

MESSAGE FROM THE PRESIDENT

This 2008 year marks a special year for the Global Educational Trust Foundation (Foundation). We celebrate ten years of helping parents save for their children's future education.

In fact, the Global Educational Trust Plan (Global Plan) has made available since inception approximately \$25.6 million in Education Financial Assistance (EFA) and returned deposits to families.

To help commemorate Global's anniversary, I am pleased to introduce several benefits and changes that will continue to improve your experience with the Foundation and its Distributors.[†] In addition, highlight some key financials in 2007.

The gift of an education

Most parents want to contribute more to their children's education savings plan. With tax-deferred, compounded growth, saving early can significantly impact the value of an RESP over time. But how do you save more for your child's education especially if you're already on a limited budget?

The Global Plan Gift Card can help. Remember, you're not the only person who can help fund your child's education. Tell your family and friends about the Global Plan Gift Card for your child's next birthday or other special holiday. It helps your child. It helps you and it's easier than shopping for a gift. Global Plan \$50 and \$100 Gift Cards can be bought online at www.globalfinancial.ca/giftcard

Financial Overview

More parents—like you—continue to see the



Sam Bouji
President and CEO
Global Educational
Trust Foundation

value of opening an education savings plan such as the Global Plan. Over 9,800 children were enrolled in the Global Plan during 2007—an increase of about 13% year over year.

The 2007 financial markets continued to be quite volatile,

especially in the latter quarter. The return on investment of the Global Plan was 4.72%, before administration and other fees and depending on the individual's deposit and grant mix. Since inception, the average return on investment was approximately 5.7%.

In 2007, the Global Plan provided families with access to approximately \$2.6 million in EFA to help pay for tuition, accommodation, books and other education related expenses.

Recent RESP changes makes saving easier for parents

Parents can now benefit from the Registered Education Savings Plan (RESP) changes in the Federal Government's Budget 2007.

The annual \$4,000 RESP contribution limit has been removed. So, you can now contribute any amount at any time, up to the lifetime contribution limit of \$50,000—an increase from \$42,000.

This change allows you to take advantage of the RESP's tax-deferred, compounded growth. Even small increases early in the RESP can result in additional thousands of dollars towards your children's college or university education.

Also, the maximum annual RESP contribution qualifying for the Canada Education Savings Grant (CESG) increases from \$2,000 to \$2,500. This increase can add another \$100 in eligible grant to a total of \$500 per year-up to a \$7,200 lifetime grant maximum.

If you have not maximized your RESP contribution, now you have extra unused grant room where you can 'catch-up' your CESG-

increased from \$800 to \$1,000 a year.

Part-time students will be able to receive up to \$2,500 in Education Assistance Payments for each 13-week semester of study and at least 12 hours a month class time.

New tax incentive for Quebec residents

Quebec parents who contribute into their children's RESP after Feb. 20, 2007 may also qualify for a refundable tax credit from their provincial government. The Quebec education savings incentive could add up to \$3,600 in to a child's RESP.

Tell us what you think

To help continue improving our service to you, our valued clients, we need to know what we are doing right and what we could be doing better. I would like to encourage you to fill out our Global's 10th Anniversary Client Satisfaction Survey (www.globalfinancial.ca/survey2008) by July 31, 2008. And as a thank you, you'll have a chance to win one of five \$100 contributions in to your child's Global Plan.

On behalf of everyone at Global, thank you for your support during the last ten years. We look forward to continuing helping parents save for their children's education well in to the future.



Sam Bouji
President and CEO

† Global Educational Marketing Corporation, Global Maxfin Investments Inc. or approved distributor

* For terms and conditions, please visit our website at www.globalfinancial.ca/survey2008 or contact Client Services toll free at 1-877-460-7377 or in Toronto at (416) 741-7377.

AUDITORS' REPORT

To the Directors of Global Educational Trust Foundation

March 17, 2008

We have audited the statements of net assets of **Global Educational Trust Plan** as at December 31, 2007 and 2006 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Global Educational Trust Plan** as at December 31, 2007 and 2006

and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants,
Licensed Public Accountants

GLOBAL EDUCATIONAL TRUST PLAN STATEMENTS OF NET ASSETS

As at December 31, 2007 and 2006

Assets	2007	2006
	\$	\$
Cash and short-term investments	5,703,851	3,071,413
Investments - at fair value (cost - \$186,223,870; 2006 - \$145,547,050) (notes 2 and 3)	186,531,177	145,617,837
Accrued interest	1,088,746	667,721
	<u>193,323,774</u>	<u>149,356,971</u>
Liabilities		
Accounts payable (note 4)	2,469,324	1,100,816
Subscribers' Savings Account (notes 2 and 5) (schedule 2)	129,869,950	101,588,903
	<u>132,339,274</u>	<u>102,689,719</u>
Net Assets	<u>60,984,500</u>	<u>46,667,252</u>
Represented by		
Accumulated government grants deposits (note 6) (schedule 2)	42,441,140	31,534,103
Accumulated and undistributed investment income and realized gains on investments (schedule 2)	18,236,053	15,062,362
Unrealized appreciation of investments	307,307	70,787
	<u>60,984,500</u>	<u>46,667,252</u>

Approved by the Board of Directors of Global Educational Trust Foundation



Sam Bouji
Director



Frank Gataveckas
Director

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

GLOBAL EDUCATIONAL TRUST PLAN STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2007 and 2006

	2007	2006
	\$	\$
Increase in net assets from operations for the year	4,650,322	3,848,213
Canada Education Savings Grants (CESG)	8,890,979	7,596,697
Canada Learning Bond	1,370,976	560,903
Alberta Centennial Education Savings Plan (ACES)	1,968,380	496,972
Payments to nominees		
Education Assistance Payments	(997,027)	(666,886)
Government grants	(1,323,299)	(887,870)
Government grants income	<u>(243,083)</u>	<u>(158,817)</u>
Increase in net assets during the year	14,317,248	10,789,212
Net assets - Beginning of year	<u>46,667,252</u>	<u>35,878,040</u>
Net assets - End of year	<u>60,984,500</u>	<u>46,667,252</u>

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

GLOBAL EDUCATIONAL TRUST PLAN SCHEDULE 1 - SCHEDULE OF EDUCATIONAL FINANCIAL ASSISTANCE AGREEMENTS

As at December 31, 2007 and 2006

Year of eligibility	Number of units outstanding	Principal plus accumulated income \$	Government grants plus accumulated income \$
2000	84	35,238	8,267
2001	111	25,012	4,913
2002	533	24,581	3,984
2003	1,958	107,152	18,760
2004	5,642	405,193	66,423
2005	9,929	1,008,356	182,579
2006	16,404	2,102,121	353,641
2007	23,471	4,425,090	808,785
2008	30,970	8,662,150	1,741,011
2009	38,805	9,906,599	2,178,047
2010	52,402	11,390,800	2,667,773
2011	59,896	11,157,255	2,812,815
2012	76,522	11,889,219	3,126,483
2013	81,011	10,575,241	2,965,540
2014	87,738	10,173,997	2,987,597
2015	98,543	9,599,187	3,018,169
2016	103,416	9,105,302	2,978,012
2017	113,005	8,861,141	2,940,084
2018	122,508	8,502,532	2,977,651
2019	122,539	7,270,580	2,703,621
2020	137,559	6,901,114	2,755,325
2021	134,541	4,854,587	2,291,112
2022	137,009	3,303,334	2,474,028
2023	135,403	1,453,780	2,184,201
2024	139,861	989,261	1,514,727
2025	103,601	574,163	782,825
2026	34,006	79,952	468,040
2027	14,094	505	117,942
2028	8,430	-	31,346
December 31, 2007	1,889,991	143,383,442	47,163,701
December 31, 2006	1,608,400	112,295,805	35,889,563

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

GLOBAL EDUCATIONAL TRUST PLAN STATEMENTS OF OPERATIONS

For the years ended December 31, 2007 and 2006

	2007	2006
	\$	\$
Investment income		
Interest	7,360,025	6,162,603
Expenses		
Administration fees (note 4)	1,688,837	1,268,375
Audit costs	80,532	66,077
Other charges	191,964	136,739
	<u>1,961,333</u>	<u>1,471,191</u>
Net investment income	<u>5,398,692</u>	<u>4,691,412</u>
Realized and unrealized gains on investments		
Realized gain (loss) on sale of investments	(984,891)	411,437
Change in unrealized appreciation of investments (note 2)	236,521	(1,254,636)
Net realized and unrealized (losses) gains on investments	<u>(748,370)</u>	<u>(843,199)</u>
Increase in net assets from operations for the year	<u>4,650,322</u>	<u>3,848,213</u>

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

GLOBAL EDUCATIONAL TRUST PLAN SCHEDULE 2 - RECONCILIATION OF EDUCATIONAL FINANCIAL ASSISTANCE AGREEMENTS

As at December 31, 2007

The following is a summary of EFA (Educational Financial Assistance) Agreements:	Opening agreements	Inflow agreements	Outflow agreements	Closing agreements
	51,094	9,816	3,085	57,825
The following reconciles schedule 1 to the statements of net assets:				\$
Total principal, government grants and accumulated income (schedule 1)				<u>190,547,143</u>
Represented in the statements of net assets by				
Subscribers' Savings Account				129,869,950
Accumulated government grants deposits				42,441,140
Accumulated and undistributed investment income and realized gains on investments				<u>18,236,053</u>
				<u>190,547,143</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Organization and general

The Global Educational Trust Plan (the Plan) was established on October 14, 1998. It is administered by the Global Educational Trust Foundation (the Foundation), a not-for-profit organization, incorporated without share capital, under the laws of Canada. The Plan provides post-secondary education financial assistance to nominees named in the Educational Financial Assistance Agreements (EFA Agreements). Global Educational Marketing Corporation (GEMC), a company incorporated under the Canada Business Corporations Act, is the registered distributor of the Plan.

The Foundation has had a specimen copy of the EFA Agreement approved by the Canada Revenue Agency (CRA) such that EFA Agreements may be submitted to CRA for registration as Registered Education Savings Plans (RESP). The Plan is an education savings plan and not an RESP. An EFA Agreement is not an RESP until the applicable conditions of the Income Tax Act (Canada) are met.

Subscribers to the Plan enter into EFA Agreements with the Foundation. Under an EFA Agreement, 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 nominee after meeting the conditions as set out in the EFA Agreement. Income paid to the subscribers is considered Accumulated Income Payments (AIP) and is subject to income taxes.

2. Summary of significant accounting policies

Basis of accounting

These financial statements, prepared by management in accordance with Canadian generally accepted accounting principles, include estimates and assumptions made by management that affect the reported amounts. Actual results could differ from those estimates and the differences could be significant. The following is a summary of significant accounting policies followed by the Plan.

Adoption of CICA Section 3855

The Canadian Institute of Chartered Accountants (CICA) Section 3855 of the CICA Handbook, Financial Instruments - Recognition and Measurement and Section 3861, Financial Instruments - Disclosure and Presentation establish standards for the recognition and measurement of financial assets and financial liabilities. It is applicable to

investment funds with fiscal years beginning on or after October 1, 2006 and requires that securities quoted in an active market be fair valued using bid prices. Section 3855 is applied retrospectively without restatement. No adjustment was required to the statements of net assets as of January 1, 2007 related to the revaluation of investments to fair value using bid prices.

Subscribers' Savings Account

The Subscribers' Savings Account balance reflects only amounts received from subscribers net of deductions and does not include amounts receivable on outstanding agreements. The subscribers' savings account meets the definition of a liability and has been recognized as such in the statements of net assets.

Deductions from subscribers' deposits

The Foundation deducts from deposits made by subscribers' special services fees, depository fees, enrolment fees and, if applicable, the insurance premiums, prior to depositing the balance of the deposits in the Subscribers' Savings Account.

Enrolment fees

Enrolment fees are required as part of the initial contribution under each educational

savings plan agreement. Sponsored Group Plans have a fee structure that is management fee based.

Enrolment fees collected during the reporting period are paid to GEMC on behalf of the Foundation. The Foundation retains 3% of enrolment fees collected. The return of enrolment fees is solely the responsibility of the Foundation, neither the Plan nor GEMC have any obligation to return the enrolment fee.

Investments

Investments in bonds are stated at fair values, determined using bid price at year-end.

Interest income is recognized on an accrual basis. Realized and unrealized gains (losses) on investments are determined using the average cost method. Discounts on zero coupon bonds are amortized over the lives of such bonds using the effective interest method.

Short-term investments

Short-term investments consist of investments in money market funds and Government of Canada treasury bills maturing within one year from the date of the statements of net assets. These investments are valued at amortized cost, which approximates fair value.

3. Investments

Subscribers' contributions invested

	Par value \$	Cost/ amortized cost \$	Fair value \$
Canada Housing Trust 4.55%, due December 15, 2012	26,080,000	26,472,944	26,514,307
Ontario Province 4.3%, due March 8, 2017	23,810,000	23,396,705	23,558,346
Quebec Province 4.5%, due December 1, 2017	16,870,000	16,666,077	16,813,185
Canada Government 8%, due June 1, 2023	6,695,000	9,486,471	9,667,874
Canada Government 4.25%, due June 1, 2018	6,265,000	6,343,212	6,389,383
Alberta Cap Financial Authority 4.65%, due June 15, 2017	5,675,000	5,805,752	5,766,242
Canada Housing Trust 4.8%, due June 15, 2012	3,175,000	3,244,321	3,257,240
Bank of Montreal 5.45%, due July 17, 2017	3,000,000	3,055,075	3,005,942
Royal Bank of Canada 4.97%, due June 5, 2014	3,000,000	2,986,943	2,984,165
CIBC 5%, due September 10, 2012	3,000,000	2,994,240	2,963,448
Ontario Hydro, zero coupon, due February 18, 2015	3,900,000	2,715,870	2,859,379
TD Canada Trust 4.779%, due December 14, 2016 - 2105	3,000,000	2,822,814	2,808,650
B.C. Province 4.7%, due December 1, 2017	2,630,000	2,621,486	2,684,334
Hydro Quebec 11%, due August 15, 2020	1,620,000	2,548,422	2,595,990
Ontario Province 5.375%, due December 2, 2012	2,300,000	2,373,404	2,412,702
Ontario Hydro, zero coupon, due April 11, 2016	1,419,000	921,505	985,718
B.C. Province, zero coupon, due March 8, 2015	1,135,000	784,836	830,156
New Brunswick Province 9.25%, due January 18, 2013	448,000	580,518	548,049
Mutual Life Canada 6.3%, due May 15, 2028	500,000	493,000	541,977
Great West Lifeco 6.14%, due March 21, 2018	500,000	530,800	533,658
TD Canada Trust 5.69%, due June 3, 2013 - 2018	500,000	520,750	512,274
Bank of Montreal 4.66%, due March 31, 2009	500,000	511,700	499,728
Ontario Province 5%, due March 8, 2014	175,000	180,863	181,187
Bank of Nova Scotia, Global Alpha Strategy Deposit Notes, Series 1, due August 29, 2014	10,000,000	10,000,000	9,381,000
Bank of Nova Scotia, Canadian Dividend Fund Linked Deposit Notes, Series 1, due August 31, 2016	10,000,000	10,000,000	9,965,000
Business Development Bank of Canada, European Stock Index Linked Note, Series 2, due December 31, 2008	1,000,000	1,000,000	832,100
		<u>139,057,708</u>	<u>139,092,034</u>

3. Investments (continued)

	Par value \$	Cost/ amortized cost \$	Fair value \$
Government Grants invested			
Ontario Province 4.3%, due March 8, 2017	11,780,000	11,594,565	11,655,494
Canada Government 8%, due June 1, 2023	4,440,000	6,324,173	6,411,555
Canada Housing Trust 4.8%, due June 15, 2012	5,785,000	5,945,231	5,934,845
Quebec Province 4.5%, due December 1, 2017	5,625,000	5,555,664	5,606,056
Canada Housing Trust 4.55%, due December 15, 2012	4,990,000	5,056,090	5,073,098
Canada Government 4.25%, due June 1, 2018	2,490,000	2,520,942	2,539,436
Alberta Cap Financial Authority 4.65%, due June 15, 2017	2,270,000	2,322,301	2,306,497
B.C. Province 4.7%, due December 1, 2017	1,065,000	1,061,547	1,087,002
Hydro Quebec 11%, due August 15, 2020	660,000	1,038,246	1,057,625
Bank of Montreal 5.45%, due July 17, 2017	1,050,000	1,068,995	1,052,080
Royal Bank of Canada 4.97%, due June 5, 2014	1,050,000	1,045,346	1,044,458
CIBC 5%, due September 10, 2012	1,050,000	1,048,135	1,037,207
TD Canada Trust 4.779%, due December 14, 2016 - 2105	1,050,000	988,110	983,028
Quebec Province 6%, due October 1, 2012	640,000	668,826	686,210
Canada Management & Housing 5.5%, due June 1, 2012	383,000	397,139	404,055
New Brunswick Province 6%, due December 27, 2017	350,000	372,372	392,394
Manitoba Province 5.2%, due December 3, 2015	160,000	158,480	168,103
		47,166,162	47,439,143
		186,223,870	186,531,177

Effective interest rate for these instruments is 4.72% (2006 - 4.21%)

4. Related party transactions

- The Foundation is the sponsor and the administrator of the Plan. In consideration for administrative services provided, commencing August 23, 2004, the Foundation is entitled to receive administration fees of 1% per annum of the assets of the Plan (1/20 of 1% of the assets of the Plan before August 23, 2004). Included in this 1% administration fee are the trustee and investment counsel fees, which, prior to August 23, 2004, were direct charges to the Plan. The administration and depository fees are remitted to GEMC on behalf of the Foundation. The Foundation retains 25% of the administration fees paid to GEMC.
- GEMC receives enrolment fees from subscribers that are deducted from deposits made by subscribers. In addition, 20% to 40% of insurance premiums collected from subscribers who optionally take insurance are remitted by the Foundation to GEMC.
- Special services fees principally relate to amounts charged to subscribers in respect of cheques returned and not honoured.
- Accounts payable include \$2,031,197 (2006 - \$897,260) payable to GEMC.

6. Government Grants

Canada Education Savings 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 nominee 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. Upon maturity of an EFA Agreement and fulfillment of certain criteria established by the federal government, the CESG deposits and accumulated investment income thereon will be added to education assistance payments made to qualified students.

Canada Learning Bond

Effective January 1, 2004, a new Canada Learning Bond (CLB) was introduced to provide a source of education savings for children in low-income families.

Each child born on or after January 1, 2004 will be eligible for a 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.

An initial CLB of \$500 will be provided for the first year of entitlement for the NCB supplement, which could be any year from the year of birth up to and including the year in which the child turns 15 years of age.

Any subsequent CLB will be in the amount of \$100, and will be provided in respect of a child for each year in which the family is entitled to the NCB supplement up to and including the year in which the child turns 15 years of age.

Maximum CLB payments per child total up to \$2,000.

The Alberta Centennial Education Savings (ACES) Plan

Effective January 1, 2005, under the ACES Plan, the Alberta government will contribute \$500 to the RESP of every baby born to an Alberta resident in 2005 and beyond.

Grants of \$100 will be available to children enrolled in school in Alberta at ages 8, 11 and 14 beginning in 2005 whose parents are residents of Alberta. A child will not have to receive previous grants in order to qualify for subsequent grants. The funds may be transferable to a sibling.

All children born in 2005 and beyond to Alberta residents, or born in 2005 and beyond and adopted by Alberta residents, are eligible for the first time \$500 grant.

Children born or adopted outside of Alberta, whose parent(s) or guardian(s) later become Alberta residents are eligible for the grant.

7. Income taxes

The income on the Subscribers' Savings Account is currently exempt from income taxes under the Income Tax Act (Canada).

Education assistance payments, and all accumulated investment 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 income tax purposes and are not taxable when returned to subscribers or their designated nominees.

8. Financial instruments

The Plan's financial instruments, consisting of cash and short-term investments, accounts receivable, accrued interest and accounts payable are carried at fair value, which, due to their short-term nature, approximates cost. Investments are carried at fair value as described in note 2. It is management's opinion that the Plan is not exposed to significant foreign exchange risks. Investments in fixed income securities, such as bonds and short-term investments, are inherently subject to risks from interest rate fluctuations. Management minimizes credit risk associated with investments by ensuring that these financial assets are issued by institutions with high credit ratings ■

5. Subscribers' Savings Account

The changes in the Subscribers' Savings Account for the year are as follows:

	2007 \$	2006 \$
Subscribers' Savings Account - Beginning of year	101,588,903	77,106,282
Subscribers' deposits	51,700,388	44,705,862
Enrolment fees (note 4)	(12,956,132)	(12,238,918)
Depository fees (note 4)	(578,966)	(490,592)
Insurance premiums (note 4)	(338,995)	(264,583)
Special services fees (note 4)	(154,687)	(140,134)
Principal withdrawals on terminations or return of deposits	(9,390,561)	(7,089,014)
Subscribers' Savings Account - End of year	129,869,950	101,588,903