

**SASKATCHEWAN TEACHERS'
FEDERATION**

FINANCIAL STATEMENTS

June 30, 2021

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, 2021, and the statements of operations, 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, 2021, 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
September 23, 2021
Saskatoon, Saskatchewan

SASKATCHEWAN TEACHERS' FEDERATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
year ended June 30, 2021

	Unrestricted Funds						Restricted Funds				
	General Fund		Investment	Corporate	Working	Total	Contingency	Operations and Capital		Total	
	Total		Services	Fund	Capital		Fund	Fund			
2021	2020	2021	2021	2021	2021	2020	2021	2021	2021	2020	
REVENUES											
Membership fees											
Regular fees	\$ 11,525,059	\$ 11,200,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 841,322	\$ -	\$ 841,322	\$ 802,560
Substitute fees	443,319	399,668	-	-	-	-	-	-	-	-	-
	<u>11,968,378</u>	<u>11,600,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,322</u>	<u>-</u>	<u>841,322</u>	<u>802,560</u>
Projects	213,128	310,011	-	-	-	-	-	-	-	-	-
Administration fees (Note 11)	6,635,793	6,343,645	2,190,172	116,173	-	2,306,345	1,870,511	-	-	-	-
Pathways to Learning	507,073	531,541	-	-	-	-	-	-	-	-	-
Building operations cost recovery (Note 11)	471,787	484,949	-	-	-	-	-	-	-	-	-
Investment income (Note 4)	409	3,159	134	-	5,584	5,718	40,688	1,702,123	407,993	2,110,116	2,904,550
Sundry income (Note 11)	303,462	383,390	-	-	-	-	-	-	1,527	1,527	1,490
	<u>20,100,030</u>	<u>19,657,311</u>	<u>2,190,306</u>	<u>116,173</u>	<u>5,584</u>	<u>2,312,063</u>	<u>1,911,199</u>	<u>2,543,445</u>	<u>409,520</u>	<u>2,952,965</u>	<u>3,708,600</u>
EXPENSES											
Teaching and learning (Note 11)	532,706	781,197	-	-	-	-	-	-	-	-	-
Public, member and stakeholder relations	188,349	416,620	-	-	-	-	-	61,876	-	61,876	378,373
Teacher success and teacher well-being	178,034	274,378	-	-	-	-	-	-	-	-	-
Governance	974,221	1,076,202	-	-	-	-	-	-	-	-	-
Human resources (Note 6)	10,588,992	11,760,196	1,657,861	108,089	-	1,765,950	1,356,646	-	-	-	-
Professional services	1,294,068	1,330,617	410,348	7	-	410,355	430,411	35,204	-	35,204	101,492
Infrastructure (Note 3,9 and 11)	2,425,468	2,691,268	108,010	6,727	-	114,737	72,840	139	18	157	144
Board of reference and disputes	-	-	-	-	-	-	-	14,942	-	14,942	48,234
Conciliation, mediation, arbitration and grievances	-	-	-	-	-	-	-	3,050	-	3,050	127,888
Teacher crisis	-	-	-	-	-	-	-	2,500	-	2,500	-
	<u>16,181,838</u>	<u>18,336,333</u>	<u>2,176,219</u>	<u>114,823</u>	<u>-</u>	<u>2,291,042</u>	<u>1,859,897</u>	<u>117,711</u>	<u>18</u>	<u>117,729</u>	<u>656,131</u>
EARNINGS BEFORE UNDERNOTED	3,918,192	1,320,978	14,087	1,350	5,584	21,021	51,302	2,425,734	409,502	2,835,236	3,052,469
UNREALIZED LOSS IN MARKET VALUE OF INVESTMENT FUNDS	-	-	-	-	-	-	-	(100,674)	(28,725)	(129,399)	(732,410)
NET EARNINGS	3,918,192	1,320,978	14,087	1,350	5,584	21,021	51,302	2,325,060	380,777	2,705,837	2,320,059
NET ASSETS, BEGINNING OF YEAR	12,479,409	8,456,582	25,953	8,057	3,474,910	3,508,920	3,909,706	27,828,335	6,940,747	34,769,082	34,698,544
INTERFUND TRANSFERS	(306,451)	2,701,772	15,993	-	740,000	755,993	(452,251)	(592,803)	143,261	(449,542)	(2,249,522)
EMPLOYEE FUTURE BENEFITS RE-MEASUREMENTS AND OTHER ITEMS (Note 6)	2,400	77	-	(2,400)	-	(2,400)	163	-	-	-	-
NET ASSETS, END OF YEAR	\$ 16,093,550	\$ 12,479,409	\$ 56,033	\$ 7,007	\$ 4,220,494	\$ 4,283,534	\$ 3,508,920	\$ 29,560,592	\$ 7,464,784	\$ 37,025,376	\$ 34,769,082

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

**SASKATCHEWAN TEACHERS' FEDERATION
STATEMENT OF FINANCIAL POSITION
as at June 30, 2021**

	General Fund	Investment Services Unit	Corporate Fund Services Unit	Working Capital Fund	Contingency Fund	Operations and Capital Fund	2021	2020
CURRENT ASSETS								
Cash	\$ 328,407	\$ 933,843	\$ 57,922	\$ -	\$ 121,792	\$ 8,080	\$ 1,450,044	\$ 1,308,822
Accounts receivable (Notes 5 and 11)	1,215,883	-	260	-	70,231	-	1,286,374	1,202,597
Prepaid expenses	790,287	24,318	-	-	-	-	814,605	801,927
	<u>2,334,577</u>	<u>958,161</u>	<u>58,182</u>	<u>-</u>	<u>192,023</u>	<u>8,080</u>	<u>3,551,023</u>	<u>3,313,346</u>
INVESTMENT FUNDS (Note 4)	111,273	-	-	4,221,394	29,385,313	7,458,874	41,176,854	38,191,348
DEFINED BENEFIT ASSET (Note 6)	8,808,675	-	-	-	-	-	8,808,675	3,768,156
CAPITAL ASSETS (Note 3)								
Tangible assets	8,442,692	-	-	-	-	-	8,442,692	8,250,226
Intangible assets	473,891	-	-	-	-	-	473,891	566,319
	<u>17,836,531</u>	<u>-</u>	<u>-</u>	<u>4,221,394</u>	<u>29,385,313</u>	<u>7,458,874</u>	<u>58,902,112</u>	<u>50,776,049</u>
	<u>\$ 20,171,108</u>	<u>\$ 958,161</u>	<u>\$ 58,182</u>	<u>\$ 4,221,394</u>	<u>\$ 29,577,336</u>	<u>\$ 7,466,954</u>	<u>\$ 62,453,135</u>	<u>\$ 54,089,395</u>
CURRENT LIABILITIES								
Accounts payable and accrued charges (Notes 3, 7 and 11)	\$ 1,459,187	\$ 915,786	\$ 37,322	\$ 900	\$ 12,445	\$ 2,170	\$ 2,427,810	\$ 2,506,045
Deferred revenue	169,266	-	-	-	-	-	169,266	121,598
Interfund advances	(40,941)	15,782	20,860	-	4,299	-	-	-
	<u>1,587,512</u>	<u>931,568</u>	<u>58,182</u>	<u>900</u>	<u>16,744</u>	<u>2,170</u>	<u>2,597,076</u>	<u>2,627,643</u>
DUE TO SASKATCHEWAN TEACHERS' FEDERATION - OTHER PLANS (Note 11)	2,490,046	(29,440)	(7,007)	-	-	-	2,453,599	704,341
	<u>4,077,558</u>	<u>902,128</u>	<u>51,175</u>	<u>900</u>	<u>16,744</u>	<u>2,170</u>	<u>5,050,675</u>	<u>3,331,984</u>
COMMITMENTS (Notes 9 and 14)								
CONTINGENCIES (Note 13)								
NET ASSETS								
Unrestricted	16,093,550	56,033	7,007	4,220,494	-	-	20,377,084	15,988,329
Externally restricted (Note 8)	-	-	-	-	29,560,592	-	29,560,592	27,828,335
Internally restricted	-	-	-	-	-	7,464,784	7,464,784	6,940,747
	<u>16,093,550</u>	<u>56,033</u>	<u>7,007</u>	<u>4,220,494</u>	<u>29,560,592</u>	<u>7,464,784</u>	<u>57,402,460</u>	<u>50,757,411</u>
	<u>\$ 20,171,108</u>	<u>\$ 958,161</u>	<u>\$ 58,182</u>	<u>\$ 4,221,394</u>	<u>\$ 29,577,336</u>	<u>\$ 7,466,954</u>	<u>\$ 62,453,135</u>	<u>\$ 54,089,395</u>

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

APPROVED ON BEHALF OF THE STF EXECUTIVE

Patrick Maze **STF Executive President**

Bobbi Tallefer **Executive Director**

SASKATCHEWAN TEACHERS' FEDERATION
STATEMENT OF CASH FLOWS
year ended June 30, 2021

	General Fund	Investment Services Unit	Corporate Fund Services Unit	Working Capital Fund	Contingency Fund	Operations and Capital Fund	2021	2020
OPERATING ACTIVITIES								
Net earnings	\$ 3,918,192	\$ 14,087	\$ 1,350	\$ 5,584	\$ 2,325,060	\$ 380,777	\$ 6,645,050	\$ 3,692,339
Adjustments for								
Amortization	1,002,080	-	-	-	-	-	1,002,080	1,100,487
Change in defined benefit asset	(5,040,519)	-	-	-	-	-	(5,040,519)	(1,041,201)
Loss on disposal of tangible assets	8,568	-	-	-	-	-	8,568	5,855
Realized (gain) loss on sale of investment funds	-	-	-	-	(28,637)	(18,154)	(46,791)	13,175
Unrealized loss in market value of investment funds	-	-	-	-	100,674	28,725	129,399	732,409
	(111,679)	14,087	1,350	5,584	2,397,097	391,348	2,697,787	4,503,064
Changes in non-cash working capital	1,189,823	395,497	51,116	-	(11,483)	(2,716)	1,622,237	712,772
	1,078,144	409,584	52,466	5,584	2,385,614	388,632	4,320,024	5,215,836
INVESTING ACTIVITIES								
Additions to tangible assets	(985,927)	-	-	-	-	-	(985,927)	(4,377,472)
Additions to intangible assets	(125,288)	-	-	-	-	-	(125,288)	(319,538)
Proceeds from disposal of tangible assets	529	-	-	-	-	-	529	6,858
Investment fund purchases	(338)	-	-	(2,808,403)	(3,595,395)	(1,582,028)	(7,986,164)	(9,680,728)
Investment fund disposals	10,248	-	-	2,062,819	1,794,789	1,050,192	4,918,048	9,169,966
	(1,100,776)	-	-	(745,584)	(1,800,606)	(531,836)	(4,178,802)	(5,200,914)
NET (DECREASE) INCREASE IN CASH	(22,632)	409,584	52,466	(740,000)	585,008	(143,204)	141,222	14,922
CASH POSITION, BEGINNING OF YEAR	657,490	508,266	5,456	-	129,587	8,023	1,308,822	1,293,900
INTERFUND TRANSFERS	(306,451)	15,993	-	740,000	(592,803)	143,261	-	-
CASH POSITION, END OF YEAR	\$ 328,407	\$ 933,843	\$ 57,922	\$ -	\$ 121,792	\$ 8,080	\$ 1,450,044	\$ 1,308,822

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

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

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 12 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, 2021

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 Corporate Fund Services Unit reports unrestricted resources that are to be used for the oversight of all pension, benefits and investment programs and funds at 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, 2021

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 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.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

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 year earned.

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 and the rights under licensing agreements are 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.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension Plan (continued)

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.

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 cost 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.

Future Accounting Standards

In the upcoming year, the STF will adopt the new ASNPO standard which will be effective for financial years beginning on or after January 1, 2021:

- Section 4460 – Disclosure of related party transactions by not-for-profit organizations

The STF evaluated for the effect of the new standard and determined that there is a \$nil financial impact, only additional disclosure requirements.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

3. CAPITAL ASSETS

Tangible Assets

	<u>Rates</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Building	4%	\$ 7,486,663	\$ 2,946,153	\$ 4,540,510
Furniture and equipment	5,10, & 15 yrs.	2,829,422	1,265,714	1,563,708
Computer hardware	4 yrs.	1,686,805	1,335,559	351,246
Leasehold improvements	3 & 5 yrs.	1,877,933	362,624	1,515,309
Stewart Resources Centre	10 yrs.	913,190	473,090	440,100
		<u>14,794,013</u>	<u>6,383,140</u>	<u>8,410,873</u>
Land		31,819	-	31,819
2021 Totals		<u>\$ 14,825,832</u>	<u>\$ 6,383,140</u>	<u>\$ 8,442,692</u>
2020 Totals		<u>\$ 14,092,752</u>	<u>\$ 5,842,526</u>	<u>\$ 8,250,226</u>

The current year's amortization expense is \$784,364 (2020 – \$603,173). The amortization is included in the infrastructure expenses in the Statement of Operations and Changes in Net Assets. At June 30, 2021 there is \$16,305 (2020 – \$1,314,463) of tangible assets in development and amortization has not started.

Additions of \$45,087 included in tangible assets are non-cash transactions as they were not paid as at June 30, 2021 (2020 – \$718,774), and are included in accounts payable and accrued charges.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

3. CAPITAL ASSETS (continued)

Intangible Assets

	<u>Rates</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Right under licensing agreements	1 - 5 yrs.	\$ 82,930	\$ 82,930	\$ -
Computer software	5 yrs.	3,917,167	3,443,276	473,891
2021 Totals		<u>\$ 4,000,097</u>	<u>\$ 3,526,206</u>	<u>\$ 473,891</u>
2020 Totals		<u>\$ 4,080,504</u>	<u>\$ 3,514,185</u>	<u>\$ 566,319</u>

The current year's amortization expense is \$217,716 (2020 – \$497,314). The amortization is included in the infrastructure expenses in the Statement of Operations and Changes in Net Assets. At June 30, 2021 there is \$29,727 (2020 – \$305,047) of intangible assets in development and amortization has not started.

Additions of \$41,140 included in intangible assets were not paid as at June 30, 2021 (2020 – \$34,337) and are included in accounts payable and accrued charges.

4. INVESTMENT FUNDS

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

	<u>General Fund</u>	<u>Working Capital Fund</u>	<u>Contingency Fund</u>	<u>Operations and Capital Fund</u>	<u>2021</u>	<u>2020</u>
Fixed income	\$ -	\$ -	\$ 20,165,229	\$ 5,206,382	\$ 25,371,611	\$ 24,381,784
Equities						
Canadian	-	-	4,881,852	1,228,206	6,110,058	5,064,556
Foreign	-	-	2,606,068	651,639	3,257,707	2,607,653
Money market investments and deposits	111,273	4,221,394	1,732,164	372,647	6,437,478	6,137,355
	<u>\$ 111,273</u>	<u>\$ 4,221,394</u>	<u>\$ 29,385,313</u>	<u>\$ 7,458,874</u>	<u>\$ 41,176,854</u>	<u>\$ 38,191,348</u>

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

4. INVESTMENT FUNDS (continued)

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	2021	2020
Interest	\$ 558	\$ 134	\$ 8,403	\$ 5,664	\$ 1,236	\$ 15,995	\$ 85,038
Dividends	-	-	-	1,705,042	397,341	2,102,383	2,925,512
Realized (loss) gain on sale of investment funds	-	-	-	28,637	18,154	46,791	(13,175)
Investment management fees	(149)	-	(2,819)	(37,220)	(8,738)	(48,926)	(48,978)
	<u>\$ 409</u>	<u>\$ 134</u>	<u>\$ 5,584</u>	<u>\$ 1,702,123</u>	<u>\$ 407,993</u>	<u>\$ 2,116,243</u>	<u>\$ 2,948,397</u>

5. ACCOUNTS RECEIVABLE

	General Fund	Corporate Fund Services Unit	Contingency Fund	2021	2020
Membership fees	\$ 1,014,512	\$ -	\$ 70,231	\$ 1,084,743	\$ 890,242
Saskatchewan Teachers' Federation – Members' Health Plan	9,613	-	-	9,613	7,231
Saskatchewan Teachers' Federation – Portaplan	19,029	-	-	19,029	8,436
Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan	27,150	-	-	27,150	8,470
Saskatchewan Teachers' Retirement Plan	56,091	-	-	56,091	213,022
Saskatchewan Teachers' Federation Employees' Pension Plan	5,939	-	-	5,939	-
Dr. Stirling McDowell Foundation for Research Into Teaching Inc.	1,521	-	-	1,521	1,293
Trade receivables and accruals	82,028	260	-	82,288	73,903
	<u>\$ 1,215,883</u>	<u>\$ 260</u>	<u>\$ 70,231</u>	<u>\$ 1,286,374</u>	<u>\$ 1,202,597</u>

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

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 \$591,054 (2020 – \$471,359). The pension expense relating to the Federation is \$485,462 (2020 – \$387,485) 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 \$105,592 (2020 – \$83,874).

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, 2018 and extrapolated to June 30, 2021, the status of the defined benefit pension plan is as follows:

	2021	2020
Fair value of plan assets	\$ 45,134,075	\$ 39,694,008
Defined benefit obligation	36,325,400	35,925,852
Defined benefit asset	<u>\$ 8,808,675</u>	<u>\$ 3,768,156</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, 2022 with an effective date of June 30, 2021.

The current year's pension credit for the defined benefit component is \$4,336,109 (2020 – \$331,182). The pension credit relating to the Federation is \$2,807,630 (2020 – \$214,440) 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 \$1,528,479 (2020 – (\$116,742)).

The employee future benefits re-measurements and other items is \$Nil (2020 – \$Nil). The employee future benefits re-measurements and other items relating to the Federation is \$Nil (2020 – \$240) and is included in Statement of Operations and Changes in Net Assets, and the amount relating to the other plans and

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

6. PENSION COSTS AND OBLIGATIONS (continued)

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

funds is \$Nil (2020 – (\$240)). The amount related to the Federation is comprised of the following:

	2021	2020
Difference between actual return and expected return on plan assets	\$ (3,053,032)	\$ (464,250)
Total employee future benefits re-measurements and other items	-	240

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 \$276,329 (2020 – \$274,578).

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

7. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	General Fund	Investment Services Unit	Corporate Fund Services Unit	Working Capital Fund	Contingency Fund	Operations and Capital Fund	2021	2020
Accumulated vacation days	\$ 708,025	\$ 44,428	\$ -	\$ -	\$ -	\$ -	\$ 752,453	\$ 408,751
Service gratuities	191,716	10,000	-	-	-	-	201,716	163,650
Government remittances	54,102	14,844	-	-	-	-	68,946	48,115
Trade payables and other accrued charges	505,344	511,631	-	900	12,445	2,170	1,032,490	1,825,727
Saskatchewan Teachers' Federation – Members' Health Plan	-	4,321	8,997	-	-	-	13,318	707
Saskatchewan Teachers' Federation – Portaplan	-	543	8,997	-	-	-	9,540	93
Saskatchewan Teachers' Federation – Teachers' Long- Term Disability Plan	-	5,650	8,997	-	-	-	14,647	1,051
Saskatchewan Teachers' Retirement Plan	-	322,184	9,931	-	-	-	332,115	52,575
Saskatchewan Teachers' Federation – Employees' Pension Plan	-	2,079	400	-	-	-	2,479	5,277
Dr. Stirling McDowell Foundation for Research Into Teaching Inc.	-	106	-	-	-	-	106	99
	<u>\$ 1,459,187</u>	<u>\$ 915,786</u>	<u>\$ 37,322</u>	<u>\$ 900</u>	<u>\$ 12,445</u>	<u>\$ 2,170</u>	<u>\$ 2,427,810</u>	<u>\$ 2,506,045</u>

8. EXTERNALLY RESTRICTED NET ASSETS

Major categories of externally imposed restrictions on net assets are contracts of employment disputes, education crisis and public relations for \$29,560,592 (2020 – \$27,828,335).

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

9. 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 leasing costs remained in effect for the period August 1, 2012 to June 30, 2017. The current lease has been extended to June 30, 2022.

The aggregate minimum annual rental payments, including GST, under these agreements for the next year, included in infrastructure expenses, is \$73,786.

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 leased from the Saskatchewan Teachers' Retirement Plan for a term of 10 years ending July 31, 2012. The leasing agreement remained in effect for the period August 1, 2012 to June 30, 2017. The current lease has been extended to June 30, 2022. The Saskatchewan Teachers' Retirement Plan will collect 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 seven years, included in infrastructure expenses, is \$205,375.

Regina Office

The Federation leases an office in Regina, Saskatchewan. The aggregate minimum annual rental payments under this agreement in effect until June 30, 2022, included in infrastructure expenses, is \$36,906. The lease will not be renewed after June 30, 2022.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

10. 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, 2021.

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 change 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 adverse consequences of interest rate changes on the Federation's cash flows and net assets.

The investment portfolio of the Federation is directly exposed to interest rate risk in respect of its fixed income and short-term investments and deposits. Fixed rate instruments subject the Federation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

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, 2021

10. 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, 2021, consist of pooled investments which comprise 7.9% or \$3,257,707 (2020 – 6.8% or \$2,607,653) 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 \$9,367,765 at June 30, 2021 (2020 – \$7,672,209).

The IMGS limits the total direct investment in a single equity investment in each of the Plan's Canadian and Global equity portfolios 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 each portfolio, either directly or through index replication instruments. No more than 15% of either 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.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

10. FINANCIAL INSTRUMENTS (continued)

Credit Risk (continued)

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 pooled fixed income, pooled short-term investments and deposits, term deposits, accounts receivable and cash.

As at June 30, 2021, the Federation's maximum exposure to credit risk was \$34,545,507 (2020 – \$33,030,558) 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.

Foreign currency exposure is limited to 10% of the market value of the fixed income portfolio.

None of the assets in the investment portfolio or accounts receivable are past due or impaired as at June 30, 2021 (2020 – 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, 2021, the Federation has current financial liabilities of \$2,427,810 (2020 – \$2,506,045) 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 \$36,325,400 for the year ended June 30, 2021 (2020 – \$35,925,852).

At June 30, 2021, the Federation held cash and money market instruments, 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, 2021

10. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which resulted in a series of public health and emergency measures be put in place to combat the spread of the virus. The public health and emergency measures continue to result in an economic slowdown, restrictions on public gatherings and activities. Current impacts have been limited. In-person course and event registrations along with applicable expenses have decreased.

11. 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, 2021

11. 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>2021</u>	<u>2020</u>
Saskatchewan Teachers' Federation – Members' Health Plan	\$ 778,010	\$ 616,652
Saskatchewan Teachers' Federation – Member and Family Assistance Plan	3,396	-
Saskatchewan Teachers' Federation – Portaplan	619,248	614,487
Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan	1,280,633	1,458,417
Saskatchewan Teachers' Retirement Plan	5,966,948	5,276,030
Saskatchewan Teachers' Federation – Employees' Pension Plan	135,033	106,079
Dr. Stirling McDowell Foundation for Research Into Teaching Inc.	158,870	142,491
	<u>\$ 8,942,138</u>	<u>\$ 8,214,156</u>

Fixed asset overhead recovery represents a recovery of costs related to certain capital assets that are used by the Saskatchewan Teachers' Federation – Members' Health Plan, Saskatchewan Teachers' Federation – Portaplan, Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan and Saskatchewan Teachers' Retirement Plan.

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

11. RELATED PARTY TRANSACTIONS (continued)

Revenues (continued)

During the year the Federation recognized fixed asset overhead revenue which is included in sundry income in the Statement of Operations and Changes in Net Assets:

	2021	2020
Saskatchewan Teachers' Federation –		
Members' Health Plan	\$ 2,585	\$ 13,258
Saskatchewan Teachers' Federation – Portaplan	1,293	6,629
Saskatchewan Teachers' Federation – Teachers'		
Long-Term Disability Plan	5,061	26,406
Saskatchewan Teachers' Retirement Plan	15,487	47,504
	\$ 24,426	\$ 93,797

The Federation pays all the operating costs of the building. The Federation then recovers a percentage of these costs from the Saskatchewan Teachers' Retirement Plan based on its percentage ownership of the building. In 2021, the amount recovered was \$430,440 (2020 – \$451,210) 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:

	Operating Costs	Base Rent - Common	Parking Fees	2021 Total	2020 Total
Saskatchewan Teachers' Federation					
– Members' Health Plan	\$ -	\$ 4,474	\$ 720	\$ 5,194	\$ 3,758
Saskatchewan Teachers' Federation					
– Portaplan	-	1,901	720	2,621	1,792
Saskatchewan Teachers' Federation					
– Teachers' Long-Term Disability Plan	-	10,559	2,880	13,439	13,095
Saskatchewan Teachers'					
Retirement Plan	430,440	16,972	3,120	450,532	466,304
	\$ 430,440	\$ 33,906	\$ 7,440	\$ 471,786	\$ 484,949

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

11. 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 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 2021, the amount recovered from the Federation was \$169,531 (2020 – \$216,892) and is 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 \$114,996 (2020 – \$104,700) 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 \$300 in the current year (2020 – \$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, 2021

11. 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 (accounts payable and accrued charges) are as follows:

	<u>2021</u>	<u>2020</u>
Saskatchewan Teachers' Federation – Members' Health Plan	\$ (3,705)	\$ 6,524
Saskatchewan Teachers' Federation – Portaplan	9,489	8,343
Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan	12,503	7,419
Saskatchewan Teachers' Retirement Plan	(276,023)	160,447
Saskatchewan Teachers' Federation Employees' Pension Plan	3,460	(5,277)
Dr. Stirling McDowell Foundation for Research Into Teaching Inc.	<u>1,415</u>	<u>1,194</u>

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

	<u>2021</u>	<u>2020</u>
Saskatchewan Teachers' Federation – Members' Health Plan	\$ 214,033	\$ 84,604
Saskatchewan Teachers' Federation – Portaplan	108,814	26,409
Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan	1,350,277	295,437
Saskatchewan Teachers' Retirement Plan	775,666	297,851
Dr. Stirling McDowell Foundation for Research Into Teaching Inc.	<u>4,810</u>	<u>40</u>
	<u>\$ 2,453,600</u>	<u>\$ 704,341</u>

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

12. 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, 2021 and 2020 and for the years then ended are as follows:

Saskatchewan Teachers' Federation – Member and Family Assistance Plan	<u>2021</u>	<u>2020</u>
Financial position		
Total assets	\$ 112,494	\$ 78,321
Total liabilities	29,829	6,532
Net assets available for benefits	<u><u>\$ 82,665</u></u>	<u><u>\$ 71,789</u></u>
Results of operations		
Increases in assets	\$ 276,008	\$ 306,000
Decreases in assets	265,132	234,211
Net increase in net assets	<u><u>\$ 10,876</u></u>	<u><u>\$ 71,789</u></u>

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

12. SUMMARY INFORMATION (continued)

Saskatchewan Teachers' Federation – Members' Health Plan	<u>2021</u>	<u>2020</u>
Financial position		
Total assets	\$ 93,781,984	\$ 91,589,828
Total liabilities	4,244,186	4,082,393
Net assets available for benefits	<u>\$ 89,537,798</u>	<u>\$ 87,507,435</u>
Results of operations		
Increases in assets	\$ 26,173,878	\$ 26,116,244
Decreases in assets	23,960,746	21,917,072
Net increase in net assets	<u>\$ 2,213,132</u>	<u>\$ 4,199,172</u>
Saskatchewan Teachers' Federation – Portaplan	<u>2021</u>	<u>2020</u>
Financial position		
Total assets	\$ 18,000,519	16,490,527
Total liabilities and reserves	5,741,517	4,639,698
Net assets available for benefits	<u>\$ 12,259,002</u>	<u>\$ 11,850,829</u>
Changes in benefit obligations		
Beginning balance	\$ 5,581,000	\$ 5,133,140
Increases	224,550	531,000
Decreases	-	(83,140)
Ending balance	<u>\$ 5,805,550</u>	<u>\$ 5,581,000</u>
Results of operations		
Increases in assets	\$ 5,245,276	\$ 5,048,726
Decreases in assets	3,796,739	3,644,531
Net increase (decrease) in net assets	<u>\$ 1,448,537</u>	<u>\$ 1,404,195</u>

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

12. SUMMARY INFORMATION (continued)

Saskatchewan Teachers' Federation – Teachers' Long-Term Disability Plan	<u>2021</u>	<u>2020</u>
Financial position		
Total assets	\$ <u>250,141,925</u>	\$ <u>235,565,510</u>
Total liabilities	\$ 129,755,847	\$ 122,699,711
Total equity	<u>120,386,078</u>	<u>112,865,799</u>
	<u>\$ 250,141,925</u>	<u>\$ 235,565,510</u>
Results of operations		
Total revenues	\$ 27,888,283	\$ 19,078,090
Total expenses	<u>20,368,004</u>	<u>14,289,909</u>
Total income	7,520,279	4,788,181
Total employee future benefits re-measurements and other items	-	(163)
Total income and comprehensive income	<u>\$ 7,520,279</u>	<u>\$ 4,788,018</u>
Cash flows		
Cash from operating activities	\$ (242,998)	\$ (3,277,762)
Cash used in investing activities	(424,864)	4,162,512
Cash used in financing activities	<u>(119,529)</u>	<u>(129,591)</u>
Increase (Decrease) in cash	<u>\$ (787,391)</u>	<u>\$ 755,159</u>

SASKATCHEWAN TEACHERS' FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
year ended June 30, 2021

12. SUMMARY INFORMATION (continued)

	2021	2020
Saskatchewan Teachers' Retirement Plan		
Financial position		
Total assets	\$ 7,189,867	\$ 6,328,140
Total liabilities	23,032	21,090
Net assets available for benefits	\$ 7,166,835	\$ 6,307,050
Changes in pension obligation		
Beginning balance	\$ 6,186,023	\$ 5,808,251,000
Increases	542,229	615,868,000
Decreases	(251,252)	(238,096,000)
Ending balance	\$ 6,477,000	\$ 6,186,023,000
Results of operations		
Increases in assets	\$ 1,099,995	\$ 543,579,000
Decreases in assets	240,210	171,562,000
Net increase in net assets	\$ 859,785	\$ 372,017,000

13. 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, 2021 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.

14. CAPITAL COMMITMENTS

The Federation has capital commitments into 2022 for building improvements of \$86,059, HVAC of \$61,724 and computer software of \$5,961.