

SGEU
Consolidated Financial Statements
December 31, 2022

Management's Responsibility

To the Members of Saskatchewan Government and General Employees' Union:

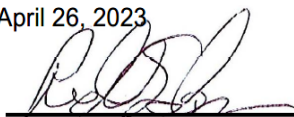
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Provincial Council is composed entirely of Members who are neither management nor employees of the Union. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Union's external auditors.

MNP LLP is appointed by the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and may meet periodically and separately with, both the Council and management to discuss their audit findings.

April 26, 2023



Director of Finance

To the Members of Saskatchewan Government and General Employees' Union:

Opinion

We have audited the consolidated financial statements of Saskatchewan Government and General Employees' Union (the "Union"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Union as at December 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Union'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 Union'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 consolidated 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 Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

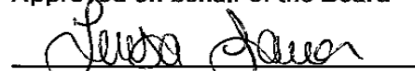
Regina, Saskatchewan
April 26, 2023

MNP LLP
Chartered Professional Accountants

SGEU
Consolidated Statement of Financial Position
As at December 31, 2022

| | <i>General</i> | <i>Defense</i> | <i>Contingency</i> | 2022 | <i>2021</i> |
|---|-------------------|-------------------|--------------------|-------------------|-------------|
| Assets | | | | | |
| Cash | | | | | |
| Cash | 1,102,746 | 531,051 | 305,357 | 1,939,154 | 4,679,418 |
| Accounts receivable (Note 3) | 808,475 | 1,831 | - | 810,306 | 856,393 |
| Prepaid | 167,630 | - | - | 167,630 | 298,329 |
| Due from general fund | - | - | 1,982,078 | 1,982,078 | 1,982,078 |
| Due from defense fund | 3,618,005 | - | - | 3,618,005 | 13,618,875 |
| | 5,696,856 | 532,882 | 2,287,435 | 8,517,173 | 21,435,093 |
| Capital assets (Note 4) | 25,697,361 | - | - | 25,697,361 | 13,482,426 |
| Investments (Note 5) | - | 32,339,331 | - | 32,339,331 | 37,784,712 |
| Accrued benefit asset (Note 7) | - | - | - | - | 4,024,657 |
| | 31,394,217 | 32,872,213 | 2,287,435 | 66,553,865 | 76,726,888 |
| Liabilities | | | | | |
| Current | | | | | |
| Bank indebtedness (Note 6) | - | 6,993,034 | - | 6,993,034 | - |
| Accounts payable and accruals (Note 8) | 2,238,250 | - | - | 2,238,250 | 1,859,745 |
| Due to LTD Plan (Note 9) | 2,281,531 | - | - | 2,281,531 | 920,873 |
| Due to general fund | - | 3,618,005 | - | 3,618,005 | 13,618,875 |
| Due to contingency fund | 1,982,078 | - | - | 1,982,078 | 1,982,078 |
| | 6,501,859 | 10,611,039 | - | 17,112,898 | 18,381,571 |
| Accrued benefit liability (Note 7) | 1,938,897 | - | - | 1,938,897 | - |
| | 8,440,756 | 10,611,039 | - | 19,051,795 | 18,381,571 |
| Contingencies (Note 10) | | | | | |
| Net Assets | | | | | |
| Restricted surplus | (1,938,897) | 22,261,174 | 2,287,435 | 22,609,712 | 33,134,760 |
| Unrestricted surplus | 24,892,358 | - | - | 24,892,358 | 25,210,557 |
| | 22,953,461 | 22,261,174 | 2,287,435 | 47,502,070 | 58,345,317 |
| | 31,394,217 | 32,872,213 | 2,287,435 | 66,553,865 | 76,726,888 |

Approved on behalf of the Board


Teresa Sauer, President


Diane Ralph, First Vice President

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Operations and Changes in Net Assets

For the year ended December 31, 2022

| | General | Defense | Contingency | 2022 | 2021 |
|--|--------------------|--------------------|------------------|---------------------|-------------------|
| Revenue | | | | | |
| Membership dues | 15,395,906 | - | - | 15,395,906 | 16,138,687 |
| Investment income | 16,338 | 1,028,741 | 4,467 | 1,049,546 | 1,733,792 |
| Assessments | - | 133,427 | 38,796 | 172,223 | 297,014 |
| Rental income | 158,496 | - | - | 158,496 | 123,739 |
| Initiation fees | 78,917 | - | - | 78,917 | 67,745 |
| | 15,649,657 | 1,162,168 | 43,263 | 16,855,088 | 18,360,977 |
| Expenses | | | | | |
| Amortization | 885,490 | - | - | 885,490 | 861,480 |
| Rental expenses | 240,266 | - | - | 240,266 | 202,020 |
| Campaign expenses | - | 249,130 | - | 249,130 | 50,226 |
| | 1,125,756 | 249,130 | - | 1,374,886 | 1,113,726 |
| Program expenses (Schedule 1) | 7,270,958 | - | - | 7,270,958 | 6,158,937 |
| Administration expenses (Schedule 2) | 7,571,139 | 519,938 | - | 8,091,077 | 7,294,370 |
| Total expenses | 15,967,853 | 769,068 | - | 16,736,921 | 14,567,033 |
| Excess (deficiency) of revenue over expenses before other items | (318,196) | 393,100 | 43,263 | 118,167 | 3,793,944 |
| Other items | | | | | |
| Unrealized (loss) gain on investments | - | (4,997,860) | - | (4,997,860) | 3,197,313 |
| Long-term Disability Plan (costs)/recovery | (5,963,554) | - | - | (5,963,554) | 2,222,446 |
| | (5,963,554) | (4,997,860) | - | (10,961,414) | 5,419,759 |
| Excess (deficiency) of revenue over expenses | (6,281,750) | (4,604,760) | 43,263 | (10,843,247) | 9,213,703 |
| Net assets, beginning of year | 29,235,211 | 26,865,934 | 2,244,172 | 58,345,317 | 49,131,614 |
| Net assets, end of year | 22,953,461 | 22,261,174 | 2,287,435 | 47,502,070 | 58,345,317 |

The accompanying notes are an integral part of these financial statements

SGEU
Consolidated Statement of Cash Flows
For the year ended December 31, 2022

| | General | Defense | Contingency | 2022 | 2021 |
|---|--------------|--------------|-------------|--------------|-------------|
| Cash provided by (used for) the following activities | | | | | |
| Operating | | | | | |
| Excess (deficiency) of revenue over expenses | (6,281,750) | (4,604,760) | 43,263 | (10,843,247) | 9,213,703 |
| Amortization | 885,490 | - | - | 885,490 | 861,480 |
| Change in the market value of investments | - | 4,997,860 | - | 4,997,860 | (3,197,313) |
| Long-term disability costs (recovery) / loss | 5,963,554 | - | - | 5,963,554 | (2,222,446) |
| | 567,294 | 393,100 | 43,263 | 1,003,657 | 4,655,424 |
| Changes in working capital accounts | | | | | |
| Accounts receivable | 47,767 | (1,681) | - | 46,091 | 69,485 |
| Due to LTD Plan | 1,360,658 | - | - | 1,360,658 | (398,147) |
| Due from general fund | - | - | - | - | (22,532) |
| Due from defense fund | 10,000,870 | - | - | 10,000,870 | (1,550,226) |
| Prepaid | 130,700 | - | - | 130,694 | (178,203) |
| Accounts payable and accruals | 378,505 | - | - | 378,505 | 374,043 |
| Due to general fund | - | (10,000,870) | - | (10,000,870) | 1,550,226 |
| Due to contingency fund | - | - | - | - | 22,532 |
| | 12,485,794 | (9,609,451) | 43,263 | 2,919,605 | 4,522,602 |
| Financing | | | | | |
| Advances on bank indebtedness | - | 6,993,034 | - | 6,993,034 | - |
| Interest expense | - | 271,889 | - | 271,889 | - |
| | - | 7,264,923 | - | 7,264,923 | - |
| Investing | | | | | |
| Purchase of capital assets | (13,100,424) | - | - | (13,100,424) | (2,708,730) |
| Investment income from investments | - | (1,017,975) | - | (1,017,975) | (1,725,573) |
| Proceeds on investment dispositions | - | 945,577 | - | 945,577 | 311,386 |
| Management fee on investments | - | 248,030 | - | 248,030 | 243,593 |
| | (13,100,424) | 175,632 | - | (12,924,792) | (3,879,324) |
| Increase (decrease) in cash resources | (614,630) | (2,168,896) | 43,263 | (2,740,264) | 643,278 |
| Cash resources, beginning of year | 1,717,377 | 2,699,947 | 262,094 | 4,679,418 | 4,036,140 |
| Cash resources, end of year | 1,102,747 | 531,051 | 305,357 | 1,939,154 | 4,679,418 |
| Cash resources are composed of: | | | | | |
| Cash | 1,102,747 | 531,051 | 305,357 | 1,939,154 | 2,868,030 |
| Portfolio investments cash | - | - | - | - | 1,811,388 |
| | 1,102,747 | 531,051 | 305,357 | 1,939,154 | 4,679,418 |

The accompanying notes are an integral part of these financial statements

1. General

Saskatchewan Government and General Employees' Union (the "Union") is a democratic union, through which members strive for healthy productive work environments as they provide quality public services and presentation for all interest groups. The Union's vision is a structure that is membership driven ensuring democratic and equitable representation. The structure will accommodate the diversity of the membership and allow for accountable leadership and effective communication.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies:

Fund accounting

The accounts of the Union are maintained in accordance with the principles of fund accounting, whereby the resources of the Union are classified into funds associated with specific activities or objectives. For financial reporting purposes, there are three funds presented in these financial statements:

- i) The General Fund reflects the conduct of general operations and activities.
- ii) The Defense Fund reflects the operations for those activities related to the defense of the union and strikes.
- iii) The Contingency Fund exists to meet unforeseen or unusual financial needs of the union.

Interfund receivables and payables are non interest bearing and have no fixed terms of repayment.

Consolidation

SGEU has consolidated the assets, liabilities, revenues and expenses of its subsidiary after the elimination of intercompany transactions and balances. The consolidated financial statements include the accounts of the Union, and its wholly owned real-estate holding subsidiary (101140532 Saskatchewan Ltd) as at December 31, 2022.

Basis of presentation

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Union, including the Defense Fund, and the Contingency Fund.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

In the year of acquisition, amortization is taken at one half of the below rates.

The organization expenses all software.

| | Method | Rate |
|------------------------|---------------|-------------|
| Buildings | straight-line | 20 years |
| Computer equipment | straight-line | 3 years |
| Furniture and fixtures | straight-line | 5 years |

2. **Significant accounting policies** *(Continued from previous page)*

Union leave accrual

SGEU accrues Union leave based on members attending union functions throughout the year. Union leave is remitted to the employers upon receipt of invoices. Union leave not invoiced after a one year period is recovered.

Pension plan

The Union contributes to a defined contribution plan which consists of a 9% (2021 - 9%) contribution made by the employee, which is matched by SGEU. During the year contributions of \$784,730 (2021 - \$870,138) were made to the pension plan.

Revenue recognition

Revenue from membership dues is recorded monthly and during the period in which the individual is a member of the union and is recorded when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recorded as it is earned. Assessment and Initiation revenue is recognized as it is earned. Rental revenue is recognized as earned over the period to which it relates.

Income taxes

The Union is exempt from taxes under the provision 149 (1)(l) of the Income Tax Act.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Capital assets are amortized based on the estimated useful lives.

The Long-term Disability Plan's accrued benefit asset or liability is based on a number of assumptions about future events including: recovery and mortality rates, interest rates and expected benefits from other sources. The actual experience may vary significantly from the assumptions used.

Assessment revenue is initially recorded based on the estimated working membership each month.

Pending legal action is recorded based on estimated outcomes.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Union recognizes financial instruments when the Union becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Union may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Union has not made such an election during the year.

2. Significant accounting policies *(Continued from previous page)*

The Union subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Union's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Union initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Union may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Union has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

Financial asset impairment

The Union assesses impairment of all its financial assets measured at cost or amortized cost. The Union groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant.

Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payment in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Union determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Union reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

SGEU
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

2. Significant accounting policies *(Continued from previous page)*

For related party debt instruments initially measured at cost, the Union reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Union reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Union reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Accounts receivable

| | <i>2022</i> | <i>2021</i> |
|---------------------------------|-----------------|-------------|
| Accounts receivable | 842,462 | 875,466 |
| Allowance for doubtful accounts | (32,156) | (19,073) |
| | 810,306 | 856,393 |

4. Capital assets

| | <i>Cost</i> | <i>Accumulated amortization</i> | <i>2022 Net book value</i> | <i>2021 Net book value</i> |
|-----------------------------|-------------------|-------------------------------------|------------------------------------|------------------------------------|
| Land | 2,245,209 | - | 2,245,209 | 1,445,209 |
| Buildings | 18,642,416 | 4,920,308 | 13,722,108 | 9,556,670 |
| Computer equipment | 492,956 | 351,570 | 141,386 | 211,752 |
| Furniture and fixtures | 485,568 | 260,825 | 224,743 | 227,674 |
| Building under construction | 9,363,915 | - | 9,363,915 | 2,041,121 |
| | 31,230,064 | 5,532,703 | 25,697,361 | 13,482,426 |

Building under construction have a carrying value of \$9,363,915 (2021 - \$2,041,121). No amortization of this asset has been recorded during the current year because it is currently under construction.

SGEU
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

5. Long-term investments

| | 2022 | 2021 |
|---|-------------------|------------|
| Measured at fair value (Defense Fund): | | |
| Bonds (interest rate of 1.75% - 5.85%; maturing between Sept 2026 - Dec 2051) | 8,724,153 | 9,790,631 |
| Preferred Shares | 3,007,089 | 4,403,243 |
| Common Shares | 11,324,457 | 14,800,311 |
| Mutual Funds | 9,283,632 | 8,790,527 |
| | 32,339,331 | 37,784,712 |

6. Credit arrangements

The Union has access to a line of credit with Royal Bank Canada with a maximum limit of \$400,000, of which \$nil (2021 - \$nil) was drawn on as of December 31, 2022. The line of credit when advanced bears interest at prime rate and is due on demand. Secured by a general security agreement. Collateral pledged is Royal Bank Dominion Securities defense fund investments.

In addition, SGEU maintains a margin account with its investment manager. The margin account is capped at 50% of the investment balance and has an interest rate of 6.45% (2021 - 3%), of which \$6,993,034 (2021 - \$nil) was drawn on as of December 31, 2022.

7. Accrued benefit asset (liability)

SGEU's long-term disability plan is intended to provide income protection for participating union members who are totally disabled, unable to work, and who are not covered by Workers' Compensation or automobile insurance. Plan participants consist of the members of the participating bargaining units of the plan. Bargaining units of SGEU can become participants of the plan through a vote to join decided by a majority. Current service costs of this plan are charged to earnings on the basis of actuarial valuations, the most recent valuation for SGEU was December 31, 2022. Valuations will be completed on an annual basis. In 2022, the accrued benefit asset (liability) increased by \$5,963,544 (2021 - decreased by \$2,222,446) to reflect the results of this valuation.

| | 2022 | 2021 |
|----------------------------|---------------------|--------------|
| Plan net assets fair value | 54,871,103 | 61,881,657 |
| Accrued benefit obligation | (56,810,000) | (57,857,000) |
| | (1,938,897) | 4,024,657 |

7. Accrued benefit asset (liability) (Continued from previous page)

The accrued benefit obligation is actuarially determined. The accrued benefit obligation is based on a number of assumptions about future events including: recovery and mortality rates, interest rates and expected benefits from other sources. The actual experience may vary significantly from the assumptions used. The valuation is based on the following assumptions:

| Assumptions | 2022 | 2021 |
|--|--|--|
| Termination rate of claims | 2011 Canadian Institute of Actuaries Group LTD Termination Table, adjusted for experience. | 2011 Canadian Institute of Actuaries Group LTD Termination Table, adjusted for experience. |
| Expected rate of return on plan asset and discount rate | 4.25% | 3.75% |
| Inflation rate | 3.00% for the first year, 2.00% for the following years - based on consumer price index | 4.00% in 2022; 3.00% in 2023 and 2.00% per year thereafter - based on consumer price index |
| Cost of living adjustments | 3.95% in 2023; 1.50% in 2024; 1.00% per year thereafter | 1.45% in 2022; 2.00% in 2023; 1.50% in 2024 and 1.00% per year thereafter |
| Percentage of claimants expected to be accepted for extension of benefits to age 65 | 40% | 40% |
| Incurred but not yet reported claims | 6/12ths of the estimated current year claims cost | 6/12ths of the estimated current year claims cost |

The amount of benefits payable under the Long-term Disability Plan may be increased on January 1 each year. The increase in benefits is indexed. The liability for claims is based on a number of assumptions about future events including: recovery and mortality rates, interest rates and expected benefits from other sources. The actual experience may vary significantly from the assumptions used.

The actuary is appointed by SGEU's Council. The actuary is responsible for ensuring that the assumptions and methods used in management's valuation of Provision for Claims Payable are in accordance with accepted actuarial practice, applicable legislation and associated regulations or directives. The actuary is also required to provide an opinion regarding the appropriateness of the Plan's Provision for Claims Payable as at December 31, 2022. Examination of supporting data for accuracy and completeness, a review of the valuation process used and an analysis of the Plan's assets are important elements of the work required to form this opinion.

8. Accounts payable and accruals

Included in accounts payable and accruals are payroll income taxes, Canada Pension Plan, Employment Insurance, group insurance, pensions payable, and GST payable of \$125,046 (2021 - \$107,462).

9. Related party transactions

The SGEU is related to the Saskatchewan Government and General Employees' Union Long Term Disability Plan by virtue of common control. The members of the SGEU LTD Plan, are also members of SGEU. At December 31, 2022, the Union has recorded an amount payable to SGEU LTD of \$2,281,531 (2021 - \$920,873). This amount is based on the exchange amounts.

10. Contingencies

During the course of normal operations the Union has been named as a defendant in a number of legal claims brought against the Union. Provisions have been made for any claims that are likely and the amount of the potential loss can be reasonably estimated. It is the opinion of management that final determination of any other claims will not materially affect the financial position of the Union.

11. Wholly Owned Subsidiary - financial results

SGEU has consolidated the assets, liabilities, revenues and expenses of its subsidiary after the elimination of intercompany transactions and balances. For the year ended December 31, 2022, prior to consolidation and the elimination of inter-company transactions, the financial statements of the subsidiary had the following balances:

| | 2022 | 2021 |
|-------------|--------------------|-------------|
| Assets | \$1,017,451 | \$1,249,970 |
| Liabilities | 1,043,659 | 1,265,343 |
| Deficit | (26,208) | (15,373) |
| | | |
| Revenue | 265,364 | 230,606 |
| Expenses | 276,199 | 241,434 |
| Net loss | (10,835) | (10,828) |

12. Financial instruments

The Union, as part of its operations, carries a number of financial instruments. It is management's opinion that the Union is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Accounts receivable from two (2021 - one) employers represents 59% (2021 - 51%) of total accounts receivable as at December 31, 2022. The Union believes that there is minimal risk associated with the collection of these amounts. The balance of accounts receivable is widely distributed among the remainder of the Union's customer base. The Union performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Union is exposed to interest rate cash flow risk with respect to its line of credit and its accrued benefit asset/liability which are subject to varying interest rates. The Union is not exposed to interest rate price risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Union's investments in publicly-traded securities and corporate bonds exposes the Union to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

12. Financial instruments *(Continued from previous page)*

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Union enters into transactions to earn a return on investment denominated in foreign currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As at December 31, 2022, the following items are denominated in foreign currency:

| | 2022 | 2021 |
|--------------------------------|-------------------|--------------|
| | CAD\$ | CAD\$ |
| Investments - Cash | 374,614 | 176,744 |
| Investments - Mutual Funds | 2,076,600 | 1,448,142 |
| Investments - Common Shares | 7,719,274 | 5,306,313 |
| Investments - Preferred Shares | - | 115,695 |
| | 10,170,488 | 7,046,894 |

Liquidity risk

Liquidity risk is the risk that the Union will encounter difficulty in meeting obligations associated with financial liabilities. The Union's exposure to liquidity risk is dependent on the collection of accounts, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

Saskatchewan Government and General Employees' Union
Schedule 1 - Schedule of Program Expenses

For the year ended December 31, 2022

| | 2022 | 2021 |
|--|------------------|------------------|
| A. INTERNAL STRUCTURES AND ADMINISTRATION | | |
| INTERNAL STRUCTURES AND CONVENTIONS (A01) | 1,809,301 | 1,718,366 |
| PLAN MANAGEMENT & ADMIN UPGRADES (A02) | (11,949) | (8,037) |
| BENEFIT PLAN ADMINISTRATION (A05) | 13,098 | 6,067 |
| LABOUR COUNCIL (A06) | 36,247 | 36,247 |
| | 1,846,697 | 1,752,643 |
| B. DEFENSE OF CONTRACT AND UNION RIGHTS | | |
| BARGAINING / SERVICING (B01) | 862,726 | 703,262 |
| PSGE COMMITTEES (B03) | 1,696,288 | 1,403,816 |
| DEFENSE OF MEMBER GROUPS (B04) | 137,169 | 227,368 |
| LEGAL DEFENSE (B06) | 531,364 | 556,884 |
| OTHER (B07) | 384 | 528 |
| | 3,227,931 | 2,891,858 |
| C. CONTRACT ENFORCEMENT | | |
| ELECTED REPS. TRAINING AND DEVELOPMENT (C02) | 308,569 | 375,843 |
| ARBITRATIONS (C05) | 379,055 | 74,939 |
| | 687,624 | 450,782 |
| E. UNION PUBLICATIONS | | |
| UNION PUBLICATIONS (E03) | 100,031 | 64,515 |
| F. PROVINCIAL STANDING COMMITTEES | | |
| PROVINCIAL STANDING COMMITTEES (F01) | 250,738 | 171,172 |
| LOCAL/SECTOR UNION LEAVE (F05) | 53,527 | (19,361) |
| SECTOR EXPENSES (F04) | 241,933 | 107,057 |
| | 546,198 | 258,868 |
| G. SOLIDARITY | | |
| NUPGE MEMBERSHIP & ACTIVITIES (G01) | 447,732 | 331,916 |
| SFL MEMBERSHIP & ACTIVITIES (G02) | 271,505 | 242,115 |
| CLC MEMBERSHIP (G06) | 143,240 | 166,240 |
| | 862,477 | 740,271 |
| TOTAL PROGRAM EXPENSES | 7,270,958 | 6,158,937 |

SASKATCHEWAN GOVERNMENT & GENERAL EMPLOYEES' UNION
Schedule 2 - Schedule of Administration Expenses (General Fund)

For the year ended December 31, 2022

| | 2022 | 2021 |
|----------------------------------|------------------|------------------|
| OFFICE EXPENSES | | |
| 330 STAFF EFAP - SUPPORT | - | 4,824 |
| 405 T&S MEMBER | 2,081 | 1,733 |
| 410 STIPEND | 299 | 3,376 |
| 415 PAYLOSS | 21,911 | 11,026 |
| 500 BUILDING MAINTENANCE | 114,104 | 118,735 |
| 511 COMPUTER-SOFTWARE | 168,270 | 152,035 |
| 512 COMPUTER-HARDWARE | 28,255 | 15,060 |
| 513 COMPUTER-MAINTENANCE | 566 | - |
| 515 UTILITIES | 107,089 | 65,059 |
| 519 MANAGED HOSTING | 146,246 | 144,344 |
| 525 OFFICE OPERATIONS | 180,944 | 136,792 |
| 530 RENT | 54,193 | 65,453 |
| 535 TELEPHONE | 42,469 | 47,742 |
| 540 TELEPHONE/CELLS | 57,296 | 58,896 |
| 545 AUDIT | 45,839 | 55,000 |
| 555 COFFEE | 7,307 | 4,236 |
| 560/880 DONATION | 20,625 | 3,773 |
| 575 RECRUITMENT AND CONSULTANTS | 4,724 | 143,787 |
| 587 BANK INTEREST/SERVICE CHARGE | 8,052 | 7,138 |
| 590 INSURANCE | 110,988 | 64,934 |
| 605 MISCELLANEOUS | - | 2,817 |
| 625 POSTAGE/CARTAGE | 62,679 | 95,595 |
| 630 PRINTING/BINDING | - | 7,855 |
| 635 REGISTRATION FEE | - | - |
| 645 RESOURCE MATERIAL | 40,257 | 48,123 |
| 662 UNIONWARE SUPPORT | 50,413 | 57,635 |
| 665 TAXES | 206,443 | 134,030 |
| 706 MISCELLANEOUS RECOVERIES | (220,538) | (120,643) |
| 835 LEGAL | 47,825 | 82,304 |
| 911 COVID-19 | 22,275 | 40,637 |
| Total Office Expenses | 1,330,612 | 1,452,296 |

SASKATCHEWAN GOVERNMENT & GENERAL EMPLOYEES' UNION
Schedule 2 - Schedule of Administration Expenses (General Fund)

For the year ended December 31, 2022

| | | 2022 | 2021 |
|-----------------------------|--------------------------------|------------------|------------------|
| STAFF COSTS | | | |
| 200 | BUILDING SERVICE WORKER | 150,872 | 149,722 |
| 205 | ADMIN | 1,121,726 | 1,005,017 |
| 210 | LRO/ORG | 1,558,147 | 1,623,191 |
| 215 | RES/EDUC | 82,966 | 73,822 |
| 220 | ACCOUNTING | 241,597 | 226,762 |
| 230 | OUT OF SCOPE | 1,050,107 | 833,376 |
| 235 | COMMUNICATIONS | 253,410 | 298,177 |
| 240 | OVERTIME | 81,513 | 88,054 |
| 367 | EMPLOYER PAID TRAINING | 469 | 56,211 |
| 368 | MANAGEMENT TRAINING | 81,352 | 2,365 |
| Sub-Total | | 4,622,159 | 4,356,697 |
| BENEFITS | | | |
| 300 | UIC EMPLOYER | 80,719 | 66,783 |
| 305 | CPP EMPLOYER | 228,320 | 181,778 |
| 315 | GROUP INSURANCE-EMPLOYER | 3,352 | 2,923 |
| 320 | PENSION-EMPLOYER | 437,332 | 375,134 |
| 345 | DENTAL/DRUG/OPTICAL - EMPLOYER | 193,684 | 161,677 |
| 355 | SEP ALLOWANCE | 11,312 | 2,782 |
| 360 | WORKERS COMPENSATION | 36,408 | 29,344 |
| 364 | SICK LEAVE | 411,566 | 282,290 |
| 376 | JOINT ED LEAVE | 62,113 | 56,331 |
| Sub-Total | | 1,464,806 | 1,159,042 |
| Total Staff Costs | | 6,086,965 | 5,515,739 |
| 100 | STAFF T&S | 153,562 | 82,742 |
| TOTAL ADMINISTRATION | | 7,571,139 | 7,050,777 |