

**SASKATCHEWAN TEACHERS'
FEDERATION**

FINANCIAL STATEMENTS

June 30, 2023

Independent Auditor's Report

To the Saskatchewan Teachers' Federation Executive

Opinion

We have audited the financial statements of Saskatchewan Teachers' Federation (the "Federation"), which comprise the statement of financial position as at June 30, 2023, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Statements* section of our report. We are independent of the Federation in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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 statements, 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 Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates 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 Federation'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 statements 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 Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent 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.

Original signed by Deloitte LLP

Chartered Professional Accountants
Saskatoon, Saskatchewan
September 21, 2023

SASKATCHEWAN TEACHERS' FEDERATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
year ended June 30, 2023

| | Unrestricted Funds | | | | | | Restricted Funds | | | |
|--|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | General Fund | | Investment | Working | Total | | Contingency | Operations | Total | |
| | Total | | Services | Capital | | | Fund | and Capital | | |
| | 2023 | 2022 | 2023 | 2023 | 2023 | 2022 | 2023 | 2023 | 2023 | 2022 |
| REVENUES | | | | | | | | | | |
| Membership fees | | | | | | | | | | |
| Regular fees | \$ 12,387,729 | \$ 12,033,355 | \$ - | \$ - | \$ - | \$ - | \$ 27 | \$ - | \$ 27 | \$ 725 |
| Substitute fees | 744,387 | 696,223 | - | - | - | - | - | - | - | - |
| | <u>13,132,116</u> | <u>12,729,578</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>27</u> | <u>-</u> | <u>27</u> | <u>725</u> |
| Professional Learning partnerships | 324,353 | 275,757 | - | - | - | - | - | - | - | - |
| Member professional learning | 375,335 | 348,374 | - | - | - | - | - | - | - | - |
| Administration fees (Note 10) | 6,965,334 | 7,709,543 | 2,676,097 | - | 2,676,097 | 2,213,707 | - | - | - | - |
| Pathways to Learning | - | 569,962 | - | - | - | - | - | - | - | - |
| Building operations cost recovery (Note 10) | 526,048 | 466,738 | - | - | - | - | - | - | - | - |
| Investment income (Note 4) | 37,207 | 4,201 | 26,782 | 159,974 | 186,756 | 20,834 | 1,228,866 | 446,057 | 1,674,923 | 1,848,709 |
| Sundry income | 175,903 | 203,351 | - | - | - | - | - | 1,953 | 1,953 | 1,677 |
| | <u>21,536,296</u> | <u>22,307,504</u> | <u>2,702,879</u> | <u>159,974</u> | <u>2,862,853</u> | <u>2,234,541</u> | <u>1,228,893</u> | <u>448,010</u> | <u>1,676,903</u> | <u>1,851,111</u> |
| EXPENSES | | | | | | | | | | |
| Teaching and learning (Note 10) | 737,936 | 692,790 | - | - | - | - | - | - | - | - |
| Public, member and stakeholder relations | 336,742 | 218,462 | - | - | - | - | 888,215 | - | 888,215 | 433,603 |
| Teacher success and teacher well-being | 412,106 | 166,953 | - | - | - | - | - | - | - | - |
| Governance | 1,725,000 | 1,306,954 | - | - | - | - | - | - | - | - |
| Human resources (Note 6) | 12,148,558 | 17,066,528 | 2,008,842 | - | 2,008,842 | 1,740,030 | - | - | - | - |
| Professional services | 1,884,912 | 1,359,642 | 589,591 | - | 589,591 | 356,487 | - | - | - | 17,847 |
| Infrastructure (Note 3, 8 and 10) | 2,484,645 | 2,546,693 | 122,451 | - | 122,451 | 114,232 | 277 | 184 | 461 | 703 |
| Board of reference and disputes | - | - | - | - | - | - | 87,264 | - | 87,264 | 3,768 |
| Conciliation, mediation, arbitration and grievances | - | - | - | - | - | - | 38,804 | - | 38,804 | 4,164 |
| Teacher crisis | - | - | - | - | - | - | 18,500 | - | 18,500 | 18,500 |
| | <u>19,729,899</u> | <u>23,358,022</u> | <u>2,720,884</u> | <u>-</u> | <u>2,720,884</u> | <u>2,210,749</u> | <u>1,033,060</u> | <u>184</u> | <u>1,033,244</u> | <u>478,585</u> |
| EARNINGS (DEFICIT) BEFORE UNDERNOTED | 1,806,397 | (1,050,518) | (18,005) | 159,974 | 141,969 | 23,792 | 195,833 | 447,826 | 643,659 | 1,372,526 |
| UNREALIZED GAIN (LOSS) IN MARKET VALUE OF INVESTMENT FUNDS | - | - | - | - | - | - | 862,114 | 265,143 | 1,127,257 | (4,433,244) |
| NET EARNINGS (LOSS) | 1,806,397 | (1,050,518) | (18,005) | 159,974 | 141,969 | 23,792 | 1,057,947 | 712,969 | 1,770,916 | (3,060,718) |
| NET ASSETS, BEGINNING OF YEAR | 8,808,206 | 16,113,018 | 53,858 | 5,504,509 | 5,558,367 | 4,283,534 | 26,505,795 | 8,578,053 | 35,083,848 | 37,025,374 |
| INTERFUND TRANSFERS | (377,510) | (2,402,294) | 19,962 | (350,000) | (330,038) | 1,273,693 | (242,448) | 949,996 | 707,548 | 1,119,193 |
| EMPLOYEE FUTURE BENEFITS RE-MEASUREMENTS AND OTHER ITEMS (Note 6) | (275,586) | (3,852,000) | (1,852) | - | (1,852) | (22,652) | - | - | - | - |
| NET ASSETS, END OF YEAR | \$ 9,961,507 | \$ 8,808,206 | \$ 53,963 | \$ 5,314,483 | \$ 5,368,446 | \$ 5,558,367 | \$ 27,321,294 | \$ 10,241,018 | \$ 37,562,312 | \$ 35,083,848 |

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

SASKATCHEWAN TEACHERS' FEDERATION
STATEMENT OF FINANCIAL POSITION
as at June 30, 2023

| | General Fund | Investment Services Unit | Working Capital Fund | Contingency Fund | Operations and Capital Fund | 2023 | 2022 |
|---|----------------------|--------------------------------|----------------------------|----------------------|-----------------------------------|----------------------|----------------------|
| CURRENT ASSETS | | | | | | | |
| Cash | \$ 604,154 | \$ 726,877 | \$ 5,314,483 | \$ 61,853 | \$ 10,476 | \$ 6,717,843 | \$ 992,341 |
| Accounts receivable (Notes 5 and 10) | 1,712,759 | (159) | - | 3 | - | 1,712,603 | 1,535,201 |
| Prepaid expenses | 789,558 | 94,616 | - | - | - | 884,174 | 766,456 |
| | <u>3,106,471</u> | <u>821,334</u> | <u>5,314,483</u> | <u>61,856</u> | <u>10,476</u> | <u>9,314,620</u> | <u>3,293,998</u> |
| INVESTMENT FUNDS (Note 4) | - | - | - | 27,296,218 | 10,236,788 | 37,533,006 | 40,653,308 |
| DUE FROM SASKATCHEWAN TEACHERS' FEDERATION - OTHER PLANS (Note 10) | 716,498 | 4,493 | - | - | - | 720,991 | 1,473,595 |
| CAPITAL ASSETS (Note 3) | | | | | | | |
| Tangible assets | 7,588,273 | - | - | - | - | 7,588,273 | 8,063,512 |
| Intangible assets | 772,115 | - | - | - | - | 772,115 | 575,014 |
| | <u>9,076,886</u> | <u>4,493</u> | <u>-</u> | <u>27,296,218</u> | <u>10,236,788</u> | <u>46,614,385</u> | <u>50,765,429</u> |
| | <u>\$ 12,183,357</u> | <u>\$ 825,827</u> | <u>\$ 5,314,483</u> | <u>\$ 27,358,074</u> | <u>\$ 10,247,264</u> | <u>\$ 55,929,005</u> | <u>\$ 54,059,427</u> |
| CURRENT LIABILITIES | | | | | | | |
| Accounts payable and accrued charges (Notes 3, 7 and 10) | \$ 2,028,374 | \$ 750,923 | \$ - | \$ 36,707 | \$ 6,246 | \$ 2,822,250 | \$ 2,277,169 |
| Deferred revenue | 155,419 | - | - | - | - | 155,419 | 62,271 |
| Interfund advances | (21,014) | 20,941 | - | 73 | - | - | - |
| | <u>2,162,779</u> | <u>771,864</u> | <u>-</u> | <u>36,780</u> | <u>6,246</u> | <u>2,977,669</u> | <u>2,339,440</u> |
| DEFINED BENEFIT LIABILITY (Note 6) | 59,071 | - | - | - | - | 59,071 | 2,269,566 |
| | <u>2,221,850</u> | <u>771,864</u> | <u>-</u> | <u>36,780</u> | <u>6,246</u> | <u>3,036,740</u> | <u>4,609,006</u> |
| COMMITMENTS (Notes 9, 13 and 14) | | | | | | | |
| CONTINGENCIES (Note 12) | | | | | | | |
| NET ASSETS | | | | | | | |
| Unrestricted | 9,961,507 | 53,963 | 5,314,483 | - | - | 15,329,953 | 14,366,573 |
| Externally restricted | - | - | - | 27,321,294 | - | 27,321,294 | 26,505,795 |
| Internally restricted | - | - | - | - | 10,241,018 | 10,241,018 | 8,578,053 |
| | <u>9,961,507</u> | <u>53,963</u> | <u>5,314,483</u> | <u>27,321,294</u> | <u>10,241,018</u> | <u>52,892,265</u> | <u>49,450,421</u> |
| | <u>\$ 12,183,357</u> | <u>\$ 825,827</u> | <u>\$ 5,314,483</u> | <u>\$ 27,358,074</u> | <u>\$ 10,247,264</u> | <u>\$ 55,929,005</u> | <u>\$ 54,059,427</u> |

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

APPROVED ON BEHALF OF THE STF EXECUTIVE

Original signed by Samantha Becotte
.....

STF Executive President

Original signed by Bobbi Taillefer
.....

Executive Director

SASKATCHEWAN TEACHERS' FEDERATION
STATEMENT OF CASH FLOWS
year ended June 30, 2023

| | General Fund | Investment Services Unit | Working Capital Fund | Contingency Fund | Operations and Capital Fund | 2023 | 2022 |
|--|-----------------|--------------------------------|----------------------------|---------------------|-----------------------------------|--------------|----------------|
| OPERATING ACTIVITIES | | | | | | | |
| Net earnings (loss) | \$ 1,806,397 | \$ (18,005) | \$ 159,974 | \$ 1,057,947 | \$ 712,969 | \$ 3,719,282 | \$ (4,087,445) |
| Adjustments for | | | | | | | |
| Amortization | 909,004 | - | - | - | - | 909,004 | 989,806 |
| Change in defined benefit liability | (2,210,495) | - | - | - | - | (2,210,495) | 11,078,241 |
| (Gain) loss on disposal of tangible assets | (1,151) | - | - | - | - | (1,151) | 1,447 |
| Loss on disposal of intangible assets | 28,994 | - | - | - | - | 28,994 | - |
| Realized loss (gain) on sale of investment funds | - | - | - | 82,680 | - | 82,680 | (428,409) |
| Unrealized (gain) loss in market value of investment funds | - | - | - | (862,114) | (265,143) | (1,127,257) | 4,433,244 |
| | 532,749 | (18,005) | 159,974 | 278,513 | 447,826 | 1,401,057 | 11,986,884 |
| Changes in non-cash working capital | 925,454 | (123,209) | (1,500) | 21,349 | (3,817) | 818,277 | (8,250,103) |
| | 1,458,203 | (141,214) | 158,474 | 299,862 | 444,009 | 2,219,334 | 3,736,781 |
| INVESTING ACTIVITIES | | | | | | | |
| Additions to tangible assets | (273,498) | - | - | - | - | (273,498) | (436,757) |
| Additions to intangible assets | (389,475) | - | - | - | - | (389,475) | (282,781) |
| Proceeds from disposal of tangible assets | 4,263 | - | - | - | - | 4,263 | (470) |
| Investment fund purchases | - | - | (105,196) | (1,379,398) | (1,388,222) | (2,872,816) | (35,629,660) |
| Investment fund disposals | 101,489 | - | 5,611,205 | 1,325,000 | - | 7,037,694 | 32,155,184 |
| | (557,221) | - | 5,506,009 | (54,398) | (1,388,222) | 3,506,168 | (4,194,484) |
| NET INCREASE (DECREASE) IN CASH | 900,982 | (141,214) | 5,664,483 | 245,464 | (944,213) | 5,725,502 | (457,703) |
| CASH POSITION, BEGINNING OF YEAR | 80,682 | 848,129 | - | 58,837 | 4,693 | 992,341 | 1,450,044 |
| INTERFUND TRANSFERS | (377,510) | 19,962 | (350,000) | (242,448) | 949,996 | - | - |
| CASH POSITION, END OF YEAR | \$ 604,154 | \$ 726,877 | \$ 5,314,483 | \$ 61,853 | \$ 10,476 | \$ 6,717,843 | \$ 992,341 |

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

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

1. DESCRIPTION OF OPERATIONS

The Saskatchewan Teachers' Federation (the "Federation") is a corporation as set out in *The Teachers' Federation Act, 2006*. The Federation is by this legislation a holistic professional organization that serves both the interests of teachers and the public. Its purposes as mandated in Section 5 of the Act are, among others, to represent and support teachers, to carry on activities to improve the quality of education and delivery of education support for and by teachers, and to promote the cause of education and raise the status of the teaching profession. The Federation also provides various benefit and pension plans for its members and former members, bargains collectively on behalf of teachers, and provides member supports and resources that promote teachers' professional stewardship and responsibility. The Federation is funded by teachers through membership fees.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Handbook and reflect the following significant policies:

Basis of Presentation

These financial statements do not reflect operations of the Saskatchewan Teachers' Federation – Member and Family Assistance Plan, Saskatchewan Teachers' Federation – Members' Health Plan, the Saskatchewan Teachers' Federation – Portaplan, the Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan, the Saskatchewan Teachers' Retirement Plan, the Saskatchewan Teachers' Federation Employees' Pension Plan, or Dr. Stirling McDowell Foundation for Research Into Teaching Inc. Separate financial statements have been prepared for these plans. See Note 11 for summary information.

Use of Estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, revenues and expenses and in the disclosure of commitments and contingencies. Examples of such estimations and assumptions include the useful lives and amortization of capital assets, the cost of employee future benefits, and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates (continued)

The Federation has a defined benefit pension plan whereby plan members are entitled to a specified level of benefit payment at a future date. The obligation of the Federation is determined with the assistance of an actuary and is a complex calculation involving a large number of estimates relating to matters such as employee demographics, mortality and illness rates, retirement dates, trends in interest rates and the performance of the current and future investment portfolio of the benefit plan. A small change in any one of these estimates could have a significant impact on the obligation. In assessing the recoverability of defined benefit assets, the Federation is required to make assumptions about the ability to recover the amount recognized through reductions in funding in future periods. A similar assessment is required in the recognition of any liability for future minimum funding requirements. Management has applied its judgment in this complex area.

Fund Accounting

The Federation follows the restricted method of accounting for contributions.

The General Fund accounts for the Federation's programs and administrative activities. This fund reports unrestricted resources.

The Investment Services Unit reports unrestricted resources that are to be used for the day-to-day management of the investments of the Federation.

The Working Capital Fund reports unrestricted resources that are to be used for expenses during times when the Federation is not receiving membership fees and to maximize investment earnings of the Federation.

The Contingency Fund reports only externally restricted resources that are to be used to provide legal and financial support for members who are involved in disputes related to collective bargaining or contracts of employment, to provide financial support to respond to an education crisis, to provide financial means for an ongoing public relations program in support of public education and the teaching profession, and to provide financial support for emergent circumstances that result during the course of an already established budget year.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

The Operations and Capital Fund reports only internally restricted resources that are to be used for capital purchases and improvements and collective agreement liabilities.

Employee Future Benefits

All of the Federation's employees that are not members of the Saskatchewan Teachers' Retirement Plan are participants in the Saskatchewan Teachers' Federation Employees' Pension Plan, which has a contributory defined benefit component as well as a defined contribution pension plan component. The Federation is the sponsor of the Saskatchewan Teachers' Federation Employees' Pension Plan.

The Federation follows Part II Handbook Section 3462, *Employee Future Benefits*, and Part III Handbook Section 3463, *Employee Future Benefits by Not-for-Profit Organizations* ("Section 3463"), for the measurement of the pension obligation and employee future benefit expense. Section 3463 requires the separate recording of pension obligation re-measurements in Net Assets. Accordingly, the Federation's portion of these re-measurements have been recorded in Net Assets with an accompanying amount owing to (from) the Saskatchewan Teachers' Federation – Members' Health Plan, the Saskatchewan Teachers' Federation – Portaplan, the Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan, the Saskatchewan Teachers' Retirement Plan, and the Dr. Stirling McDowell Foundation for Research Into Teaching Inc.

Revenue Recognition

Unrestricted membership fees as set by the Federation's Council are recognized as revenue in the General Fund in the fiscal year due.

Restricted membership fees as set by Council are recognized as revenue of the appropriate restricted fund in the fiscal year due.

Administration fees recovered from the Saskatchewan Teachers' Federation – Members' Health Plan, the Saskatchewan Teachers' Federation – Member and Family Assistance Plan, the Saskatchewan Teachers' Federation – Portaplan, the Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan, the Saskatchewan Teachers' Retirement Plan, the Saskatchewan Teachers' Federation Employees' Pension Plan, and Dr. Stirling McDowell Foundation for Research Into Teaching Inc. represents a reimbursement for the cost of salaries and benefits, facilities and supplies.

All other revenue is recognized in the appropriate fund, in the fiscal year earned.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Tangible assets are recorded at cost. The building is amortized on a declining-balance basis over its estimated useful life. Furniture and equipment along with computer hardware, leasehold improvements and books and periodicals are amortized on a straight-line basis over their estimated useful lives.

Intangible assets are recorded at cost. Computer software cost includes the initial software purchase and configuration costs and is amortized on a straight-line basis over its estimated useful life.

Impairment of Long-Lived Assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Deferred Revenue

Deferred revenue represents funds received in the current year which apply to subsequent fiscal years.

Contributed Services

The work of the Federation is dependent on the voluntary service of many members. Since these services are not normally purchased by the Federation and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Financial Instruments

Financial assets and financial liabilities are recognized when the Federation becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is measured at amortized cost, except for short-term investments and investment funds which are measured at fair value as at the reporting date. Changes in fair value, including realized and unrealized gains and losses, are recorded in the Statement of Operations and Changes in Net Assets.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Fair values are based on quoted market prices, specifically the latest bid price, where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis. Transaction costs are expensed as incurred for all short-term investments and investment funds. Transaction costs related to other financial instruments are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

Impairment

For financial assets measured at cost or amortized cost, the Federation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Federation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the investment income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss shall be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in investment income.

Pension Plan

The Federation sponsors and funds a contributory pension plan with both defined benefit and defined contribution components for its employees that are not members of the Saskatchewan Teachers' Retirement Plan. The defined benefit component provides pensions based on length of service and final average earnings. The defined contribution component provides pensions based on the contributions and returns in each member's pension account. The contributions to the pension plan are recognized in the fiscal year due.

The Federation accrues its obligations under the defined benefit pension plan component as the employees render the services necessary to earn the pension benefits. The cost of the defined benefit pension plan component is determined periodically by an independent actuary.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension Plan (continued)

The defined benefit obligation of the plan is based on the most recently completed actuarial valuation prepared for funding purposes (but not one prepared using a solvency, wind-up, or similar valuation basis). A funding valuation is prepared in accordance with pension legislation and regulations, generally to determine required cash contributions to the plan.

The Federation recognizes the defined benefit obligation net of the fair value of plan assets. Current service costs and finance costs for the period are recognized in the Statement of Operations and Changes in Net Assets. Employee future benefits re-measurements and other items are recognized directly in net assets in the Statement of Financial Position and presented as a separately identified line item in the Statement of Operations and Changes in Net Assets.

3. CAPITAL ASSETS

Tangible Assets

| | <u>Rates</u> | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> |
|-------------------------------------|--------------------|-----------------------------|-------------------------------------|----------------------------|
| Building | 4% | \$ 7,657,620 | \$ 3,315,957 | \$ 4,341,663 |
| Furniture and equipment | 5,10, & 15 yrs. | 2,811,129 | 1,578,247 | 1,232,882 |
| Computer hardware | 4 yrs. | 1,927,000 | 1,705,246 | 221,754 |
| Leasehold improvements | 5 - 10 yrs. | 1,850,404 | 551,065 | 1,299,339 |
| Emma Stewart Resources Centre | 10 yrs. | 967,333 | 506,516 | 460,817 |
| | | <u>15,213,486</u> | <u>7,657,031</u> | <u>7,556,454</u> |
| Land | | 31,819 | - | 31,819 |
| 2023 Totals | | <u>\$ 15,245,305</u> | <u>\$ 7,657,031</u> | <u>\$ 7,588,273</u> |
| 2022 Totals | | <u>\$ 15,062,748</u> | <u>\$ 6,999,236</u> | <u>\$ 8,063,512</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

3. CAPITAL ASSETS (continued)

Tangible Assets (continued)

The current year's amortization expense is \$745,625 (2022 – \$808,147). The amortization is included in the infrastructure expenses in the Statement of Operations and Changes in Net Assets. At June 30, 2023 there is \$nil (2022 – \$nil) of tangible assets in development and amortization has not started.

Additions of \$7,545 included in tangible assets are non-cash transactions as they were not paid as at June 30, 2023- (2022 – \$43,532), and are included in accounts payable and accrued charges.

Intangible Assets

| | <u>Rates</u> | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> |
|--------------------|--------------|---------------------|-------------------------------------|---------------------------|
| Computer software | 5 yrs. | 4,248,369 | 3,476,254 | 772,115 |
| 2023 Totals | | \$ 4,248,369 | \$ 3,476,254 | \$ 772,115 |
| 2022 Totals | | \$ 4,199,948 | \$ 3,624,934 | \$ 575,014 |

The current year's amortization expense is \$163,379 (2022 – \$181,659). The amortization is included in the infrastructure expenses in the Statement of Operations and Changes in Net Assets. At June 30, 2023 there is \$305,967 (2022 – \$114,234) of intangible assets in development and amortization has not started.

Additions of \$52,218 included in intangible assets were not paid as at June 30, 2023 (2022 – \$3,518) and are included in accounts payable and accrued charges.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

4. INVESTMENT FUNDS

Investment funds are measured at fair value and include the following:

| | Contingency Fund | Operations and Capital Fund | 2023 | 2022 |
|---|----------------------|-----------------------------------|-----------------------------|----------------------|
| Fixed income | \$ 10,882,246 | \$ 4,081,285 | \$ 14,963,531 | \$ 6,357,310 |
| Mortgages | 1,641,397 | 615,550 | 2,256,947 | 3,119,077 |
| Real Assets | 3,898,318 | 1,461,932 | 5,360,250 | 6,402,870 |
| Equities | | | | |
| Canadian | 3,693,144 | 1,384,988 | 5,078,132 | 6,592,116 |
| Foreign | 6,975,938 | 2,616,089 | 9,592,027 | 12,280,052 |
| Money market investments and deposits | 205,175 | 76,944 | 282,119 | 5,901,883 |
| | <u>\$ 27,296,218</u> | <u>\$ 10,236,788</u> | <u>\$ 37,533,006</u> | <u>\$ 40,653,308</u> |

TD Asset Management is the investment manager appointed by the Federation to manage the pooled investment funds of the Federation.

The Federation's investment income is as follows:

| | General Fund | Investment Services | Working Capital Fund | Contingency Fund | Operations and Capital Fund | 2023 | 2022 |
|---|------------------|------------------------|-------------------------|---------------------|-----------------------------------|----------------------------|---------------------|
| Interest | \$ 37,221 | \$ 26,782 | \$ 163,271 | \$ 168,864 | \$ 56,930 | \$ 453,068 | \$ 34,165 |
| Dividends | - | - | - | 1,215,744 | 413,709 | 1,629,453 | 1,488,635 |
| Realized gain on sale of investment funds | - | - | - | (82,680) | - | (82,680) | 428,408 |
| Investment management fees | (14) | - | (3,297) | (73,062) | (24,582) | (100,955) | (77,463) |
| | <u>\$ 37,207</u> | <u>\$ 26,782</u> | <u>\$ 159,974</u> | <u>\$ 1,228,866</u> | <u>\$ 446,057</u> | <u>\$ 1,898,886</u> | <u>\$ 1,873,745</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

5. ACCOUNTS RECEIVABLE

| | General Fund | Investment Services | Contingency Fund | 2023 | 2022 |
|---|---------------------|------------------------|---------------------|----------------------------|---------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Membership fees | \$ 1,325,204 | \$ - | \$ 3 | \$ 1,325,207 | \$ 1,235,805 |
| Saskatchewan Teachers' Federation – Members' and Family Assistance Plan | - | - | - | - | 20,895 |
| Saskatchewan Teachers' Federation – Members' Health Plan | - | - | - | - | 42,224 |
| Saskatchewan Teachers' Federation – Portaplan | 935 | (159) | - | 776 | 36,348 |
| Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan | - | - | - | - | 40,161 |
| Saskatchewan Teachers' Retirement Plan | - | - | - | - | 32,089 |
| Dr. Stirling McDowell Foundation for Research Into Teaching Inc. | - | - | - | - | 1,287 |
| Trade receivables and accruals | <u>386,620</u> | <u>-</u> | <u>-</u> | <u>386,620</u> | <u>126,392</u> |
| | <u>\$ 1,712,759</u> | <u>\$ (159)</u> | <u>\$ 3</u> | <u>\$ 1,712,603</u> | <u>\$ 1,535,201</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

6. PENSION COSTS AND OBLIGATIONS

Plan for Federation Employees Who Are Not Members of the Saskatchewan Teachers' Retirement Plan

Effective July 1, 2018, the defined benefit component of the plan was closed to new employees and current employees were given a one-time option to transfer to the new defined contribution component.

The current year's pension expense for the defined contribution component is \$635,739 (2022 – \$622,660). The pension expense relating to the Federation is \$513,200 (2022 – \$520,853) and is included in human resources expenses in the Statement of Operations and Changes in Net Assets, and the amount relating to the other plans and funds is \$122,539 (2022 – \$101,807).

The Federation measures its accrued defined benefit obligations and the fair value of the Plan assets for accounting purposes as at June 30 of each year.

Based on the most recent actuarial determination of pension plan benefits for funding purposes completed as at June 30, 2022 and extrapolated to June 30, 2023, the status of the defined benefit pension plan is as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------------------|--------------------|-----------------------|
| Fair value of plan assets | \$ 43,011,644 | \$ 39,803,630 |
| Defined benefit obligation | <u>43,070,715</u> | <u>42,073,196</u> |
| Defined benefit liability | <u>\$ (59,071)</u> | <u>\$ (2,269,566)</u> |

The next required actuarial determination of pension plan benefits for funding purposes to be filed with the Saskatchewan Financial Services and Consumer Affairs Authority (FCAA) Commission is due by March 31, 2026 with an effective date of June 30, 2025.

The current year's pension credit for the defined benefit component is (\$2,159,761) (2022 – \$5,631,286). The pension credit relating to the Federation is (\$1,391,102) (2022 – \$3,648,510) and is included in human resources expenses in the Statement of Operations and Changes in Net Assets, and the amount relating to the other plans and funds is (\$768,659) (2022 – \$1,982,776).

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

6. PENSION COSTS AND OBLIGATIONS (continued)

Plan for Federation Employees Who Are Not Members of the Saskatchewan Teachers' Retirement Plan (continued)

The employee future benefits re-measurements and other items is \$430,737 (2022 – \$5,964,797). The employee future benefits re-measurements and other items relating to the Federation is \$277,438 (2022 – \$3,874,652) and is included in Statement of Operations and Changes in Net Assets, and the amount relating to the other plans and funds is \$153,299 (2022 – \$2,090,145).

Plan for Federation Employees who are Members of the Saskatchewan Teachers' Retirement Plan

For employees belonging to the Saskatchewan Teachers' Retirement Plan the Federation is responsible for making contributions based on the requirements of these plans. Included in human resources expenses in the Statements of Operations and Changes in Net Assets for the year for these plans is \$322,314 (2022 – \$298,025).

7. ACCOUNTS PAYABLE AND ACCRUED CHARGES

| | General Fund | Investment Services Unit | Contingency Fund | Operations and Capital Fund | 2023 | 2022 |
|--|---------------------|--------------------------------|---------------------|-----------------------------------|----------------------------|------------------|
| Accumulated vacation days | \$ 435,141 | \$ 31,591 | \$ - | \$ - | 466,732 | 638,263 |
| Service gratuities | 145,000 | 10,000 | - | - | 155,000 | 173,111 |
| Government remittances | 24,967 | 7,143 | - | - | 32,110 | 26,587 |
| Trade payables and other accrued charges | 1,296,584 | 589,856 | 36,707 | 6,246 | 1,929,393 | 1,179,409 |
| Saskatchewan Teachers' Federation – Members' Health Plan | (784) | 1,147 | - | - | 363 | 3,155 |
| Saskatchewan Teachers' Federation – Portaplan | - | - | - | - | - | 427 |
| Saskatchewan Teachers' Federation – Teachers' Long- Term Disability Plan | 14,211 | 1,621 | - | - | 15,832 | 4,118 |
| Saskatchewan Teachers' Retirement Plan | 113,264 | 108,983 | - | - | 222,247 | 250,475 |
| Saskatchewan Teachers' Federation – Employees' Pension Plan | - | 553 | - | - | 553 | 1,551 |
| Dr. Stirling McDowell Foundation for Research Into Teaching Inc. | - | 20 | - | - | 20 | 73 |
| | <u>\$ 2,028,383</u> | <u>\$ 750,914</u> | <u>\$ 36,707</u> | <u>\$ 6,246</u> | <u>\$ 2,822,250</u> | <u>2,277,169</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

8. LEASE COMMITMENTS

2317 Arlington Avenue

The Federation entered into an agreement to lease office space on the 3rd and 4th floors of the 2317 Arlington Avenue building from the Saskatchewan Teachers' Retirement Plan, a related party, for a term of 10 years from August 1, 2002 to July 31, 2012. The provision of the lease agreement allowed for an escalation clause to take effect at the conclusion of the lease. The lease has now been renewed for a third term to June 2027.

The aggregate minimum annual rental payments, including GST, under these agreements for the four years, included in infrastructure expenses, is \$75,225 per annum.

On June 30, 2002, the Federation entered into an agreement with the Saskatchewan Teachers' Federation – Members' Health Plan, the Saskatchewan Teachers' Federation – Portaplan, and the Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan to sub-lease office space from the Saskatchewan Teachers' Retirement Plan for a term of 10 years ending July 31, 2012. The provision of the agreement allowed for an escalation clause to take effect at the conclusion of the lease. The lease has now been renewed for a third term to June 2027. The Saskatchewan Teachers' Retirement Plan collects the current leasing costs from sub-lessors.

2311 Arlington Avenue

The Federation entered into an agreement to lease office space at the Arbos Centre for Learning (2311 Arlington Avenue) from the Saskatchewan Teachers' Retirement Plan, a related party, for a term of 10 years from July 1, 2018 to June 30, 2028, with an option to renewal for an additional 120 months at the fair market rent at the time.

The aggregate minimum annual rental payments, including GST, under this agreement for the next six years, included in infrastructure expenses, is \$205,375 per annum.

Regina Office

The Federation subleased office space in Regina, Saskatchewan from the Regina Catholic School Teacher's Association and Regina Public School Teachers' Association for a term of one year starting September 1, 2022. The lease includes the option to renew the term for two additional terms of one year each.

The aggregate minimum annual rental payments under this agreement for the next year, included in infrastructure expenses, is \$7,000 per annum.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

9. FINANCIAL INSTRUMENTS

The Federation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Federation's risk exposure and concentrations at June 30, 2023.

The Federation has a written *Investment Objectives and Policy Statement* ("IOPS") and an *Investment Management Guidelines Statement* ("IMGS").

The STF Executive approves the IOPS and delegates governance responsibilities for management of the assets of Federation funds through the approval of the terms of reference. The IOPS is formally reviewed at least annually, and changes are made to it, if and when appropriate. The STF Executive approves amendments to the IOPS as recommended by the Investment Committee.

The Investment Committee establishes the IMGS to address the unique investment objectives and constraints for the Federation, as well as outlining relevant legislation and governance. The IMGS is reviewed at least annually, and changes are made to it, if and when appropriate. The IMGS is shared with the STF Executive for information.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency rates, and equity prices. The Federation is exposed to this market risk in its investing activities.

Each investment manager manages market risk in accordance with the Federation's IOPS and IMGS. Investment managers report quarterly to the Investment Services Unit, on their performance which includes compliance with the policy and regulatory requirements. All exceptions noted are to be reported to the Investment Committee.

a) ***Interest rate risk***

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will be adversely impacted due to a change in the market interest rates.

The investment portfolio of the Federation is directly exposed to interest rate risk in respect of its fixed income investments.

To manage the interest rate risk, the Investment Committee has adopted an approach whereby investments are strategically distributed, on a long-term basis, among several classes of assets to reduce exposure to investment volatility.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

9. FINANCIAL INSTRUMENTS (continued)

Market Risk (continued)

b) *Foreign currency risk*

Foreign currency exposure arises from the Federation's holdings of non-Canadian investments, which as at June 30, 2023, consist of pooled investments which comprise 25.6% or \$9,592,027 (2022 – 30.2% or \$12,280,052 of the total portfolio.

c) *Equity price risk*

Equity price risk is the risk that the fair value or future cash flows of an equity investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual equity instrument, or factors affecting similar equity instruments traded in the market.

The investment portfolio is directly exposed to equity price risk in respect of its pooled equities which total \$14,670,159 at June 30, 2023 (2022 – \$18,872,169).

The IMGS limits the total direct investment in a single equity investment in the Plan's equity portfolio to 10% of the total market value of each equity portfolio. Investments in individual equities shall not exceed 10% of the outstanding shares of the issuing corporation and at least 20 different equity holdings shall exist in the portfolio, either directly or through index replication instruments. No more than 15% of the equity portfolio shall be invested in stocks that fall outside the composite index.

Credit Risk

The business of the Federation necessitates the management of credit risk. Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations of the Federation, as and when they fall due.

The Federation limits credit risk by dealing with investees that are considered to be of high quality.

Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have similar characteristics or obey similar variations relating to economic or political conditions.

This risk is managed by strategically diversifying investments, on a long-term basis, among several classes of assets.

The assets of the Federation are directly exposed to credit risk in respect of its fixed income, pooled fixed income, pooled mortgage, pooled short-term investments, accounts receivable and cash.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

9. FINANCIAL INSTRUMENTS (continued)

Credit Risk (continued)

As at June 30, 2023, the Federation's maximum exposure to credit risk was \$16,611,113 (2022 – \$17,905,811) being the total of the carrying values of these assets.

The IMGS requires that all short-term investments have a minimum rate of R1 or equivalent rating as rated by a recognized bond rating agency at time of purchase.

The IMGS limits the Federation to holding not more than 5% of the market value of fixed income securities in any one non-government entity. Private placement bonds shall not exceed 5% of the fixed income portfolio market value.

None of the assets in the investment portfolio or accounts receivable are past due or impaired as at June 30, 2023 (2022 – none).

Liquidity Risk

The business of the Federation necessitates the management of liquidity risk. Liquidity risk is the risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or sell assets on a forced basis.

As at June 30, 2023, the Federation has current financial liabilities of \$2,821,483 (2022 – \$2,277,169) relating to accounts payable and accrued charges. In addition, it has an ongoing obligation to pay benefits to members of the Saskatchewan Teachers' Federation Employees' Pension Plan in respect of pensions payable, which the actuarial present value totaled \$43,070,715 for the year ended June 30, 2023 (2022 – \$42,073,196).

At June 30, 2023, the Federation held cash as well as fixed income and equities which are readily available to settle such obligations.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

10. RELATED PARTY TRANSACTIONS

During the year, the Federation entered into transactions with the following related parties:

Saskatchewan Teachers' Federation – Member and Family Assistance Plan, a counselling service provided through a third-party service provider (ComPsych).

Saskatchewan Teachers' Federation – Members' Health Plan, a health benefits plan administered by the Federation.

Saskatchewan Teachers' Federation – Portaplan, a voluntary insurance plan administered by the Federation.

Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan, a compulsory insurance plan administered by the Federation.

Saskatchewan Teachers' Retirement Plan, a pension plan administered by the Federation.

Saskatchewan Teachers' Federation Employees' Pension Plan, a contributory pension plan for selected employees of the Federation.

Dr. Stirling McDowell Foundation for Research Into Teaching Inc., a registered charity with the Federation as its sole member.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

10. RELATED PARTY TRANSACTIONS (continued)

Revenues

Administration fees represent a reimbursement of costs related to the internal support services provided to the Saskatchewan Teachers' Federation – Members' Health Plan, Saskatchewan Teachers' Federation – Member and Family Assistance Plan, Saskatchewan Teachers' Federation – Portaplan, Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan, Saskatchewan Teachers' Retirement Plan, Saskatchewan Teachers' Federation Employees' Pension Plan and Dr. Stirling McDowell Foundation for Research Into Teaching Inc.

During the year, the Federation received the following administration fees:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Saskatchewan Teachers' Federation – Members' Health Plan | \$ 799,949 | \$ 977,149 |
| Saskatchewan Teachers' Federation – Member and Family Assistance Plan | 5,496 | 9,804 |
| Saskatchewan Teachers' Federation – Portaplan | 663,045 | 680,369 |
| Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan | 1,461,455 | 1,615,763 |
| Saskatchewan Teachers' Retirement Plan | 6,312,240 | 6,215,214 |
| Saskatchewan Teachers' Federation – Employees' Pension Plan | 129,491 | 146,336 |
| Dr. Stirling McDowell Foundation for Research Into Teaching Inc. | 269,755 | 278,615 |
| | <u>\$ 9,641,431</u> | <u>\$ 9,923,250</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

10. RELATED PARTY TRANSACTIONS (continued)

Revenues (continued)

The Federation pays all the operating costs of the building at 2317 Arlington Avenue. The Federation then recovers a percentage of these costs from the Saskatchewan Teachers' Retirement Plan based on its percentage ownership of the building. In 2023, the amount recovered was \$487,554 (2022 – \$428,607) and is included in the building operations cost recovery revenues in the Statement of Operations and Changes in Net Assets.

During the year, the Federation recovered the following building operation recovery amounts:

| | | | | <u>2023</u> | <u>2022</u> |
|--|----------------------------|-------------------------------|-------------------------|--------------------------|-------------------|
| | <u>Operating Costs</u> | <u>Base Rent - Common</u> | <u>Parking Fees</u> | <u>Total</u> | <u>Total</u> |
| Saskatchewan Teachers' Federation – Members' Health Plan | \$ - | \$ 3,299 | \$ 480 | \$ 3,779 | \$ 3,602 |
| Saskatchewan Teachers' Federation – Portaplan | - | 2,544 | 480 | 3,024 | 3,285 |
| Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan Plan | - | 10,149 | 1,920 | 12,070 | 11,380 |
| Saskatchewan Teachers' Retirement Plan | <u>487,554</u> | <u>16,021</u> | <u>3,600</u> | <u>507,175</u> | <u>448,471</u> |
| | <u>\$ 487,554</u> | <u>\$ 32,013</u> | <u>\$ 6,480</u> | <u>\$ 526,048</u> | <u>\$ 466,738</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

10. RELATED PARTY TRANSACTIONS (continued)

Expenses

The Federation is responsible for all matters relating to the administration of Saskatchewan Teachers' Federation – Member and Family Assistance Plan, the Saskatchewan Teachers' Federation – Members' Health Plan, the Saskatchewan Teachers' Federation – Portaplan, the Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan, the Saskatchewan Teachers' Retirement Plan, the Saskatchewan Teachers' Federation Employees' Pension Plan and the Dr. Stirling McDowell Foundation for Research Into Teaching Inc.

The Saskatchewan Teachers' Retirement Plan recovers the costs for the leased area at 2317 Arlington Avenue from the Federation, Saskatchewan Teachers' Federation – Members' Health Plan, the Saskatchewan Teachers' Federation – Portaplan, and the Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan. In 2023, the amount recovered from the Federation was \$278,902 (2022 – \$256,862) and is included in the infrastructure expenses in the Statement of Operations and Changes in Net Assets.

The Federation leases space at 2311 Arlington Avenue from The Saskatchewan Teachers' Retirement Plan. The annual lease payments including GST are \$205,375 (2022 – \$205,375) and are included in the infrastructure expenses in the Statement of Operations and Changes in Net Assets.

The Federation makes an annual grant payment to Dr. Stirling McDowell Foundation for Research Into Teaching Inc. In the current year the grant payment was \$134,400 (2022 – \$139,104) and has been included in the teaching and learning line on the Statement of Operations and Changes in Net Assets.

The Federation makes donations of \$50 each on behalf of deceased teachers, which totaled \$400 in the current year (2022 – \$550). These are included in the teaching and learning expenses in the Statement of Operations and Changes in Net Assets.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

10. RELATED PARTY TRANSACTIONS (continued)

Expenses (continued)

At the end of the year, the amounts due from (to) related parties and expected to be settled within the next 12 months, included in accounts receivable net of accounts payable and accrued charges are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------|--------------|
| Saskatchewan Teachers' Federation – Members' and Family Assistance Plan | \$ - | \$ 20,895 |
| Saskatchewan Teachers' Federation – Members' Health Plan | \$ (363) | \$ 39,068 |
| Saskatchewan Teachers' Federation – Portaplan | 776 | 35,921 |
| Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan | (15,832) | 36,044 |
| Saskatchewan Teachers' Retirement Plan | (222,247) | (218,386) |
| Saskatchewan Teachers' Federation Employees' Pension Plan | (553) | (1,551) |
| Dr. Stirling McDowell Foundation for Research Into Teaching Inc. | <u>(20)</u> | <u>1,214</u> |

At the end of the year, the amounts due from (to) related parties and not expected to be settled within the next 12 months, included in Due From or (Due To) Saskatchewan Teachers' Federation – Other Plans, are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|---------------------|
| Saskatchewan Teachers' Federation – Members' Health Plan | \$ 32,070 | \$ 85,509 |
| Saskatchewan Teachers' Federation – Portaplan | (4,432) | 24,271 |
| Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan | 627,359 | 1,044,650 |
| Saskatchewan Teachers' Retirement Plan | 57,977 | 308,901 |
| Dr. Stirling McDowell Foundation for Research Into Teaching Inc. | <u>8,017</u> | <u>10,264</u> |
| | <u>\$ 720,991</u> | <u>\$ 1,473,595</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

11. SUMMARY INFORMATION

The Federation administers the Saskatchewan Teachers' Federation – Member and Family Assistance Plan, the Saskatchewan Teachers' Federation – Members' Health Plan, the Saskatchewan Teachers' Federation – Portaplan, the Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan, and the Saskatchewan Teachers' Retirement Plan. The Saskatchewan Teachers' Federation – Member and Family Assistance Plan provides payment of costs incurred for eligible counselling services for eligible members, their spouses and children. The Saskatchewan Teachers' Federation – Members' Health Plan provides health coverage for eligible members, their spouses and children. The Saskatchewan Teachers' Federation – Portaplan is a voluntary term life, accident and dependent life insurance plan which began in 1970 for eligible members, their spouses and their children. The Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan provides basic continuing income to members who are unable to work, for an extended period of time, due to illness or accidental injury. The Saskatchewan Teachers' Retirement Plan provides retirement benefits to all teachers new to teaching in the Saskatchewan provincial PreK-12 system since July 1, 1980.

The Saskatchewan Teachers' Federation – Member and Family Assistance Plan, the Saskatchewan Teachers' Federation – Members' Health Plan, the Saskatchewan Teachers' Federation – Portaplan, the Saskatchewan Teachers' Federation – Teacher' Long-Term Disability Plan, and the Saskatchewan Teachers' Retirement Plan have not been consolidated in the Federation's financial statements. Financial statements for each are available upon request. Financial summaries of these unconsolidated entities as at June 30, 2023 and 2022 and for the years then ended are as follows:

| Saskatchewan Teachers' Federation – Member and Family Assistance Plan | <u>2023</u> | <u>2022</u> |
|--|-------------------|------------------|
| Financial position | | |
| Total assets | \$ 112,935 | \$ 119,630 |
| Total liabilities | 7,720 | 28,021 |
| Net assets available for benefits | <u>\$ 105,215</u> | <u>\$ 91,609</u> |
| Results of operations | | |
| Increases in assets | \$ 279,752 | \$ 319,863 |
| Decreases in assets | 266,146 | 310,919 |
| Net increase in net assets | <u>\$ 13,606</u> | <u>\$ 8,944</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

11. SUMMARY INFORMATION (continued)

| Saskatchewan Teachers' Federation – Members' Health Plan | <u>2023</u> | <u>2022</u> |
|---|----------------------|------------------------|
| Financial position | | |
| Total assets | \$ 80,585,922 | \$ 80,092,827 |
| Total liabilities | <u>3,181,347</u> | <u>2,670,391</u> |
| Net assets available for benefits | <u>\$ 77,404,575</u> | <u>\$ 77,422,436</u> |
| Results of operations | | |
| Increases in assets | \$ 26,564,436 | \$ 13,278,162 |
| Decreases in assets | <u>26,408,517</u> | <u>25,331,622</u> |
| Net increase in net assets | <u>\$ 155,919</u> | <u>\$ (12,053,460)</u> |

| Saskatchewan Teachers' Federation – Portaplan | <u>2023</u> | <u>2022</u> |
|--|----------------------|-----------------------|
| Financial position | | |
| Total assets | \$ 16,000,604 | 15,544,822 |
| Total liabilities and reserves | <u>5,136,455</u> | <u>5,950,296</u> |
| Net assets available for benefits | <u>\$ 10,864,149</u> | <u>\$ 9,594,526</u> |
| Changes in benefit obligations | | |
| Beginning balance | \$ 5,768,300 | \$ 5,805,550 |
| Increases | - | 145,000 |
| Decreases | <u>(944,300)</u> | <u>(182,250)</u> |
| Ending balance | <u>\$ 4,824,000</u> | <u>\$ 5,768,300</u> |
| Results of operations | | |
| Increases in assets | \$ 5,569,100 | \$ 2,935,686 |
| Decreases in assets | <u>4,308,037</u> | <u>4,600,489</u> |
| Net (decrease) increase in net assets | <u>\$ 1,261,063</u> | <u>\$ (1,664,803)</u> |

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2023

11. SUMMARY INFORMATION (continued)

| Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| Financial position | | |
| Total assets | \$ <u>244,597,575</u> | \$ <u>232,027,083</u> |
| Total liabilities | \$ 120,048,229 | \$ 115,131,554 |
| Total equity | <u>124,549,346</u> | <u>116,895,529</u> |
| | \$ <u>244,597,575</u> | \$ <u>232,027,083</u> |
| Results of operations | | |
| Total revenues | \$ 26,968,392 | \$ (1,891,265) |
| Total expenses | <u>19,222,311</u> | <u>331,765</u> |
| Total (loss) income | 7,746,081 | (2,223,030) |
| Total employee future benefits re-measurements and other items | <u>(92,264)</u> | <u>(1,267,519)</u> |
| Total (loss) income and comprehensive (loss) income | \$ <u>7,653,817</u> | \$ <u>(3,490,549)</u> |
| Cash flows | | |
| Cash from operating activities | \$ 4,169,997 | \$ 3,962,100 |
| Cash used in investing activities | (4,415,246) | (4,046,971) |
| Cash used in financing activities | <u>(100,133)</u> | <u>(118,993)</u> |
| Decrease in cash | \$ <u>(345,382)</u> | \$ <u>(203,864)</u> |

SASKATCHEWAN TEACHERS' FEDERATION
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11. SUMMARY INFORMATION (continued)

| | 2023 | | 2022 |
|---|--------------|----|-----------|
| Saskatchewan Teachers' Retirement Plan (in \$000s) | | | |
| Financial position | | | |
| Total assets | \$ 7,237,169 | \$ | 6,650,275 |
| Total liabilities | 23,920 | | 23,624 |
| Net assets available for benefits | \$ 7,213,249 | \$ | 6,626,651 |
| Changes in pension obligation | | | |
| Beginning balance | \$ 7,039,865 | \$ | 6,477,000 |
| Increases | 892,818 | | 777,572 |
| Decreases | (447,227) | | (214,707) |
| Ending balance | \$ 7,485,456 | \$ | 7,039,865 |
| Results of operations | | | |
| Increases in assets | \$ 811,064 | \$ | - |
| Decreases in assets | 224,466 | | 540,184 |
| Net increase in net assets | \$ 586,598 | \$ | (540,184) |

12. CONTINGENCIES

A legal action in the amount of \$3,300,000 was claimed against the Federation by a former employee for damages. Management and legal counsel are of the opinion that this claim is without merit. No provision with respect to this claim has been made in the financial statements as the outcome of the claim cannot be determined with certainty.

In the normal course of business, the Federation is involved in various claims, other than those mentioned above. Though the outcome of these various pending claims as at June 30, 2023 cannot be determined with certainty, the Federation believes that their outcome will have no significant adverse impact on its financial position, operating results, or cash flows.

13. CAPITAL COMMITMENTS

The Federation has a \$33,208 commitment for building improvements into 2024. The prior year commitments were \$70,627 for computer software, \$38,261 for computer hardware, \$15,453 for furniture and \$61,724 for HVAC.

14. OTHER COMMITMENTS

The Federation has commitments into 2024 for public relations \$851,000 and Arbos items for \$26,000.