Employee Benefit Plans

for Saskatchewan health-care employees

2024 Financial Statements

Financial Statements of

Health Shared Services Saskatchewan

- Disability Income Plan - CUPE
- Disability Income Plan - SEIU - West
- Disability Income Plan - General
- Disability Income Plan - SUN
- Core Dental Plan
- In-Scope Extended Health/Enhanced Dental Plan
- Out-of-Scope Extended Health/Enhanced Dental Plan
- Group Life Insurance Plan
- Out-of-Scope Flex Spending Plan

Financial Statements of

Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E.

December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E., which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets available for benefits, and changes in future disability obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E. as at December 31, 2024, the changes in its net assets available for benefits, and changes in its future disability obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E. 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E.'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 Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E.'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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

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- 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 Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E.'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 Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E.'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 Health Shared Services Saskatchewan Disability Income Plan – C.U.P.E. 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan **Statement 1**

DISABILITY INCOME PLAN – C.U.P.E.

Statement of Financial Position

As at December 31

	2024	**2023**
Assets		
Investments (Note 4, 6)	$ 79,330,747	$ 77,228,027
Cash	170,336	589,844
Accounts receivable employees (Note 4)	523,201	451,527
Accounts receivable employers (Note 4, 8)	523,201	451,527
Accounts receivable other (Note 4)	226,958	215,848
Total Assets	**80,774,443**	**78,936,773**
Liabilities		
Accounts payable (Note 4, 8)	980,754	586,607
Total Liabilities	**980,754**	**586,607**
Net Assets Available for Benefits (Statement 2)	**79,793,689**	**78,350,166**
Provision for future disability obligation (Note 9, Statement 3)	40,307,000	35,994,000
Surplus	**$ 39,486,689**	**$ 42,356,166**

See accompanying notes

On Behalf of the Employee Benefit Plans Board of Trustees*:*

Chair, Board of Trustees
Karen Knelsen

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan **Statement 2**

DISABILITY INCOME PLAN – C.U.P.E.

Statement of Changes in Net Assets Available For Benefits

For the year ended December 31

	2024	2023
Increase in Net Assets		
Dividend income	$ 626,233	$ 625,473
Commingled fund income	1,061,314	228,158
Interest income	1,184,094	1,055,780
Partnership income	27,296	-
Realized gain on investments	1,888,008	384,556
Unrealized gain on investments	3,728,806	4,254,817
Contributions – Employees (Note 1)	5,982,613	5,880,289
Contributions – Employers (Note 1)	5,982,613	5,880,289
Recoveries	870,115	343,926
Total Increase in Net Assets	**21,351,092**	**18,653,288**
Decrease in Net Assets		
Disability benefits	17,073,303	16,306,392
Administrative expenses (Note 8)	1,379,041	1,453,575
Consulting fees	762,028	656,111
Custodian fees	7,839	7,936
Fund management fees	574,409	665,200
Professional fees	110,949	125,911
Partnership loss	-	54,167
Total Decrease in Net Assets	**19,907,569**	**19,269,292**
Change in Net Assets for the Year	**1,443,523**	**(616,004)**
Net Assets Available for Benefits, Beginning of Year	78,350,166	78,966,170
Net Assets Available for Benefits, End of Year (Statement 1)	**$ 79,793,689**	**$ 78,350,166**

See accompanying notes

Health Shared Services Saskatchewan

Statement 3

DISABILITY INCOME PLAN – C.U.P.E.

Statement of Changes in Future Disability Obligations
For the year ended December 31

	2024	2023
Future Disability Obligation, Beginning of Year	**$ 35,994,000**	**$ 33,473,000**
Increase in Future Disability Obligations		
Interest accrued on benefits	1,920,000	1,875,000
New Bridge & LTD claimants	13,137,000	12,973,000
Impact of experience losses	6,246,000	1,409,000
Impact of changes in assumptions	1,120,000	-
	22,423,000	**16,257,000**
Decrease in Future Disability Obligations		
Expected total benefits payments with interest	18,109,000	12,978,000
Impact of changes in assumptions	-	758,000
Impact of changes in benefits and data	1,000	-
	18,110,000	**13,736,000**
Net change in Future Disability Obligations	**4,313,000**	**2,521,000**
Future Disability Obligation, End of Year (Statement 1, Note 9)	**$ 40,307,000**	**$ 35,994,000**

See accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the 3sHealth Disability Income Plan – Canadian Union of Public Employees (C.U.P.E.) (the Plan) under the direction of the Employee Benefit Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

On January 12, 2015, the 3sHealth Board of Directors, as the Settlor of the Employee Benefit Plan Trusts, formalized the governance of the Trusts and appointed five individual Trustees by executing the ten Trust Agreements. On December 31, 2022, the ten Trust Agreements were amended to reflect the appointment of an additional five independent Trustees selected from the community at large. The purpose of appointing independent Trustees was to ensure the Trusts were compliant with the Income Tax Act to transition from health and welfare trusts (HWT) to employee life and health trusts (ELHT). As a result of a collectively bargained letter of understanding, on October 12, 2023, the ten Trust Agreements were amended to reflect joint governance and ten new Trustees were appointed: five employer appointed Trustees and five union appointed Trustees.

a) *Effective date*

The effective date of the Plan was January 1, 1975.

b) *Purpose of plan*

The Plan provides protection against total loss of income due to disability for all eligible employees and complements the sick leave plan of each participating employer. The Plan is designed to integrate with other disability programs (e.g. Canadian Pension Plan (CPP) and Worker's Compensation Board (WCB)). Eligible employees receive the following disability benefits:

- During the initial 119 day qualifying period following disability, bridge benefits equal to 66 2/3% of pre-disability regular gross weekly earnings.
- After the initial 119 day qualifying period, long term disability benefits equal to 60% of pre-disability regular gross monthly earnings.

c) *Eligibility*

Members of C.U.P.E., employed by 3sHealth participating health care organizations in the Province of Saskatchewan, who meet the eligibility requirements are enrolled in the Plan.

1. DESCRIPTION OF PLAN (continued)

d) Employers' and employees' contributions

The financial requirements of the Plan are measured on a continuous basis and adjustments to the contribution levels are made accordingly. The total monthly contribution rate at December 31, 2024 was 2.40% (2023 – 2.54%) of each eligible employee's normal earnings which is shared equally between the employee and employer. The increase in contribution rate became effective July 28, 2024.

e) Termination of plan

The Plan text provides guidance for the use of Plan assets upon its termination. During the first twelve months immediately following the date of termination, benefits will continue to be paid in accordance with the terms of the Plan. Thereafter, the remaining Plan funds, after providing for expenses of the Plan, shall be used as follows:

(i) Employees receiving disability benefits under the Plan shall have their disability benefits purchased from an insurance company under a single premium non-participating closed group long term disability contract, if such a contract is available in the market. If the funds remaining are not sufficient to provide full benefits under such a contract, the funds available shall be allocated proportionately.

(ii) If such a contract is not available in the market, the funds available shall be allocated to employees receiving disability benefits under the Plan to the extent of the amount of the liabilities established by an actuary's valuation. If the funds remaining are not sufficient to provide the full amount of benefits as established by the actuary, the funds available shall be allocated proportionately.

(iii) Any funds remaining after having made the allocations described above, shall be paid to 3sHealth for distribution for the benefit of eligible employees or as otherwise may be determined or directed by the Employee Benefit Plans Board of Trustees.

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or disability obligations, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises (ASPE).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices followed by the Plan are as follows:

a) Financial instruments

All financial instruments that are financial assets or financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, as determined by 3sHealth, are as follows:

(i) Investments

Investments are classified as held-for-trading and are recorded at fair value which is based on information provided by investment managers. The Plan holds a diversified investment portfolio of various pooled funds that invest in money market securities, bonds, real estate, Canadian equities, US equities, and Non-North American equities. The Plan also holds private equity investments in a US real estate fund and a global infrastructure fund (Note 6).

The Plan uses the accrual method for recording income and expenses. Investment transactions are accounted for on the trade date with identifiable transaction costs being expensed when incurred. Dividends and distributions are recognized when declared. Interest income is recorded using the effective interest method. Commingled fund distributions are recognized when declared. Commingled fund distributions are from a pooled fund that is invested in assets in multiple other funds, blended together as a single portfolio. Due to the structure of this fund, there are several types of income that can be distributed. Partnership income is earned in a private real estate fund and recognized when declared. Due to the nature of this investment, there are multiple types of income earned by the fund.

Gains and losses are recorded in revenues or expenses when realized and are determined with reference to the average cost of investments. Unrealized changes in fair value are determined with reference to the average cost of investments and are recorded in revenues or expenses for the period in which the change in the fair value occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

(ii) Cash, Accounts receivable and Accounts payable

Cash is classified as held-for-trading and is recorded at fair value. Accounts receivable are classified as loans and receivables while accounts payable are classified as other liabilities. These financial instruments are measured at amortized cost which approximates their fair value due to their short term nature.

b) Foreign currency

Foreign currency transactions are translated into Canadian dollars using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses arising on the translation of monetary assets and liabilities or sale of investments are included in the Statement of Changes in Net Assets Available for Benefits.

c) Contributions – employees/employers

Contributions are recognized as increases in net assets when due.

d) Future disability obligations

The future disability obligations represent the actuarial present value of accrued disability benefits at year end and include an actuarial calculation of disability claims incurred but not reported. Any resulting change in this obligation is recognized as an increase or decrease in the Statement of Changes in Future Disability Obligations.

e) Recoveries

Recoveries include amounts received from various external parties relating to disability overpayments made to claimants in the past. These revenues are recognized as revenue when received.

f) Income taxes

For the year ended December 31, 2024, the Plan filed trust income taxes as a employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

Disability benefits paid from the Plan are subject to source deductions that are withheld and remitted to the Canada Revenue Agency.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The only significant items subject to such estimates and assumptions is the determination of the provision for future disability obligations and Investment fair values. Actual results could differ from those estimations.

h) Adoption of new accounting standards

Changes to Chartered Professional Accountants of Canada Handbook section 4600, Pension Plans, became effective on January 1, 2024. Adoption of these changes had no impact on the Plan's financial statements.

4. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Credit risk

The Plan is exposed to credit risk, which arises from the potential for issuers of securities to default on their contractual obligations. The Plan's greatest concentration of credit risk is in bond pooled funds.

Short-term investments consist of investments in an institutional short term investment fund, which invests in high quality short term debt obligations issued or guaranteed by Canadian governments, or issued by corporations with a maximum term to maturity of one year. The minimum acceptable credit rating for these investments is R-1 or equivalent. An R-1 rating is considered strong credit quality and indicates low risk of short term investment loss, as rated by a recognized bond rating agency. Earnings of this fund are reinvested within the same fund.

Investments in bond pooled funds consist of two active managed bond funds. Earnings in these funds are reinvested in each respective fund account on an annual basis. The bond funds consist of active managed funds which invest in bonds with a minimum credit rating of B at purchase and a 10% maximum of bonds rated below BBB (low).

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	**2023**
Bond pooled funds	$ 14,920,648	$ 20,096,741
	$ 14,920,648	**$ 20,096,741**

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The Plan is exposed to minimal credit risk from the potential non-payment of accounts receivable of $1,046,402 (2023 – $903,054) as these receivables are either from related parties or are collected shortly after year end.

Also included in the accounts receivable balance are amounts recoverable on paid claims in the amount of $224,397 (2023 – $198,762) which are subject to higher credit risk as these accounts are due from non-related parties to the Plan. These amounts are net of an allowance of $126,947 (2023 - $108,687).

b) *Liquidity risk*

Liquidity risk is the risk that the Plan will not be able to meet all cash outflow obligations as they come due. The Plan's objective is to maintain sufficient assets to discharge future disability claim obligations and to generate cash flow required for disability payments.

The Plan closely manages operating liquidity through cash flow matching of assets and liabilities. The level of incoming contributions is reviewed regularly to ensure they support the existing claims. In cases when the contributions do not cover claims, the Plan will increase the contribution rates for employees and employers or do both. The Plan does not utilize lines of credit.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2024 are:

- up to three months for accounts payable; and
- future disability obligations: zero to six months: $4,775,465; seven to twelve months: $3,719,125; year two: $5,678,996; three to five years: $11,259,173; over five years: $20,212,887.

c) *Real Estate and Infrastructure risk*

Real estate and infrastructure risk is the risk of adverse consequences of changes in the market values of the real estate and infrastructure investments, due to the state of the economy or their geographic location. The Plan is invested in real estate pooled funds, a real estate equity fund, private equity real estate, and infrastructure. The Plan reduces this risk through diversification across types of buildings and geographic location.

d) *Interest rate risk*

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income. The Plan manages this exposure to fluctuations in interest rates by investing in a mix of fixed and variable rate investment assets. Duration is a measure used to estimate the extent market values of fixed income investments could change due to changes in interest rates.

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

It is estimated that a 100 basis point change in interest rates would change net assets by $697,950 (2023 – $928,854).

e) Foreign currency risk

Foreign currency risk may impact the Plan's investment as it converts non-Canadian holdings of cash, infrastructure equity, real estate equity and pooled funds. During the year, there may be adverse changes in foreign exchange rates. The largest notional amount of foreign currency held by the Plan is US dollars with the remainder held in EAFE (Europe, Australasia and Far East) currencies. To mitigate currency risk, the Plan's investment policy allows up to 10% of the entire bond portfolio's market value to be invested in foreign currencies.

At December 31, 2024 a 10% change in the Canadian dollar to US dollar exchange rate would result in approximately a $2,818,679 (2023 – $2,245,688) change in net assets. A 10% change in the Canadian dollar to EAFE currencies exchange rate as at December 31, 2024 would result in approximately a $2,090,305 (2023 – $2,107,039) change in net assets.

f) Equity risk

Equity risk is the uncertainty associated with the value of equity investments due to changes in equity markets. To mitigate equity risk, the Statement of Investment Policies & Procedures (SIP&P) has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The Plan is exposed to changes in equity prices in Canadian, US and EAFE markets through its investments. Equity investments comprise approximately 43.71% (2023 – 37.52%) of the overall carrying value of the investments.

The approximate impact to the Plan's net assets and unrealized gain/losses on investments to a 10% change in equity prices is:

- $877,039 (2023 – $736,627) for changes in Canadian equities (S&P/TSX Composite Index);
- $2,591,335 (2023 – $2,161,581) for a change in Global pooled funds (MSCI AC World+ Index)

5. CAPITAL MANAGEMENT

The primary objective of capital management for the Plan is to maintain an adequate cash balance in order to pay current and future approved disability claims along with the related administrative expenses. The Plan is not subject to any externally imposed capital requirements. The Plan's primary source of cash is the contributions received from its participating employees and employers. Neither of the participating employees/employers, nor

5. CAPITAL MANAGEMENT (continued)

3sHealth contribute any other cash to the Plan. Also, the Plan cannot go to public capital markets to issue debt or common shares.

There have been no changes to the capital management objectives of the Plan during the year ended December 31, 2024.

The Plan fulfils its primary objective by adhering to specific investment policies and procedures outlined in its SIP&P:

- The Plan limits credit risk by dealing with securities that are considered B-rated or higher as rated by recognized bond rating agencies;
- The SIP&P of the Plan requires the investment managers to minimize undue concentration of investments in any single geographic area, industry, or company;
- A requirement of the SIP&P is that the investments of the Plan are distributed among several classes of assets based on an established asset mix. This asset mix specifies the minimum, maximum and optimal level by type of investment;
- The investment portfolio and investment managers are monitored continuously and their results are reviewed regularly by the Employee Benefits Committee under the oversight of the Employee Benefit Plans Board of Trustees;

6. INVESTMENTS

		2024	**2023**
Bond pooled funds		$ 14,920,648	$ 20,096,741
Equities:	Canadian Pooled Funds	8,770,391	7,366,267
	Global Pooled Funds	25,913,349	21,615,811
Infrastructure		23,419,147	21,609,033
Real Estate		6,307,212	6,540,175
		$ 79,330,747	**$ 77,228,027**

Real estate investments include investments with private equity fund managers of $1,293,057 (2023 - $1,647,273) and the Plan is committed to further invest $3,398,815 in these private equity funds.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation. There was no change in levels at December 31, 2024.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

- Level 1 – quoted prices in active markets are readily available.
- Level 2 – valuation models using observable market inputs other than quoted market prices.
- Level 3 – models using inputs that are not based on observable market data.

All fair values of the financial assets of the Plan at December 31, 2024 and December 31, 2023 used Level 1 basis of fair values with the exception of bond pooled funds, private equity, infrastructure and real estate. Fair values of bond pooled funds used Level 2 basis. Private equity, infrastructure and real estate used Level 3 basis of fair values.

Fair values are based on information provided by investment fund managers who use the following valuation techniques and inputs in determining fair value:

- equity pooled funds are based on the closing market prices for the underlying equity securities held at year end
- bond pooled funds values are based on bid prices from recognized security dealers for the underlying bonds held at year end
- real estate pooled funds are based on independent property appraisals for the underlying properties held
- private equity real estate is based on the net asset valuation technique by the investment manager using quoted market prices or market prices for similar assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent appraisals as appropriate.
- infrastructure fund is based on the net asset valuation technique by the investment manager using quoted market prices for similar infrastructure assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent infrastructure appraisals as appropriate.

Fair values of Level 3 investments involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

Balances by level are reflected as follows:

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Bond pooled funds	$ -	$ 14,920,648	$ -	$ 14,920,648
Canadian pooled fund equities	8,770,391	-	-	8,770,391
Global pooled fund equities	25,913,349	-	-	25,913,349
Infrastructure	-	-	23,419,147	23,419,147
Real estate	-	-	6,307,212	6,307,212
Total	$ 34,683,740	$ 14,920,648	$ 29,726,359	$ 79,330,747

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Bond pooled funds	$ -	$ 20,096,741	$ -	$ 20,096,741
Canadian pooled fund equities	7,366,267	-	-	7,366,267
Global pooled fund equities	21,615,811	-	-	21,615,811
Infrastructure	-	-	21,609,033	21,609,033
Real estate	-	-	6,540,175	6,540,175
Total	$ 28,982,078	$ 20,096,741	$ 28,149,208	$ 77,228,027

	2024 Fair Value measurement using Level 3 inputs		
	Real Estate	**Infrastructure**	**Total**
Balance at January 1, 2024	$ 6,540,175	$ 21,609,033	$ 28,149,208
Realized gain (loss)	11,704	977,399	989,103
Unrealized gain (loss)	(244,667)	832,715	588,048
Balance at December 31, 2024	$ 6,307,212	$ 23,419,147	$ 29,726,359

8. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

Due to the nature of the Plan, substantially all of the employer contributions and employer contributions receivable are from related parties.

	2024	**2023**
Accounts receivable employers	$ 523,201	$ 451,527
Accounts receivable other	29	3,491
Accounts payable	716,604	200,777
Contributions revenue- employers	5,982,613	5,880,289
Recoveries	48,352	1,697
Administrative expenses	1,379,041	1,325,855

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

9. FUTURE DISABILITY OBLIGATIONS

The actuarial present value of accrued future disability obligations is based on an actuarial valuation made as at December 31, 2024 by George & Bell Consulting, an independent actuary, and consists of the following principal components:

	2024	**2023**
Liability for long term disability obligations	$ 34,388,000	$ 30,536,000
Claims incurred but not reported	3,554,000	3,375,000
Liability for bridge benefits	84,000	46,000
Liability for claims payment expenses	2,281,000	2,037,000
Actuarial present value of accrued future disability obligations	$ 40,307,000	$ 35,994,000

The valuation of the accrued future disability obligations is based on a number of assumptions about future events. The significant actuarial assumptions used in the valuation were:

a) *Interest rate*

A valuation interest rate of 5.70% (2023 – 5.90%) per annum, net of investment expenses, was used representing a long-term estimate of the financial obligations of the Plan.

b) *Termination rates*

The termination rate assumptions are based on adjustments for the plans' experience applied to the graduated disability termination rates from the Canadian Group Long-Term Disability Termination Study, 2009 to 2015, as published by the Canadian Institute of Actuaries.

c) *Incurred but not reported (IBNR)*

The IBNR reserve is calculated by applying an IBNR rate of 30.0% (2023 – 30.0%) to the actuarial reserve for new LTD claims. The IBNR rate is determined using assumptions about the history and experience of the average number of claims incurred but not reported as at the valuation date. The IBNR rate includes individuals currently receiving bridge benefits but assumed to continue to LTD.

d) *Actuarial reserve for bridge benefits*

It is assumed that all plan members receiving a bridge benefit at the valuation date will receive bridge benefit payments for 9 weeks (2023 – 9 weeks). Individuals currently receiving bridge benefits but assumed to continue to LTD are included in the IBNR rate (Note 9 c).

9. FUTURE DISABILITY OBLIGATIONS (continued)

e) Claims payment expenses

The liability for claims payment expenses considers the disability claims in payment and based on past experience is determined as 6% (2023 – 6%) of the total liability for accrued disability obligations.

f) Obligation offset

It is assumed that for some plan members, the obligation paid from the Plan would be offset by a disability obligation paid from external sources like the Canada Pension Plan (CPP), Workers' Compensation Board (WCB), Saskatchewan Government Insurance (SGI), or from other sources.

Disability obligation offset assumptions are based on a combination of:

i. Potential benefit payments – CPP benefits are set by the Canada Pension Plan and have been updated to reflect 2025 amounts. Claimants that receive WCB/SGI benefits are assumed to have their gross LTD benefit fully offset

ii. Offset approval rates – rates were determined through Approval Studies performed by George & Bell on previous open claims (2009 to 2023).

The assumed offset approval rates are applied to the estimated benefit payment for each claimant not currently in receipt of CPP or WCB/SGI benefits.

The following illustrates the effect of changes in the interest rate and termination rate assumptions on the provision for future disability obligations:

- a 1% increase in the interest rate equals a 3.7% decrease in the provision while a 1% decrease in the interest rate results in a 4.0% increase to the provision.
- a 10% increase in the termination rate equals a 5.5% decrease in the provision while a 10% decrease in the termination rate results in a 6.3% increase to the provision.

10. CONTINGENCIES

The Employee Benefit Plans Board of Trustees and 3sHealth are named as defendants in certain lawsuits. Although the outcomes of such lawsuits are not determinable as of the date of these financial statements, in the opinion of management, they will not materially impact the Plan's operations, and no provision has been made for them in the accounts.

Financial Statements of

Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. - West

December 31, 2024

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. - West, which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets available for benefits, and changes in future disability obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. - West as at December 31, 2024, the changes in its net assets available for benefits and changes in its future disability obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. - West 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. – West'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 Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. - West or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. – West'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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

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- 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 Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. – West'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 Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. – West'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 Health Shared Services Saskatchewan Disability Income Plan – S.E.I.U. - West 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan
DISABILITY INCOME PLAN –S.E.I.U. - West

Statement 1

Statement of Financial Position
As at December 31

	2024	**2023**
Assets		
Investments (Note 4, 6)	$ 53,067,969	$ 52,250,009
Cash	239,817	865,386
Accounts receivable employees (Note 4)	429,642	402,046
Accounts receivable employers (Note 4, 8)	429,642	402,046
Accounts receivable other (Note 4)	159,478	215,297
Total Assets	**54,326,548**	**54,134,784**
Liabilities		
Accounts payable (Note 4, 8)	920,482	471,637
Total Liabilities	**920,482**	**471,637**
Net Assets Available for Benefits (Statement 2)	**53,406,066**	**53,663,147**
Provision for future disability obligation (Note 9, Statement 3)	33,949,000	31,477,000
Surplus	**$ 19,457,066**	**$ 22,186,147**

See accompanying notes

On behalf of the Employee Benefit Plans Board of Trustees:

Karen Knelsen

Chair, Board of Trustees
Karen Knelsen

Russell Doell

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan
DISABILITY INCOME PLAN – S.E.I.U. - West

Statement 2

Statement of Changes in Net Assets Available for Benefits
For the year ended December 31

	2024	2023
Increase in Net Assets		
Dividend income	$ 408,607	$ 421,434
Commingled fund income	716,628	153,563
Interest income	812,121	721,187
Partnership income	19,787	-
Realized gain on investments	1,228,256	364,493
Unrealized gain on investments	2,450,914	2,804,735
Contributions – Employees (Note 1)	5,164,166	5,177,371
Contributions – Employers (Note 1)	5,164,166	5,177,371
Recoveries	654,024	233,769
Total Increase in Net Assets	**16,618,669**	**15,053,923**
Decrease in Net Assets		
Disability benefits	14,101,296	13,050,070
Administrative expenses (Note 8)	1,379,069	1,326,183
Consulting fees	700,997	697,424
Custodian fees	6,677	6,736
Fund management fees	389,239	463,102
Professional fees	298,472	271,087
Partnership loss	-	39,268
Total Decrease in Net Assets	**16,875,750**	**15,853,870**
Change in Net Assets for the Year	**(257,081)**	**(799,947)**
Net Assets Available for Benefits, Beginning of Year	53,663,147	54,463,094
Net Assets Available for Benefits, End of Year (Statement 1)	**$ 53,406,066**	**$ 53,663,147**

See accompanying notes

Health Shared Services Saskatchewan

Statement 3

DISABILITY INCOME PLAN – S.E.I.U. - West

Statement of Changes in Future Disability Obligations

For the year ended December 31

	2024	2023
Future Disability Obligations, Beginning of Year	**$ 31,477,000**	**$ 32,408,000**
Increase in Future Disability Obligations		
Interest accrued on benefits	1,699,000	1,823,000
New Bridge & LTD claimants	11,622,000	8,199,000
Impact of experience losses	4,068,000	639,000
	17,389,000	**10,661,000**
Decrease in Future Disability Obligations		
Expected total benefits payments with interest	14,545,000	10,854,000
Impact of change in assumptions	371,000	738,000
Impact of changes in benefits and data	1,000	-
	14,917,000	**11,592,000**
Net change in Future Disability Obligations	**2,472,000**	**(931,000)**
Future Disability Obligations, End of year (Statement 1, Note 9)	**$ 33,949,000**	**$ 31,477,000**

See accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the 3sHealth Disability Income Plan – Service Employees International Union – West (S.E.I.U. - West) (the Plan) under the direction of the Employee Benefit Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

On January 12, 2015, the 3sHealth Board of Directors, as the Settlor of the Employee Benefit Plan Trusts, formalized the governance of the Trusts and appointed five individual Trustees by executing the ten Trust Agreements. On December 31, 2022, the ten Trust Agreements were amended to reflect the appointment of an additional five independent Trustees selected from the community at large. The purpose of appointing independent Trustees was to ensure the Trusts were compliant with the Income Tax Act to transition from health and welfare trusts (HWT) to employee life and health trusts (ELHT). As a result of a collectively bargained letter of understanding, on October 12, 2023, the ten Trust Agreements were amended to reflect joint governance and ten new Trustees were appointed: five employer appointed Trustees and five union appointed Trustees.

a) *Effective date*

The effective date of the Plan was January 1, 1975.

b) *Purpose of plan*

The Plan provides protection against total loss of income due to disability for all eligible employees and complements the sick leave plan of each participating employer. The Plan is designed to integrate with other disability programs (e.g. Canadian Pension Plan (CPP) and Worker's Compensation Board (WCB)). Eligible employees receive the following disability benefits:

- During the initial 119 day qualifying period following disability, bridge benefits equal to 66 2/3% of pre-disability regular gross weekly earnings.
- After the initial 119 day qualifying period, long term disability benefits equal to 60% of pre-disability regular gross monthly earnings.

c) *Eligibility*

Members of S.E.I.U. – West, employed by 3sHealth participating health care organizations in the Province of Saskatchewan, who meet the eligibility requirements are enrolled in the Plan.

1. DESCRIPTION OF PLAN (continued)

d) Employers' and employees' contributions

The financial requirements of the Plan are measured on a continuous basis and adjustments to the contribution levels are made accordingly. The total monthly contribution rate at December 31, 2024 was 2.43% (2023 – 2.43 %) of each eligible employee's normal earnings which is shared equally between the employee and employer. The increase in contribution rate became effective July 31, 2023.

e) Termination of plan

The Plan text provides guidance for the use of Plan assets upon its termination. During the first twelve months immediately following the date of termination, benefits will continue to be paid in accordance with the terms of the Plan. Thereafter, the remaining Plan funds, after providing for expenses of the Plan, shall be used as follows:

(i) Employees receiving disability benefits under the Plan shall have their disability benefits purchased from an insurance company under a single premium non-participating closed group long term disability contract, if such a contract is available in the market. If the funds remaining are not sufficient to provide full benefits under such a contract, the funds available shall be allocated proportionately.

(ii) If such a contract is not available in the market, the funds available shall be allocated to employees receiving disability benefits under the Plan to the extent of the amount of the liabilities established by an actuary's valuation. If the funds remaining are not sufficient to provide the full amount of benefits as established by the actuary, the funds available shall be allocated proportionately.

(iii) Any funds remaining after having made the allocations described above, shall be paid to 3sHealth for distribution for the benefit of eligible employees or as otherwise may be determined or directed by the Employee Benefit Plans Board of Trustees.

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or disability obligations, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises (ASPE).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices followed by the Plan are as follows:

a) Financial instruments

All financial instruments that are financial assets or financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, as determined by 3sHealth, are as follows:

(i) Investments

Investments are classified as held-for-trading and are recorded at fair value which is based on information provided by investment managers. The Plan holds a diversified investment portfolio of various pooled funds that invest in money market securities, bonds, real estate, Canadian equities, US equities, and Non-North American equities. The Plan also holds private equity investments in a US real estate fund and a global infrastructure fund (Note 6).

The Plan uses the accrual method for recording income and expenses. Investment transactions are accounted for on the trade date with identifiable transaction costs being expensed when incurred. Dividends and distributions are recognized when declared. Interest income is recorded using the effective interest method. Commingled fund distributions are recognized when declared. Commingled fund distributions are from a pooled fund that is invested in assets in multiple other funds, blended together as a single portfolio. Due to the structure of this fund, there are several types of income that can be distributed. Partnership income is earned in a private real estate fund and recognized when declared. Due to the nature of this investment, there are multiple types of income earned by the fund.

Gains and losses are recorded in revenues or expenses when realized and are determined with reference to the average cost of investments. Unrealized changes in fair value are determined with reference to the average cost of investments and are recorded in revenues or expenses for the period in which the change in the fair value occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

(ii) Cash, Accounts receivable and Accounts payable

Cash is classified as held-for-trading and is recorded at fair value. Accounts receivable are classified as loans and receivables while accounts payable are classified as other liabilities. These financial instruments are measured at amortized cost which approximates their fair value due to their short term nature.

b) Foreign currency

Foreign currency transactions are translated into Canadian dollars using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses arising on the translation of monetary assets and liabilities or sale of investments are included in the Statement of Changes in Net Assets Available for Benefits.

c) Contributions – employees/employers

Contributions are recognized as increases in net assets when due.

d) Future disability obligations

The future disability obligations represents the actuarial present value of accrued disability benefits at year end and includes an actuarial calculation of disability claims incurred but not reported. Any resulting change in this obligation is recognized as an increase or decrease in the Statement of Changes in Future Disability Obligations.

e) Recoveries

Recoveries include amounts received from various external parties relating to disability overpayments made to claimants in the past. These revenues are recognized as revenue when received.

f) Income taxes

For the year ended December 31, 2024, the Plan filed trust income taxes as an employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

Disability benefits paid from the Plan are subject to source deductions that are withheld and remitted to the Canada Revenue Agency.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The only significant items subject to such estimates and assumptions is the determination of the provision for future disability obligations and Investment fair values. Actual results could differ from those estimations.

h) Adoption of new accounting standards

Changes to Chartered Professional Accountants of Canada Handbook section 4600, Pension Plans, became effective on January 1, 2024. Adoption of these changes had no impact on the Plan's financial statements.

4. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Credit risk

The Plan is exposed to credit risk, which arises from the potential for issuers of securities to default on their contractual obligations. The Plan's greatest concentration of credit risk is in bond pooled funds.

Short-term investments consist of investments in an institutional short term investment fund, which invests in high quality short term debt obligations issued or guaranteed by Canadian governments, or issued by corporations with a maximum term to maturity of one year. The minimum acceptable credit rating for these investments is R-1 or equivalent. An R-1 rating is considered strong credit quality and indicates low risk of short term investment loss, as rated by a recognized bond rating agency. Earnings of this fund are reinvested within the same fund.

Investments in bond pooled funds consist of two active managed bond funds. Earnings in these funds are reinvested in each respective fund on an annual basis. The bond funds consist of active managed funds which invest in bonds with a minimum credit rating of B at purchase and a 10% maximum of bonds rated below BBB (low).

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	**2023**
Bond pooled funds	$ 9,837,156	$ 13,823,973
	$ 9,837,156	**$ 13,823,973**

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The Plan is exposed to minimal credit risk from the potential non-payment of accounts receivable of $859,284 (2023 – $804,092) as these receivables are either from related parties or are collected shortly after year end.

Also included in the accounts receivable balance are amounts recoverable on paid claims in the amount of $157,052 (2023 – $203,328) which are subject to higher credit risk as these accounts are due from non-related parties to the Plan. These amounts are net of an allowance of $211,501 (2023 - $237,046).

b) Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet all cash outflow obligations as they come due. The Plan's objective is to maintain sufficient assets to discharge future disability claim obligations and to generate cash flow required for disability payments.

The Plan closely manages operating liquidity through cash flow matching of assets and liabilities. The level of incoming contributions is reviewed regularly to ensure they support the existing claims. In cases when the contributions do not cover claims, the Plan will increase the contribution rates for employees and employers, or do both. The Plan does not utilize lines of credit.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2024 are:

- up to three months for accounts payable; and
- future disability obligations: zero to six months: $4,011,479; seven to twelve months: $3,128,372 year two: $4,845,676; three to five years: $9,381,784; over five years: $17,491,214.

c) Real Estate and Infrastructure Risk

Real estate and infrastructure risk is the risk of adverse consequences of changes in the market values of the real estate and infrastructure investments, due to the state of the economy or their geographic location. The Plan is invested in real estate pooled funds, a real estate equity fund, private equity real estate, and infrastructure. The Plan reduces this risk through diversification across types of buildings and geographic location.

d) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income. The Plan manages this exposure to fluctuations in interest rates by investing in a mix of fixed and variable rate investment assets. Duration is a measure used to estimate the extent market values of fixed income investments could change due to changes in interest rates.

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

It is estimated that a 100 basis point change in interest rates would change net assets by $453,549 (2023 – $630,154).

e) Foreign currency risk

Foreign currency risk may impact the Plan's investment as it converts non-Canadian holdings of cash, infrastructure equity, real estate equity and pooled funds. During the year, there may be adverse changes in foreign exchange rates. The largest notional amount of foreign currency held by the Plan is US dollars with the remainder held in EAFE (Europe, Australasia and Far East) currencies. To mitigate currency risk, the Plan's investment policy allows up to 10% of the entire bond portfolio's market value to be invested in foreign currencies.

At December 31, 2024 a 10% change in the Canadian dollar to US dollar exchange rate would result in approximately a $1,862,759 (2023 – $1,483,955) change in net assets. A 10% change in the Canadian dollar to EAFE currencies exchange rate as at December 31, 2024 would result in approximately a $1,382,815 (2023 – $1,398,463) change in net assets.

f) Equity risk

Equity risk is the uncertainty associated with the value of equity investments due to changes in equity markets. To mitigate equity risk, the Statement of Investment Policies & Procedures (SIP&P) has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The Plan is exposed to changes in equity prices in Canadian, US and EAFE markets through its investments. Equity investments comprise approximately 42.95% (2023 – 36.43%) of the overall carrying value of the investments.

The approximate impact to the Plan's net assets and unrealized gains/losses on investments to a 10% change in equity prices is:

- $595,316 (2023 – $500,007) for changes in Canadian equities (S&P/TSX Composite Index);
- $1,684,018 (2023 – $1,403,717) for a change in Global pooled funds (MSCI AC World + Index)

5. CAPITAL MANAGEMENT

The primary objective of capital management for the Plan is to maintain an adequate cash balance in order to pay current and future approved disability claims along with the related administrative expenses. The Plan is not subject to any externally imposed capital requirements. The Plan's primary source of cash is the contributions received from the participating employees and employers. Neither of the participating employees/employers nor 3sHealth contribute any other cash to the Plan. Also, the Plan cannot go to public capital markets to issue debt or common shares.

5. CAPITAL MANAGEMENT (continued)

There have been no changes to the capital management objectives of the Plan during the year ended December 31, 2024.

The Plan fulfils its primary objective by adhering to specific investment policies and procedures outlined in its SIP&P:

- The Plan limits credit risk by dealing with securities that are considered B-rated or higher as rated by recognized bond rating agencies;
- The SIP&P of the Plan requires the investment managers to minimize undue concentration of investments in any single geographic area, industry, or company;
- A requirement of the SIP&P is that the investments of the Plan are distributed among several classes of assets based on an established asset mix. This asset mix specifies the minimum, maximum and optimal level by type of investment;
- The investment portfolio and investment managers are monitored continuously and their results are reviewed regularly by the Employee Benefits Committee under the oversight of the Employee Benefit Plans Board of Trustees;

6. INVESTMENTS

		2024	2023
Bond pooled funds		$ 9,837,156	$ 13,823,973
Equities:	Canadian Pooled Funds	5,953,165	5,000,074
	Global Pooled Funds	16,840,184	14,037,170
Infrastructure		15,701,474	14,487,874
Real Estate		4,735,990	4,900,918
		$ 53,067,969	**$ 52,250,009**

Real estate investments include investments with private equity fund managers of $937,387 (2023 - $1,194,173) and is committed to further invest $2,463,933 in these private equity funds.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation. There was no change in levels at December 31, 2024.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

- Level 1 – quoted prices in active markets are readily available.
- Level 2 – valuation models using observable market inputs other than quoted market prices.
- Level 3 – models using inputs that are not based on observable market data.

All fair values of the financial assets of the Plan at December 31, 2024 and December 31, 2023 used Level 1 basis of fair values with the exception of bond pooled funds, private equity, infrastructure and real estate. Fair values of bond pooled funds used Level 2 basis. Private equity, infrastructure and real estate used Level 3 basis of fair values.

Fair values are based on information provided by investment fund managers who use the following valuation techniques and inputs in determining fair value:

- equity pooled funds are based on the closing market prices for the underlying equity securities held at year end
- bond pooled funds values are based on bid prices from recognized security dealers for the underlying bonds held at year end
- real estate pooled funds are based on independent property appraisals for the underlying properties held
- private equity real estate is based on the net asset valuation technique by the investment manager using quoted market prices or market prices for similar assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent appraisals as appropriate.
- infrastructure fund is based on the net asset valuation technique by the investment manager using quoted market prices for similar infrastructure assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent infrastructure appraisals as appropriate.

Fair values of Level 3 investments involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

Balances by level are reflected as follows:

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Bond pooled funds	$ -	$ 9,837,156	$ -	$ 9,837,156
Canadian pooled fund equities	5,953,165	-	-	5,953,165
Global pooled fund equities	16,840,184	-	-	16,840,184
Infrastructure	-	-	15,701,474	15,701,474
Real estate	-	-	4,735,990	4,735,990
Total	$ 22,793,349	$ 9,837,156	$ 20,437,464	$ 53,067,969

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Bond pooled funds	$ -	$ 13,823,973	$ -	$ 13,823,973
Canadian pooled fund equities	5,000,074	-	-	5,000,074
Global pooled fund equities	14,037,170	-	-	14,037,170
Infrastructure	-	-	14,487,874	14,487,874
Real estate	-	-	4,900,918	4,900,918
Total	$ 19,037,244	$ 13,823,973	$ 19,388,792	$ 52,250,009

	2024 Fair Value measurement using Level 3 inputs		
	Real Estate	**Infrastructure**	**Total**
Balance at January 1, 2024	$ 4,900,918	$ 14,487,874	$ 19,388,792
Realized gain (loss)	8,484	655,301	663,785
Unrealized gain (loss)	(173,412)	558,299	384,887
Balance at December 31, 2024	$ 4,735,990	$ 15,701,474	$ 20,437,464

8. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

Due to the nature of the Plan, substantially all of the employer contributions and employer contributions receivable are from related parties.

	2024	2023
Accounts receivable employers	$ 429,642	$ 402,046
Accounts payable	695,793	196,659
Contributions revenue employers	5,164,166	5,177,371
Recoveries	19,172	510
Administrative expenses	1,379,069	1,326,183

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

9. FUTURE DISABILITY OBLIGATIONS

The actuarial present value of accrued future disability obligations is based on an actuarial valuation made as at December 31, 2024 by George & Bell Consulting, an independent actuary, and consists of the following principal components:

	2024	2023
Liability for long term disability obligations	$ 28,825,000	$ 26,269,000
Claims incurred but not reported	2,847,000	3,074,000
Liability for bridge benefits	56,000	76,000
Liability for claims payment expenses	2,221,000	2,058,000
Actuarial present value of accrued future disability obligations	$ 33,949,000	$ 31,477,000

The valuation of the accrued future disability obligations is based on a number of assumptions about future events. The significant actuarial assumptions used in the valuation were:

a) *Interest rate*

A valuation interest rate of 5.7% (2023 – 5.9%) per annum, net of investment expenses, was used representing a long-term estimate of the financial obligations of the Plan.

b) *Termination rates*

The termination rate assumptions are based on adjustments for the plans' experience applied to the graduated disability termination rates from the Canadian Group Long-Term Disability Termination Study, 2009 to 2015, as published by the Canadian Institute of Actuaries.

c) *Incurred but not reported (IBNR)*
The IBNR reserve is calculated by applying an IBNR rate of 30.0% (2023 – 30.0%) to the actuarial reserve for new LTD claims. The IBNR rate is determined using assumptions about the history and experience of the average number of claims incurred but not reported as at the valuation date. The IBNR rate includes individuals currently receiving bridge benefits but assumed to continue to LTD.

d) *Actuarial reserve for bridge benefits*

It is assumed that all plan members receiving a bridge benefit at the valuation date will receive bridge benefit payments for 9.5 weeks (2023 – 9.5 weeks). Individuals currently receiving bridge benefits but assumed to continue to LTD are included in the IBNR rate (Note 9 c).

e) *Claims payment expenses*

The liability for claims payment expenses considers the disability claims in payment and based on past experience is determined as 7% (2023 – 7%) of the total liability for accrued disability obligations.

9. FUTURE DISABILITY OBLIGATIONS (continued)

f) Obligation offset

It is assumed that for some plan members, the obligation paid from the Plan would be offset by a disability obligation paid from external sources like the Canada Pension Plan (CPP), Workers' Compensation Board (WCB), Saskatchewan Government Insurance (SGI), or from other sources.

Disability obligation offset assumptions used in the current valuation are based on a combination of:

i. Potential benefit payments – CPP benefits are set by the Canada Pension Plan and have been updated to reflect 2025 amounts. Claimants that receive WCB/SGI benefits are assumed to have their gross LTD benefit fully offset

ii. Offset approval rates – rates were determined through Approval Studies performed by George & Bell on previous open claims (2009 to 2023).

The assumed offset approval rates are applied to the estimated benefit payment for each claimant not currently in receipt of CPP or WCB/SGI benefits.

The following illustrates the effect of changes in the interest rate and termination rate assumptions:

- a 1% increase in the interest rate equals a 3.7% decrease in the provision while a 1% decrease in the interest rate results in a 4.1% increase to the provision.
- a 10% increase in the termination rate equals a 5.0% decrease in the provision while a 10% decrease in the termination rate results in a 5.8% increase to the provision.

10. CONTINGENCIES

The Employee Benefit Plans Board of Trustees and 3sHealth are named as defendants in certain lawsuits. Although the outcomes of such lawsuits are not determinable as of the date of these financial statements, in the opinion of management, they will not materially impact the Plan's operations, and no provision has been made for them in the accounts.

Financial Statements of

Health Shared Services Saskatchewan Disability Income Plan – General

December 31, 2024

PROVINCIAL AUDITOR
of Saskatchewan

Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Health Shared Services Saskatchewan Disability Income Plan – General, which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets available for benefits, and changes in future disability obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Shared Services Saskatchewan Disability Income Plan – General as at December 31, 2024, the changes in its net assets available for benefits, and changes in its future disability obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan Disability Income Plan – General 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Health Shared Services Saskatchewan Disability Income Plan – General'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 Health Shared Services Saskatchewan Disability Income Plan – General or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan Disability Income Plan – General'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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

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- 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 Health Shared Services Saskatchewan Disability Income Plan – General'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 Health Shared Services Saskatchewan Disability Income Plan – General'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 Health Shared Services Saskatchewan Disability Income Plan – General 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan
DISABILITY INCOME PLAN – General
Statement of Financial Position
As at December 31

Statement 1

	2024	2023
Assets		
Investments (Note 4, 6)	$ 60,422,947	$ 57,885,526
Cash	631,546	927,483
Accounts receivable employees (Note 4)	359,253	303,330
Accounts receivable employers (Note 4, 8)	359,253	303,330
Accounts receivable other (Note 4)	186,934	320,685
Total Assets	**61,959,933**	**59,740,354**
Liabilities		
Accounts payable (Note 4, 8)	662,203	403,982
Total Liabilities	**662,203**	**403,982**
Net Assets Available for Benefits (Statement 2)	**61,297,730**	**59,336,372**
Provision for future disability obligation (Note 9, Statement 3)	43,691,000	43,661,000
Surplus	**$ 17,606,730**	**$ 15,675,372**

See accompanying notes

On behalf of the Employee Benefit Plans Board of Trustees:

Karen Knelsen

Chair, Board of Trustees
Karen Knelsen

Russell Doell

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan **Statement 2**
DISABILITY INCOME PLAN – General
Statement of Changes in Net Assets Available for Benefits
For the year ended December 31

	2024	**2023**
Increase in Net Assets		
Dividend income	$ 455,703	$ 464,867
Commingled fund income	841,454	180,840
Interest income	924,506	804,542
Partnership income	24,402	-
Realized gain on investments	1,355,465	432,533
Unrealized gain on investments	2,789,874	3,091,117
Contributions – Employees (Note 1)	4,337,232	3,722,514
Contributions – Employers (Note 1)	4,337,232	3,722,514
Recoveries	207,053	119,002
Total Increase in Net Assets	**15,272,921**	**12,537,929**
Decrease in Net Assets		
Disability benefits	11,048,894	10,604,004
Administrative expenses (Note 8)	1,378,808	1,325,006
Consulting fees	352,970	278,950
Custodian fees	6,993	6,909
Fund management fees	415,494	483,721
Partnership loss	-	39,342
Professional fees	108,404	100,714
Total Decrease in Net Assets	**13,311,563**	**12,838,646**
Change in Net Assets for the Year	**1,961,358**	**(300,717)**
Net Assets Available for Benefits, Beginning of Year	59,336,372	59,637,089
Net Assets Available for Benefits, End of Year (Statement 1)	**$ 61,297,730**	**$ 59,336,372**

See accompanying notes

Health Shared Services Saskatchewan

Statement 3

DISABILITY INCOME PLAN – General

Statement of Changes in Future Disability Obligations

For the year ended December 31

	2024	2023
Future Disability Obligations, Beginning of Year	**$ 43,661,000**	**$ 40,261,000**
Increase in Future Disability Obligations		
Interest accrued on benefits	2,436,000	2,271,000
New LTD claimants	9,173,000	8,726,000
Impact of experience loss	258,000	1,306,000
Impact of change in assumptions	437,000	-
	12,304,000	**12,303,000**
Decrease in Future Disability Obligations		
Expected total benefits payments with interest	12,271,000	8,425,000
Impact of changes in benefits and data	3,000	-
Impact of change in assumptions	-	478,000
	12,274,000	**8,903,000**
Net change in Future Disability Obligations	**30,000**	**3,400,000**
Future Disability Obligations, End of Year (Statement 1, Note 9)	**$ 43,691,000**	**$ 43,661,000**

See the accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the 3sHealth Disability Income Plan – General (the Plan) under the direction of the Employee Benefit Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

On January 12, 2015, the 3sHealth Board of Directors, as the Settlor of the Employee Benefit Plan Trusts, formalized the governance of the Trusts and appointed five individual Trustees by executing the ten Trust Agreements. On December 31, 2022, the ten Trust Agreements were amended to reflect the appointment of an additional five independent Trustees selected from the community at large. The purpose of appointing independent Trustees was to ensure the Trusts were compliant with the Income Tax Act to transition from health and welfare trusts (HWT) to employee life and health trusts (ELHT). As a result of a collectively bargained letter of understanding, on October 12, 2023, the ten Trust Agreements were amended to reflect joint governance and ten new Trustees were appointed: five employer appointed Trustees and five union appointed Trustees.

a) *Effective date*

The effective date of the Plan was January 1, 1975.

b) *Purpose of plan*

The Plan provides protection against total loss of income due to disability for all eligible employees and complements the sick leave plan of each participating employer. The Plan is designed to integrate with other disability programs (e.g. Canadian Pension Plan (CPP) and Worker's Compensation Boards (WCB)). Eligible employees receive the following disability benefits:

- After an initial 119 day qualifying period, long term disability benefits equal to 75% of pre-disability regular gross monthly earnings.

c) *Eligibility*

Members of Health Sciences Association of Saskatchewan (HSAS), some grand-fathered members of S.E.I.U.-West, non-union government workers and out-of-scope employees, employed by 3sHealth participating health care organizations in the Province of Saskatchewan, who meet the eligibility requirements are enrolled in the Plan.

1. DESCRIPTION OF PLAN (continued)

d) *Employers' and employees' contributions*

The financial requirements of the Plan are measured on a continuous basis and adjustments to the contribution levels are made accordingly. The total monthly contribution at December 31, 2024 was 1.31% (2023 – 1.19%) of each eligible employee's normal earnings. For HSAS members, this is allocated to the employee as 0.60% (2023- 0.55%) and to the employer 0.71% (2023-0.65%). For all other members, the contributions are shared equally between the employee and employer.

e) *Termination of plan*

The Plan text provides guidance for the use of Plan assets upon its termination. During the first twelve months immediately following the date of termination, benefits will continue to be paid in accordance with the terms of the Plan. Thereafter, the remaining Plan funds, after providing for expenses of the Plan, shall be used as follows:

(i) Employees receiving disability benefits under the Plan shall have their disability benefits purchased from an insurance company under a single premium non-participating closed group long term disability contract, if such a contract is available in the market. If the funds remaining are not sufficient to provide full benefits under such a contract, the funds available shall be allocated proportionately.

(ii) If such a contract is not available in the market, the funds available shall be allocated to employees receiving disability benefits under the Plan to the extent of the amount of the liabilities established by an actuary's valuation. If the funds remaining are not sufficient to provide the full amount of benefits as established by the actuary, the funds available shall be allocated proportionately.

(iii) Any funds remaining after having made the allocations described above, shall be paid to 3sHealth for distribution for the benefit of eligible employees or as otherwise may be determined or directed by the Employee Benefit Plans Board of Trustees.

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or disability obligations, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises (ASPE).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices followed by the Plan are as follows:

a) *Financial instruments*

All financial instruments that are financial assets or financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, as determined by 3sHealth, are as follows:

(i) Investments

Investments are classified as held-for-trading and are recorded at fair value which is based on information provided by investment managers. The Plan holds a diversified investment portfolio of various pooled funds that invest in money market securities, bonds, real estate, Canadian equities, US equities, and Non-North American equities. The Plan also holds private equity investments in a US real estate fund and a global infrastructure fund (Note 6).

The Plan uses the accrual method for recording income and expenses. Investment transactions are accounted for on the trade date with identifiable transaction costs being expensed when incurred. Dividends and distributions are recognized when declared. Interest income is recorded using the effective interest method. Commingled fund distributions are recognized when declared. Commingled fund distributions are from a pooled fund that is invested in assets in multiple other funds, blended together as a single portfolio. Due to the structure of this fund, there are several types of income that can be distributed. Partnership income is earned in a private real estate fund and recognized when declared. Due to the nature of this investment, there are multiple types of income earned by the fund.

Gains and losses are recorded in revenues or expenses when realized and are determined with reference to the average cost of investments. Unrealized changes in fair value are determined with reference to the average cost of investments and are recorded in revenues or expenses for the period in which the change in the fair value occurs.

(ii) Cash, Accounts receivable and Accounts payable

Cash is classified as held-for-trading and is recorded at fair value. Accounts receivable are classified as loans and receivables while accounts payable are classified as other liabilities. These financial instruments are measured at amortized cost which approximates their fair value due to their short term nature.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *Foreign currency*

Foreign currency transactions are translated into Canadian dollars using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses arising on the translation of monetary assets and liabilities or sale of investments are included in the Statement of Changes in Net Assets Available for Benefits.

c) *Contributions – employees/employers*

Contributions are recognized as increases in net assets when due.

d) *Future disability obligations*

The future disability obligations represent the actuarial present value of accrued disability benefits at year end and include an actuarial calculation of disability claims incurred but not reported. Any resulting change in this obligation is recognized as an increase or decrease in the Statement of Changes in Future Disability Obligations.

e) *Recoveries*

Recoveries include amounts received from various external parties relating to disability overpayments made to claimants in the past. These revenues are recognized as revenue when received.

f) *Income taxes*

For the year ended December 31, 2024, the Plan filed trust income taxes as a employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

Disability benefits paid from the Plan are subject to source deductions that are withheld and remitted to the Canada Revenue Agency.

g) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The only significant items subject to such estimates and assumptions is the determination of the provision for future disability obligations and Investment fair values. Actual results could differ from those estimations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Adoption of new accounting standards

Changes to Chartered Professional Accountants of Canada Handbook section 4600, Pension Plans, became effective on January 1, 2024. Adoption of these changes had no impact on the Plan's financial statements.

4. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Credit risk

The Plan is exposed to credit risk, which arises from the potential for issuers of securities to default on their contractual obligations. The Plan's greatest concentration of credit risk is in bond pooled funds.

Short-term investments consist of investments in an institutional short term investment fund, which invests in high quality short term debt obligations issued or guaranteed by Canadian governments, or issued by corporations with a maximum term to maturity of one year. The minimum acceptable credit rating for these investments is R-1 or equivalent. An R-1 rating is considered strong credit quality and indicates low risk of short term investment loss, as rated by a recognized bond rating agency. Earnings of this fund are reinvested within the same fund.

Investments in bond pooled funds consist of two active managed bond funds. Earnings in these funds are reinvested in each respective fund and distributed out to unit holders on an annual basis. The bond funds consist of active managed funds which invest in bonds with a minimum credit rating of B at purchase and a 10% maximum of bonds rated below BBB (low).

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	**2023**
Bond pooled funds	$ 13,024,556	$ 15,901,765
	$ 13,024,556	**$ 15,901,765**

The Plan is exposed to minimal credit risk from the potential non-payment of accounts receivable of $718,506 (2023 – $606,660) as these receivables are either from related parties or are collected shortly after year end.

Also included in the accounts receivable balance are amounts recoverable on paid claims in the amount of $176,606 (2023 – $310,354) which are subject to higher credit risk as these accounts are due from non-related parties to the Plan. These amounts are net of an allowance of $33,780 (2023 - $38,623).

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet all cash outflow obligations as they come due. The Plan's objective is to maintain sufficient assets to discharge future disability claim obligations and to generate cash flow required for disability payments.

The Plan closely manages operating liquidity through cash flow matching of assets and liabilities. The level of incoming contributions is reviewed regularly to ensure they support the existing claims. In cases when the contributions do not cover claims, the Plan will increase the contribution rates for employees and employers, or do both. The Plan does not utilize lines of credit.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2024 are:

- up to three months for accounts payable; and
- future disability obligations: zero to six months: $4,172,986; seven to twelve months: $3,507,006; year two: $5,591,286; three to five years: $12,269,839; over five years: $24,575,415

c) Real Estate and Infrastructure Risk

Real estate and infrastructure risk is the risk of adverse consequences of changes in the market values of the real estate and infrastructure investments, due to the state of the economy or their geographic location. The Plan is invested in real estate pooled funds, a real estate equity fund, private equity real estate, and infrastructure. The Plan reduces this risk through diversification across types of buildings and geographic location.

d) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income. The Plan manages this exposure to fluctuations in interest rates by investing in a mix of fixed and variable rate investment assets. Duration is a measure used to estimate the extent market values of fixed income investments could change due to changes in interest rates.

It is estimated that a 100 basis point change in interest rates would change net assets and unrealized gains/losses on investments by $606,046 (2023 – $731,921).

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

e) Foreign currency risk

Foreign currency risk may impact the Plan's investment as it converts non-Canadian holdings of cash, infrastructure equity, real estate equity and pooled funds. During the year, there may be adverse changes in foreign exchange rates. The largest notional amount of foreign currency held by the Plan is US dollars with the remainder held in EAFE (Europe, Australasia and Far East) currencies. To mitigate currency risk, the Plan's investment policy allows up to 10% of the entire bond portfolio's market value to be invested in foreign currencies.

At December 31, 2024 a 10% change in the Canadian dollar to US dollar exchange rate would result in approximately a $2,079,561 (2023 – $1,647,985) change in net assets. A

10% change in the Canadian dollar to EAFE currencies exchange rate as at December 31, 2024 would result in approximately a $1,509,153 (2023 – $1,526,369) change in net assets.

f) Equity risk

Equity risk is the uncertainty associated with the value of equity investments due to changes in equity markets. To mitigate equity risk, the Statement of Investment Policies & Procedures (SIP&P) has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The Plan is exposed to changes in equity prices in Canadian, US and EAFE markets through its investments. Equity investments comprise approximately 43.26% (2023 – 37.71%) of the overall carrying value of the investments.

The approximate impact to the Plan's net assets and unrealized gain/losses on investments to a 10% change in equity prices is:

- $641,787 (2023 – $539,038) for changes in Canadian equities (S&P/TSX Composite Index);
- $1,972,405 (2023 – $1,644,020) for a change in Global pooled funds (MSCI AC World + Index)

5. CAPITAL MANAGEMENT

The primary objective of capital management for the Plan is to maintain an adequate cash balance in order to pay current and future approved disability claims along with the related administrative expenses. The Plan is not subject to any externally imposed capital requirements. The Plan's primary source of cash is the contributions received from the participating employees and employers. Neither of the participating employees/employers nor 3sHealth contribute any other cash to the Plan. Also, the Plan cannot go to public capital markets to issue debt or common shares.

5. CAPITAL MANAGEMENT (continued)

There have been no changes to the capital management objectives of the Plan during the year ended December 31, 2024.

The Plan fulfils its primary objective by adhering to specific investment policies and procedures outlined in its SIP&P:

- The Plan limits credit risk by dealing with securities that are considered B-rated or higher as rated by recognized bond rating agencies;
- The SIP&P of the Plan requires the investment managers to minimize undue concentration of investments in any single geographic area, industry, or company;
- A requirement of the SIP&P is that the investments of the Plan are distributed among several classes of assets based on an established asset mix. This asset mix specifies the minimum, maximum and optimal level by type of investment;
- The investment portfolio and investment managers are monitored continuously and their results are reviewed regularly by the Employee Benefits Committee under the oversight of the Employee Benefit Plans Board of Trustees;

6. INVESTMENTS

		2024	**2023**
Bond pooled funds		$ 13,024,556	$ 15,901,765
Equities:	Canadian Pooled Funds	6,417,870	5,390,380
	Global Pooled Funds	19,724,046	16,440,196
Infrastructure		16,366,790	15,101,767
Real Estate		4,889,685	5,051,418
		$ 60,422,947	**$ 57,885,526**

Real estate investments include investments with private equity fund managers of $939,137 (2023 - $1,196,403) and is committed to further invest $2,468,525 in these private equity funds.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation. There was no change in levels at December 31, 2024.

- Level 1 – quoted prices in active markets are readily available.
- Level 2 – valuation models using observable market inputs other than quoted market prices.
- Level 3 – models using inputs that are not based on observable market data.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

All fair values of the financial assets of the Plan at December 31, 2024 and December 31, 2023 used Level 1 basis of fair values with the exception of bond pooled funds, private equity, infrastructure and real estate. Fair values of bond pooled funds used Level 2 basis. Private equity, infrastructure and real estate used Level 3 basis of fair values.

Fair values are based on information provided by investment fund managers who use the following valuation techniques and inputs in determining fair value:

- equity pooled funds are based on the closing market prices for the underlying equity securities held at year end
- bond pooled funds values are based on bid prices from recognized security dealers for the underlying bonds held at year end
- real estate pooled funds are based on independent property appraisals for the underlying properties held
- private equity real estate is based on the net asset valuation technique by the investment manager using quoted market prices or market prices for similar assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent appraisals as appropriate.
- infrastructure fund is based on the net asset valuation technique by the investment manager using quoted market prices for similar infrastructure assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent infrastructure appraisals as appropriate.

Fair values of Level 3 investments involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

Balances by level are reflected as follows:

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Bond pooled funds	$ -	$ 13,024,556	$ -	$ 13,024,556
Canadian pooled fund equities	6,417,870	-	-	6,417,870
Global pooled fund equities	19,724,046	-	-	19,724,046
Infrastructure	-	-	16,366,790	16,366,790
Real estate	-	-	4,889,685	4,889,685
Total	$ 26,141,916	$ 13,024,556	$ 21,256,475	$ 60,422,947

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Bond pooled funds	$ -	$ 15,901,765	$ -	$ 15,901,765
Canadian pooled fund equities	5,390,380	-	-	5,390,380
Global pooled fund equities	16,440,196	-	-	16,440,196
Infrastructure	-	-	15,101,767	15,101,767
Real estate	-	-	5,051,418	5,051,418
Total	$ 21,830,576	$ 15,901,765	$ 20,153,185	$ 57,885,526

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	2024 Fair Value measurement using Level 3 inputs		
	Real Estate	**Infrastructure**	**Total**
Balance at January 1, 2024	$ 5,051,418	$ 15,101,767	$ 20,153,185
Realized gain (loss)	13,078	683,068	696,146
Unrealized gain (loss)	(174,811)	581,955	407,144
Balance at December 31, 2024	$ 4,889,685	$ 16,366,790	$ 21,256,475

8. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

Due to the nature of the Plan, substantially all of the employer contributions and employer contributions receivable are from related parties.

	2024	**2023**
Accounts receivable employers	$ 359,253	$ 303,330
Accounts receivable other	7,390	500
Accounts payable	557,887	146,678
Contributions revenue employers	4,337,232	3,772,514
Recoveries	25,883	17,240
Administrative expenses	1,378,808	1,325,006

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

9. FUTURE DISABILITY OBLIGATIONS

The actuarial present value of accrued future disability obligations is based on an actuarial valuation made as at December 31, 2024 by George & Bell Consulting, an independent actuary, and consists of the following principal components:

9. FUTURE DISABILITY OBLIGATIONS (continued)

	2024	2023
Liability for long term disability obligations	$ 36,586,000	$ 37,109,000
Claims incurred but not reported	3,733,000	3,279,000
Liability for claims payment expenses	3,226,000	2,828,000
Liability for large claims	146,000	445,000
Actuarial present value of accrued future disability obligations	$ 43,691,000	$ 43,661,000

The valuation of the accrued future disability obligations is based on a number of assumptions about future events. The significant actuarial assumptions used in the valuation were:

a) *Interest rate*

A valuation interest rate of 5.70% (2023 – 5.90%) per annum, net of investment expenses, was used representing a long-term estimate of the financial obligations of the Plan.

b) *Termination rates*

The termination rate assumptions are based on adjustments for the plans' experience applied to the graduated disability termination rates from the Canadian Group Long-Term Disability Termination Study, 2009 to 2015, as published by the Canadian Institute of Actuaries.

c) *Incurred but not reported (IBNR)*

The IBNR reserve is calculated by applying an IBNR rate of 35.0% (2023 – 35.0%) to the actuarial reserve for new LTD claims. The IBNR rate is determined using assumptions about the history and experience of the average number of claims incurred but not reported as at the valuation date.

d) *Claims payment expenses*

The liability for claims payment expenses considers the disability claims in payment and based on past experience, is determined as 8% (2023 – 7%) of the total liability for accrued disability obligations.

e) *Obligation offset*

It is assumed that for some plan members, the obligation paid from the Plan would be offset by a disability obligation paid from external sources like the Canada Pension Plan (CPP), Workers' Compensation Board (WCB), Saskatchewan Government Insurance (SGI), or from other sources.

9. FUTURE DISABILITY OBLIGATIONS (continued)

Disability obligation offset assumptions used in the current valuation are based on a combination of:

i. Potential benefit payments – CPP benefits are set by the Canada Pension Plan and have been updated to reflect 2025 amounts. Claimants that receive WCB/SGI benefits are assumed to have their gross LTD benefit fully offset

ii. Offset approval rates – rates were determined through Approval Studies performed by George & Bell on previous open claims (2009 to 2023).

The assumed offset approval rates are applied to the estimated benefit payment for each claimant not currently in receipt of CPP or WCB/SGI benefits.

The following illustrates the effect of changes in the interest rate and termination rate assumptions:

- a 1% increase in the interest rate equals a 4.1% decrease in the provision while a 1% decrease in the interest rate results in a 4.5% increase to the provision.
- a 10% increase in the termination rate equals a 4.2% decrease in the provision while a 10% decrease in the termination rate results in a 4.6% increase to the provision.

10. CONTINGENCIES

The Employee Benefit Plans Board of Trustees and 3sHealth are named as defendants in certain lawsuits. Although the outcomes of such lawsuits are not determinable as of the date of these financial statements, in the opinion of management, they will not materially impact the Plan's operations, and no provision has been made for them in the accounts.

Financial Statements of

Health Shared Services Saskatchewan Disability Income Plan – S.U.N.

December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Health Shared Services Saskatchewan Disability Income Plan – S.U.N., which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets available for benefits, and changes in future disability obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Shared Services Saskatchewan Disability Income Plan – S.U.N. as at December 31, 2024, the changes in its net assets available for benefits, and changes in its future disability obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan Disability Income Plan – S.U.N. 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Health Shared Services Saskatchewan Disability Income Plan – S.U.N.'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 Health Shared Services Saskatchewan Disability Income Plan – S.U.N. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan Disability Income Plan – S.U.N.'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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

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- 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 Health Shared Services Saskatchewan Disability Income Plan – S.U.N.'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 Health Shared Services Saskatchewan Disability Income Plan – S.U.N.'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 Health Shared Services Saskatchewan Disability Income Plan – S.U.N. 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan **Statement 1**

DISABILITY INCOME PLAN – S.U.N.

Statement of Financial Position

As at December 31

	2024	2023
Assets		
Investments (Note 4, 6)	$ 92,370,663	$ 87,536,916
Cash	530,521	985,774
Accounts receivable employees (Note 4)	468,436	381,614
Accounts receivable employers (Note 4, 8)	549,903	447,982
Accounts receivable other (Note 4, 8)	150,319	102,597
Total Assets	**94,069,842**	**89,454,883**
Liabilities		
Accounts payable (Note 4, 8)	756,624	492,458
Total Liabilities	**756,624**	**492,458**
Net Assets Available for Benefits (Statement 2)	**93,313,218**	**88,962,425**
Provision for future disability obligation (Note 9, Statement 3)	64,858,000	59,782,000
Surplus	**$ 28,455,218**	**$ 29,180,425**

See accompanying notes

On behalf of the Employee Benefit Plans Board of Trustees:

Karen Knelsen

Chair, Board of Trustees
Karen Knelsen

Russell Doell

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan **Statement 2**
DISABILITY INCOME PLAN – S.U.N.
Statement of Changes in Net Assets Available for Benefits
For the year ended December 31

	2024	2023
Increase in Net Assets		
Dividend income	$ 738,913	$ 723,959
Commingled fund income	1,297,457	278,798
Interest income	1,359,124	1,214,777
Partnership income	35,245	-
Realized gain on investments	2,130,897	648,245
Unrealized gain on investments	4,401,475	4,552,641
Contributions – Employees (Note 1)	5,387,786	4,899,059
Contributions – Employers (Note 1)	6,324,792	5,751,070
Recoveries	411,243	280,878
Total Increase in Net Assets	**22,086,932**	**18,349,427**
Decrease in Net Assets		
Disability benefits	15,218,779	14,668,230
Administrative expenses (Note 8)	1,378,484	1,324,990
Consulting fees	352,465	387,792
Custodian fees	8,539	8,237
Fund management fees	626,603	700,151
Professional fees	151,269	124,624
Partnership loss	-	56,818
Total Decrease in Net Assets	**17,736,139**	**17,270,842**
Change in Net Assets for the Year	**4,350,793**	**1,078,585**
Net Assets Available for Benefits, Beginning of Year	88,962,425	87,883,840
Net Assets Available for Benefits, End of Year (Statement 1)	**$ 93,313,218**	**$ 88,962,425**

See accompanying notes

Health Shared Services Saskatchewan **Statement 3**

DISABILITY INCOME PLAN – S.U.N.

Statement of Changes in Future Disability Obligations

For the year ended December 31

	2024	2023
Future Disability Obligations, Beginning of Year	**$ 59,782,000**	**$ 50,799,000**
Increase in Future Disability Obligations		
Interest accrued on benefits	3,366,000	2,931,000
New LTD claimants	10,050,000	12,390,000
Impact of experience loss	7,212,000	3,906,000
Impact of change in assumptions	648,000	-
	21,276,000	**19,227,000**
Decrease in Future Disability Obligations		
Expected total benefits payments with interest	16,198,000	10,064,000
Impact of changes in benefits and data	2,000	-
Impact of change in assumptions	-	180,000
	16,200,000	**10,244,000**
Net change in Future Disability Obligations	**5,076,000**	**8,983,000**
Future Disability Obligations, End of Year (Statement 1, Note 9)	**$ 64,858,000**	**$ 59,782,000**

See accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the 3sHealth Disability Income Plan – Saskatchewan Union of Nurses (S.U.N.) (the Plan) under the direction of the Employee Benefit Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

On January 12, 2015, the 3sHealth Board of Directors, as the Settlor of the Employee Benefit Plan Trusts, formalized the governance of the Trusts and appointed five individual Trustees by executing the ten Trust Agreements. On December 31, 2022, the ten Trust Agreements were amended to reflect the appointment of an additional five independent Trustees selected from the community at large. The purpose of appointing independent Trustees was to ensure the Trusts were compliant with the Income Tax Act to transition from health and welfare trusts (HWT) to employee life and health trusts (ELHT). As a result of a collectively bargained letter of understanding, on October 12, 2023, the ten Trust Agreements were amended to reflect joint governance and ten new Trustees were appointed: five employer appointed Trustees and five union appointed Trustees.

a) Effective date

The effective date of the Plan was October 1, 1982.

b) Purpose of plan

The Plan provides protection against total loss of income due to disability for all eligible employees and complements the sick leave plan of each participating employer. The Plan is designed to integrate with other disability programs (e.g. Canadian Pension Plan (CPP) and Worker's Compensation Boards (WCB)). Eligible employees receive the following disability benefits:

- After an initial 119 day qualifying period, long term disability benefits equal to 75% of pre-disability regular gross monthly earnings.

c) Eligibility

Members of S.U.N., employed by 3sHealth participating health care organizations in the Province of Saskatchewan, who meet the eligibility requirements are enrolled in the Plan.

d) Employers' and employees' contributions

The financial requirements of the Plan are measured on a continuous basis and adjustments to the contribution levels are made accordingly. The total monthly contribution rate at December 31, 2024 was 1.57% (2023 – 1.46%) of each eligible employee's normal earnings which is allocated to the employee as 0.72% (2023 – 0.67%) and to the employer as 0.85% (2023 – 0.79%).

1. DESCRIPTION OF PLAN (continued)

e) Termination of plan

The Plan text provides guidance for the use of Plan assets upon its termination. During the first twelve months immediately following the date of termination, benefits will continue to be paid in accordance with the terms of the Plan. Thereafter, the remaining Plan funds, after providing for expenses of the Plan, shall be used as follows:

(i) Employees receiving disability benefits under the Plan shall have their disability benefits purchased from an insurance company under a single premium non-participating closed group long term disability contract, if such a contract is available in the market. If the funds remaining are not sufficient to provide full benefits under such a contract, the funds available shall be allocated proportionately.

(ii) If such a contract is not available in the market, the funds available shall be allocated to employees receiving disability benefits under the Plan to the extent of the amount of the liabilities established by an actuary's valuation. If the funds remaining are not sufficient to provide the full amount of benefits as established by the actuary, the funds available shall be allocated proportionately.

(iii) Any funds remaining after having made the allocations described above, shall be paid to 3sHealth for distribution for the benefit of eligible employees or as otherwise may be determined or directed by the Employee Benefit Plans Board of Trustees.

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or disability obligations, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises (ASPE).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices followed by the Plan are as follows:

a) Financial instruments

All financial instruments that are financial assets or financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, as determined by 3sHealth, are as follows:

(i) Investments

Investments are classified as held-for-trading and are recorded at fair value which is based on information provided by investment managers. The Plan holds a diversified investment portfolio of various pooled funds that invest in money market securities, bonds, real estate, Canadian equities, US equities, and Non-North American equities. The Plan also holds private equity investments in a US real estate fund and a global infrastructure fund (Note 6).

The Plan uses the accrual method for recording income and expenses. Investment transactions are accounted for on the trade date with identifiable transaction costs being expensed when incurred. Dividends and distributions are recognized when declared. Interest income is recorded using the effective interest method. Commingled fund distributions are recognized when declared. Commingled fund distributions are from a pooled fund that is invested in assets in multiple other funds, blended together as a single portfolio. Due to the structure of this fund, there are several types of income that can be distributed. Partnership income is earned in a private real estate fund and recognized when declared. Due to the nature of this investment, there are multiple types of income earned by the fund.

Gains and losses are recorded in revenues or expenses when realized and are determined with reference to the average cost of investments. Unrealized changes in fair value are determined with reference to the average cost of investments and are recorded in revenues or expenses for the period in which the change in the fair value occurs.

(ii) Cash, Accounts receivable and Accounts payable

Cash is classified as held-for-trading and is recorded at fair value. Accounts receivable are classified as loans and receivables while accounts payable are classified as other liabilities. These financial instruments are measured at amortized cost which approximates their fair value due to their short term nature.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency

Foreign currency transactions are translated into Canadian dollars using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses arising on the translation of monetary assets and liabilities or sale of investments are included in the Statement of Changes in Net Assets Available for Benefits.

c) Contributions – employees/employers

Contributions are recognized as increases in net assets when due.

d) Future disability obligations

The future disability obligations represent the actuarial present value of accrued disability benefits at year end and include an actuarial calculation of disability claims incurred but not reported. Any resulting change in this obligation is recognized as an increase or decrease in the Statement of Changes in Future Disability Obligations.

e) Recoveries

Recoveries include amounts received from various external parties relating to disability overpayments made to claimants in the past. These revenues are recognized as revenue when received.

f) Income taxes

For the year ended December 31, 2024, the Plan filed trust income taxes as a employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

Disability benefits paid from the Plan are subject to source deductions that are withheld and remitted to the Canada Revenue Agency.

g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The only significant items subject to such estimates and assumptions is the determination of the provision for future disability obligations and Investment fair values. Actual results could differ from those estimations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Adoption of new accounting standards

Changes to Chartered Professional Accountants of Canada Handbook section 4600, Pension Plans, became effective on January 1, 2024. Adoption of these changes had no impact on the Plan's financial statements.

4. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Credit risk

The Plan is exposed to credit risk, which arises from the potential for issuers of securities to default on their contractual obligations. The Plan's greatest concentration of credit risk is in bond pooled funds.

Short-term investments consist of investments in an institutional short term investment fund, which invests in high-quality short-term debt obligations issued or guaranteed by Canadian governments or issued by corporations with a maximum term to maturity of one year. The minimum acceptable credit rating for these investments is R-1 or equivalent. An R-1 rating is considered strong credit quality and indicates low risk of short-term investment loss, as rated by a recognized bond rating agency. Earnings of this fund are reinvested within the same fund.

Investments in bond pooled funds consist of two active managed bond funds. Earnings in these funds are reinvested in each respective fund and distributed to unit holders on an annual basis. The bond funds consist of active managed funds which invest in bonds with a minimum credit rating of B at purchase and a 10% maximum of bonds rated below BBB (low).

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	2023
Bond pooled funds	$ 19,885,289	$ 23,530,144
	$ 19,885,289	**$ 23,530,144**

The Plan is exposed to minimal credit risk from the potential non-payment of accounts receivable of $1,018,339 (2023 – $829,595) as these receivables are either from related parties or are collected shortly after year end.

Also included in the accounts receivable balance are amounts recoverable on paid claims in the amount of $146,681 (2023 – $94,539) which are subject to higher credit risk as these accounts are due from non-related parties to the Plan. These amounts are net of an allowance of $16,265 (2023 - $124,089).

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet all cash outflow obligations as they come due. The Plan's objective is to maintain sufficient assets to discharge future disability claim obligations and to generate cash flow required for disability payments.

The Plan closely manages operating liquidity through cash flow matching of assets and liabilities. The level of incoming contributions is reviewed regularly to ensure they support the existing claims. In cases when the contributions do not cover claims, the Plan will increase the contribution rates for employees and employers or do both. The Plan does not utilize lines of credit.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2024 are:

- up to three months for accounts payable; and
- future disability obligations: zero to six months: $6,538,748; seven to twelve months: $5,328,796; year two: $8,447,059; three to five years: $17,881,597; over five years: $42,464,272

c) Real Estate and Infrastructure Risk

Real estate and infrastructure risk is the risk of adverse consequences of changes in the market values of the real estate and infrastructure investments, due to the state of the economy or their geographic location. The Plan is invested in real estate pooled funds, a real estate equity fund, private equity real estate, and infrastructure. The Plan reduces this risk through diversification across types of buildings and geographic location.

d) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income. The Plan manages this exposure to fluctuations in interest rates by investing in a mix of fixed and variable rate investment assets. Duration is a measure used to estimate the extent market values of fixed income investments could change due to changes in interest rates.

It is estimated that a 100 basis point change in interest rates would change net assets by $914,952 (2023 – $1,070,745).

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

e) Foreign currency risk

Foreign currency risk may impact the Plan's investment as it converts non-Canadian holdings of cash, infrastructure equity, real estate equity and pooled funds. During the year, there may be adverse changes in foreign exchange rates. The largest notional amount of foreign currency held by the Plan is US dollars with the remainder held in EAFE (Europe, Australasia and Far East) currencies. To mitigate currency risk, the Plan's investment policy allows up to 10% of the entire bond portfolio's market value to be invested in foreign currencies.

At December 31, 2024 a 10% change in the Canadian dollar to US dollar exchange rate would result in approximately a $3,164,739 (2023 – $2,501,243) change in net assets. A 10% change in the Canadian dollar to EAFE currencies exchange rate as at December 31, 2024 would result in approximately a $2,262,161 (2023 – $2,286,009) change in net assets.

f) Equity risk

Equity risk is the uncertainty associated with the value of equity investments due to changes in equity markets. To mitigate equity risk, the Statement of Investment Policies & Procedures (SIP&P) has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The Plan is exposed to changes in equity prices in Canadian, US and EAFE markets through its investments. Equity investments comprise approximately 45.40% (2023 – 40.02%) of the overall carrying value of the investments.

The approximate impact to the Plan's net assets and unrealized gain/losses on investments to a 10% change in equity prices is:

- $1,071,830 (2023 – $900,232) for changes in Canadian equities (S&P/TSX Composite Index);
- $3,121,775 (2023 – $2,603,329) for a change in Global pooled funds (MSCI AC World + Index)

5. CAPITAL MANAGEMENT

The primary objective of capital management for the Plan is to maintain an adequate cash balance in order to pay current and future approved disability claims along with the related administrative expenses. The Plan is not subject to any externally imposed capital requirements. The Plan's primary source of cash is the contributions received from its participating employees and employers. Neither of the participating employees/employers nor 3sHealth contribute any other cash to the Plan. Also, the Plan cannot go to public capital markets to issue debt or common shares.

5. CAPITAL MANAGEMENT (continued)

There have been no changes to the capital management objectives of the Plan during the year ended December 31, 2024.

The Plan fulfils its primary objective by adhering to specific investment policies and procedures outlined in its SIP&P:

- The Plan limits credit risk by dealing with securities that are considered B-rated or higher as rated by recognized bond rating agencies;
- The SIP&P of the Plan requires the investment managers to minimize undue concentration of investments in any single geographic area, industry, or company;
- A requirement of the SIP&P is that the investments of the Plan are distributed among several classes of assets based on an established asset mix. This asset mix specifies the minimum, maximum and optimal level by type of investment;
- The investment portfolio and investment managers are monitored continuously, and their results are reviewed regularly by the Employee Benefits Committee under the oversight of the Employee Benefit Plans Board of Trustees;

6. INVESTMENTS

The fair value of the Plan's assets at December 31, 2024 is:

		2024	**2023**
Bond pooled funds		$ 19,885,289	$ 23,530,144
Equities:	Canadian Pooled Funds	10,718,302	9,002,321
	Global Pooled Funds	31,217,749	26,033,327
Infrastructure		23,419,147	21,609,033
Real Estate		7,130,176	7,362,091
		$ 92,370,663	**$ 87,536,916**

Real estate investments include investments with private equity fund managers of $1,356,299 (2023 - $1,727,838) and is committed to further invest $3,565,036 in these private equity funds.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation. There was no change in levels at December 31, 2024.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

- Level 1 – quoted prices in active markets are readily available.
- Level 2 – valuation models using observable market inputs other than quoted market prices.
- Level 3 – models using inputs that are not based on observable market data.

All fair values of the financial assets of the Plan at December 31, 2024 and December 31, 2023 used Level 1 basis of fair values with the exception of bond pooled funds, private equity, infrastructure and real estate. Fair values of bond pooled funds used Level 2 basis. Private equity, infrastructure and real estate used Level 3 basis of fair values.

Fair values are based on information provided by investment fund managers who use the following valuation techniques and inputs in determining fair value:

- equity pooled funds are based on the closing market prices for the underlying equity securities held at year end
- bond pooled funds values are based on bid prices from recognized security dealers for the underlying bonds held at year end
- real estate pooled funds are based on independent property appraisals for the underlying properties held
- private equity real estate is based on the net asset valuation technique by the investment manager using quoted market prices or market prices for similar assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent appraisals as appropriate.
- infrastructure fund is based on the net asset valuation technique by the investment manager using quoted market prices for similar infrastructure assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent infrastructure appraisals as appropriate.

Fair values of Level 3 investments involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

Balances by level are reflected as follows:

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Bond pooled funds	$ -	$ 19,885,289	$ -	$ 19,885,289
Canadian pooled fund equities	10,718,302	-	-	10,718,302
Global pooled fund equities	31,217,749	-	-	31,217,749
Infrastructure	-	-	23,419,147	23,419,147
Real estate	-	-	7,130,176	7,130,176
Total	$ 41,936,051	$ 19,885,289	$ 30,549,323	$ 92,370,663

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Bond pooled funds	$ -	$ 23,530,144	$ -	$ 23,530,144
Canadian pooled fund equities	9,002,321	-	-	9,002,321
Global pooled fund equities	26,033,327	-	-	26,033,327
Infrastructure	-	-	21,609,033	21,609,033
Real estate	-	-	7,362,091	7,362,091
Total	$ 35,035,648	$ 23,530,144	$ 28,971,124	$ 87,536,916

	2024 Fair Value measurement using Level 3 inputs		
	Real Estate	**Infrastructure**	**Total**
Balance at January 1, 2024	$ 7,362,091	$ 21,609,033	$ 28,971,124
Realized gain (loss)	18,890	977,399	996,289
Unrealized gain (loss)	(250,805)	832,715	581,910
Balance at December 31, 2024	$ 7,130,176	$ 23,419,147	$ 30,549,323

8. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

Due to the nature of the Plan, substantially all of the employer contributions and employer contributions receivable are from related parties.

	2024	**2023**
Accounts receivable employers	$ 549,903	$ 447,982
Accounts receivable other	69	-
Accounts payable	591,468	162,755
Contributions revenue employers	6,324,792	5,751,070
Recoveries	20,600	99,280
Administrative expenses	1,378,484	1,324,990

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

9. FUTURE DISABILITY OBLIGATIONS

The actuarial present value of accrued future disability obligations is based on an actuarial valuation made as at December 31, 2024 by George & Bell Consulting, an independent actuary, and consists of the following principal components:

	2024	2023
Liability for long term disability obligations	$ 56,723,000	$ 53,008,000
Claims incurred but not reported	4,464,000	3,927,000
Liability for claims payment expenses	3,671,000	2,847,000
Actuarial present value of accrued future disability obligations	$ 64,858,000	$ 59,782,000

The valuation of the accrued future disability obligations is based on a number of assumptions about future events. The significant actuarial assumptions used in the valuation were:

a) *Interest rate*

A valuation interest rate of 5.70% (2023 – 5.90%) per annum, net of investment expenses, was used representing a long-term estimate of the financial obligations of the Plan.

b) *Termination rates*

The termination rate assumptions are based on adjustments for the plans' experience applied to the graduated disability termination rates from the Canadian Group Long-Term Disability Termination Study, 2009 to 2015, as published by the Canadian Institute of Actuaries.

c) *Incurred but not reported (IBNR)*

The IBNR reserve is calculated by applying an IBNR rate of 30.0% (2023 – 30.0%) to the actuarial reserve for new LTD claims. The IBNR rate is determined using assumptions about the history and experience of the average number of claims incurred but not reported as at the valuation date.

d) *Claims payment expenses*

The liability for claims payment expenses considers the disability claims in payment and based on past experience is determined as 6% (2023 – 5%) of the total liability for accrued disability obligations.

e) *Obligation offset*

It is assumed that for some plan members, the obligation paid from the Plan would be offset by a disability obligation paid from external sources like the Canada Pension Plan (CPP), Workers' Compensation Board (WCB), Saskatchewan Government Insurance (SGI), or from other sources.

9. FUTURE DISABILITY OBLIGATIONS (continued)

Disability obligation offset assumptions used in the current valuation are based on a combination of:

i. Potential benefit payments – CPP benefits are set by the Canada Pension Plan and have been updated to reflect 2025 amounts. Claimants that receive WCB/SGI benefits are assumed to have their gross LTD benefit fully offset

ii. Offset approval rates – rates were determined through Approval Studies performed by George & Bell on previous open claims (2009 to 2023).

The assumed offset approval rates are applied to the estimated benefit payment for each claimant not currently in receipt of CPP or WCB/SGI benefits.

The following illustrates the effect of changes in the interest rate and termination rate assumptions on the provision for future disability obligations:

- a 1% increase in the interest rate equals a 4.5% decrease in the provision while a 1% decrease in the interest rates result in a 5.0% increase to the provision.
- a 10% increase in the termination rate equals a 4.6% decrease in the provision while a 10% decrease in the termination rate results in a 5.2% increase to the provision.

10. CONTINGENCIES

The Employee Benefit Plans Board of Trustees and 3sHealth are named as defendants in certain lawsuits. Although the outcomes of such lawsuits are not determinable as of the date of these financial statements, in the opinion of management, they will not materially impact the Plan's operations, and no provision has been made for them in the accounts.

Financial Statements of

Health Shared Services Saskatchewan
Core Dental Plan

December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Health Shared Services Saskatchewan Core Dental Plan, which comprise the statement of financial position as at December 31, 2024, and the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Health Shared Services Saskatchewan Core Dental Plan as at December 31, 2024, and changes in its net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan Core Dental Plan 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Health Shared Services Saskatchewan Core Dental Plan'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 Health Shared Services Saskatchewan Core Dental Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan Core Dental Plan'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Health Shared Services Saskatchewan Core Dental Plan'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 Health Shared Services Saskatchewan Core Dental Plan'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 Health Shared Services Saskatchewan Core Dental Plan 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan **Statement 1**

Core Dental Plan

Statement of Financial Position

As at December 31

	2024	**2023**
Assets		
Investments (Note 4)	$ 11,272,584	$ 16,877,363
Contributions and other receivables	4,045,024	2,901,885
Cash	4,566,440	2,168,227
Total Assets	**19,884,048**	**21,947,475**
Liabilities		
Accounts payable	322,440	145,328
Dental Claims payable	2,796,897	2,443,582
Provision for unpaid claims (Note 8)	1,725,706	701,647
Total Liabilities	**4,845,043**	**3,290,557**
Net Assets (Statement 2)	**15,039,005**	**18,656,918**
Net Assets Available for Benefits, restricted for Rate Stabilization Fund (Note 9)	19,272,924	17,672,028
Net Assets Available for Benefits	**($4,233,919)**	**$ 984,890**

See accompanying notes

On behalf of the Employee Benefit Plans Board of Trustees:

Chair, Board of Trustees
Karen Knelsen

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan

Statement 2

Core Dental Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31

	2024	2023
Increase in Net Assets		
Interest income	$ 861,211	$ 914,739
Contributions – Employees and Employers (Note 1, 7)	35,524,387	33,427,757
Unrealized Gain on investments	963,782	503,693
Change in provision for unpaid claims (Note 8)	-	253,237
Other Revenue	3,309	3,880
Total Increase in Net Assets	**37,352,689**	**35,103,306**
Decrease in Net Assets		
Dental claims	37,102,468	34,036,725
Administrative expenses (Note 7)	499,259	344,886
Adjudication fees	1,443,384	1,307,331
Consulting fees	44,042	40,412
Professional fees	80,459	93,339
Realized loss on investments	836,736	58,274
Change in provision for unpaid claims (Note 8)	964,254	-
Total Decrease in Net Assets	**40,970,602**	**35,880,967**
Change in Net Assets for the Year	(3,617,913)	(777,661)
Net Assets Available for Benefits, Beginning of Year	18,656,918	19,434,579
Net Assets Available for Benefits, End of Year (Statement 1)	**$ 15,039,005**	**$ 18,656,918**

See accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the 3sHealth Core Dental Plan (the Plan) under the direction of the Employee Benefit Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

In January 2015, 3sHealth's Board of Directors appointed individual trustees (called the Employee Benefit Plans Board of Trustees) as part of a governance change for the Plan. 3sHealth's Board, on behalf of the members, signed a formal trust agreement with the Employee Benefit Plans Board of Trustees on January 12, 2015, effectively making the Employee Benefit Plans Board of Trustees the governing authority for the Plan and creating a service agreement with 3sHealth to administer the assets of the Plan. On October 11, 2023, five union trustees were appointed to the Employee Benefits Plans Board of Trustees.

a) Effective date

The Plan was established on January 1, 1986.

b) Purpose of the Plan

The purpose of the Plan is to promote good dental health to its members by reducing dental costs for preventive, routine and major dental services. The Plan is a multi-employer benefit plan that is administered by 3sHealth on behalf of eligible employees of participating member organizations. Claims adjudication and benefit payment services are done through an agreement with the Canada-Life Assurance Company (Canada-Life).

c) Eligibility

The Plan is available to the employees and their immediate families of contributing member organizations of 3sHealth with certain restrictions based on nature of employment and term of service.

d) Employers' and employees' contributions

The monthly contribution rate as at December 31, 2024 was $77.75 (2023 - $70.75) per eligible full-time equivalent employee. Cost sharing arrangements of the monthly contribution rate between the employee and employer vary by each employer.

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or benefit obligations, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises (ASPE).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Plan are as follows:

a) Financial instruments

All financial instruments that are financial assets and financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, which were determined by 3sHealth as the administrator of the Plan, are as follows:

(i) Investments

Investments are classified as held-for-trading and are recorded at fair value which is based on published quotes. The Plan holds a diversified investment portfolio including money market securities, bond funds, and mortgage funds.

The Plan uses the accrual method for recording income and expenses. Interest income is recorded using the effective interest method. Investment transactions are accounted for on the trade date with identifiable transaction costs being expensed when incurred.

Gains and losses are recorded in revenues or expenses when realized and are determined with reference to the average cost of investments. Unrealized changes in fair value are determined with reference to the average cost of investments and are recorded in revenues or expenses for the period in which the change in the fair value occurs.

(ii) Cash, contributions receivable, other receivables, accounts payable and dental claims payable

Cash, contributions receivable and other receivables are classified as loans and receivables while accounts payable and dental claims payable are classified as other liabilities. These financial instruments are measured at amortized cost which approximates their fair value

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

due to their short term nature. Cash is classified as held-for-trading and is recorded at fair value.

b) *Employers' and employees' contributions*

At the end of each month, employers determine the contributions owing based on the number of eligible full-time-equivalent employees. Contributions are recognized as an increase in net assets in the period to which they apply.

c) *Provision for unpaid claims*

The provision for unpaid claims represents an estimate of the cost of claims incurred but not reported at year end. Any resulting change in this provision is recognized as a revenue or expense in the Statement of Changes in Net Assets Available for Benefits.

d) *Income taxes*

For the year ended December 31, 2024, the Plan filed trust income taxes as an employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

e) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include provision for unpaid claims. Actual results could differ from those estimations.

f) *Adoption of New Accounting Standards*

Changes to Chartered Professional Accountants of Canada Handbook section 4600, Pension Plans, became effective on January 1, 2024. Adoption of these changes had no impact on the Plan's financial statements.

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT

a) *Credit risk*

The Plan is exposed to credit risk, which arises from the potential for issuers of securities to default on their contractual obligations. The Plan's greatest concentration of credit risk is in mortgage funds.

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The mortgage fund invests in mortgages with a maximum loan-to-value ratio of 75% and with a maximum term to maturity of 11 years.

Short term investments consist of investments in Canadian money market fund instruments maturing in less than one year's time. This fund invests in investment grade securities with a minimum rating of R-1 (low) or equivalent. Earnings in this fund are reinvested.

Investments in bond and mortgage funds consist of actively managed funds. Earnings in these funds are reinvested in each respective fund account.

The bond funds consist of a Core Plus Bond fund and a High Yield Bond fund.

- The Core Plus Bond fund invests in a mix of securities within the following constraints:
  - No more than 40% of bonds in this fund will be invested in bonds with a credit rating of BB or less; and
  - No more than 5% of bonds in this fund will be invested in bonds with a credit rating of CCC or less.
- The High Yield Bond fund invests in a mix of securities within the following constraints:
  - No more than 50% of bonds in this fund will be invested in bonds with a credit rating of B; and
  - No more than 10% of bonds in this fund will be invested in bonds with a credit rating of CCC.

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	**2023**
Money Market Fund	$ 3,852,382	$ 3,872,314
Core Plus Bond Fund	1,477,750	2,603,147
High Yield Bond Fund	1,133,991	3,260,867
Mortgage Fund	4,808,461	7,141,035
Contributions and other receivables	4,027,529	2,890,029
	$ 15,300,113	**$ 19,767,392**

The Plan is exposed to minimal credit risk from the potential non-payment of contributions receivable as the majority of these receivables are from related parties (Note 7) and are collected monthly.

b) Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. This risk is managed by the Plan by investing in financial assets with a very

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

short term to maturity. The financial liabilities, which are also short-term in nature, are due within one year. The Plan generally maintains positive cash flows generated from its operating activities and supplements any shortfalls from its short-term investment portfolio.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2024 are up to three months for accounts payable, the provision for unpaid claims and dental claims payable.

c) *Interest rate risk*

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income. The Plan manages this exposure to fluctuations in interest rates by investing in a mix of fixed and variable rate investment assets. Duration is a measure used to estimate the extent market values of fixed income investments could change due to changes in interest rates.

It is estimated that a 100 basis point change in interest rates would change net assets by $182,223 (2023 – $481,543).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

- Level 1 – quoted prices in active markets are readily available.
- Level 2 – valuation models using observable market inputs other than quoted market prices.
- Level 3 – models using inputs that are not based on observable market data.

All fair values of the investments of the Plan at December 31, 2024 and December 31, 2023 used Level 2 basis of fair values. Over those periods there was no change in levels.

6. CAPITAL MANAGEMENT

The primary objective of capital management for the Plan is to maintain an adequate balance in its short term investments portfolio which is used to assist in achieving consistency and stability in contribution rates and to pay the Plan’s current and future approved claims. The

6. CAPITAL MANAGEMENT (continued)

plan is not subject to any externally imposed capital requirements.

The Plan's primary source of cash is the contributions received from the employees and employers that are enrolled in the Plan (See Note 1d for contribution rate). The contribution rates are reviewed regularly to ensure they support the expenditures of the Plan. Neither

3sHealth, as the administrator, nor the members contribute any other cash to the Plan. Also, the Plan cannot go to public capital markets to issue debt or common shares.

There have been no changes to the capital management objectives of the Plan during the year which ended on December 31, 2024.

The Plan fulfils its primary objective by adhering to specific investment policies and procedures outlined in its Statement of Investment Policies & Guidelines (SIP&G):

- The Plan limits credit risk by dealing with fixed income securities within the parameters established by the SIP&G and as rated by external credit rating agencies.
- A requirement of the SIP&G is that the investments of the Plan are distributed among several classes of assets based on an established asset mix. This asset mix specifies the minimum, maximum and optimal level by type of investment.
- The investment portfolio and investment managers are monitored continuously and their results are reviewed regularly by the Employee Benefits Committee under the oversight of the Employee Benefit Plans Board of Trustees.

7. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

Due to the nature of the Plan, substantially all of the contribution revenue is from related parties.

7. RELATED PARTY TRANSACTIONS (continued)

	2024	2023
Contributions and other receivable	$ 4,027,529	$ 2,890,029
Employers and employees contributions	35,524,387	33,427,757
Accounts payable	204,575	39,412
Administrative expenses	499,259	344,886

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of the purchases.

8. PROVISION FOR UNPAID CLAIMS

The provision for unpaid claims represents an estimate, based on historical claim experience, for the cost of claims incurred but not reported at year end. The terms of the Plan requires that eligible claims must be submitted within 120 days of the end of the calendar year in which the expense was incurred.

The provision for eligible claims incurred prior to December 31, 2024 amounts to $1,725,706 (2023 – $701,647) and includes a 3.59% (2023 – 3.59%) provision for administrative costs for these claims.

9. RATE STABILIZATION FUND

On October 14, 2021, the Employee Benefit Plans Board of Trustees approved a new Funding Policy which restricted the use of $19,272,924 (2023- $17,672,028) of the net assets available for benefits in a rate stabilization fund (RSF). The RSF is intended to absorb negative plan experience fluctuations and to promote rate stability. The RSF will be adjusted annually by restricting an amount of the net assets available for benefits, equal to the following:

- The RSF will be established annually at the end of the plan year. The desired funding level for RSF is 6 months of annualized claims plus insurer expenses based on the prior calendar year (January 1 to December 31).

The purpose of the RSF is to provide the plan with restricted net assets that can be drawn upon if claims exceed contributions. Having this RSF allows the employers and plan members time to negotiate changes in the contribution rates sufficient to cover claims costs and/or changes in benefit levels to beneficiaries.

10. CONTINGENCIES

The Employee Benefit Plans Board of Trustees and 3sHealth are named as defendants in certain lawsuits. Although the outcomes of such lawsuits are not determinable as of the date of these financial statements, in the opinion of management, they will not materially impact the Plan's operations, and no provision has been made for them in the accounts.

Financial Statements of

Health Shared Services Saskatchewan
In-Scope Extended Health/Enhanced Dental Plan

December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Health Shared Services Saskatchewan In-Scope Extended Health/Enhanced Dental Plan (In-Scope Dental Plan), which comprise the statement of financial position as at December 31, 2024, and the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Health Shared Services Saskatchewan In-Scope Dental Plan as at December 31, 2024, and the changes in its net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan In-Scope Dental Plan 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Health Shared Services Saskatchewan In-Scope Dental Plan'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 Health Shared Services Saskatchewan In-Scope Dental Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan In-Scope Dental Plan'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Health Shared Services Saskatchewan In-Scope Dental Plan'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 Health Shared Services Saskatchewan In-Scope Dental Plan'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 Health Shared Services Saskatchewan In-Scope Dental Plan 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan **Statement 1**

In-Scope Extended Health/Enhanced Dental Plan

Statement of Financial Position

As at December 31

	2024	2023
Assets		
Investments (Note 4)	$ 199,830,043	$ 203,199,214
Contributions and Other Receivables	470,580	19,326
Receivable from Canada Life Assurance Company (Note 7)	8,318,084	5,003,553
Cash	8,588,235	4,374,808
Total Assets	**217,206,942**	**212,596,901**
Liabilities		
Accounts payable	5,419,568	1,243,634
Deferred Contributions	259,534	4,067,932
Provision for Unpaid Claims (Note 9)	2,817,325	2,018,979
Total Liabilities	**8,496,427**	**7,330,545**
Net Assets (Statement 2)	**208,710,515**	**205,266,356**
Net Assets Available for Benefits, restricted for Rate Stabilization Fund (Note 12)	69,513,567	63,916,077
Net Assets Available for Benefits (Note 10)	**$ 139,196,948**	**$ 141,350,279**

See accompanying notes

On Behalf of the Employee Benefits Plans Board of Trustees:

Chair, Board of Trustees

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan

Statement 2

In-Scope Extended Health/Enhanced Dental Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31

	2024	2023
Increase in Net Assets		
Interest income	$ 9,812,318	$ 8,919,112
Contributions – Employers (Note 1, 8)	64,256,945	62,683,861
Unrealized Gain on investments	2,044,043	6,049,537
Change in provision for unpaid claims	-	92,830
Other revenue	15,000	13,028
Total Increase in Net Assets	**76,128,306**	**77,758,368**
Decrease in Net Assets		
Administrative expenses (Note 8)	1,821,081	1,651,203
Health premiums	55,735,362	52,003,794
Dental claims	13,289,729	11,510,509
Change in provision for unpaid claims	798,346	-
Consulting fees	90,087	84,744
Professional fees	603,293	551,910
Realized Loss on investments	346,249	331,100
Total Decrease in Net Assets	**72,684,147**	**66,133,260**
Change in Net Assets for the Year	**3,444,159**	**11,625,108**
Net Assets, Beginning of Year	205,266,356	193,641,248
Net Assets, End of Year (Statement 1)	**$ 208,710,515**	**$ 205,266,356**

See accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the 3sHealth In-Scope Extended Health/Enhanced Dental Plan (the Plan) under the direction of the Employee Benefit Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

In January 2015, 3sHealth's Board of Directors appointed individual trustees (called the Employee Benefit Plans Board of Trustees) as part of a governance change for the Plan. 3sHealth's Board, on behalf of the members, signed a formal trust agreement with the Employee Benefit Plans Board of Trustees on January 12, 2015, effectively making the Employee Benefit Plans Board of Trustees the governing authority for the Plan and creating a service agreement with 3sHealth to administer the assets of the Plan. On October 11, 2023, five union trustees were appointed to the Employee Benefits Plans Board of Trustees.

a) *Effective date*

The Plan was established on April 1, 2000.

b) *Purpose of the Plan*

The purpose of the Plan is to enhance the coverage of eligible members for covered dental and health services. The Plan is a multi-employer benefit plan that is administered by 3sHealth on behalf of eligible employees of participating organizations. An agreement has been entered into by the Plan with Canada Life Assurance Company (Canada Life) to provide eligible employees with extended health and enhanced dental coverages. The Plan pays premiums to Canada Life as set out in the agreement. Canada Life adjudicates and pays all benefit claims directly to the claimants. Any premium deficiency/surplus is accumulated at Canada Life and is reflected in future years' changes to premium rates. Under the terms of agreement with Canada Life, in the event the agreement is terminated, Canada Life is held harmless from any liability arising from benefits incurred but not reported to them before the termination date.

c) *Eligibility*

The Plan is available to the members of the Saskatchewan Union of Nurses (SUN), the Health Sciences Association of Saskatchewan (HSAS), the Canadian Union of Public Employees (CUPE), the Saskatchewan Government and General Employees Union (SGEU), the Services Employees International Union - West (SEIU-West), and the Public Service Alliance of Canada (PSAC) and their immediate families with certain restrictions based on nature of employment and term of service. Former members of the Retail Wholesale Department Store Union (RWDSU) are entitled to an amended healthcare benefit due to remaining net assets available for benefits at the time they seized contributions to the plan.

1. DESCRIPTION OF PLAN (continued)

d) Employers' contributions

For members with eligible employees, the monthly employer contribution rates are as follows:

Union Affiliation	**2024**	**2023**
CUPE, SEIU-West, SGEU, PSAC	3.10% employees normal earnings	3.10% employees normal earnings
SUN	2.75% employees normal earnings	2.75% employees normal earnings
HSAS	2.10% employees normal earnings	2.10% employees normal earnings

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or benefit obligations, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises (ASPE).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Plan are as follows:

a) Financial instruments

All financial instruments that are financial assets and financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, which were determined by 3sHealth as the administrator of the Plan, are as follows:

(i) Investments

Investments are classified as held-for-trading and are recorded at fair value which is based on published quotes. The Plan holds a diversified investment portfolio including money market securities, bond funds, and mortgage funds.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Plan uses the accrual method for recording income and expenses. Interest income is recorded using the effective interest method. Investment transactions are accounted for on the trade date with identifiable transaction costs being expensed when incurred.

Gains and losses are recorded in revenues or expenses when realized and are determined with reference to the average cost of investments. Unrealized changes in fair value are determined with reference to the average cost of investments and are recorded in revenues or expenses for the period in which the change in the fair value occurs.

(ii) Cash, contributions receivable, receivable from Canada Life, other receivables and accounts payable

Contributions receivable, receivable from Canada Life, and other receivables are classified as loans and receivables while accounts payable are classified as other liabilities. These financial instruments are measured at amortized cost which approximates their fair value due to their short term nature. Cash is classified as held-for-trading and is recorded at fair value.

b) *Employers' contributions*

At the end of each month, employers determine the contributions owing based on the number of eligible full-time-equivalent employees. Contributions are recognized as revenue when due. The Plan recognizes contributions calculated based on the prior month's payroll due to the availability of said information. Contributions received in advance are recorded as deferred contributions.

c) *Provision for unpaid claims*

The provision for unpaid claims represents an estimate of the cost of claims incurred but not reported at year end. Any resulting change in this provision is recognized in the Statement of Changes in Net Assets Available for Benefits.

d) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include Provision for Unpaid Claims. Actual results could differ from those estimations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Income taxes

For the year ended December 31, 2024, the Plan filed trust income taxes as an employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

f) Adoption of new Accounting Standards

Changes to Chartered Professional Accountants of Canada Handbook section 4600, Pension Plans, became effective on January 1, 2024. Adoption of these changes had no impact on the Plan's financial statements.

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT

a) Credit risk

The Plan is exposed to credit risk, which arises from the potential for issuers of securities to default on their contractual obligations. The Plan's greatest concentration of credit risk is in mortgage funds.

The mortgage fund invests in mortgages with a maximum loan-to-value ratio of 75% and with a maximum term to maturity of 11 years.

Short term investments consist of investments in Canadian money market fund instruments maturing in less than one year's time. This fund invests in investment grade securities with a minimum rating of R-1 (low) or equivalent. Earnings in this fund are reinvested.

Investments in bond and mortgage funds consist of actively managed funds. Earnings in these funds are reinvested in each respective fund account.

The bond funds consist of a Core Plus Bond fund and a High Yield Bond fund.

- The Core Plus Bond fund invests in a mix of securities within the following constraints:
  - No more than 40% of bonds in this fund will be invested in bonds with a credit rating of BB or less; and
  - No more than 5% of bonds in this fund will be invested in bonds with a credit rating of CCC or less.
- The High Yield Bond fund invests in a mix of securities within the following constraints:
  - No more than 50% of bonds in this fund will be invested in bonds with a credit rating of B; and
  - No more than 10% of bonds in this fund will be invested in bonds with a credit rating of CCC.

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	**2023**
Money Market Fund	$ 68,155,730	$ 32,873,241
Core Plus Bond Fund	26,138,750	32,458,210
High Yield Bond Fund	20,042,475	39,179,371
Mortgage Fund	85,493,088	98,688,392
Contributions Receivable	424,408	2,716
Receivable from Canada Life Assurance Company	8,318,084	5,003,553
	$ 208,572,535	**$ 208,205,483**

The Plan is exposed to minimal credit risk from the non-payment of contributions receivable as they are from related parties (Note 8) and are collected monthly. Also, the Plan is exposed to credit risk due to the potential non-payment of the Canada Life receivable (Note 7); however, the Plan does not consider this to be likely as Canada Life's recent credit rating is AA as rated by Standard & Poor's.

b) *Liquidity risk*

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. This risk is managed by the Plan by investing in financial assets with a very short term to maturity. The financial liabilities, which are also short-term in nature, are due within one year. The Plan generally maintains positive cash flows generated from its operating activities and supplements any shortfalls from its short-term investment portfolio.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2024 are up to three months for accounts payable and the provision for unpaid claims.

c) *Interest rate risk*

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income. The Plan manages this exposure to fluctuations in interest rates by investing in a mix of fixed and variable rate investment assets. Duration is a measure used to estimate the extent market values of fixed income investments could change due to changes in interest rates.

It is estimated that a 100 basis point change in interest rates would change net assets by $3,233,372 (2023 – $6,232,993).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

- Level 1 – quoted prices in active markets are readily available.
- Level 2 – valuation models using observable market inputs other than quoted market prices.
- Level 3 – models using inputs that are not based on observable market data.

All fair values of the investments of the Plan at December 31, 2024 and December 31, 2023 used Level 2 fair values. Over those periods there was no change in levels.

6. CAPITAL MANAGEMENT

The primary objective of capital management for the Plan is to maintain an adequate balance in its investments portfolio which is used to assist in achieving consistency and stability in contribution rates and to pay the Plan’s current and future expenses. The Plan is not subject to any externally imposed capital requirements.

The Plan’s only source of cash is the contributions received from the employers that have employees enrolled in the Plan (see Note 1d for contribution rates). The contribution rates are reviewed regularly to ensure they support the expenditures of the Plan. Neither 3sHealth, as the administrator, nor the members contribute any other cash to the Plan. Also, the Plan cannot go to public capital markets to issue debt or common shares.

There have been no changes to the capital management objective of the Plan during the year which ended December 31, 2024.

The Plan fulfils its primary objective by adhering to specific investment policies and procedures outlined in its Statement of Investment Policies & Guidelines (SIP&G):

- The Plan limits credit risk by dealing with fixed income securities within the parameters established by the SIP&G and as rated by external credit rating agencies.
- A requirement of the SIP&G is that the investments of the Plan are distributed among several classes of assets based on an established asset mix. This asset mix specifies the minimum, maximum and optimal level by type of investment.
- The investment portfolio and investment managers are monitored continuously, and their results are reviewed regularly by the Employee Benefits Committee under the oversight of the Employee Benefit Plans Board of Trustees.

7. RECEIVABLE FROM CANADA LIFE ASSURANCE COMPANY

Canada Life maintains excess reserve accounts, called the Claims Fluctuation Reserve (CFR) and the Refund Deposit Account (RDA), for premiums collected in excess of those required by Canada Life for any individual Policy Year.

The CFR is used by Canada Life to fund any in-year experience deficits of the Policy. If there is an in-year experience surplus, it is applied to the CFR balance to meet the minimum balance requirements and any remaining excess is added to the RDA. The minimum CFR balance requirements require that any experience surplus not required to cover any prior deficits be included in the CFR to a maximum of 10% of the Refund Billed Premium for the last complete Policy Year. In the event of policy termination and the completion of a terminal financial review, any surplus remaining in the CFR will be refunded to the Plan.

The RDA is used by Canada Life, under the direction of 3sHealth as the administrator of the Plan, to supplement policy premiums, cover any future policy decisions such as minimizing future premium increases, or fund future claim deficits incurred by Canada Life. Also, this excess reserve account can be transferred to the Plan, upon request to Canada Life after the end of each policy year.

The balance in the CFR and the RDA excess reserve accounts as at December 31 are:

	2024	2023
RDA	$ 2,441,770	$ -
CFR	5,876,314	5,003,553
	$ 8,318,084	**$ 5,003,553**

8. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

Due to the nature of the Plan, substantially all of the employer contributions and contributions receivable are from related parties.

8. RELATED PARTY TRANSACTIONS (continued)

	2024	2023
Contributions Receivable	$ 424,408	$ 2,716
Other Receivable	31,677	2,487
Contributions Revenue	64,256,945	62,683,861
Accounts Payable	4,332,163	127,548
Administrative Expenses	1,821,081	1,651,203

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

9. PROVISION FOR UNPAID CLAIMS

The provision for unpaid claims represents an estimate, based on historical claim experience, of the cost of claims incurred but not reported at year end. The terms of the Plan require that eligible claims must be submitted within 120 days of the end of the calendar year in which the expense was incurred.

The provision for eligible claims incurred prior to December 31, 2024 amounts to $2,817,325 (2023 – $2,018,979).

10. INDIVIDUALIZED REPORTING

The Net Assets available for benefits, including Net Assets restricted for the rate stabilization fund (RSF), by union affiliation are:

	2024			2023
	Amount net of RSF	RSF (Note 12)	Total	Total
HSAS	$ 110,264	$ 8,011,259	$ 8,121,523	$ 9,890,633
SUN	97,755,088	20,150,166	117,905,254	111,035,844
SEIU	9,779,350	17,017,952	26,797,302	28,325,715
SGEU	10,289,398	4,274,506	14,563,904	13,753,404
CUPE	20,890,002	20,008,029	40,898,031	41,855,462
RWDSU	23,896	-	23,896	34,724
PSAC	348,950	51,655	400,605	370,574
Total	**$ 139,196,948**	**$ 69,513,567**	**$ 208,710,515**	**$ 205,266,356**

11. CONTINGENCIES

The Employee Benefit Plans Board of Trustees and 3sHealth are named as defendants in certain lawsuits. Although the outcomes of such lawsuits are not determinable as of the date of these financial statements, in the opinion of management, they will not materially impact the Plan’s operations, and no provision has been made for them in the accounts.

12. RATE STABILIZATION FUND

During the year, the Employee Benefit Plans Board of Trustees restricted the use of $69,513,567 (2023- $63,916,077) of the net assets available for benefits in a rate stabilization fund (RSF). The RSF is intended to absorb negative plan experience fluctuations and to promote rate stability. The RSF will be adjusted annually by restricting an amount of the net assets available for benefits, equal to the following:

- For extended health care the desired funding level for the RSF is 12 months of annualized plan premium based on the prior calendar year (January 1 to December 31);
- For enhanced dental the desired funding level for RSF is 12 months of annualized claims plus insurer expenses based on the prior calendar year (January 1 to December 31)

The purpose of the RSF is to provide the plan with restricted net assets that can be drawn upon if claims exceed contributions. Having this RSF allows the employers and plan members time to negotiate changes in the contribution rates sufficient to cover claims costs and/or changes in benefit levels to beneficiaries.

Financial Statements of

Health Shared Services Saskatchewan
Out-of-Scope Extended Health/Enhanced Dental Plan

December 31, 2024

PROVINCIAL AUDITOR
of Saskatchewan

Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Health Shared Services Saskatchewan Out-of-Scope Extended Health/Enhanced Dental Plan (Out-of-Scope Dental Plan), which comprise the statement of financial position as at December 31, 2024, and the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Health Shared Services Saskatchewan Out-of-Scope Dental Plan as at December 31, 2024, and the changes in its net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan Out-of-Scope Dental Plan 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Health Shared Services Saskatchewan Out-of-Scope Dental Plan'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 Health Shared Services Saskatchewan Out-of-Scope Dental Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan Out-of-Scope Dental Plan'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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

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- 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 Health Shared Services Saskatchewan Out-of-Scope Dental Plan'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 Health Shared Services Saskatchewan Out-of-Scope Dental Plan'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 Health Shared Services Saskatchewan Out-of-Scope Dental Plan 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan

Statement 1

Out-of-Scope Extended Health/Enhanced Dental Plan

Statement of Financial Position
As at December 31

	2024	2023
Assets		
Investments (Note 4)	$ 781,023	$ 2,110,836
Contributions and other receivables	872,597	201,613
Receivable from Canada Life Assurance Company (Note 7)	1,111,130	498,377
Cash	1,379,803	997,511
Total Assets	**4,144,553**	**3,808,337**
Liabilities		
Accounts payable	878,024	421,689
Provision for Unpaid Claims (Note 9)	410,566	345,703
Total Liabilities	**1,288,590**	**767,392**
Net Assets (Statement 2)	**2,855,963**	**3,040,945**
Net Assets Available for Benefits, restricted for Rate Stabilization Fund (Note 10)	4,934,184	4,751,388
Net Assets Available for Benefits	**$ (2,078,221)**	**$ (1,710,443)**

See accompanying notes

On behalf of the Employee Benefit Plans Board of Trustees:

Chair, Board of Trustees
Karen Knelsen

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan

Statement 2

Out-of-Scope Extended Health/Enhanced Dental Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31

	2024	2023
Increase In Net Assets		
Interest income	$ 112,220	$ 147,901
Contributions – Employees and Employers (Note 1, 8)	9,943,734	8,662,237
Unrealized Gain on investments	124,108	179,970
Other Revenue	3,019	2,733
Total Increase in Net Assets	**10,183,081**	**8,992,841**
Decrease in Net Assets		
Administrative expenses (Note 8)	345,811	318,348
Health premiums	8,018,572	7,798,186
Dental claims expense	1,782,604	1,642,661
Consulting fees	22,022	20,206
Professional Fees	26,424	58,658
Realized Loss on investments	107,767	98,164
Change in Provision for Unpaid claims (Note 9)	64,863	21,884
Total Decrease in Net Assets	**10,368,063**	**9,958,107**
Change in Net Assets for the Year	**(184,982)**	**(965,266)**
Net Assets, Beginning of Year	3,040,945	4,006,211
Net Assets, End of Year (Statement 1)	**$ 2,855,963**	**$ 3,040,945**

See accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the 3sHealth Out-of-Scope Extended Health/Enhanced Dental Plan (the Plan) under the direction of the Employee Benefit Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

In January 2015, 3sHealth's Board of Directors appointed individual trustees (called the Employee Benefit Plans Board of Trustees) as part of a governance change for the Plan. 3sHealth's Board, on behalf of the members, signed a formal trust agreement with the Employee Benefit Plans Board of Trustees on January 12, 2015, effectively making the Employee Benefit Plans Board of Trustees the governing authority for the Plan and creating a service agreement with 3sHealth to administer the assets of the Plan. On October 11, 2023, five union trustees were appointed to the Employee Benefits Plans Board of Trustees.

a) *Effective Date*

The Plan was established on April 1, 2000.

b) *Purpose of the Plan*

The purpose of the Plan is to enhance the coverage of eligible members for covered dental and health services. The Plan is a multi-employer benefit plan that is administered by 3sHealth on behalf of eligible employees of participating organizations. An agreement has been entered into by the Plan with the Canada Life Assurance Company (Canada Life), to provide eligible employees with extended health and enhanced dental coverages. The Plan pays premiums to Canada Life as set out in the agreement. Canada Life adjudicates and pays all benefit claims directly to the claimants. Any premium deficiency/surplus is accumulated at Canada Life and is reflected in future year changes to premium rates. Under the terms of agreement with Canada Life, in the event the agreement is terminated, Canada Life is held harmless from any liability arising from benefits incurred but not reported to them before the termination date.

c) *Eligibility*

The Plan is available to employees of the contributing organizations and their immediate families with certain restrictions based on nature of employment and term of service.

1. DESCRIPTION OF PLAN (continued)

d) Employers' and employees' contributions

The monthly contribution for the Plan, effective April 1, 2024, consists of the following:

- $152 (2023 - $127) per eligible full-time-equivalent employee for the Extended Health benefits;
- $38 (2023 - $37) per eligible full-time-equivalent employee for the Enhanced Dental benefits; and

Cost sharing between the employee and employer varies amongst the contributing organizations.

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or benefit obligations, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Plan are as follows:

a) Financial instruments

All financial instruments that are financial assets and financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, which were determined by 3sHealth, as the administrator of the Plan, are as follows:

(i) Investments

Investments are classified as held-for-trading and are recorded at fair value which is based on published quotes. The Plan holds a diversified investment portfolio including money market securities, bond funds, and mortgage funds.

The Plan uses the accrual method for recording income and expenses. Interest income is recorded using the effective interest method. Investment transactions are accounted for on the trade date with identifiable transaction costs being expensed when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Gains and losses are recorded in revenues or expenses when realized and are determined with reference to the average cost of investments. Unrealized changes in fair value are determined with reference to the average cost of investments and are recorded in revenues or expenses for the period in which the change in the fair value occurs.

(ii) Cash, contributions receivable, receivable from Canada Life, other receivables and accounts payable

Contributions receivable, receivable from Canada Life, and other receivables are classified as loans and receivables while accounts payable are classified as other liabilities. These financial instruments are measured at amortized cost which approximates their fair value due to their short term nature. Cash is classified as held-for-trading and is recorded at fair value.

b) Contributions – employers and employees

At the end of each month, employers determine the contributions owing based on the number of eligible full-time-equivalent employees. Premiums are recognized as revenue when due. Contributions received in advance are recorded as deferred contributions.

c) Provision for unpaid claims

The provision for unpaid claims represents an estimate of the cost of claims incurred but not reported at year end. Any resulting change in this provision is recognized in the Statement of Changes in Net Assets Available for Benefits.

d) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include Provision for Unpaid Claims. Actual results could differ from those estimations.

e) Income Tax

For the year ended December 31, 2024, the Plan filed trust income taxes as an employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

f) Adoption of New Accounting Standards

Changes to Chartered Professional Accountants of Canada Handbook section 4600, Pension Plans, became effective on January 1, 2024. Adoption of these changes had no impact on the Plan's financial statements.

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT

a) Credit risk

The Plan is exposed to credit risk, which arises from the potential for issuers of securities to default on their contractual obligations. The Plan's greatest concentration of credit risk is in mortgage funds.

The mortgage fund invests in mortgages with a maximum loan-to-value ratio of 75% and with a maximum term to maturity of 11 years.

Short term investments consist of investments in Canadian money market fund instruments maturing in less than one year's time. This fund invests in investment grade securities with a minimum rating of R-1 (low) or equivalent. Earnings in this fund are reinvested.

Investments in bond and mortgage funds consist of actively managed funds. Earnings in these funds are reinvested in each respective fund account.

The bond funds consist of a Core Plus Bond fund and a High Yield Bond fund.

- The Core Plus Bond fund invests in a mix of securities within the following constraints:
  - No more than 40% of bonds in this fund will be invested in bonds with a credit rating of BB or less; and
  - No more than 5% of bonds in this fund will be invested in bonds with a credit rating of CCC or less.
- The High Yield Bond fund invests in a mix of securities within the following constraints:
  - No more than 50% of bonds in this fund will be invested in bonds with a credit rating of B; and
  - No more than 10% of bonds in this fund will be invested in bonds with a credit rating of CCC.

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	**2023**
Money Market Fund	$ 267,693	$ 370,825
Core Plus Bond Fund	102,816	324,267
High Yield Bond Fund	79,011	405,857
Mortgage Fund	331,503	1,009,887
Contributions receivable and other receivables	868,889	197,907
Receivable from Canada Life	1,111,130	498,377
	$ 2,761,042	**$ 2,807,120**

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The Plan is exposed to minimal credit risk from the non-payment of contributions receivable as they are due from related parties (Note 8) and are collected monthly. Also, the Plan is exposed to credit risk due to the potential non-payment of the receivable from Canada Life (Note 7); however the Plan does not consider this to be likely as Canada Life's recent credit rating is AA as rated by Standard & Poor's.

b) Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. This risk is managed by the Plan by investing in financial assets with a very short term to maturity. The financial liabilities, which are also short-term in nature, are due within one year. The Plan generally maintains positive cash flows generated from its operating activities and supplements any shortfalls from its short-term investment portfolio.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2024 are up to three months for accounts payable and the provision for unpaid claims.

c) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income. The Plan manages this exposure to fluctuations in interest rates by investing in a mix of fixed and variable rate investment assets. Duration is a measure used to estimate the extent market values of fixed income investments could change due to changes in interest rates.

It is estimated that a 100 basis point change in interest rates would change net assets by $12,608 (2023 – $63,345).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

- Level 1 – quoted prices in active markets are readily available.
- Level 2 – valuation models using observable market inputs other than quoted market prices.
- Level 3 – models using inputs that are not based on observable market data.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

All fair values of the investments of the Plan at December 31, 2024 and December 31, 2023 used Level 2 basis of fair values. Over these periods there was no change in levels.

6. CAPITAL MANAGEMENT

The primary objective of capital management for the Plan is to maintain an adequate balance in its investments portfolio which is used to assist in achieving consistency and stability in contribution rates and to pay the Plan's current and future expenses. The Plan is not subject to any externally imposed capital requirements.

The Plan's primary source of cash is the contributions received from the employers and employees that are enrolled in the Plan (see Note 1d for contribution rates). The contribution rates are reviewed regularly to ensure they support the expenditures of the Plan. Neither 3sHealth, as the administrator, nor the members contribute any other cash to the Plan. Also, the Plan cannot go to public capital markets to issue debt or common shares.

There have been no changes to the capital management objectives of the Plan during the year which ended December 31, 2024.

The Plan fulfils its primary objective by adhering to specific investment policies and procedures outlined in its Statement of Investment Policies & Guidelines (SIP&G):

- The Plan limits credit risk by dealing with fixed income securities within the parameters established by the SIP&G and as rated by external credit rating agencies.
- A requirement of the SIP&G is that the investments of the Plan are distributed among several classes of assets based on an established asset mix. This asset mix specifies the minimum, maximum and optimal level by type of investment.
- The investment portfolio and investment managers are monitored continuously and their results are reviewed regularly by the Employee Benefits Committee under the oversight of the Employee Benefit Plans Board of Trustees.

7. RECEIVABLE FROM CANADA LIFE ASSURANCE COMPANY

Canada Life maintains excess reserve account, called the Claims Fluctuation Reserve (CFR) and the Refund Deposit Account (RDA) for premiums collected in excess of those required by Canada Life for any individual Policy Year.

The CFR is used by Canada Life to fund any in-year experience deficits of the Policy. If there is an in-year experience surplus, it is applied to the CFR balance to meet the minimum balance requirements and any remaining excess is added to the RDA. The minimum CFR balance requirements require that any experience surplus not required to cover any prior deficits be included in the CFR to a maximum of 10% of the Refund Billed Premium for the last complete Policy Year. In the event of policy termination and the completion of a terminal financial review, any surplus remaining in the CFR will be refunded to the Plan.

7. RECEIVABLE FROM CANADA LIFE ASSURANCE COMPANY (continued)

The balance in the CFR excess reserve accounts as at December 31 are:

	2024	2023
RDA	$ 255,286	$ -
CFR	855,844	498,377
	$ 1,111,130	**$ 498,377**

8. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

Due to the nature of the Plan, substantially all of the employer contributions and employer contributions receivable are from related parties.

	2024	2023
Contributions and other receivables	$ 868,889	$ 197,907
Contributions revenue	9,943,734	8,662,237
Accounts payable	205,735	30,032
Administrative expenses	345,811	318,348

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

9. PROVISION FOR UNPAID CLAIMS

The provision for unpaid claims represents an estimate, based on historical claim experience, of the cost of claims incurred but not reported at year end. The terms of the Plan require that eligible claims must be submitted within 120 days of the end of the calendar year in which the expense was incurred.

The provision for eligible claims incurred prior to December 31, 2024 amounts to $410,566 (2023 – $345,703).

10. RATE STABILIZATION FUND

During the year, the Employee Benefit Plans Board of Trustees restricted the use of $4,934,184 (2023- $4,751,388) of the net assets available for benefits in a rate stabilization fund (RSF). The RSF is intended to absorb negative Plan experience fluctuations and to promote rate stability. The RSF will be adjusted annually by restricting an amount of the net assets available for benefits, equal to the following:

- For extended health care the desired funding level for the RSF is 6 months of annualized plan premium based on the prior calendar year (January 1 to December 31);
- For enhanced dental the desired funding level for RSF is 6 months of annualized claims plus insurer expenses based on the prior calendar year (January 1 to December 31);

The purpose of the RSF is to provide the plan with restricted net assets that can be drawn upon if claims exceed contributions. Having this RSF allows the employers and plan members time to negotiate changes in the contribution rates sufficient to cover claims costs and/or changes in benefit levels to beneficiaries.

June 12, 2025

The Honourable J. Cockrill (via Email)
Minister of Health
Room 204, Legislative Building
Regina, SK S4S 0B3

Dear Honourable J. Cockrill:

Re: Health Shared Services Saskatchewan – Group Life Insurance Plan Financial Statements

We enclose the financial statements of the Health Shared Services Saskatchewan – Group Life Insurance Plan for the year ended December 31, 2024 and our report on these financial statements.

We issue audited financial statements and other final documents electronically using the Office's secure file-share program. Please whitelist the email account saskauditor@auditor.sk.ca to ensure it is not blocked or sent to junk.

Yours truly,

T. Clemett

Tara Clemett, CPA, CA, CISA
Provincial Auditor

Enclosure

cc: (via Email)
The Honourable J. Reiter, Chair, Treasury Board
M. Hendricks, Secretary, Treasury Board
C. Bayda, Provincial Comptroller, Ministry of Finance
K. Knelsen, Chair, Board of Trustees, 3sHealth
M. Anderson, Chief Executive Officer, 3sHealth
T. Frass, Vice President, Supply Chain Services and Chief Financial Officer, 3sHealth
A. Shearer-Kleefeld, Vice President, Employee Benefits, 3sHealth
L. Malach, Executive Director, Internal Audit and Enterprise Risk Management, 3sHealth
M. Ortman, Director Finance, 3sHealth
S. McKillop, Manager, Finance, 3sHealth
K. Pituley, Manager, Finance, 3sHealth
T. Smith, Deputy Minister, Ministry of Health
R. Dobson, Director, Operations and Internal Audit, Ministry of Health

File: 1539-25

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Financial Statements of

Health Shared Services Saskatchewan
Group Life Insurance Plan

December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Health Shared Services Saskatchewan Group Life Insurance Plan, which comprise the statement of financial position as at December 31, 2024, and the statement of changes in net assets available for benefits, statement of changes in disabled life waivers benefits, the statement of changes in retired plan members life insurance benefit and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Health Shared Services Saskatchewan Group Life Insurance Plan as at December 31, 2024, the changes in its net assets available for benefits and changes in its disabled life waiver benefits, and changes in retired plan members life insurance benefit for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan Group Life Insurance Plan 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans 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 Health Shared Services Saskatchewan Group Life Insurance Plan'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 Health Shared Services Saskatchewan Group Life Insurance Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan Group Life Insurance Plan'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Health Shared Services Saskatchewan Group Life Insurance Plan'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 Health Shared Services Saskatchewan Group Life Insurance Plan'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 Health Shared Services Saskatchewan Group Life Insurance Plan 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan **Statement 1**

Group Life Insurance Plan

Statement of Financial Position

For the year ended December 31

	2024	2023
Assets		
Investments (Note 4)		
Short Term Investments	$ 4,021,917	$ 3,831,971
Investments designated for life waivers	65,261,040	59,428,341
Investments designated for unpaid claims	39,906,881	35,081,315
	109,189,838	**98,341,627**
Cash	741,513	970,651
Receivable from Canada Life Assurance Company (Note 7)	102,205	365,479
Member premium receivables	1,273,832	-
Other Receivables	13,503	13,897
Total Assets	**111,320,891**	**99,691,654**
Liabilities		
Accounts payable	2,598,958	1,205,399
Provision for unpaid claims (Note 10)	1,404,425	1,203,933
Total Liabilities	**4,003,383**	**2,409,332**
Net Assets	**107,317,508**	**97,282,322**
Net Assets Available for Benefits, restricted for Rate Stabilization Fund (Note 11)	2,507,591	2,415,813
Net Assets Available for Benefits, restricted for Multi-Year Catastrophic Loss Reserve (Note 12)	2,721,986	2,619,219
Net Assets Available for Benefits (Statement 2)	**102,087,931**	**92,247,290**
Benefit Obligations (Note 8)		
Disabled life waiver (Statement 3)	19,407,000	18,635,000
Retired Plan Member Life Insurance Benefit (Statement 4)	32,802,000	28,807,000
Total Benefit Obligations	**52,209,000**	**47,442,000**
Surplus	**$ 49,878,931**	**$ 44,805,290**

See accompanying notes

On Behalf of the Employee Benefits Plans Board of Trustees*:*

Karen Knelsen

Chair, Board of Trustees
Karen Knelsen

Russell Doell

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan

Statement 2

Group Life Insurance Plan

Statement of Changes for Net Assets Available for Benefits

For the year ended December 31

	2024	2023
Increase in Net Assets		
Member premiums (Schedule 1)	$ 13,471,289	$ 14,498,139
Dividend income	1,937,678	869,838
Interest income	1,765,824	1,571,855
Realized gain on investments	1,439,868	292,366
Unrealized gain on investments	7,902,784	5,793,157
Other income	108,644	116,630
Total Increase in Net Assets	**26,626,087**	**23,141,985**
Decrease in Net Assets		
Premium expense (Schedule 1)	14,151,290	14,450,907
Life claims expense	373,150	310,698
Administrative expense (Note 9)	1,127,274	1,052,908
Investment management fees	584,650	602,456
Professional fees	91,827	102,628
Consulting fees	62,218	57,572
Change in Provision for unpaid claims (Note 10)	200,492	43,616
Total Decrease in Net Assets	**16,590,901**	**16,620,785**
Change in Net Assets for the Year	10,035,186	6,521,200
Change in Rate Stabilization Fund	(91,778)	(159,021)
Change in Multi-Year Catastrophic Loss Reserve	(102,767)	26,697
Net Assets Available for Benefits, Beginning of Year	**92,247,290**	85,858,414
Net Assets Available for Benefits, End of Year (Statement 1)	**$102,087,931**	**$ 92,247,290**

See accompanying notes

Health Shared Services Saskatchewan **Statement 3**

Group Life Insurance Plan

Statement of Changes in Disabled Life Waivers Benefits
For the year ended December 31

	2024	2023
Disabled Life Waivers, Beginning of Year	**$ 18,635,000**	**$ 17,156,000**
Increase in Disabled life waivers		
Cost of new claims	5,070,000	5,250,000
Interest cost	995,000	897,000
Experience loss	-	359,000
Change in assumptions	48,000	-
	6,113,000	**6,506,000**
Decrease in Disabled life waivers		
Expected waiver payments	5,150,000	4,930,000
Change in assumptions	191,000	97,000
	5,341,000	**5,027,000**
Change during year	772,000	1,479,000
Disabled Life Waivers, End of Year (Note 8, Statement 1)	**$ 19,407,000**	**$ 18,635,000**

See accompanying notes

Health Shared Services Saskatchewan

Statement 4

Group Life Insurance Plan

Statement of Changes in Retired Plan Members Life Insurance Benefit

For the year ended December 31

	2024	2023
Retired Plan Member Life Insurance Benefit, Beginning of Year	**$ 28,807,000**	**$ 27,610,000**
Increase in Retired Plan Member Life Insurance Benefit		
Current service cost	659,000	688,000
Interest cost	1,813,000	1,714,000
Change in Assumptions	1,956,000	-
	4,428,000	**2,402,000**
Decrease in Retired Plan Member Life Insurance Benefit		
Benefits	373,000	311,000
Experience Gain / (loss)	60,000	69,000
Change in Assumptions	-	825,000
	433,000	**1,205,000**
Change during year	3,995,000	1,197,000
Retired Plan Member Life Insurance Benefit, End of the Year (Note 8, Statement 1)	**$ 32,802,000**	**$ 28,807,000**

See accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the 3sHealth Group Life Insurance Plan (the Plan) under the direction of the Employee Benefits Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

In January 2015, 3sHealth's Board of Directors appointed individual trustees (called the Employee Benefit Plans Board of Trustees) as part of a governance change for the Plan. 3sHealth's Board, on behalf of the members, signed a formal trust agreement with the Employee Benefit Plans Board of Trustees on January 12, 2015, effectively making the Employee Benefit Plans Board of Trustees the governing authority for the Plan and creating a service agreement with 3sHealth to administer the assets of the Plan. On October 11, 2023, five additional trustees were appointed to the Employee Benefits Plans Board of Trustees.

a) *Effective date*

The Health Shared Services Saskatchewan (3sHealth) Group Life Insurance Plan (the Plan) was established in 1967.

b) *Purpose of Plan*

The Plan is a multi-employer defined benefit plan, which is funded on a cash basis by contributions from participating members and if required, by their respective employees. The Plan provides members with Basic Life Insurance, Basic Accidental Death and Dismemberment (AD&D) Insurance, and Dependent Life Insurance. Also, members have the option to enhance their coverage through the purchase of additional insurance including Optional Life, and Voluntary AD&D. The Plan also provides a $5,000 Retired Plan Member Life Insurance policy certificate to qualifying retired employees. 3sHealth administers the Plan (the Administrator) on behalf of the eligible employees of participating employer organizations. 3sHealth is also a participating employer in the Plan.

The Administrator has negotiated insurance policies with Canada Life Assurance Company (Canada Life). These policies substantially transfer the majority of the insurance risk of the Plan to Canada Life, except that the Plan remains responsible for the premiums for disabled employees and the retired plan member life insurance benefit. The Plan provides that disabled employees of a participating employer organization are not required to pay premiums for their group life insurance coverage. The Plan estimates and records a liability as described in further detail in Note 8.

c) *Eligibility*

The Plan is available to employees of contributing member organizations of 3sHealth with certain restrictions based on hours of work as determined by established Plan criteria.

1. DESCRIPTION OF PLAN (continued)

d) Premiums

Employer's organizations send their premiums directly to Canada Life. The monthly premium rates are:

	2024	2023
Basic Life	$0.143/$1,000	$0.143/$1,000
Basic AD&D	$0.017/$1,000	$0.017/$1,000
Optional Life Insurance	$0.044-$1.050/$1,000 (dependent on employee's age and if they smoke)	$0.044-$1.050/$1,000 (dependent on employee's age and if they smoke)
Voluntary AD&D	$0.020/$1,000 (single coverage) $0.040/$1,000 (family coverage)	$0.020/$1,000 (single coverage) $0.040/$1,000 (family coverage)

Premium cost sharing agreements between the employers and employees vary from employer to employer according to their respective personnel and/or collective bargaining agreement.

Eligible retiring employees under the age of 65 have the option to continue their basic and optional coverage levels to age 65, upon payment of the premiums due. Those retiring employees who do not exercise this option or retiring employees who are age 65, can choose to receive a $5,000 Retired Plan Member Life Insurance Benefit certificate which is payable to their beneficiary upon death. The cost of the retired plan member life insurance benefit is included in the Basic Life premium.

Insurance premiums are waived for employees who become disabled under the terms and conditions of the Plan. The cost of waived premiums is covered by the Plan.

Schedule 1 presents member premiums remitted to and applied by Canada Life during the year by line of insurance, from information provided by Canada Life.

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities.

2. STATEMENT OF COMPLIANCE (continued)

For accounting policies that do not relate to its investments, disabled life waivers, or the retired plan member life insurance benefit, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises (ASPE).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Plan are as follows:

a) *Financial instruments*

All financial instruments that are financial assets and financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, which were determined by 3sHealth as the administrator of the Plan, are as follows:

(i) Short term investments

Short term investments are classified as held-for-trading and are measured at fair value. The Plan's short term investments consist of units of a Canadian money market fund (the Fund). Fair value is determined based on the published quote for the Fund. The Plan selected held-for-trading as this classification reflects the Plan's investment intentions. Any changes in the fair value are recognized in the Statement of Changes in Net Assets Available for Benefits. Distributions from the Fund in the form of interest income are recognized as increases in net assets as they are earned. Transaction costs are expensed as incurred.

(ii) Investments designated for life waivers and investments designated for unpaid claims

Investments designated for life waivers and investments designated for unpaid claims are classified as held-for-trading and are measured at fair value. The Plan selected held-for-trading as this classification reflects the Plan's investment intentions. All changes in fair value are recognized in the Statement of Changes in Net Assets Available for Benefits as part of the current period change in the fair value of investments. Income on these investments is recognized as it is earned. Transaction costs are expensed as incurred.

(iii) Receivable from Canada Life, other receivables, and accounts payable

Receivable from Canada Life, receivable from 3sHealth, and member premiums receivable are classified as loans and receivables. Accounts payable are classified as other liabilities. Each of these financial instruments is measured at amortized cost which approximates their fair value due to their short term nature.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Member premiums

Member premiums are recognized as an increase in net assets when due.

c) Benefit obligations

Disabled life waivers represents the actuarial present value of the Plan's obligation with respect to Basic and Optional Life, Basic and Voluntary AD&D and Optional Dependent Life Insurance that has been continued without premiums for members of the Plan who are disabled.

The Retired Plan Member Life Insurance Benefit represents the actuarial present value of the Plan's obligation with respect to the purchase of the $5,000 retired plan member life insurance policy made available to retirees.

Any resulting changes in these obligations are recognized as an increase or decrease in the Statement of Changes in Benefit Obligations.

d) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the determination of the provision for unpaid claims, determination of benefit obligations, and investment fair values. Actual results could differ from those estimations.

e) Premiums Expense

Premiums expenses are recognized in the year they are incurred. Premiums expenses include future payments arising from claims received during the year and an estimate of life claims received after year-end for fatalities that occurred during the year.

f) Income Taxes

For the year ended December 31, 2024, the Plan filed trust income taxes as an employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Adoption of New Accounting Standards

Changes to Chartered Professional Accounts of Canada Handbook section 4600, *Pension Plans*, became effective on January 1, 2024. Adoption of these changes has no impact on the Plan's financial statements

4. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Investments

Investments include short term investments, investments designated for life waivers and investments designated for unpaid claims.

	2024	2023
Short term investments	$ 4,021,917	$ 4,688,492
Bond Pooled funds	26,278,496	24,883,964
Equity pooled funds		
- Canadian	10,352,954	8,695,460
- U.S.	22,361,689	17,268,291
- Non-North American	9,389,183	7,768,722
- Global	572,602	833,665
Real Estate	15,156,890	14,790,366
Infrastructure	21,056,107	19,412,667
	$ 109,189,838	**$ 98,341,627**

b) Credit risk

The Plan is exposed to credit risk, which arises from the potential for issuers of securities and counterparties to default on their contractual obligations. The Plan's greatest concentration of credit risk is in investments designated for life waivers and for unpaid claims, which include investments in a number of pooled funds that invest in short term and fixed income securities. The core plus bond funds consist of active managed funds which invest in bonds with a minimum credit rating of CCC, as rated by Standard & Poor's (S&P) ratings. Earnings of these funds are reinvested.

Short term investments consist of an investment in the Fund that invests in Canadian dollar denominated debt instruments, such as treasury bills of Canadian governments, bankers' acceptance of Canadian chartered banks and commercial paper of corporations and/or trusts. The Plan requires a minimum credit rating of R1 Mid or equivalent. Short term investments rated R1 Mid are of superior credit quality, and differ from the R1 High (the highest credit quality) rating only by a small degree, as rated by DBRS Morningstar. Earnings in the Fund are reinvested. The portfolio is monitored quarterly by the Employee Benefits Committee and reviewed regularly by the Employee Benefits Plans Board of Trustees.

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	2023
Short term investments	$ 4,021,917	$ 4,688,492
Bond Pooled funds	26,278,496	24,883,964
Receivable from Canada Life	102,205	365,479
	$ 30,402,618	**$ 29,937,935**

The Plan is exposed to credit risk due to potential non-payment of the receivable from Canada Life (Note 7); however, the Plan does not consider this to be likely as Canada Life's recent credit rating is AA as rated by S&P. The Plan is exposed to minimal credit risk from the potential non-payment of the receivable from 3sHealth as this receivable is from a related party (Note 9) and is collected monthly.

c) Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. This risk is managed by the Plan by investing in financial assets with a very short term to maturity sufficient to discharge future obligations. The Plan generally maintains positive cash flows generated from its operating activities and supplements any shortfalls from its short-term investment portfolio.

The level of incoming contributions is reviewed regularly to ensure they support the current required premiums and to service future obligations. Current premium rates for the Plan are described in Note 1d.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2023 are up to three months for accounts payable. Disabled life waivers and retired plan member life insurance benefits do not have a contractual maturity and are payable once a claim is made by the Plan.

d) Real Estate and Infrastructure Risk

Real estate and infrastructure risk is the risk of adverse consequences of changes in the market values of the real estate and infrastructure investments, due to the state of the economy or their geographic location. The Plan is invested in real estate pooled funds, a real estate equity fund, and infrastructure. The Plan reduces this risk through diversification across types of buildings and geographic location.

5. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

e) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income. The Plan manages this exposure to fluctuations in interest rates by investing in a mix of fixed and variable rate investment assets, as well as constant monitoring of fund managers' performance. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the investments owned by the Plan could be impacted by changes in this risk which then impacts the value of the investments designated for life waivers and retired plan member life insurance benefits on the Statement of Financial Position and the current period change in fair value of investments on the Statement of Changes in Net Assets Available for Benefits.

It is estimated that a 100 basis point change in interest rates would change the value of the bond pooled fund by approximately $1,340,786 (2023 - $1,254,898).

f) Foreign currency risk

Foreign currency risk impacts the Plan upon conversion of non-Canadian investments in foreign equities and bonds at various points in time during the fiscal year at different foreign exchange rates. During the year, there may be adverse changes in foreign exchange rates. The largest notional amount of foreign currency held by the Plan is US dollars with the remainder held in EAFE (Europe, Australasia, and Far East) currencies. To mitigate currency risk, the Plan's investment policy allows up to 30% of the entire portfolio's market value to be invested in foreign currencies.

At December 31, 2024 a 10% change in the Canadian dollar to US dollar exchange rate would result in approximately a $3,235,958 (2023 - $2,615,359) change in net assets and unrealized gains/losses on investments. A 10% change in the Canadian dollar to EAFE currencies exchange rates at December 31 would result in approximately a $2,036,910 (2023 - $1,850,067) change in net assets and unrealized gains/losses on investments.

g) Equity risk

Equity risk is the uncertainty associated with the value of equity investments due to changes in equity markets. To mitigate equity risk, the Statement of Investment Policies & Guidelines (SIP&G) has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The Plan's investments are exposed to changes in equity prices in Canadian, US and EAFE markets through its investments. Equity investments comprise approximately 39.1% (2023 – 35.1%) of the overall carrying value of the Plan's investments.

4. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The approximate impact to net assets and unrealized gain/losses on investments to a 10% change in equity prices is:

- $1,035,295 (2023 - $869,548) for changes in Canadian equity pooled funds (S&P/TSX Composite Index);
- $2,236,169 (2023 - $1,726,829) for changes in US equity pooled funds (S&P 500 Index);
- $938,918 (2023 - $776,872) for changes in non-North American equity pooled funds (MSCI EAFE Index); and
- $57,260 (2023 - $83,367) for a change in Global equity pooled funds (MSCI AC World + Index)

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available.

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – quoted prices in active markets are readily available.
Level 2 – valuation models using observable market inputs other than quoted market prices.
Level 3 – models using inputs that are not based on observable market data.

All fair values of the financial assets of the Plan at December 31, 2024 and December 31, 2023 used Level 1 basis of fair values with the exception of bond pooled funds, infrastructure and real estate. Fair values of bond pooled funds used Level 2 basis. Infrastructure and real estate used Level 3 basis of fair values. There was no change in the levels at December 31, 2024

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair values are based on information provided by investment fund managers who use the following valuation techniques and inputs in determining fair value:

- equity pooled funds are based on the closing market prices for the underlying equity securities held at year end
- bond pooled funds values are based on bid prices from recognized security dealers for the underlying bonds held at year end
- real estate pooled funds are based on independent property appraisals for the underlying properties held
- infrastructure fund is based on the net asset valuation technique by the investment manager on quoted market prices for similar infrastructure assets when available, internal cash flow estimates discounted at an appropriate interest rate and independent infrastructure appraisals as appropriate.

Fair value of level 3 investments involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

Balances by level are reflected as follows:

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Short term investments	$ 4,021,917	$ -	$ -	$4,021,917
Bond pooled funds	-	26,278,496	-	26,278,496
Equity pooled funds	42,676,428	-	-	42,676,428
Infrastructure	-	-	21,056,107	21,056,107
Real estate	-	-	15,156,890	15,156,890
Total	$46,698,345	$26,278,496	$36,212,997	$109,189,838

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Short term investments	$4,688,492	$ -	$ -	$4,688,492
Bond pooled funds	-	24,883,964	-	24,883,964
Equity pooled funds	34,566,138	-	-	34,566,138
Infrastructure	-	-	19,412,667	19,412,667
Real estate	-	-	14,790,366	14,790,366
Total	$39,254,630	$24,883,964	$34,203,033	$98,341,627

	2024 Fair Value measurement using Level 3 input		
	Real Estate	**Infrastructure**	**Total**
Balance at January 1, 2024	$14,790,366	$19,412,667	$34,203,033
Realized gain (loss)	-	894,864	894,864
Unrealized gain (loss)	366,524	748,576	1,115,100
Balance at December 31, 2024	$15,156,890	$21,056,107	$36,212,997

6. CAPITAL MANAGEMENT

The primary objective of capital management for the Plan is to maintain an adequate balance in its short term investments, investments designated for life waivers, and investments designated for unpaid claims. These capital sources are used to assist in achieving consistency and stability in funding, which is then available to the Plan to pay current administrative expenses and the waived premiums for members who are disabled. The Plan is not subject to any externally imposed capital requirements.

The Plan's primary source of cash is the premiums received from the employers and employees that are enrolled in the Plan (see Note 1d). Contribution levels are reviewed regularly to ensure they support the expenditures of the Plan. Also, the Plan cannot go to public capital markets to issue debt or common shares.

There have been no changes to the capital management objectives of the Plan during the year which ended on December 31, 2024.

The Plan fulfils its primary objective by adhering to specific investment policies and procedures outlined in its SIP&G:

- The Plan limits the credit risk by dealing with investments that are considered to be investment-grade quality and minimize undue concentration of assets in any single geographic area, industry and company;
- The SIP&G of the Plan requires the investment managers to minimize undue concentration of investments in any single geographic area, industry, or company;
- A requirement of the SIP&G is the investments of the Plan are distributed among several classes of assets based on an established asset mix. This asset mix specifies the minimum, maximum and optimal level by type of investment.
- The investment portfolio and investment managers are monitored continuously and their results are reviewed regularly by the Employee Benefits Committee under the oversight of the Employee Benefits Plans Board of Trustees.

7. RECEIVABLE FROM CANADA LIFE ASSURANCE COMPANY

Canada Life maintains excess reserve accounts, called refundable deposit accounts (RDA), for premiums collected in excess of those required by Canada Life for any individual policy year. The RDA are used by Canada Life under the direction of 3sHealth as the administrator of the Plan, to supplement policy premiums, fund actuarial obligations, cover any future policy decisions such as minimizing future premium increases, or fund future claim deficits incurred by Canada Life.

7. RECEIVABLE FROM CANADA LIFE ASSURANCE COMPANY (continued)

The Callable RDA (CRDA) is used to fund any in-year experience deficits of the Basic Life Insurance policy. If there is an in-year experience surplus, it is applied to the CRDA balance to meet the minimum balance requirements and any remaining excess is added to the Basic Life RDA along with Basic Life premiums. The minimum CRDA balance requirements require that any experience surplus not required to cover any prior deficits be included in the CRDA to a maximum of 10% of the experience-rated Basic Life premium of the previous year.

Other RDAs held at Canada Life are: Optional Life RDA and Retired Plan Member Life Insurance Benefit RDA. The balance in each RDA is available to be transferred to the Plan upon request after the end of each policy year. There is also an AD&D excess reserve account maintained at Canada Life. The excess reserve account can be transferred to the Plan, upon request to Canada Life after the end of each policy year.

The balance in the CRDA, each RDA and the AD&D excess reserve as at December 31 are:

	2024	2023
RDA – Optional Life	$ 21,248	$ 74,282
RDA – Retired Plan Member Life Insurance	105,122	244,422
AD&D Excess Reserve	(24,165)	46,775
	$ 102,205	**$ 365,479**

8. BENEFIT OBLIGATIONS

a) *Disabled life waivers*

The disabled life waivers represent the actuarial valuation prepared by George & Bell Consulting as at December 31, 2024 of the Plan's obligation in respect of providing coverage to disabled employees whose premiums have been waived prior to year-end.

The actuarial present value of disabled life waivers as at December 31 consists of:

	2024	2023
Basic Life	$ 14,615,000	$ 13,795,000
Optional Life	4,457,000	4,519,000
Dependent Life	146,000	138,000
Accidental Death and Dismemberment	146,000	138,000
Voluntary Accidental Death and Dismemberment	43,000	45,000
	$ 19,407,000	**$ 18,635,000**

8. BENEFIT OBLIGATIONS

a) Disabled life waivers (continued)

The actuarial valuations were based on the following assumptions

- Canadian LTD Termination Experiences 2009-2015 GLTD table, published in January 2019 (2023- Canadian LTD Termination Experiences 2009-2015 GLTD table, published in January 2019);
- Mortality rate as reported in the 2009-2015 GLTD table, published in January 2019 (2023- Mortality rate as reported in the 2009-2015 GLTD table, published in January 2019)
- Discount rate 5.9% (2023 – 6.2%) based on high quality fixed income securities that have a similar duration to the provision;
- Expenses and taxes rate of 7.50% (2023 – 8.50%);
- Basic AD&D and Dependent Life reserves each use 1.00% (2023 – 1.00%) of the Basic Life actuarial reserve respectively;
- Voluntary AD&D reserve uses 1.00% (2023 – 1.00%) of the Optional Life actuarial reserve adjusted for volume differences; and
- Claims incurred but not reported: calculated as the ratio of the LTD IBNR to the LTD reserve multiplied by the corresponding waiver reserve (2023- Claims incurred but not reported: calculated as the ratio of the LTD IBNR to the LTD reserve multiplied by the corresponding waiver reserve).

The Plan’s obligation to provide coverage to disabled employees whose premiums have been waived is long term in nature. There is no active market for settling this obligation; therefore, it is not practical to determine the fair value of these benefits. Also, this obligation is subject to measurement uncertainty, being based on a number of assumptions. The actual experience may vary significantly from the assumptions used.

The following illustrates the effect of changes in the following assumptions on the disabled life waivers:

Modified Assumption	% Change	Impact on Provision
Valuation discount rate	1% decrease	$761,000 increase
	1% increase	$689,000 decrease
Valuation mortality	10% decrease	$1,941,000 decrease
	10% increase	$1,941,000 increase
Valuation termination	10% decrease	$1,019,000 increase
	10% increase	$913,000 decrease

8. BENEFIT OBLIGATIONS (continued)

b) Retired plan member life insurance benefit

The retired plan member life insurance benefit represents the actuarial valuation prepared by George & Bell Consulting as at December 31, 2024. The valuation was used to determine the Plan's obligation in respect of providing for the purchase of retired plan member life insurance benefits for eligible plan members.

The actuarial valuations/extrapolations were based on the following assumptions:

- Discount rate 5.9% (2023 – 6.2%) based on high quality fixed income securities that have a similar duration to the provision;
- Inflation rate 2.0% year (2023- 2.0%)
- Mortality is based on the 2014 CPM Public Table Projected with Scale MI-2017 (2023 - 2014 CPM Public Table Projected with Scale MI-2017)
- Termination rates range from 11.9% at age 20 to 1.0% at age 60;
- Retirement rates range from 7.5% at age 55 to 100% by age 65;
- Later Retirement Rates from 60% at age 65 to 100% by age 70; and
- All employees who retire will receive the retired plan member life insurance benefit and will apply for the policy when eligible.

The Plan's retired plan member life insurance benefit is long term in nature. There is no active market for settling this obligation; therefore, it is not practical to determine the fair value of these benefits. Also this obligation is subject to measurement uncertainty, being based on a number of assumptions. The actual experience may vary significantly from the assumptions used.

The following illustrates the effect of changes in the following assumptions on the retired plan member life insurance benefits:

Modified Assumption	% Change	Impact on Provision
Valuation discount rate	1% decrease	$7,562,000 increase
	1% increase	$5,742,000 decrease

9. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

Due to the nature of the Plan, substantially all of the employer contributions and employer contributions receivable are from related parties.

9. RELATED PARTY TRANSACTIONS (continued)

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

	2024	2023 (Note 13)
Accounts receivable	$ 1,273,832	$ -
Accounts payable	291,716	157,838
Administrative expenses	1,127,274	1,052,908
Member premiums revenue	13,471,289	14,498,139

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

10. PROVISION FOR UNPAID CLAIMS

On an ongoing basis, the Plan estimates and holds in reserve amounts for claims incurred but not reported (IBNR) at year-end. In case of policy termination, the Plan will pay IBNR claims reported within three months of the policy termination from the reserve. Any further IBNR claims reported after three months of policy termination become the responsibility of Canada Life. A reserve of 13.5% of experience rated premiums is kept with 3sHealth. If 3sHealth terminates then 3sHealth must pay the IBNR claims from this reserve and then transfer 1.73% (2023 – 1.54%) of the experience rate premium to Canada Life.

11. RATE STABILIZATION FUND

During the year, the Employee Benefit Plans Board of Trustees restricted the use of $2,507,591 (2023 - $2,415,813) of the net assets available for benefits in a rate stabilization fund (RSF). The RSF is intended to absorb negative plan experience fluctuations and to promote rate stability. The RSF will be adjusted annually by restricting an amount of the net assets available for benefits, equal to 10% of the following:

- Life waiver premium reserves with margin; plus
- Basic life and dependent life CRDA as required by the insurer in order to guarantee the minimum risk charges to the Plan; plus
- Basic life and dependent life IBNR reserves; plus
- RDAs for basic and dependent life, paid up life and optional life

The purpose of the RSF is to provide the plan with restricted net assets that can be drawn upon if claims exceed contributions. Having this RSF allows the employers and plan members time to negotiate changes in the contribution rates sufficient to cover claims costs and/or changes in benefit levels to beneficiaries.

12. MULTI-YEAR CATASTROPHIC LOSS RESERVE

During the year, the Employee Benefit Plans Board of Trustees restricted the use of $2,721,986 (2023 - $2,619,219) of the net assets available for benefits in a multi-year catastrophic loss reserve (MYCLR). The MYCLR is held to provide the plan with a temporary additional funding source during an event, such as a pandemic, that causes multi-year pressure on other reserves held by the plan. The MYCLR will only be utilized based on approval by the Board of Trustees and based on the following minimum criteria:

- The catastrophic event spans at least two plan years where other reserves may be insufficient to absorb the event; and
- The incurred claims during the event are at least 125% of the experience rated annual premium per year.

The MYCLR maximum funding level is calculated at 30% of annualized basic life and dependent life premiums.

13. COMPARITIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

Health Shared Services Saskatchewan

Group Life Insurance Plan

Member Premiums Remitted and Applied

For year ended December 31

Schedule 1

	Basic Life	Basic AD&D	Optional Life	Voluntary AD&D	Retired Plan Member Life Insurance	**2024**	**2023**
Member premiums	$ 8,380,158	$1,113,099	$ 2,722,396	$ 439,757	$ 815,879	$13,471,289	$14,498,139
Member premiums	**8,380,158**	**1,113,099**	**2,722,396**	**439,757**	**815,879**	**13,471,289**	**14,498,139**
Premiums paid to Canada Life	10,649,644	704,974	2,356,915	439,757	-	14,151,290	14,450,907
Premiums expense	10,649,644	704,974	2,356,915	439,757	-	14,151,290	14,450,907
Premiums applied:							
- To Canada Life	10,649,644	704,974	2,356,915	439,757	-	14,151,290	14,450,907
- To/(from) refund deposit account	(1,454,852)	-	-	-	815,879	(638,973)	(889,690)
- To AD&D Excess	-	408,125	-	-	-	408,125	480,410
- To optional Life refund deposit account	-	-	365,481	-	-	365,481	456,512
	$ 9,194,792	**$ 1,113,099**	**$ 2,722,396**	**$ 439,757**	**$ 815,879**	**$14,285,923**	**$14,498,139**

PROVINCIAL AUDITOR
of Saskatchewan

June 12, 2025

The Honourable J. Cockrill (via Email)
Minister of Health
Room 204, Legislative Building
Regina, SK S4S 0B3

Dear Honourable J. Cockrill:

Re: Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan Financial Statements

We enclose the financial statements of the Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan for the year ended December 31, 2024 and our report on these financial statements.

We issue audited financial statements and other final documents electronically using the Office's secure file-share program. Please whitelist the email account saskauditor@auditor.sk.ca to ensure it is not blocked or sent to junk.

Yours truly,

Tara Clemett, CPA, CA, CISA
Provincial Auditor

Enclosure

cc: (via Email)
The Honourable J. Reiter, Chair, Treasury Board
M. Hendricks, Secretary, Treasury Board
C. Bayda, Provincial Comptroller, Ministry of Finance
K. Knelsen, Chair, Board of Trustees, 3sHealth
M. Anderson, Chief Executive Officer, 3sHealth
T. Frass, Vice President, Supply Chain Services and Chief Financial Officer, 3sHealth
A. Shearer-Kleefeld, Vice President, Employee Benefits, 3sHealth
L. Malach, Executive Director, Internal Audit and Enterprise Risk Management, 3sHealth
M. Ortman, Director, Finance, 3sHealth
S. McKillop, Manager, Finance, 3sHealth
K. Pituley, Manager Finance, 3sHealth
T. Smith, Deputy Minister, Ministry of Health
R. Dobson, Director, Operations and Internal Audit, Ministry of Health

File: 2435-25

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Financial Statements of

Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan

December 31, 2024

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan, which comprise the statement of financial position as at December 31, 2024, and the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan as at December 31, 2024, and changes in its net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan'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 Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan'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 Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan'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 Health Shared Services Saskatchewan Out-of-Scope Flexible Spending Plan 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 identified during the audit.

T. Clemett

Regina, Saskatchewan
June 2, 2025

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Health Shared Services Saskatchewan **Statement 1**

Out-of-Scope Flexible Spending Plan

Statement of Financial Position

As at December 31

	2024	2023
Assets		
Cash	$ 193,514	$ 419,753
Short term investments (Note 4)	849,147	1,300,229
Contributions and other receivable (Note 4)	801,306	25,469
Receivable from Canada Life Assurance Company (Note 4, 8)	67,451	67,451
Total Assets	**1,911,418**	**1,812,902**
Liabilities		
Accounts payable	37,387	31,366
Claims payable	99,313	140,816
Provision for unpaid claims (Note 7)	82,898	132,023
Total Liabilities	**219,598**	**304,205**
Net Assets Available for Benefits (Statement 2, Note 9)	**$ 1,691,820**	**$ 1,508,697**

See accompanying notes

On behalf of the Employee Benefits Plans Board of Trustees:

Chair, Board of Trustees
Karen Knelsen

Vice Chair, Board of Trustees
Russell Doell

Health Shared Services Saskatchewan **Statement 2**

Out-of-Scope Flexible Spending Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31

	2024	2023
Increase in Net Assets		
Interest income	$ 63,046	$ 82,760
Other revenue	2,655	1,991
Contributions – Employers (Note 1, 3)	936,699	1,054,170
Administrative contributions (Note 3)	278,401	270,280
Change in provision for unpaid claims (Note 7)	49,125	-
Total Increase in Net Assets	**1,329,926**	**1,409,201**
Decrease in Net Assets		
Health Spending Account claims expense	948,769	833,995
Administrative expense (Note 6)	198,034	288,335
Change in provision for unpaid claims (Note 7)	-	32,846
Total Decrease in Net Assets	**1,146,803**	**1,155,176**
Change in Net Assets for the Year	**183,123**	**254,025**
Net Assets Available for Benefits, Beginning of Year	1,508,697	1,254,672
Net Assets Available for Benefits, End of Year (Statement 1, Note 9)	**$ 1,691,820**	**$ 1,508,697**

See accompanying notes

1. DESCRIPTION OF PLAN

Health Shared Services Saskatchewan (3sHealth) administers the Out-of-Scope Flexible Spending Plan (the Plan) under the direction of the Employee Benefit Plans Board of Trustees who receives advice from its Employee Benefits Committee. The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan text.

In January 2015, 3sHealth's Board of Directors appointed individual trustees (called the Employee Benefit Plans Board of Trustees) as part of a governance change for the Plan. 3sHealth's Board, on behalf of the members, signed a formal trust agreement with the Employee Benefit Plans Board of Trustees on January 12, 2015, effectively making the Employee Benefit Plans Board of Trustees the governing authority for the Plan and creating a service agreement with 3sHealth to administer the assets of the Plan. On October 11, 2023, five union trustees were appointed to the Employee Benefits Plans Board of Trustees.

a) *Effective date*

The Plan was established on April 1, 2011.

b) *Purpose of the Plan*

The purpose of the Plan is to supplement the 3sHealth Extended Health and Enhanced Dental Plans. The Plan enhances a plan member's existing benefit package by providing an annual credit that a Plan Member has the option to allocate to a non-taxable Health Spending Account (HSA) or a taxable Lifestyles Account (LSA). The Plan is a multi-employer benefit plan that is administered by 3sHealth on behalf of eligible employees of participating member organizations (participating employer).

The HSA is a non-taxable account that is part of the Plan. Eligible plan members can be reimbursed for medically related expenses incurred by themselves or their family members that are not covered by the 3sHealth Extended Health and Enhanced Dental Plans. The medical expenses must be recognized as an eligible expense under the Canada Revenue Agency's eligible medical expenses. Claims adjudication and benefit payment services are done through an agreement with the Canada Life Assurance Company (Canada Life).

The LSA is a taxable account where eligible plan members may be reimbursed directly by their employer for eligible health and wellness related expenses. Claims adjudication services are done by 3sHealth and benefit payments are done directly by the participating employers through payroll. The Plan's financial statements do not reflect contributions or claims expense related to LSA.

1. DESCRIPTION OF PLAN (continued)

Plan members can choose to allocate their Plan credits to the HSA, the LSA, or a 50/50 percentage split of both their HSA and LSA. This selection is done at their initial enrolment. At the end of the calendar year a plan member's unused HSA credits may be carried forward for a maximum of one year. LSA credits cannot be carried forward and are forfeited if unused at the end of the calendar year.

c) *Eligibility*

The Plan is available to employees if the following criteria are met:

- work for a 3sHealth Participating Employer;
- are an out-of-scope employee for a Participating Employer;
- are eligible for 3sHealth Extended Health and Enhanced Dental Plans; and,
- are actively at work.

Eligible family members of an employee are eligible for coverage under the HSA Plan only.

d) *Employers' contributions*

The annual allocation amount for 2024 was $878 (2023 - $878) per eligible full-time equivalent employee. The annual allocation is pro-rated based on the number of months remaining in the calendar year when an employee becomes eligible, as well as the level of coverage for other than full-time employees. The Plan is fully funded by the employer.

2. STATEMENT OF COMPLIANCE

The financial statements of the Plan have been prepared in accordance with Canadian accounting standards for pension plans as prescribed by the Chartered Professional Accountants of Canada (CPA Canada) Handbook section 4600, *Pension Plans*. These standards include reference to guidance found in International Financial Reporting Standards (IFRS) with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or benefit obligations, the Plan has followed the guidance contained in Part II of the CPA Canada Handbook, Accounting Standards for Private Enterprises (ASPE).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Plan are as follows:

a) Financial instruments

All financial instruments that are financial assets and financial liabilities have been identified and classified. The classification determines how each financial instrument is measured. The Plan's financial instruments and their classifications, which were determined by 3sHealth as the administrator of the Plan, are as follows:

(i) Short term investments

Short term investments are classified as held-for-trading and are measured at fair value. The Plan's short term investments consist of units of a Canadian Treasury Management Pooled Fund (the Fund). Fair value of the Fund is determined based on the published quote for the Fund.

Distributions from the Fund in the form of interest income are recognized in income as they are earned. Transaction costs are expensed as incurred.

(ii) Cash, contributions receivable and other receivables, receivable from Canada Life, accounts payable, and claims payable.

Cash, contributions receivable and other receivables and receivable from Canada Life are classified as loans and receivables while accounts payable, and claims payable are classified as other liabilities. These financial instruments are measured at amortized cost which approximates their fair value due to their short term nature. Cash is classified as held-for-trading and is recorded at fair value.

b) Employers' contributions

Employers provide contributions for the HSA on an annual basis, based on the number of eligible full-time-equivalent employees. At the end of each quarter, employers are invoiced for any additional employees that became eligible during that period and provide additional contributions, accordingly. Contributions are recognized as an increase in net assets in the period to which they apply.

c) Administrative contributions

Employers are charged an administration fee based on 10% of the total annual allocation amount for every plan member enrolled in both the HSA and LSA in the current plan year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

At the end of each quarter, employers are invoiced for 10% of any additional employees that became eligible during that period. The administration fees are reviewed regularly to ensure they support the expenditures of the Plan.

Administration fees are billed on an April – March basis to cover administrative expenses incurred during the current plan year. Administrative contributions are recognized as an increase in net assets in the period to which they apply.

d) *Interest income*

Interest income is recognized as it is earned.

e) *Provision for unpaid claims*

The provision for unpaid claims represents an estimate of the cost of claims incurred but not reported at year end. Any resulting change in this provision is recognized as a revenue or expense in the Statement of Changes in Net Assets Available for Benefits.

f) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires the administrator to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include Provision for Unpaid Claims. Actual results could differ from those estimations.

g) *Administrative expense*

Canada Life and 3sHealth charge administrative expenses for adjudicating claims throughout the year.

h) *Income taxes*

For the year ended December 31, 2024, the Plan filed trust income taxes as an employee life and health trust. Investment income earned by the Plan, net of eligible deductions, is subject to income tax.

i) *Adoption of New Accounting Standards*

Changes to Chartered Professional Accounts of Canada Handbook section 4600, Pension Plans, became effective on January 1, 2024. Adoption of these changes has no impact on the Plan's financial statements

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Short term investments consist of investments in a Canadian Treasury Management pooled fund (the Fund) that invests in high quality Canadian money market instruments, including commercial paper, bankers' acceptances, and treasury bills maturing in less than one year. The Fund invests in investment grade securities with a minimum rating of R-1 (low) or equivalent. Earnings in the Fund are reinvested.

The plan has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk.

a) Credit risk

Credit risk arises from the potential for issuers of securities and counterparties to default on their contractual obligations.

The Plan's maximum credit risk exposure related to financial assets is as follows:

	2024	**2023**
Short term investments	$ 849,147	$ 1,300,229
Contributions and other receivables	801,306	25,469
Receivable from Canada Life Assurance Company	67,451	67,451

The Plan is exposed to minimal credit risk from the potential non-payment of contributions receivable as these receivables are from related parties (Note 6) and are collected quarterly. Also, the Plan is exposed to credit risk due to the potential non-payment of the Canada Life receivable (Note 8); however, the Plan does not consider this to be likely as Canada Life's recent credit rating is AA as rated by Standard & Poor's.

b) Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. This risk is managed by the Plan by continually monitoring actual and forecasted cash flows, to ensure that it will have sufficient liquidity to meet its liabilities when due. The financial liabilities, which are also short-term in nature, are due within one year. The Plan generally maintains positive cash flows generated from its operating activities.

The estimated contractual maturities of the Plan's financial liabilities at December 31, 2024 are up to three months for accounts payable, the provision for unpaid claims and claims payable.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The best evidence of a fair value is from an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

- Level 1 – quoted prices in active markets are readily available.
- Level 2 – valuation models using observable market inputs other than quoted market prices.
- Level 3 – models using inputs that are not based on observable market data.

All fair values of the investments of the Plan at December 31, 2024 used Level 2 basis of fair values. Over those periods there was no change in levels.

6. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Plan is indirectly related to various Saskatchewan Crown agencies such as ministries, corporations, boards, employers, and commissions under the common control of the Government of Saskatchewan. Transactions with these related parties are in the normal course of operations. They are recorded at the agreed upon exchange rates and are settled on normal trade terms.

The administrative expenses charged by 3sHealth during the year and the recorded amounts due to or from other related parties at year end are included in the financial statements and the table below.

Due to the nature of the Plan, substantially all of the contribution revenue is from related parties.

	2024	2023
Contributions and other receivables	$ 800,571	$ 23,451
Contributions - employers	936,699	1,054,170
Administrative contributions	278,401	270,280
Accounts payable	32,648	25,062
Administrative expense	147,943	244,062

In addition, the Plan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of the purchases.

7. PROVISION FOR UNPAID CLAIMS

The provision for unpaid claims represents an estimate for the cost of HSA claims incurred but not reported at year end. The terms of the Plan requires that eligible claims must be submitted within 60 days of the end of the calendar year in which the expense was incurred.

The provision for eligible claims incurred prior to December 31, 2024 amounts to $82,898 (2023 – $132,023) and includes a 4.40% (2023 – 4.40%) provision for administrative costs for these claims.

8. RECEIVABLE FROM CANADA LIFE ASSURANCE COMPANY

Canada Life maintains an excess reserve account for premiums collected equal to 1/12 of the anticipated annual HSA claims. The excess reserve account is used to cover claim payments made during a given month and is replenished by the Plan at the end of every month. Also, this excess reserve account can be transferred to the Plan, upon request to Canada Life after the end of each policy year.

9. NET ASSETS AVAILABLE FOR BENEFITS

The Net Assets available for benefits for the Plan are made up of the following:

	2024	2023
Net assets available for Health Spending Account claim expenses	$ 1,487,103	$ 1,396,411
Net assets available for Administration expenses	204,717	116,291
Net Assets Available for Benefits	**$ 1,691,820**	**$ 1,512,702**