

# **STATEMENT OF FINANCIAL POSITION**

## **CST Spark 2041 Education Portfolio**

*As at January 4, 2022*

## Independent Auditor's Report

To the Unitholder and Trustee of  
CST Spark 2041 Education Portfolio  
(the "Fund")

### Opinion

We have audited the financial statement of the Fund, which comprises the statement of financial position as at January 4, 2022 and notes to the financial statement, including a summary of significant accounting policies (collectively referred to as the "financial statement").

In our opinion, the accompanying financial statement of the Fund presents fairly, in all material respects, the financial position of the Fund as at January 4, 2022 in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The image shows the handwritten signature of Deloitte LLP in a cursive script.

Chartered Professional Accountants  
Licensed Public Accountants  
January 4, 2022

# CST Spark 2041 Education Portfolio

## Statement of Financial Position


As at January 4, 2022  
(amounts in Canadian dollars, except number of units)


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<b>Assets</b>	
Cash	\$150,010
<b>Total Assets</b>	<b>\$150,010</b>
<b>Net assets attributable to holders of Redeemable Units</b>	<b>\$150,010</b>
Redeemable units issued and outstanding (Note 5):	15,001
Net assets attributable to holders of redeemable units (per unit):	\$ 10

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Approved on behalf of the Board of Directors of the Manager, C.S.T. Spark Inc.

  
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Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of this financial statement.

## **Notes to the Statement of Financial Position**

As at January 4, 2022

(all amounts stated in Canadian dollars unless otherwise stated)

### **1. Establishment of the Fund**

The Fund is an open-ended mutual fund created by an amended and restated master declaration of trust dated as of January 4, 2022, under the laws of the Province of Ontario. C.S.T. Spark Inc. (the “Manager”) is the manager of the Fund. The address of the Fund’s registered office is 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5BB.

The Fund’s investment objective is to provide the opportunity for capital appreciation and income for the purpose of funding post-secondary education anticipated to begin between 2040 and 2042.

The Fund will invest primarily in a diversified mix of Exchange Traded Funds (“ETFs”) providing exposure to fixed income, money market, cash equivalents and equity securities.

The fundamental investment objective of the Fund may not be changed without the approval of majority vote of the Fund’s unitholders represented at a meeting called for the purpose.

The statement of financial position for the Fund was authorized for issue by the Board of Directors of the Manager on January 4, 2022.

### **2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the statements of financial position are set out below.

#### **Basis of preparation**

The statement of financial position of the Fund has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, in connection with the prospectus filing requirements of the Canadian securities regulatory authorities to qualify units of the Fund for public distribution.

The net asset value (“NAV”) is the value of the total assets of the Fund less the value of its total liabilities determined, on each valuation day, in accordance with Part 14 of National Instrument (NI) 81-106 Investment Fund Continuous Disclosure for the purpose of processing unitholder transactions. Net assets are determined in accordance with IFRS. As of January 4, 2022, the Fund’s NAV is equal to its net assets.

#### **Functional and Presentation currency**

The statement of financial position of the Fund is presented in Canadian dollars, which is the Fund’s functional and presentation currency.

## **Financial Instruments**

The Fund initially records financial instruments at fair value. The Fund's investments transactions are accounted for on the trade date. The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments ("IFRS 9"). Upon initial recognition, financial instruments are either classified at amortized cost, or fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). Financial instruments are subsequently measured as FVTPL or amortized cost with changes in fair value or amortized cost recognized in the Statement of Comprehensive Income.

Cash is comprised of cash and deposits with banks, which may include banker's acceptances and overnight demand deposits. The carrying amount of cash approximates its fair value because it is short-term in nature.

### **Classification of redeemable units**

Units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any valuation day at the NAV per unit. A valuation day is any day that the Toronto Stock Exchange is open for trading or such other time as the Manager may from time to time determine to be a day for valuation for any Fund.

Unitholders of the Fund are entitled to a contractual obligation of annual distribution of any net income and net realized capital gains by the Fund. This annual distribution can be in cash or reinvested in the units of the Fund at the option of the unitholders. Consequently, the outstanding redeemable units of each Fund are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 *Financial Instruments: Presentation*.

The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount, which approximates fair value and is payable if the holder exercises the right to put the units back to the Fund.

### **3. Fair Value**

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 the measurement date.

### **4. Risks associated with financial instruments**

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

#### **Credit Risk**

The Fund is 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. As at January 4, 2022, the credit risk is considered limited as the Fund only held cash balances with an AA rated custodian.

## **Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund maintains sufficient liquidity to fund anticipated redemptions.

## **Capital risk management**

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly subject to the amount and frequency of subscriptions and redemptions at the discretion of unitholders. On any trading day, unitholders may redeem units of the Fund for cash at a redemption price per unit equal to the NAV of the Fund.

## **5. Redeemable units**

The capital of the Fund is represented by issued redeemable units with no par value. The units are entitled to distributions, if any, and to a proportionate share of the net assets attributable to the units. In accordance with the investment objectives and strategies, and the risk management practices outlined in Note 4, the Fund endeavours to invest the subscriptions received in the appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary. The Fund is authorized to issue an unlimited number of units.

## **6. Related party transactions**

The Manager has purchased the initial units of the Fund as shown in the table below:

Fund	Units Issued	Amount in Canadian Dollars	
		Price Per Unit (\$)	Consideration (\$)
CST Spark 2041 Education Portfolio	15,001	10	150,010

The Manager may not redeem the initial units of the Fund that it purchased on January 4, 2022, until the Fund has received total subscriptions of \$500,000 from other investors.

The Fund pays an annual management fee (the “Management Fee”) that is calculated and payable monthly in arrears based on the daily average NAV for the Fund during the relevant month and is subject to harmonized sales tax and other applicable taxes.

The Manager may, from time to time in its discretion, waive or absorb a portion of the Management Fee charged at any given time.

The Annual Management Fees for the Fund will be 1.3% plus applicable taxes.