

Knowledge First Financial

Heritage Plans

(Education savings program provided by Heritage Educational Foundation)

Financial Statements

For the six months ended June 30, 2019

Unaudited semi-annual financial statements

The auditor has not reviewed the Plan's June 30, 2019 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.

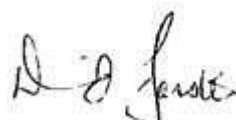
HERITAGE PLANS
STATEMENTS OF FINANCIAL POSITION
As at June 30, 2019 and December 31, 2018
All amounts in Canadian dollars

	June 30, 2019	December 31, 2018
	(Unaudited)	(Audited)
Assets		
Current Assets		
Cash	783,147	4,915,651
Investments (Note 5)	2,702,886,699	2,505,409,591
Government grants receivable	3,689,806	3,541,442
Due from Heritage Educational Foundation (Note 7)	55,762,451	13,430,434
Accrued interest and dividends	12,914,013	13,584,324
	<u>2,776,036,116</u>	<u>2,540,881,442</u>
Liabilities		
Current Liabilities		
Accounts payable and other liabilities	492,140	460,127
Sales charges obligation (Note 8)	988,903	1,059,338
	<u>1,481,043</u>	<u>1,519,465</u>
Net assets attributable to subscribers and beneficiaries (Note 6)	<u>2,774,555,073</u>	<u>2,539,361,977</u>

Approved by the Board of Directors of Heritage Educational Foundation



_____, Director



_____, Director

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

HERITAGE PLANS
STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended June 30, 2019 and 2018

All amounts in Canadian dollars

	2019	2018
Income		
Interest income	26,124,352	20,769,573
Dividend income	8,520,071	15,164,544
Other income	-	(27,425)
Other changes in fair value of investments:		
Net realized gains (losses) on investments	96,770,522	(4,087,984)
Net change in unrealized gains (losses) on investments	39,726,037	(17,002,149)
Total income (net)	171,140,982	14,816,559
Expenses		
Administration fees (Note 7)	7,088,464	7,100,808
Investment counsel fees	1,167,683	1,308,523
Independent review committee fees	20,132	11,825
Trustee fees	52,715	44,600
Transaction costs	285,420	-
Total expenses	8,614,414	8,465,756
Increase in net assets attributable to subscribers and beneficiaries	162,526,568	6,350,803

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

HERITAGE PLANS
STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO
SUBSCRIBERS AND BENEFICIARIES (UNAUDITED)

For the six months ended June 30, 2019 and 2018

All amounts in Canadian dollars

	2019	2018
Net assets attributable to subscribers and beneficiaries, beginning of period	2,539,361,977	2,519,533,427
Subscribers' contributions		
Contributions and transfers in	88,834,952	88,134,405
Return of subscribers' contributions and transfers out	(19,460,365)	(17,344,030)
	<u>69,374,587</u>	<u>70,790,375</u>
Government grants		
Government grant contributions	23,768,761	26,288,221
Government grant repayments and transfers	(800,807)	(752,383)
Government grant payments to beneficiaries	(4,976,237)	(3,548,751)
	<u>17,991,717</u>	<u>21,987,087</u>
Accumulated income		
Increase in net assets attributable to subscribers and beneficiaries	162,526,568	6,350,803
Education Assistance Payments – Group Plan	(5,886,236)	(6,045,484)
Education Assistance Payments – Self-Determined Plan	(6,470,789)	(6,613,440)
Payments of government grant income to beneficiaries	(2,339,146)	(1,359,121)
Repayment of sales charges	(3,605)	(109,953)
	<u>147,826,792</u>	<u>(7,777,195)</u>
Net assets attributable to subscribers and beneficiaries, end of year	<u>2,774,555,073</u>	<u>2,604,533,694</u>

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

HERITAGE PLANS
STATEMENTS OF CASH FLOWS (UNAUDITED)

For the six months ended June 30, 2019 and 2018

All amounts in Canadian dollars

	2019	2018
Cash flows from (used in) operating activities		
Increase in net assets attributable to subscribers and beneficiaries	162,526,568	6,350,803
Adjustments for:		
Net change in unrealized losses (gains)	(39,726,037)	17,002,149
Net realized losses (gains) on investments	(96,770,522)	4,087,984
Amortization of bond discounts/premiums	4,550,744	7,688,390
Decrease (increase) in accrued interest	670,311	(1,776,637)
Change in sales charge obligation	(70,435)	(603,034)
Increase (Decrease) in due to/from Heritage Educational Foundation	(42,332,017)	(1,644,539)
Increase in unclaimed subscribers' contributions	-	3,067,927
Increase (decrease) in accounts payable and other liabilities	32,013	(24,000)
Purchase of investments	(3,007,575,915)	(2,474,488,121)
Proceeds from sale or maturity of investments	2,941,966,696	2,363,841,714
Net cash flow from operating activities	(76,728,594)	(76,497,364)
Cash flows from (used in) financing activities		
Subscribers' contributions	88,834,952	88,134,405
Return of subscribers' contributions	(19,460,365)	(17,344,030)
Government grant receipts	23,768,761	26,339,192
Government grants paid to beneficiaries and transfer-outs	(4,976,237)	(3,548,751)
Government grant repayments and transfers	(800,807)	(752,383)
Income payments to beneficiaries		
Education Assistance Payments	(12,431,068)	(12,768,877)
Government Grants	(2,339,146)	(1,410,092)
Net cash used in financing activities	72,596,090	78,649,464
Net (decrease) increase in cash	(4,132,504)	2,152,100
Cash, beginning of period	4,915,651	8,999,794
Cash, end of period	783,147	11,151,894
Supplementary Information		
Interest received *	22,075,577	11,769,499
Dividends received *	8,520,071	15,038,185
-* Included in operating activities		

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

HERITAGE PLANS
SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2019

All amounts in Canadian dollars

Bond Name	Coupon %	Maturity Date	Par Value \$	Cost \$	Fair Value \$
FEDERAL (50.1%)					
CANADA HOUSING TRUST	3.80%	2021-06-15	11,165,000	11,530,334	11,629,105
CANADA HOUSING TRUST	1.20%	2020-06-15	333,000,000	331,288,013	331,342,516
CANADA HOUSING TRUST	1.25%	2020-12-15	150,000,000	149,123,598	149,104,216
CANADA HOUSING TRUST	2.35%	2027-06-15	19,750,000	19,450,339	20,506,907
CANADA HOUSING TRUST	2.35%	2028-03-15	61,875,000	60,119,757	64,315,686
CANADA HOUSING TRUST	2.65%	2028-03-15	242,765,000	240,014,357	258,166,175
CANADA HOUSING TRUST	2.65%	2028-12-15	113,435,000	111,275,383	121,048,768
GOVERNMENT OF CANADA	0.75%	2020-09-01	275,000,000	272,252,775	272,142,357
GOVERNMENT OF CANADA	2.00%	2028-06-01	119,710,000	121,291,019	125,147,106
				<u>1,316,345,575</u>	<u>1,353,402,836</u>
PROVINCIAL (8.6%)					
HYDRO-QUEBEC	11.00%	2020-08-15	40,135,000	42,297,402	44,250,345
PROVINCE OF ONTARIO	6.50%	2029-03-08	136,745,000	171,165,994	187,939,380
				<u>213,463,396</u>	<u>232,189,725</u>
CORPORATE (16.7%)					
407 INTERNATIONAL INC	2.43%	2027-05-04	7,000,000	6,899,765	7,089,848
ALECTRA INC	2.49%	2027-05-17	5,000,000	4,938,085	5,050,088
ALTALINK LP	3.40%	2024-06-06	7,000,000	7,346,147	7,418,582
BANK OF MONTREAL	2.89%	2023-06-20	32,000,000	31,997,924	33,037,533
BANK OF MONTREAL	3.19%	2028-03-01	7,000,000	7,289,167	7,501,555
BANK OF NOVA SCOTIA	3.10%	2028-02-02	17,540,000	17,539,333	18,670,668
BANK OF NOVA SCOTIA	2.98%	2023-04-17	20,000,000	20,510,185	20,684,509
BCIMC REALTY CORPORATION	3.00%	2027-03-31	7,000,000	7,197,703	7,298,744
BELL CANADA	2.70%	2024-02-27	7,000,000	7,009,093	7,089,681
BMW CANADA INC	1.88%	2020-12-11	10,000,000	9,946,592	9,969,877
BRUCE POWER LP	4.01%	2029-06-21	2,500,000	2,668,878	2,668,206
CANADIAN IMPERIAL BANK OF COMMERCE	3.30%	2025-05-26	5,000,000	5,238,898	5,320,131
CANADIAN IMPERIAL BANK OF COMMERCE	2.97%	2023-07-11	20,000,000	20,536,727	20,703,388
CANADIAN NATIONAL RAILWAY COMPANY	2.80%	2025-09-22	2,500,000	2,552,593	2,585,525
DAIMLER CANADA FINANCE INC	3.30%	2022-08-16	10,000,000	10,226,369	10,289,466
FORTIFIED TRUST	2.56%	2024-03-23	10,000,000	10,061,613	10,170,589

GREATER TORONTO AIRPORTS AUTHORITY	2.73%	2029-04-03	5,000,000	5,016,658	5,162,786
GREAT-WEST LIFE CO INC	3.34%	2028-02-28	7,000,000	7,329,076	7,509,207
HSBC BANK CANADA	3.25%	2023-09-15	25,000,000	25,715,333	26,016,679
HUSKY ENERGY INC	3.55%	2025-03-12	5,000,000	5,145,812	5,207,607
MANUFACTURERS LIFE INSURANCE COMPANY	3.18%	2027-11-22	7,000,000	7,174,280	7,222,302
MANULIFE BANK OF CANADA	2.08%	2022-05-26	25,000,000	25,000,000	25,008,529
NATIONAL BANK OF CANADA	1.81%	2021-07-26	15,000,000	14,914,904	14,963,166
NATIONAL BANK OF CANADA	1.96%	2022-06-30	15,980,000	15,650,280	15,957,879
NORTH WEST REDWATER PARTNERSHIP	3.20%	2026-04-24	5,000,000	5,126,734	5,199,749
OMERS REALTY CORPORATION	3.33%	2025-06-05	7,000,000	7,328,963	7,395,861
PEMBINA PIPELINE CORPORATION	4.02%	2028-03-27	2,500,000	2,631,261	2,683,589
RIOCAN REAL ESTATE INVESTMENT TRUST	3.29%	2024-02-12	5,000,000	5,089,430	5,137,630
ROYAL BANK OF CANADA	2.33%	2023-12-05	39,925,000	39,925,000	40,383,609
ROYAL BANK OF CANADA	2.95%	2023-05-01	33,400,000	33,400,000	34,523,334
SUNCOR ENERGY INC	3.10%	2029-05-24	7,000,000	6,983,296	7,170,410
TELUS CORPORATION	3.35%	2024-04-01	7,000,000	7,210,091	7,284,756
TORONTO-DOMINION BANK	3.23%	2024-07-24	12,000,000	12,342,304	12,678,807
TORONTO-DOMINION BANK	1.99%	2022-03-23	29,550,000	29,550,000	29,580,354
TOYOTA CREDIT CANADA INC	2.70%	2023-01-25	2,500,000	2,528,430	2,547,840
TRANSCANADA PIPELINES LIMITED	3.30%	2025-07-17	7,000,000	7,217,728	7,336,544
VW CREDIT CANADA INC	3.25%	2023-03-29	7,000,000	7,110,444	7,173,042
				<u>444,349,096</u>	<u>451,692,070</u>
SHORT TERM SECURITIES (3.1%)					
GOVERNMENT OF CANADA	0.00%	2019-10-17	83,715,000	83,295,802	83,295,768
GOVERNMENT OF CANADA	0.00%	2019-09-05	475,000	473,553	473,519
				<u>83,769,355</u>	<u>83,769,287</u>
TOTAL DEBT				<u>2,057,927,422</u>	<u>2,121,053,918</u>

EQUITIES	# of Shares	Cost \$	Fair Value \$
COMMUNICATION SERVICES (0.2%)			
BCE INC	3,900	235,937	232,362
COGECO INC	200	16,908	16,712
COGECO COMMUNICATIONS INC	8,100	704,396	762,858
CORUS ENTERTAINMENT INC	106,300	737,439	652,682
QUEBECOR INC	156,500	2,998,829	4,881,235
BCE INC	3,900	<u>235,937</u>	<u>232,362</u>
		<u>4,703,157</u>	<u>6,555,531</u>
CONSUMER DISCRETIONARY (0.2%)			
A&W REVENUE ROYALTIES INCOME FUND	2,200	91,617	95,986
ARITZIA INC	32,300	614,982	541,994
BRP INC	35,300	1,469,715	1,652,040
BOSTON PIZZA ROYALTIES INCOME FUND	100	1,759	1,741
DIVERSIFIED ROYALTY CORP	1,700	5,398	5,236
DOLLARAMA INC	7,200	318,210	331,704
GILDAN ACTIVEWEAR INC	23,300	1,035,911	1,180,844
KEG ROYALTIES INCOME FUND	2,000	34,674	34,380
MTY FOOD GROUP INC	3,400	205,147	222,224
MARTINREA INTERNATIONAL INC	48,100	650,636	522,366
PARK LAWN CORPORATION	9,100	267,962	261,807
PIZZA PIZZA ROYALTY CORP	1,400	14,537	13,986
REAL MATTERS INC	12,500	73,367	85,625
RESTAURANT BRANDS INTERNATIONAL INC	3,600	321,834	327,852
TRANSAT AT INC	18,300	<u>181,419</u>	<u>246,867</u>
		<u>5,287,168</u>	<u>5,524,652</u>
CONSUMER STAPLES (0.2%)			
ALIMENTATION COUCHE-TARD INC	4,200	357,484	346,122
ANDREW PELLER LIMITED	200	2,793	2,750
CORBY SPIRIT AND WINE LIMITED	600	10,957	10,890
EMPIRE COMPANY LIMITED	31,700	916,590	1,045,466
MAPLE LEAF FOODS INC	17,200	444,830	493,296
METRO INC	5,100	190,795	250,614
NORTH WEST COMPANY INC	103,500	2,891,228	3,093,615
ROGERS SUGAR INC	2,600	15,858	14,586

		4,830,535	5,257,339
ENERGY (0.9%)			
ATHABASCA OIL CORPORATION	1,800	1,674	1,332
CAMECO CORPORATION	28,000	414,365	393,120
CENOVUS ENERGY INC	1,200	13,780	13,860
CRESCENT POINT ENERGY CORP	116,349	606,878	503,791
CREW ENERGY INC	3,100	3,453	2,511
ENBRIDGE INC	92,811	4,517,719	4,389,960
ENERFLEX LTD	23,800	427,642	405,790
ENERPLUS CORPORATION	50,423	617,795	496,667
ENSIGN ENERGY SERVICES INC	700	3,629	3,003
GIBSON ENERGY INC	78,500	1,728,700	1,832,975
HUSKY ENERGY INC	21,100	306,587	261,851
IMPERIAL OIL LIMITED	30,200	1,338,805	1,095,052
INTER PIPELINE LTD	39,300	1,137,451	800,541
PAREX RESOURCES INC	154,600	3,449,502	3,248,146
PARKLAND FUEL CORPORATION	33,900	790,903	1,408,545
PASON SYSTEMS INC	63,600	1,283,111	1,207,128
PEMBINA PIPELINE CORPORATION	34,800	1,631,028	1,696,500
STORM RESOURCES LTD	600	1,271	1,086
SUNCOR ENERGY INC	106,100	4,636,681	4,334,185
TC ENERGY CORPORATION	41,700	2,504,572	2,707,164
TIDEWATER MIDSTREAM & INFRASTRUCTURE LTD	1,200	1,780	1,716
TRANSGLOBE ENERGY CORPORATION	1,600	4,183	2,928
		<u>25,421,509</u>	<u>24,807,851</u>
FINANCIALS (2.1%)			
BANK OF MONTREAL	42,600	4,114,813	4,213,992
BANK OF NOVA SCOTIA	39,400	2,843,701	2,771,396
BROOKFIELD ASSET MANAGEMENT INC	500	32,215	31,325
CI FINANCIAL CORP	138,100	3,868,916	2,947,054
CANACCORD GENUITY GROUP INC	4,800	27,228	28,800
CANADIAN IMPERIAL BANK OF COMMERCE	20,200	2,265,946	2,080,196
CANADIAN WESTERN BANK	8,900	267,225	265,843
ECN CAPITAL CORP	7,700	34,064	32,494
ELEMENT FLEET MANAGEMENT CORP	92,400	856,406	883,344
FIERA CAPITAL CORPORATION	1,500	18,006	16,920

GENWORTH MI CANADA INC	300	12,456	12,432
GREAT-WEST LIFE CO INC	15,800	502,767	476,370
GUARDIAN CAPITAL GROUP LIMITED	300	7,104	7,335
IGM FINANCIAL INC	3,400	126,626	127,126
IA FINANCIAL CORPORATION INC	18,100	937,801	965,454
INTACT FINANCIAL CORPORATION	21,500	1,956,684	2,601,930
MANULIFE FINANCIAL CORPORATION	92,300	2,251,962	2,196,740
NATIONAL BANK OF CANADA	71,900	4,514,466	4,472,899
ONEX CORPORATION	300	23,502	23,697
POWER CORPORATION OF CANADA	76,200	2,052,242	2,149,602
POWER FINANCIAL CORP	59,500	1,779,906	1,792,140
ROYAL BANK OF CANADA	136,900	13,687,708	14,247,183
SUN LIFE FINANCIAL INC	75,600	3,212,815	4,099,788
TMX GROUP LIMITED	16,700	1,514,423	1,521,370
TORONTO-DOMINION BANK	118,200	7,554,178	9,044,664
TRISURA GROUP LTD	300	9,098	8,997
		<u>54,472,258</u>	<u>57,019,091</u>
HEALTH CARE (0.1%)			
BAUSCH HEALTH AMERICAS, INC	60,300	1,887,159	1,992,312
CRH MEDICAL CORPORATION	10,800	43,402	42,552
EXTENDICARE INC	34,600	285,932	290,294
KNIGHT THERAPEUTICS INC	200	1,480	1,544
		<u>2,217,973</u>	<u>2,326,702</u>
INDUSTRIALS (1.4%)			
AG GROWTH INTERNATIONAL INC	5,400	316,898	297,000
ATS AUTOMATION TOOLING SYSTEMS INC	66,300	1,378,478	1,412,190
AIR CANADA	92,500	3,418,035	3,671,325
BADGER DAYLIGHTING LTD	2,400	111,917	114,672
BLACK DIAMOND GROUP LIMITED	900	2,361	1,845
BOYD GROUP INCOME FUND	23,300	1,541,288	3,855,451
CAE INC	123,300	3,646,705	4,341,393
CANADIAN NATIONAL RAILWAY COMPANY	72,300	8,839,629	8,762,760
CANADIAN PACIFIC RAILWAY LIMITED	26,900	8,043,582	8,296,767
CERVUS EQUIPMENT CORPORATION	100	1,214	1,214
HEROUX-DEVTEK INC	1,600	25,332	30,656

HORIZON NORTH LOGISTICS INC	30,800	72,765	57,288
IBI GROUP INC	100	501	500
MAGELLAN AEROSPACE CORPORATION	1,900	34,412	30,970
MORNEAU SHEPELL INC	10,700	265,182	316,399
NFI GROUP INC	3,400	114,147	125,460
RUSSEL METALS INC	12,300	291,097	271,830
TFI INTERNATIONAL INC	12,300	382,747	487,449
TOROMONT INDUSTRIES LTD	18,000	641,949	1,117,260
WSP GLOBAL INC	10,700	562,273	771,363
WASTE CONNECTIONS INC	20,000	1,334,380	2,502,000
WESTPORT FUEL SYSTEMS INC	12,500	41,307	44,375
WESTSHORE TERMINALS INVESTMENT CORP	1,800	38,218	39,564
		<u>31,104,417</u>	<u>36,549,731</u>

INFORMATION TECHNOLOGY (0.5%)

ABSOLUTE SOFTWARE CORPORATION	13,400	119,781	106,932
CGI INC	21,700	1,964,127	2,184,756
CONSTELLATION SOFTWARE INC	5,700	6,477,359	7,035,225
DESCARTES SYSTEMS GROUP INC	23,800	1,284,327	1,153,110
ENGHOUSE SYSTEMS LIMITED	9,200	281,852	318,596
EVERTZ TECHNOLOGIES LIMITED	3,900	68,054	71,448
OPEN TEXT CORP	39,600	1,427,543	2,139,984
SHOPIFY INC	2,300	886,573	905,234
		<u>12,509,616</u>	<u>13,915,285</u>

MATERIALS (0.7%)

ACADIAN TIMBER CORP	100	1,674	1,647
AGNICO EAGLE MINES LIMITED	100	6,734	6,714
ALACER MANAGEMENT CORP	67,200	253,194	305,760
ALAMOS GOLD INC	6,900	55,120	54,510
ARGONAUT GOLD INC	13,600	23,526	24,208
BARRICK GOLD CORPORATION	17,900	369,863	369,993
B2GOLD CORP	20,400	81,236	81,192
CASCADES INC	19,400	276,474	204,476
CENTERRA GOLD INC	37,700	298,515	347,594
DETOUR GOLD CORPORATION	27,000	353,386	446,040
DUNDEE PRECIOUS METALS INC	38,200	166,017	186,416

ECOSYNTHETIX INC	4,200	11,415	12,894
ELDORADO GOLD CORPORATION	79,786	449,703	607,171
FRANCO-NEVADA CORPORATION	3,200	348,087	355,680
GOLDEN STAR RESOURCES LTD	900	4,663	4,770
IVANHOE MINES LTD	2,100	8,636	8,736
KINROSS GOLD CORPORATION	26,500	134,887	134,090
KIRKLAND LAKE GOLD INC	68,900	2,975,951	3,887,338
LABRADOR IRON ORE ROYALTY CORPORATION	105,000	3,251,712	3,677,100
LARGO RESOURCES LTD	2,600	4,589	4,706
LUCARA DIAMOND CORP	2,100	3,283	3,318
LUNDIN GOLD INC	1,100	6,528	7,216
LUNDIN MINING CORPORATION	231,425	1,660,246	1,668,574
METHANEX CORPORATION	10,500	682,817	624,225
NEW GOLD INC	61,700	71,611	78,359
NORANDA INCOME FUND	14,500	40,730	38,135
NORBORD INC	21,200	723,141	688,152
NOVAGOLD RESOURCES INC	1,400	10,389	10,794
NUTRIEN LTD	4,800	331,661	336,240
OCEANAGOLD CORP	33,900	137,415	121,362
PRETIUM RESOURCES INC	11,800	153,756	154,462
ROXGOLD INC	5,400	5,791	5,832
SSR MINING INC	63,900	890,441	1,145,088
SEMAFO INC	10,300	49,537	53,148
SILVERCORP METALS INC	18,300	57,524	59,292
TECK RESOURCES LIMITED	52,200	1,600,757	1,577,484
TERANGA GOLD CORPORATION	1,700	6,466	6,817
TOREX GOLD RESOURCES INC	17,400	319,940	234,204
WESDOME GOLD MINES LTD	51,600	249,518	278,124
WEST FRASER TIMBER CO LTD	200	11,820	11,940
WHEATON PRECIOUS METALS CORP	4,500	143,358	142,515
WINPAK LTD	11,700	516,896	505,440
YAMANA GOLD INC	21,000	68,503	69,720
		<u>16,817,510</u>	<u>18,541,476</u>
REAL ESTATE (0.8%)			
ALLIED PROPERTIES REAL ESTATE INVESTMENT	14,800	675,116	701,076
ARTIS REAL ESTATE INVESTMENT TRUST	5,400	63,215	62,802

BTB REAL ESTATE INVESTMENT TRUST	1,200	5,654	5,664
CT REAL ESTATE INVESTMENT TRUST	800	11,606	11,376
CANADIAN APARTMENT PROPERTIES REIT	48,000	1,511,704	2,321,280
COLLIERS INTERNATIONAL GROUP INC	2,200	185,241	205,986
COMINAR REAL ESTATE INVESTMENT TRUST	500	6,118	6,255
CROMBIE REAL ESTATE INVESTMENT TRUST	103,100	1,358,479	1,552,686
DREAM UNLIMITED CORP	300	2,210	2,181
DREAM OFFICE REIT	2,800	66,942	66,192
DREAM INDUSTRIAL REIT	20,400	239,453	240,720
DREAM GLOBAL REIT	81,700	1,021,556	1,115,205
FIRST CAPITAL REALTY INC	92,500	1,872,253	2,022,050
FIRSTSERVICE CORPORATION	2,400	293,417	302,400
GRANITE REAL ESTATE INVESTMENT TRUST	66,900	3,387,188	4,033,401
H&R REAL ESTATE INVESTMENT TRUST	68,200	1,463,501	1,557,688
INOVALIS REAL ESTATE INVESTMENT TRUST	2,800	29,267	27,972
INTERRENT REAL ESTATE INVESTMENT TRUST	54,300	695,383	749,340
KILLAM APARTMENT REIT	73,900	1,159,748	1,388,581
MORGUARD NORTH AMERICAN RESIDENTIAL REAL	1,400	25,260	25,788
MORGUARD REAL ESTATE INVESTMENT TRUST	600	7,244	7,290
NORTHVIEW APARTMENT REIT	12,400	336,727	333,560
NORTHWEST HEALTHCARE PROPERTIES REIT	6,200	73,104	73,036
PLAZA RETAIL REIT	3,700	15,487	15,466
RIOCAN REAL ESTATE INVESTMENT TRUST	107,900	2,599,429	2,804,321
SMARTCENTRES REIT	33,400	1,004,602	1,109,214
SUMMIT INDUSTRIAL INCOME REIT	60,100	781,549	774,088
TRICON CAPITAL GROUP INC	6,900	72,912	69,000
TRUE NORTH COMMERCIAL REIT	11,100	73,350	73,371
		<u>16,817,510</u>	<u>18,541,476</u>

UTILITIES (0.3%)

ATCO LTD	21,100	900,328	931,354
ATLANTIC POWER CORPORATION	5,300	16,402	16,748
CANADIAN UTILITIES LIMITED	39,500	1,404,634	1,459,920
CAPITAL POWER CORPORATION	63,900	1,628,602	1,926,585
EMERA INCORPORATED	3,000	126,473	160,530
HYDRO ONE LIMITED	57,200	1,191,595	1,306,448
JUST ENERGY GROUP INC	27,100	135,349	152,573

NORTHLAND POWER INC	14,400	328,388	367,200
POLARIS INFRASTRUCTURE INC	10,900	145,101	160,448
SUPERIOR PLUS CORP	49,300	590,604	658,648
TRANSALTA CORPORATION	6,200	54,843	52,824
TRANSALTA RENEWABLES INC	29,100	398,355	403,035
		<u>6,920,674</u>	<u>7,596,313</u>
US EQUITY (14.1%)			
BMO S&P 500 HEDGED TO CAD INDEX ETF	6,616,210	288,439,331	288,466,756
BMO S&P 500 INDEX ETF	2,211,530	96,138,131	93,614,065
		<u>384,577,462</u>	<u>382,080,821</u>
Total Equities		<u>567,899,994</u>	<u>581,832,781</u>
Less: Transaction costs		<u>285,420</u>	
Total Investments		<u>2,625,541,996</u>	<u>2,702,886,699</u>

HERITAGE PLANS NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2019

1. General information

The Heritage Plans (the "Plans") were established 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. The Plans were distributed by Heritage Education Funds Inc. ("HEFI") a subsidiary controlled by Heritage Financial Group Limited ("HFGL") until January 2, 2018 as described below. During the year ended December 31, 2017, the Foundation and HEFI were under common management as the beneficial share holders of HEFI constituted the board members of the Foundation.

The Plans consist of trusts established under the laws of Ontario and the laws of Canada. Formerly known as the Heritage Scholarship Trust Plans, the Plans were established on December 19, 1986. Since that time, the Plans changed its name to the Heritage Plans and RBC Investor Services Trust was appointed as a trustee pursuant to an amended and restated trust indenture between the Foundation and the trustee dated as of June 20, 2003. Effective November 1, 2018, The Bank of Nova Scotia Trust Company became the trustee pursuant to an amended and restated trust indenture of that date.

Effective January 2, 2018 (the "Acquisition Date"), Knowledge First Financial Inc. ("Knowledge First Financial", a wholly-owned subsidiary of Knowledge First Foundation) acquired 100% of the outstanding shares of Heritage Amalgamated Corporation ("HAC" which owned 100% of the common shares of the HEFI), 100% of the Class C shares of HEFI, and 100% of the outstanding shares of CMR Inc. ("CMR"). Concurrent with the acquisition, certain directors of Knowledge First Foundation became the directors of the Foundation.

On August 28, 2018 (the "Amalgamation Date"), Knowledge First Financial, HEFI, HAC and 10896357 Canada Inc. (formerly CMR) amalgamated. The amalgamated company continued under the name Knowledge First Financial. and Knowledge First Financial is now the manager of the Plans.

The Plans are administered by the Foundation, which is responsible for the co-ordination of the functions provided by the depository, trustee and portfolio advisors. Prior to the Amalgamation Date, this administration was contracted to HEFI, and subsequent to that date, to Knowledge First Financial, which has also been appointed as distributor of the Plans to offer enrollment to subscribers.

The Plans invest in Canadian government bonds, high grade corporate debt, and in Canadian and US equities. Canadian equities are actively managed, and the US equities are managed passively (via hedged and unhedged US equity ETFs). The underlying investments in the BMO S&P 500 Index ETF are exposed to the US dollar. The BMO S&P 500 Hedged to CAD Index ETF has been hedged back to the Canadian dollar and therefore has no currency exposure. The Plans are subject to the risk that the fair value or future cash flows of the BMO S&P 500 Index ETF which are not hedged back to the Canadian dollar will fluctuate because of changes in foreign exchange rates.

The Plans, the first of which was established on December 19, 1986, provide a savings vehicle for parents, grandparents and others ("subscriber" or "subscribers") to save for a designated child's (the "beneficiary") post-secondary education. The subscriber enters into an Education Savings Plans Contract (the "Contract") in accordance with the prospectus (the "Prospectus") with the Foundation pursuant to which the subscriber subscribes for units in the Plans.

The address of the Plans' registered office is 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, Canada L5B 4A5.

The financial statements were authorized for issue by the Board of Directors of the Foundation on August 22, 2019.

2. Basis of presentation

The financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”). The Plan has consistently applied the accounting policies used in the preparation of its financial statements.

3. Summary of significant accounting policies

The significant accounting policies followed by the Plans are as follows.

Transition to IFRS 9

Effective January 1, 2018, the Plans adopted IFRS 9 “Financial Instruments”. The new standard addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39. It requires financial assets to be classified as amortized cost, fair value, with changes in fair value recognized in profit and loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 also introduces a new expected credit loss (“ECL”) impairment model.

The adoption of IFRS 9 has been applied retrospectively without restatement of prior periods by the Plans and did not result in a change to the measurement of financial instruments, in either the current or the comparative period. Upon transition to IFRS 9, the Plans’ investments previously classified as FVTPL under IAS 39 continued to be categorized as fair value through profit and loss. Financial assets and liabilities previously measured at amortized cost under IAS 39 continue to be measured at amortized cost. There was no material impact on adoption from the application of the new impairment model.

Financial Instruments

The Plans recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss. The Plans’ investments are classified at FVTPL, including its investments in equities, ETFs and debt securities. All other financial assets and liabilities, including interest and dividends receivable, amounts receivable for investments sold, government grants receivable, other receivables, amounts payable for securities purchased and accounts payable and other liabilities, and principal payable to subscribers are measured at amortized cost. The Plans’ obligation for net assets attributable to subscribers and beneficiaries is presented at the distribution amount, which is the residual amount of assets of the Plans after deducting all of its liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. For equities & exchange traded funds, the Plans use the last traded market price where the last traded price falls between that day’s bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, Knowledge First Financial determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. For bonds, the Plans use mid prices provided by independent security pricing vendors. The Plans’ policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. The fair value of financial assets and liabilities that are not quoted in an active market is determined using valuation techniques. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

Income recognition, transaction costs and expenses

Interest income from investments in bonds and short-term investments is recognized at the effective interest rate. Interest receivable is recorded in the Statement of Financial Position based on the debt instruments’ stated rates of interest. Dividends are recognized as income on the ex-dividend date. The cost of investments is determined using the average cost method. Average cost includes amortization of premiums and discounts on the Plans’ debt securities.

Impairment of financial assets

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized cost. With respect to financial assets at amortized cost, the Plans consider both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement dates, all loans and receivables are due to be settled within the short term. The Plans consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Plans to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

Foreign currency

The financial statements are presented in Canadian dollars, which is the Plans' functional and presentation currency.

Cash

Cash is comprised of demand deposits with financial institutions.

Subscribers' contributions

Subscribers' contributions reflect all amounts received from the subscribers and do not include any amounts receivable on subscribed units. Contributions to the Plans are made over a maximum period of 18 years. Subscribers may redeem their Plans units at any time.

Fees and insurance premiums

Sales charges, account maintenance fees and insurance premiums are deducted from the initial subscribers' contribution and subsequent contributions. Administration fees are deducted from the Plans' investment income in accordance with the Prospectus.

Government contributions

Government grants represent contributions received from federal and provincial governments. Government grants are recognized upon receipt of an eligible contribution to a registered education savings plan by a subscriber to the Plans. All grants received by the Plans with respect to a beneficiary are invested by the Plans and will ultimately be paid to the beneficiary in increments if the beneficiary becomes entitled to receive an Educational Assistance Payment ("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 Plans are required to repay the grant, which are attributable to that beneficiary. Forfeited income on returned government grants becomes immediately payable to a qualified educational institution. Government grants and accumulated income, therefore, are included in the net assets attributable to subscribers and beneficiaries.

Taxation

The income on Subscribers' contributions is currently exempt from income taxes under the Income Tax Act (Canada) prior to the maturity of the Plans. EAPs, comprising government grants and all accumulated income, made to qualified nominees will be included in their income for the purposes of the Income Tax Act (Canada). The amounts deposited by subscribers are not deductible to the subscribers for tax purposes and are not taxable when returned to subscribers or their designated nominees.

Interests in Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of a contractual arrangement. The Plans invest in exchange traded funds ("ETFs") and asset-backed securities which are disclosed on the Schedule of Investment Portfolio. The Plans have determined that these investments are unconsolidated structured entities. The Plans' investments in unconsolidated structured entities are recorded at FVTPL. The ETFs finance their operations by issuing redeemable shares which are puttable at the holder's option and entitle the holder to a proportional stake in the ETF's net asset value. The ETFs are domiciled in Canada and listed on the Toronto Stock Exchange. The asset-backed securities include Canada Housing Trust bonds which are secured by and payable from mortgage loans on real property and guaranteed by the Government of Canada, through CMHC. These investments are included in "Investments" in the Statements of Financial Position. The Plans' maximum exposure to loss from its interest in these securities is equal to the total cost value of its investments.

4. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant judgments and estimates that the Plans have made in preparing the financial statements.

Investment entity status

A significant judgment made in preparing the Plans' financial statements relates to the determination that the Plans meet the definition of an investment entity as described in IFRS 10, Consolidated financial statements. The Plans' objective is to

invest subscribers' contributions to maximize investment returns over the long term for the purpose of generating investment income. Fair value is the primary measurement used to evaluate the performance of substantially all investments.

Classification and measurement of financial instruments

In classifying and measuring financial instruments held by the Plans, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. In making this judgment, the Plans have assessed its business model for managing the portfolio and the contractual cash flow characteristics and determined the investments are managed on a fair value basis, and that fair value is used to assess performance and make investment decisions. The contractual cash flows of the Plans' debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Plans' business model's objective. Consequently, all investments are measured at FVTPL.

5. Financial Instruments Risks

The Plans' investment activities expose it to a variety of risks associated with financial instruments, as follows: credit risk, liquidity risk and market risk (including price risk, currency risk and interest rate risk). The Plans do not conduct any significant activities in currencies other than the Canadian dollar. The Plans' overall risk management approach includes investment guidelines, objectives, and limits which are designed to ensure that risk is mitigated through allocation of investments across different market sectors, maturity segments and issuers. The Plans engage third party investment managers and monitor the investments for compliance with the stated investment guidelines and relevant securities and tax regulations. Oversight responsibility and authority rests with the Foundation's Board of Directors and its Investment Committee. An Independent Review Committee is also in place.

Credit risk

The Plans are exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash on hand is kept on deposit at a Canadian Schedule I bank and Northern Trust, the Plans' custodian. The majority of the credit risk to which the Plans are exposed arises from its investments in debt securities. The debt instruments held by the Plans are issued or guaranteed by federal, provincial, or municipal governments along with corporate debt instruments with an investment grade credit rating at the time of acquisition. The Plans may also be exposed to indirect credit risk through its holdings in ETFs.

The fair value of debt investments includes consideration of the credit worthiness of the debt issuer. The carrying amount of cash, receivables and debt investments represents the maximum credit risk exposure as at June 30, 2019 and December 31, 2018. The analysis below summarizes the credit quality of the Plans' debt portfolio as at June 30, 2019 and December 31, 2018. Credit ratings are obtained from Standard & Poor's, Moody's and DBRS. Where one or more rating is obtained for a security, the lowest rating has been used.

Credit Rating	Percentage of Fixed Income Investments (%)	
	As At	
	June 30, 2019	December 31, 2018
“AAA”	66.9	78.1
“AA”	11.1	9.7
“A”	19.2	12.2
“BBB”	2.8	-
Total	100	100

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plans have current exposure to the subscribers’ contributions and government grant balances as subscribers can cancel or terminate their agreement at any time at which point the full balance would become immediately payable to the subscribers or the government. The Plans are also exposed to agreement maturities and obligations with respect to EAPs and the accumulated income account. Therefore, the Plans invest the majority of its assets in investments that are traded in an active market and can be easily liquidated. In addition, the Plans endeavours to retain adequate cash positions to maintain adequate liquidity.

Maturity Profile

EAPs (accumulated income and government contributions) are paid over three years upon submission of required documentation by subscribers and beneficiaries to the Foundation. Subscriber’s principal is paid upon maturity of a respective agreement.

If a subscriber cancels an agreement, the subscriber’s principal and associated government contributions are due upon demand. The income on subscriber’s principal will remain in accumulated income. Forfeited income on returned government grants becomes immediately payable to a qualified educational institution.

Concentration Risk

The table below summarizes this Plans' concentration risk as a percentage of investments as at June 30, 2019 and December 31, 2018.

Concentration	Percentage of Investments (%) As at	
	June 30, 2019	December 31, 2018
<u>Fixed Income</u>		
Federal	50.1	59.0
Provincial	8.6	11.3
Corporate	16.7	8.1
Short term investments	3.1	2.3
<u>Equities</u>		
Communication Services	0.2	2.1
Consumer Discretionary	0.2	0.3
Consumer Staples	0.2	1.2
Energy	0.9	3.0
Financials	2.1	5.7
Healthcare	0.1	0.2
Industrials	1.4	1.3
Information Technology	0.5	0.4
Materials	0.7	0.5
Real Estate	0.8	2.4
Utilities	0.3	1.9
Canadian Equity ETF	-	0.3
US Equity ETFs	14.1	0.0
Total	100	100

Market risk

The Plans' investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses, as applicable, that show how the net assets attributable to subscribers and beneficiaries would be affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plans hold securities with fixed interest rates that expose the Plans to interest rate risk. As at June 30, 2019, had prevailing interest rates increased or decreased by 25 basis points, assuming a parallel shift in the yield curve, with all other variables held constant, net assets of the Plans would have decreased or increased, respectively, by approximately \$22 million (approximately 0.8% of the total investment portfolio) (December 31, 2018 - \$38 million, approximately 1.5% of the total investment portfolio). In practice, actual results may differ from this analysis and the difference could be material. The Plans manage interest rate risk through its portfolio managers by diversifying in various investments, as well as through Investment Committee oversight.

The table below summarizes the Plans' exposure to interest rate risk as at June 30, 2019 and December 31, 2018, by remaining term to maturity.

June 30, 2019	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bill	83,769,287	-	-	83,769,287
Government guaranteed instruments				
Federal	331,342,516	432,875,678	589,184,642	1,353,402,836
Provincial	-	44,250,345	187,939,380	232,189,725
Corporate	-	327,940,443	123,751,627	451,692,070
	415,111,803	805,066,466	900,875,649	2,121,053,918
Percentage of total	19.6%	38.0%	42.4%	100.0%

December 31, 2018	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bill	57,231,012	-	-	57,231,012
Government guaranteed instruments				
Federal	-	165,533,149	1,311,630,882	1,477,164,031
Provincial	2,713,380	45,817,715	234,171,388	282,702,483
Corporate	-	172,902,723	29,555,163	202,457,886
	59,944,392	384,253,587	1,575,357,433	2,019,555,412
Percentage of total	11.6%	34.7%	53.7%	100.0%

b) Other price risk

The Plans are exposed to other price risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Financial instruments held by the Plans are susceptible to market price risk arising from uncertainties about future prices of those instruments. The Plans' exposure to other price risk arises primarily from its investments in equity securities and ETFs. As at June 30, 2019, if the investment in equities and ETFs had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$29.1 million (\$24.3 million as at December 31, 2018), representing approximately 1% of net assets of the Plans.

c) Currency risk

The Plans invests in exchange traded funds (ETFs) denominated in Canadian dollars. The underlying investments held by the US equity ETFs are exposed to the US dollar. The BMO S&P 500 Hedged to CAD Index ETF has been hedged back to the Canadian dollar and therefore mitigated the currency risk. The Plan is subject to the risk that the fair value of future cash flows of the BMO S&P 500 Index ETF which are not hedged back to Canadian dollar will fluctuate because of changes in foreign exchange rates. As at June 30, 2019, if the exchange rate had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$4.7 million (December 31, 2018 – No ETFs were held by the Plans).

Capital risk management

The capital of the Plans is represented by the net assets attributable to subscribers and beneficiaries. The capital of the Plans can change on a daily basis as the Plans are subject to ongoing contributions and cancellations. In addition, EAPs and maturities occur at specified times during the year. The Plans are not subject to externally imposed capital requirements. The Plans' objective, when managing capital risk, is to safeguard subscribers' contributions and government grants received and earn income on those amounts in order to pay EAPs to qualified beneficiaries. The Plans endeavour to invest subscribers' contributions, government grants received, and income earned in appropriate investments while maintaining sufficient liquidity to meet maturities, EAPs, cancellations and expenses in accordance with its investment objectives and risk management policies as described above. In order to manage the Plans' capital, the Plans' policy is to perform the following:

- Monitor the level of daily subscriber contributions and withdrawals relative to the liquid assets and adjust the amount of cash invested accordingly.
- Monitor the level of expected future payments for maturities and EAPs based on maturity and student applications received, and historical beneficiary qualification rates, and adjust the investment portfolio accordingly.
- Invest in securities which are traded in an active market and can be easily liquidated.

There has been no change with respect to the overall capital risk management strategy during the year.

Fair value measurement

The Plans classify fair value measurement within a hierarchy which gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3	Inputs are unobservable for the asset or liability.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table illustrates the classification of the Plans' assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2019 and December 31, 2018.

As of June 30, 2019	Level 1	Level 2	Level 3	Total
Short-term investments	-	83,769,287	-	83,769,287
Government guaranteed instruments				
Federal	-	1,353,402,836	-	1,353,402,836
Provincial	-	232,189,725	-	232,189,725
Corporate debt instruments	-	451,692,070	-	451,692,070
Equities & ETFs	581,832,781	-	-	581,832,781
Investments at fair value	581,832,781	2,121,053,918	-	2,702,886,699

As of December 31, 2018	Level 1	Level 2	Level 3	Total
Short-term investments	-	57,231,012	-	57,231,012
Government guaranteed instruments				
Federal	-	1,477,164,031	-	1,477,164,031
Provincial	-	282,702,483	-	282,702,483
Corporate debt instruments	-	202,457,886	-	202,457,886
Equities & ETFs	485,854,179	-	-	485,854,179
Investments at fair value	485,854,179	2,019,555,412	-	2,505,409,591

All fair value measurements above are recurring. The carrying values of receivable for investments sold, government grant receivable, interest receivable, dividends receivable, other receivables, receivables due from the Foundation, payable for investments purchased, principal payable to beneficiaries and accounts payable and other liabilities and the Plans' obligation for net assets attributable to subscribers and beneficiaries approximate their fair value due to their short-term nature.

There were no transfers between levels during the periods ended June 30, 2019 and December 31, 2018 or Level 3 securities held as at June 30, 2019 and December 31, 2018.

Investments in unconsolidated structured entities

Underlying Fund as at June 30, 2019	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plan's investment in the underlying Fund
BMO S&P 500 Hedged to CAD INDEX ETF	Canada	16.87%	\$288,466,756
BMO S&P 500 Index ETF	Canada	1.54%	\$93,614,065

Underlying Fund as at December 31, 2018	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plan's investment in the underlying Fund
BMO Equal Weight US Health Care Hedged to CAD ETF (ZUH)	Canada	2.35%	\$8,572,310

6. Net assets attributable to subscribers and beneficiaries

Net assets attributable to subscribers and beneficiaries are comprised as follows:

	As at	
	June 30, 2019	December 31, 2018
Subscribers' contributions, net of returns	1,533,257,847	1,463,883,260
Government grants	559,973,436	541,981,718
Accumulated income		
Education assistance payment account	571,634,972	430,242,588
Income from government grants	96,843,573	91,765,568
Sales charge refund account	12,845,245	11,488,843
Balance – End of period	2,774,555,073	2,539,361,977

The changes to subscribers' contributions to the Plans are as follows:

	As at	
	June 30, 2019	June 30, 2018
Amounts contributed by subscribers	\$ 99,213,075	\$100,971,044
Sales charges	(7,216,259)	(8,874,065)
Unclaimed subscribers' contributions and other refunds	(6,560,650)	(6,756,614)
Contributions on maturing plans	(12,899,715)	(11,190,449)
Insurance premiums	(2,236,240)	(2,403,790)
Account maintenance fees	(925,624)	(955,751)
Net increase in Subscribers' contributions	69,374,587	70,790,375
Balance – Beginning of period	1,463,883,260	1,394,997,025
Balance – End of period	1,533,257,847	1,465,787,400

In prior years, the subscribers' contributions on inactive plans were presented as 'Unclaimed Subscribers' Contributions' within current liabilities on the Statement of Financial Position. As at December 31, 2018, subscribers' contributions on inactive plans are included in the net assets attributable to subscribers and beneficiaries where such balances are no longer immediately payable or forfeitable.

The sales charges refund account consists of (i) income earned when a subscriber's plan is cancelled (requested and transferred out) prior to its maturity date, and (ii) income earned on the income forfeited when a subscriber's plan is cancelled (requested and transferred out) prior to its maturity.

For plans with a maturity date on or after July 31, 2015, typically the eligibility year of 2016 or after, sales charges are refunded from the sales charges refund account. The ability to refund sales charges will be affected by the changes in pre-maturity subscriber attrition rates. If the attrition rates decline, the amount of funds available will decline and vice versa. Sales charge refunds are paid at maturity of the relevant plans. Based on the payout option selected, which aligns with the length of the qualified educational program, the sales charge refund, if any, is as follows:

- (i) Option 1 - an amount of up to 25% of sales charges associated with the active units in the plan will be paid to the subscriber or to the beneficiary at the subscriber's request, at maturity of the plan;
- (ii) Option 2 - an amount of up to 50% of sales charges associated with the active units in the plan will be paid to the subscriber or to the beneficiary at the subscriber's request, at maturity of the plan; and
- (iii) Option 3 - an amount of up to 100% of sales charges associated with the active units in the plan will be paid to the subscriber or to the beneficiary at the subscriber's request, at maturity of the plan.

7. Related party transactions

Account maintenance and administrative fees are paid by the Plans to the Foundation and then by the Foundation to Knowledge First Financial. The Foundation pays these fees to Knowledge First Financial for expenses incurred in assisting the Foundation with the administration of the Plans. The administration fees are annual fees of half of 1% of the contributions less fees, income in subscribers' accounts, as well as government grants, including income earned thereon. The total administrative fees of \$7,088,464 (June 30, 2018 - \$7,100,808) were payable by the Foundation to Knowledge First Financial from the subscribers' contributions received for the Plans. The account maintenance fee is an annual fee which is deducted quarterly from subscriber's contributions.

As of June 30, 2019, the amount due from the Foundation to the Plans was \$55,762,451 (December 31, 2018 – due to the Foundation from the Plans of \$13,430,434) that mainly represents funds held by the Foundation to pay maturities.

8. Sales charges obligation

On May 29, 2014, the Foundation obtained a majority vote from the subscribers to revise the structure of the refund of sales charges. The change affects agreements maturing on or after July 31, 2015. Prior to this change, the Plans had an obligation (in some cases) and the discretion (in other cases) to repay all or a portion of the sales charges, either at maturity or with EAP payments. As a result of the change, the entitlement to a refund of sales charges or a portion thereof is based on an automatic sharing of attrition income in the Plans. Subscribers who enrolled in the Plans prior to July 2, 2004 and whose agreements have a maturity date of July 31, 2014 or prior will receive all or a portion of sales charges paid at maturity of their plan.

The amount of refund depends on the scholarship option chosen within 180 days prior to maturity. Subscribers who have enrolled in the Plans on or after July 2, 2004 and whose agreements have a maturity date of July 31, 2014 or prior may receive all or a portion of an amount equal to sales charges concurrent with EAPs depending on the option chosen. The sales charge obligation represents the value of the sales charge disbursements calculated as the nominal dollar of the sales charges to be returned. As at June 30, 2019, the Plans determined the sales charges obligation for plans with maturity date prior to July 31, 2015 to be \$988,903 (December 31, 2018 - \$1,059,338) and such amount is recorded as current liability in the Statements of Financial Position with a corresponding reduction to the Education Assistance Payment account.