 10% on the first $500 of annual contributions for beneficiaries whose annual family net income is more than $45,916* but not more than $91,831*. The cumulative lifetime maximum of all CESG is $7,200 per eligible beneficiary.

The Government of Canada will provide a Canada Learning Bond ("CLB") in the amount of $500 for any child born on or after January 1, 2004, together with $25 to help cover the cost of opening an RESP. In addition, the primary care giver ("PCG") must be eligible to receive the Canada Child Benefit ("CCB"). Additional grants of $100 a year will be made automatically for the beneficiary up to age 15, for each year the family qualifies for CCB. The total CLB available for a beneficiary can amount to $2,000. The PCG must apply for the CCB within 10 years of the beneficiary's birth in order to be eligible for the full CLB entitlement of $2,000.

For residents of Québec, the provincial government provides the Québec Education Savings Incentive ("QESI"), which applies to contributions made on or after February 21, 2007 into the RESP, where a child named as a beneficiary is a resident of Québec. The basic credit is 10% of the net annual contribution to a maximum of $250 per year per eligible beneficiary. An additional QESI amount may be available based on the net family income of the beneficiary and provides for an additional grant of 10% on the first $500 of annual contributions for beneficiaries whose annual family net income does not exceed $42,705* and 5% on the first $500 of annual contributions for beneficiaries whose annual family net income is more than $42,705* but not more than $85,405*. The total lifetime maximum is $3,600 per eligible beneficiary.

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 of $250 per eligible beneficiary. The cumulative lifetime maximum for the SAGES is $4,500 per eligible beneficiary. On March 22, 2017, the government of Saskatchewan announced a temporary suspension of SAGES payments into an RESP effective January 1, 2018.

The government of British Columbia offers the new British Columbia Training and Education Savings Grant ("BCTESG") to each resident beneficiary born on or after January 1, 2006. 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 15, 2019 for children born in 2006 (ii) prior to August 15, 2018 for children born in 2007 and 2008, (iii) prior

* This amount is indexed each year based on the rate of inflation.

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

1. Significant accounting policies (continued):

(d) Government contributions (continued):

to August 15, 2018 for children born between January 1, 2009 and August 15, 2009 or (iv) 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 residents 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.

All grants received by the Plan with respect to a beneficiary are invested by the Plan and will ultimately be paid to the beneficiary in increments if the beneficiary becomes entitled to receive an EAP. Under various circumstances, including the case where a beneficiary does not become eligible for receipt of an EAP, the government grants must be repaid to the applicable government. After maturity, if a beneficiary does not enroll in eligible studies, the Plan is required to repay the grants, which are attributable to that beneficiary. Earnings on such grants may be withdrawn in cash or rolled over into a registered retirement savings plan in accordance with the provisions of the *Income Tax Act* (Canada). Government grants and accumulated income, therefore, are included in the net assets attributable to subscribers and beneficiaries. Accumulated income payments are included as part of the Educational Assistance Payments reflected in the statement of changes in net assets attributable to subscribers and beneficiaries.

(e) Income taxes:

The Plan is exempt from income taxes under Section 146.1 of the *Income Tax Act* (Canada).

(f) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit with RBC Investor & Treasury Services.

(g) Recently issued standards not yet adopted:

(i) IFRS 9, Financial Instruments ("IFRS 9"):

The final version of IFRS 9 was issued by the IASB in July 2014, and will replace IAS 39, Financial Instruments - Recognition and Measurement.

IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Management has completed the assessment of the impact of the adoption on the Plans and noted no measurement impact on the net assets attributable to subscribers and beneficiaries.

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

2. Critical accounting estimates and judgments:

In preparing these financial statements, management of the Foundation has made judgments, estimates and assumptions as applicable, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis, specifically as it relates to the valuation of investments depending on their nature. Actual results may differ from these estimates. Revisions to estimates are recognized prospectively.

3. Investments:

The Plan's accounting policy on fair value measurements is discussed in Note 1.

The Plan uses a three-tier hierarchy for disclosing fair value based on inputs used to value the Plan's investments. The hierarchy of inputs is summarized below:

- Level 1:

  Quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- 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).

- Level 3:

  Input for the assets that are based on unobservable market data.

The Plan's investments are all classified as Level 2 and there were no transfers between levels during the period ended June 30, 2018 and December 31, 2017.

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

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

3. Investments (continued):

The face value, cost/amortized cost and fair value of investments by contractual maturity are as follows:

June 30, 2018:

Term to maturity	Face value	Amortized cost	Fair value	Yield
Level 2:				
Government of Canada and federally guaranteed bonds:				
Due within one year	$ 5,000	$ 4,989	$ 4,984	1.45%
Due in one to five years	320,000	318,158	318,156	1.88%
Due after five years	285,000	336,268	334,680	2.34%
	610,000	659,415	657,820	
Provincial and provincially guaranteed bonds:				
Due in one to five years	20,000	21,953	23,639	2.20%
Due after five years	90,000	113,005	119,006	2.89%
	110,000	134,958	142,645	
Corporate financial institution bonds:				
Due in one to five years	80,000	79,453	78,291	2.88%
Due after five years	10,000	9,997	9,942	3.17%
	90,000	89,450	88,233	
Portfolio total	$ 810,000	$ 883,823	$ 888,698	

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

3. Investments (continued):

December 31, 2017:

Term to maturity	Face value	Amortized cost	Fair value	Yield
Level 2:				
Government of Canada and federally guaranteed bonds:				
Due within one year	$ 45,000	$ 44,759	$ 44,644	1.46%
Due in one to five years	225,000	224,479	224,879	1.67%
Due after five years	240,000	336,989	329,303	2.11%
	510,000	606,227	598,826	
Provincial and provincially guaranteed bonds:				
Due within one year	20,000	19,998	20,177	1.31%
Due in one to five years	20,000	22,409	24,871	2.01%
Due after five years	90,000	114,070	121,838	2.73%
	130,000	156,477	166,586	
Corporate financial institution bonds:				
Due in one to five years	80,000	79,996	78,619	2.41%
Due after five years	10,000	9,999	9,743	2.69%
	90,000	89,995	88,362	
Short-term investments:				
Due within one year	55,000	54,792	54,792	1.00%
	55,000	54,792	54,792	
Portfolio total	$ 785,000	$ 907,491	$ 908,566	

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

4. Capital management:

The capital of the Plan is represented by units with no par value. The units of the Plan are entitled to subscribers' contributions, government contributions and accumulated income, if any. At maturity or forfeiture, subscribers will be entitled to a payout as outlined in the Prospectus. Restrictions on subscribers' contributions are outlined in the Prospectus and defined by the *Income Tax Act* (Canada). Restrictions on payment from the Plan are also outlined in the Prospectus and are dependent on whether the beneficiary qualifies for the payments under the Plan. The relevant movements in net assets attributable to subscribers and beneficiaries are shown on the statements of changes in net assets attributable to subscribers and beneficiaries. The Plan endeavours to invest subscribers' contributions and government grants received in permissible investments while maintaining sufficient liquidity to meet subscribers' obligation.

The Plan's units are valued monthly to establish a monthly net asset value per unit. The monthly net asset value per unit is calculated by dividing the net assets attributable to subscribers and beneficiaries by the number of units in the Plan at the last business day of the preceding month, reflected as the closing net asset value per unit.

The net asset value per unit is used to determine the number of units purchased by subscribers' contributions and government grants. The number of units held in the subscribers' account and the net asset value per unit are subsequently used to determine the value of subscribers' accounts which can be paid to the subscriber and/or to the beneficiary, subject to the settlement rules outlined in the Prospectus.

The withdrawal or cancellation of units are valued at the net asset value per unit price at the end of the preceding month. The cancellation of the Plan may occur within or after the 60-day period from the date of the Contract. If the cancellation of the Plan is done within the 60-day period, the subscriber will receive a refund of all contributions, including all fees paid to-date. The total value of the Plan at any given time is calculated as the number of units in the Plan multiplied by the net asset value per unit at the last business day of the preceding month.

If the cancellation is requested after the 60-day period, the subscriber will receive all contributions less fees. When the Plan is cancelled or terminated, any accumulated government grants will be returned to the applicable government. The subscriber is eligible to request the income as an accumulated income payment provided certain criteria are met and this will be the total value of the Plan less the applicable government grants.

At maturity from the total value of the Plan, the contributions are returned to the subscriber and the government grants and the income earned on contributions and grants are paid to the beneficiary.

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

5. Related party transactions:

An annualized management fee of 1.95% is paid to the Foundation based on the aggregate market value of the Plan. The management fee is inclusive of administrative, trustee and portfolio management fees and is accrued monthly in arrears. At its discretion, the Foundation may waive any fees for any period. For the period ended June 30, 2018 and year ended December 31, 2017, the Foundation has waived the administrative and the trustee fees.

At June 30, 2018, the amount receivable from the Foundation, which is due on demand and non-interest bearing, is $nil (December 31, 2017 - $585).

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

For the six months ended June 30, 2017

6. Risk management:

The investment objectives of the Plan are to preserve capital while maximizing the long-term rate of return for subscribers. The Plan is affected by changes in economic environments and capital markets and, as a result, the Plan faces various risk factors in the course of its normal investment activities. These risk factors are primarily credit risk, liquidity risk and market risk. In order to proactively address these risks, management has engaged a third party portfolio adviser, Scotia Institutional Asset Management, a division of 1832 Asset Management L.P. ("SIAM") to assist in investing the subscribers' contributions and the investment income earned thereon. Management and SIAM perform periodic reviews of the investment portfolio to comply with the stated investment objectives.

(a) Credit risk:

Credit risk is the risk of financial loss to the Plan if the issuer of a debt fails to meet its contractual obligations. This risk is mitigated by the Plan's investment strategy of investing in those debt securities with an approved credit rating, as defined in Section 1.1 of NI 81–102 and is further detailed in the Investment Risks section of the Prospectus. The Plan's credit risk exposure is as follows:

	Percentage of total portfolio	
Credit rating	June 30, 2018	December 31, 2017
AAA	82.0	73.4
AA	-	-
AA-	6.8	7.5
A+	9.1	16.8
A	2.1	2.3
Total	100.0	100.0

The Plan's maximum credit risk exposure as at the reporting dates is represented by the respective carrying amounts of the financial assets in the statements of financial position.

The Plan's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Plan mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

The Plan's cash and cash equivalents are held mainly with RBC Investor & Treasury Services, which is rated AA- (December 31, 2017 - AA-) based on the rating agency ratings. The Foundation monitors the financial position of RBC Investor & Treasury Services on a quarterly basis.

IMPRESSION PLAN

Notes to Financial Statements (continued)
(unaudited)

As at June 30, 2018

6. Risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Plan will encounter difficulty in meeting the obligations associated with its financial liabilities. The Plan minimizes this risk by (i) maintaining sufficient cash, (ii) selecting investments for the portfolio that are active in the market and can be readily sold, and (iii) ensuring cash will be available by the anticipated payout dates applicable to the subscribers.

(c) Market risk:

Market risk is the risk that changes in market prices will affect the Plan's income or value of its investment holdings. The Plan's portfolio adviser attempts to mitigate this risk by periodically reviewing market conditions and the performance of the portfolio and by making necessary changes to the portfolio in accordance with the Plan's investment objectives. Management has identified interest rate risk as a major risk factor related to the fixed income portfolio. This risk is outlined in detail in the Investment Risks section of the Prospectus dated August 29, 2018.

Interest rate risk:

Interest rate risk is that the changes in interest rates could affect the value of fixed income securities held in the Plan's investment portfolio. A rise in interest rates may have a negative effect on the bid prices of fixed income securities while a decrease in interest rates may have a positive effect on the bid price of fixed income securities held by the Plan.

Interest rate risk	Risk criteria	June 30, 2018	December 31, 2017
Fixed income	25-basis-points change in interest rate	$ 12,097	$ 13,763

IMPORTANT REMINDER

If you have not provided the Heritage Educational Foundation (the Foundation) with your beneficiary's Social Insurance Number (SIN), please note that it must be provided to the Foundation no later than 24 months from your plan's start date. Once we receive the SIN, your plan can become registered and can start collecting the Canada Education Savings Grant (CESG) and other grants depending on your net taxable income or your province of residence. If you have not yet applied for one, please visit your nearest Service Canada office or go to ServiceCanada.gc.ca for more information on how you can apply for your beneficiary's SIN.

YOUR PRIVACY MATTERS TO US

The Foundation is committed to protecting your privacy in accordance with our Privacy Policy, which can be found on our website at HeritageRESP.com/privacy. When you enroll in a Heritage Plan, we collect personal information about you and your beneficiary, which is used to administer your plan to the extent required by law. Certain information will be disclosed to the federal and applicable provincial government to register your plan under the Income Tax Act and to apply for federal and provincial grants, where applicable. We may also use your name and contact information (including email address, if provided) to advise you of relevant additional products and services offered by Heritage. We may also share your contact information (including email address, if provided) with certain trusted business partners, some of which may be affiliates of the Foundation, in order to offer products and services that we believe will be of value to you. Subject to the exceptions noted above, all information is kept strictly confidential. If you prefer not to receive future communications from us or our partners about the opportunities offered through Heritage please let us know by calling 1.800.739.2101 or emailing us at CustomerCare@HeritageRESP.com.

HERITAGE Educational Foundation

FOR MORE INFORMATION CONTACT:

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1088-HFD-IP-ENG/08.18