Financial Statements of

# HEALTHCARE EMPLOYEES' PENSION PLAN - MANITOBA, COST OF LIVING ADJUSTMENT PLAN

And Independent Auditor's Report thereon

Year ended December 31, 2024

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# INDEPENDENT AUDITOR'S REPORT

To The Board Of Trustees Of Healthcare Employees' Pension Plan - Manitoba, Cost Of Living Adjustment Plan

## *Opinion*

We have audited the financial statements of Healthcare Employees' Pension Plan - Manitoba, Cost of Living Adjustment Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2024, 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 (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2024, and its changes in 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 auditor's report.

We are independent of the 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 the 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 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 Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 the 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 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 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 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 13, 2025

# HEALTHCARE EMPLOYEES' PENSION PLAN - MANITOBA, COST OF LIVING ADJUSTMENT PLAN

Statement of Financial Position

December 31, 2024, with comparative information for 2023

| | Active Employees Fund | Past Retirees Fund | 2024 Total | 2023 Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 23,297,301 | $ 7,025,135 | $ 30,322,436 | $ 21,355,097 |
| Contributions receivable: | | | | |
| Employer | 1,583,908 | 154,459 | 1,738,367 | 1,764,071 |
| Employee | 1,583,910 | 154,457 | 1,738,367 | 1,765,359 |
| Other receivables (note 10) | – | – | – | 1,471,716 |
| Investments (note 4) | 482,321,455 | 17,082,482 | 499,403,937 | 421,319,449 |
| Total assets | $ 508,786,574 | $ 24,416,533 | $ 533,203,107 | $ 447,675,692 |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | $ 388,562 | $ 58,460 | $ 447,022 | $ 370,655 |
| Other payables (note 10) | 192,403 | 208,026 | 400,429 | 66,021 |
| Total liabilities | $ 580,965 | $ 266,486 | $ 847,451 | $ 436,676 |
| Commitment (note 11) | | | | |
| Net assets available for benefits | $ 508,205,609 | $ 24,150,047 | $ 532,355,656 | $ 447,239,016 |

See accompanying notes to financial statements.

Approved by the Trustees:

Chair

Vice-Chair

# HEALTHCARE EMPLOYEES' PENSION PLAN - MANITOBA, COST OF LIVING ADJUSTMENT PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2024 with comparative information for 2023

| | Active Employees Fund | Past Retirees Fund | 2024 Total | 2023 Total |
|---|---|---|---|---|
| Increase in net assets: | | | | |
| Pension fund contributions: | | | | |
| Employer | $ 23,459,514 | $ 2,635,655 | $ 26,095,169 | $ 25,135,085 |
| Employee | 23,447,312 | 2,632,626 | 26,079,938 | 25,126,532 |
| Investment income (note 5) | 35,088,173 | 1,269,440 | 36,357,613 | 18,934,668 |
| Other interest income | 666,421 | 238,018 | 904,439 | 774,714 |
| Current period change in fair value of investments | 14,214,406 | 512,468 | 14,726,874 | 21,003,771 |
| Total increase in net assets | 96,875,826 | 7,288,207 | 104,164,033 | 90,974,770 |
| Decrease in net assets: | | | | |
| Benefit payments | 11,674,503 | 3,983,712 | 15,658,215 | 12,955,373 |
| Administrative expenses (note 6) | 2,409,032 | 980,146 | 3,389,178 | 3,052,489 |
| Total decrease in net assets | 14,083,535 | 4,963,858 | 19,047,393 | 16,007,862 |
| Increase in net assets available for benefits | 82,792,291 | 2,324,349 | 85,116,640 | 74,966,908 |
| Net assets available for benefits benefits, beginning of year | 425,413,318 | 21,825,698 | 447,239,016 | 372,272,108 |
| Net assets available for benefits, end of year | $ 508,205,609 | $ 24,150,047 | $ 532,355,656 | $ 447,239,016 |

See accompanying notes to financial statements.

## 1. General:

Healthcare Employees’ Pension Plan - Manitoba, Cost of Living Adjustment (COLA) Plan (the “Plan”) is governed by a Board of Trustees appointed by signatory employers and unions through a Trust Agreement dated December 12, 2013. The Plan was created pursuant to a June 10, 2010 letter of understanding between the signatory employers and unions, which provided for monies to be contributed to the Active Employees Fund and the Past Retirees Fund (collectively, the “Plan”) and such monies to be dedicated for the specific purpose of providing ad hoc cost of living adjustments to benefits payable under the Healthcare Employees’ Pension Plan - Manitoba (HEPP) to retired members who participated in HEPP as a result of their employment. Contributions from members for the Active Employees Fund commenced on April 1, 2014. Contributions from members for the Past Retirees Fund commenced on April 1, 2017. Benefit payments to members commenced on April 1, 2018.

The Plan is registered with Canada Revenue Agency (CRA) as a supplemental plan pursuant to the *Income Tax Act*. The Plan is not a pension plan as defined under the *Pension Benefits Act* (Manitoba), and therefore is not registered under, or subject to, any provisions of the *Pension Benefits Act* (Manitoba).

## 2. Description of the plan:

The following description of the Plan is a summary only. For more complete information reference should be made to the Plan Text.

(a) General:

The Plan is designated as a specified multi-employer pension plan under the *Income Tax Act* for all employees of participating healthcare facilities in the Province of Manitoba.

(b) Funding policy:

Employers and employees are required to contribute to the Plan a certain percentage of the members’ earnings as established by the settlors of the Plan.

The following contribution rates were approved for 2023 and 2024:

| | Employer | Employee |
|---|---|---|
| | 1.0% | 1.0% |

## 2. Description of the plan (continued):

The Active Employees Fund and the Past Retirees Fund receive an allocation of 90 percent and 10 percent of the aggregate contributions, respectively.

(c) COLA benefits:

COLA benefits are only paid to members in receipt of a pension on the effective date of each determination by the Trustees to provide COLA benefits, and such COLA benefits will be calculated based on the value of such member's pension excluding any COLA previously granted. COLA benefits paid from the Active Employees Fund and the Past Retirees Fund are made on an ad hoc basis to members in receipt of a pension at rates determined by the Trustees based on the financial position of each fund.

The COLA benefits provided in a calendar year to a pensioner may not exceed 66 2/3 percent of the increase in the Consumer Price Index for Canada (CPI), as reported by Statistics Canada, for the first month immediately preceding the month in which the Trustees decide to grant COLA benefits for which Statistics Canada has issued a report, compared to the same month in the prior calendar year. In the event that the Trustees grant more than one COLA benefit in a calendar year, the total of all COLA benefits for the calendar year shall not exceed 66 2/3 percent of the increase in the CPI determined as of the month used to determine the CPI limit for the first COLA benefit granted for that calendar year.

(d) Death benefits:

Upon the death of a member, any COLA benefits previously extended to the member shall cease and the member's spouse, common-law partner, survivors, beneficiaries, dependents, or estate shall have no entitlement to any benefits under the Plan.

(e) Benefits on termination:

A member who terminates Plan membership other than by reason of retirement and receives a lump sum payment under HEPP in lieu of a pension ceases to be a member and shall not be entitled to any benefit, including any COLA benefits, from the Plan.

**2. Description of the plan (continued):**

A member who terminates Plan membership other than by reason of retirement and elects a deferred pension from HEPP may be entitled to COLA benefits upon or after retirement if they receive a pension in accordance with the terms and conditions of the Plan.

**3. Significant accounting policies:**

(a) Basis of presentation:

The Plan follows Canadian accounting standards for pension plans for accounting policies related to its investment portfolio. In selecting or changing accounting policies that do not relate to its investment portfolio, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises (ASPE).

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity, independent of the participating employers and members. Only the net assets of the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the benefit security of the individual plan members.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and investments are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Plan has elected not to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

**3. Significant accounting policies (continued):**

(c) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan uses closing market price for fair value measurement. When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

All changes in fair value, other than interest and dividend income, are recognized in the statement of changes in net assets available for benefits as part of the current period change in fair value of investments.

The equity, bond and real estate pooled funds are recorded at fair values established by the respective fund trustee.

(d) Foreign currency transactions and balances:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognized in the statement of changes in net assets available for benefits within current period change in fair value of investments.

**3. Significant accounting policies (continued):**

(f) Investment transactions and income recognition:

(i) Investment transactions:

Investment transactions are accounted for on a trade date basis.

(ii) Income recognition:

Investment income has been accrued as reported by the issuers of the pooled funds. Interest income is accrued as earned.

(g) Contributions:

Contributions from the members are recorded on an accrual basis. Member reciprocal service contributions and transfers from the registered plan of a previous employer are not permitted.

(h) Benefits:

Benefit payments to members are recorded in the period in which they are paid or payable.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the year. Actual results could differ from those estimates.

(j) Change in accounting policy:

Section 4600, Pension Plans, was amended to clarify ambiguity in the standard and provide new guidance where no guidance currently existed. The amendments are effective for annual periods beginning on or after January 1, 2024. The Plan has adopted the amendments in its financial statements for the year ended December 31, 2024 with no material impact on these financial statements.

## 4. Investments:

| | Active Employees Fund | Past Retirees Fund | 2024 Total | 2023 Total |
|---|---|---|---|---|
| Equity pooled funds | $ 248,976,314 | $ 9,006,886 | $ 257,983,200 | $ 216,016,798 |
| Bond pooled funds | 168,347,813 | 5,860,537 | 174,208,350 | 150,165,480 |
| Real estate pooled fund | 64,997,328 | 2,215,059 | 67,212,387 | 55,137,171 |
| | $ 482,321,455 | $ 17,082,482 | $ 499,403,937 | $ 421,319,449 |

The investments of the Plan are in equity, bond and real estate pooled funds which yielded rates of return as follows: gain of 11.85 percent (2023 - gain of 11.08 percent) for the Active Employees Fund and a gain of 11.65 percent (2023 - gain of 10.68 percent) for the Past Retirees Fund.

## 5. Investment income:

| | Active Employees Fund | Past Retirees Fund | 2024 Total | 2023 Total |
|---|---|---|---|---|
| Equity pooled funds | $ 27,333,618 | $ 986,704 | $ 28,320,322 | $ 12,276,810 |
| Bond pooled funds | 5,588,148 | 200,203 | 5,788,351 | 4,715,634 |
| Real estate pooled fund | 2,166,407 | 82,533 | 2,248,940 | 1,942,224 |
| | $ 35,088,173 | $ 1,269,440 | $ 36,357,613 | $ 18,934,668 |

## 6. Administrative expenses:

| | Active Employees Fund | Past Retirees Fund | 2024 Total | 2023 Total |
|---|---|---|---|---|
| Investment manager and related expenses | $ 1,539,640 | $ 74,651 | $ 1,614,291 | $ 1,524,253 |
| Salaries and benefits | 656,967 | 656,967 | 1,313,934 | 1,156,294 |
| Other administrative expenses | 181,460 | 217,564 | 399,024 | 301,468 |
| Trustee related | 12,249 | 12,249 | 24,498 | 19,228 |
| Audit fees | 13,670 | 13,670 | 27,340 | 24,632 |
| Actuarial fees | 993 | 993 | 1,986 | 21,100 |
| Legal fees | 4,053 | 4,052 | 8,105 | 5,514 |
| | $ 2,409,032 | $ 980,146 | $ 3,389,178 | $ 3,052,489 |

## 7. Capital risk management:

The main objective of the Plan is to sustain a certain level of net assets in order to meet the current and future obligations of the Plan. The Plan fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (SIPP), which is reviewed annually by the Plan. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employee and employer contributions) in accordance with the approved SIPP. Increases in net assets are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and by the employers.

The primary risk the Plan faces is that the Plan's asset growth and contribution rates will be insufficient to cover the Plan's liabilities (funding risk) resulting in an unfunded liability (funding deficiency). If a funding deficiency reaches a certain level, or persists, it may need to be eliminated through contribution rate increases.

The Plan's net funded position can change relatively quickly if there are changes in the value of the investments or liabilities. Either can result in a mismatch between the Plan's assets and its liabilities. The most significant contributors to funding risk are:

- declining interest rates, and
- declining long-term investment rates of return.

The Plan's assets are subject to financial instrument risks which are explained in more detail in note 9 to these financial statements.

## 8. Risk management:

The current geopolitical environment increases uncertainty in financial markets with a possible resurgence of trade tariffs and inflation, including upward pressure on commodity prices and the potential for global supply-chain disruptions. With the recent changes in the U.S. government, the threat of protectionism increases the risk of tariffs, stagflation, turbulence in the financial markets, and a weakening of the Canadian dollar against other currencies. Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates, and assumptions.

**8. Risk management (continued):**

This comprehensive process uses extensive sources of available information in providing its best estimate of the impact that these events have had on the valuation of its investments as of the date of these financial statements. However, these estimates are sensitive to key assumptions and drivers that are subject to material changes.

Please refer to the risk discussions below for sensitivity analyses. The Plan is monitoring developments relating to these events and continuing to assess the ongoing impact on the Plan's investments. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Plan is not known at this time.

Due to these events, financial markets have experienced exceptional volatility. The Plan's exposures across all risk parameters including market, credit, and liquidity, remain within all risk limits set by the Plan.

(a) Market risk:

(i) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Plan's fixed income investments are exposed to the risk that the value of interest-bearing investments will fluctuate due to changes in the level of market interest rates. The Plan's exposure to interest rate risk is concentrated in its investment in the bond pooled funds. To properly manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set and monitored.

The remaining terms to contractual maturity of the bond pooled funds at December 31 are as follows:

| | 2024 | 2023 |
|---|---|---|
| One to five years | $ 76,473,275 | $ 72,115,217 |
| After five years | 97,735,075 | 78,050,263 |
| Total market value | $ 174,208,350 | $ 150,165,480 |

**8. Risk management (continued):**

As at December 31, 2024, if the prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, net assets would likely have decreased or increased, respectively, by approximately $16,166,000 (2023 - $13,424,000). The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

(ii) Foreign currency risk:

Foreign currency exposure arises from the Plan's investment in equity and bond pooled funds, which hold investments denominated in U.S. currency. Fluctuations in the relative value of the Canadian dollar against this currency can result in a positive or negative effect on the fair value of investments. The Plan's foreign currency risk is monitored by the investment manager on a quarterly basis.

The Plan's exposure in investments to foreign currencies to Canadian dollars is shown below:

| As at December 31, 2024 | Actual currency exposure | % |
|---|---|---|
| Canadian | $ 326,896,189 | 65.4 |
| US dollar | 130,142,351 | 26.1 |
| Other currencies | 42,365,397 | 8.5 |
| | $ 499,403,937 | 100.0 |

| As at December 31, 2023 | Actual currency exposure | % |
|---|---|---|
| Canadian | $ 275,229,028 | 65.3 |
| US dollar | 83,685,801 | 19.9 |
| Other currencies | 62,404,620 | 14.8 |
| | $ 421,319,449 | 100.0 |

A 10 percent increase or decrease in exchange rates, with all other variables held constant, would result in a charge in unrealized gains (losses) of $17,256,000 (2023 - $14,610,000).

**8. Risk management (continued):**

(iii) Other price risk:

The Plan's investments in equity pooled funds are sensitive to market fluctuations. To properly manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set by the Board of Trustees and monitored by the investment managers on a quarterly basis. As at December 31, 2024, a decline of 10 percent in equity values, with all other variables held constant, would have impacted the Plan's equity investments by an approximate unrealized loss of $25,798,000 (2023 - $21,602,000).

(b) Credit risk:

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due or requested. The Plan's greatest concentration of credit risk is in its fixed income securities. The fair value of the fixed income securities includes consideration of the creditworthiness of the debt issuer. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as payment is made on a purchase once the securities have been received from the broker. For sales transactions, the securities are released once the broker has made payment.

The breakdown of the Plan's bond pooled funds by credit ratings from various rating agencies is presented below:

| Credit rating | 2024 Fair value | % | 2023 Fair value | % |
|---|---|---|---|---|
| AAA | $ 40,580,730 | 23.3 | $ 38,388,648 | 25.6 |
| AA | 32,411,237 | 18.6 | 25,263,650 | 16.8 |
| A | 51,286,726 | 29.4 | 45,573,955 | 30.3 |
| BBB | 47,909,887 | 27.5 | 40,207,289 | 26.8 |
| BB | 2,019,770 | 1.2 | 731,938 | 0.5 |
| | $ 174,208,350 | 100.0 | $ 150,165,480 | 100.0 |

Credit risk associated with contributions and other receivables is minimized due to their nature. The majority of the receivable balances are due from member facilities and are collected from participating members through the payroll process. The carrying amounts of fixed income investments and contributions and other receivables represent the maximum credit exposure to the Plan.

## 8. Risk management (continued):

(c) Liquidity risk:

Liquidity risk is the possibility that investments of the Plan cannot be readily converted into cash when required under both normal and stressed conditions. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or other securities may be subject to legal or contractual restrictions on their resale. Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

The Plan's financial statement liabilities have contractual maturities of less than one year. The Plan also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. At December 31, 2024, the Plan had cash in the amount of $30.32 million (2023 - $21.36 million).

## 9. Fair value of financial instruments:

The determination of the fair value of investments is as described in note 3(c) with fair values of investments disclosed in the statement of financial position. The fair values of other financial assets and liabilities, being cash, contributions receivable, other receivables, accounts payable and accrued liabilities and other accounts payable, approximate their carrying values due to the short-term nature of these financial instruments.

The Plan's assets which are recorded at fair value are required to be classified into one of three levels, depending on the inputs used for valuation. The hierarchy of inputs is summarized below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

## 9. Fair value of financial instruments (continued):

The following is a summary of the inputs used as of December 31, 2024 in valuing the Plan's investments:

| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|---|---|---|---|---|
| Cash | $ 30,322,436 | $ – | $ – | $ 30,322,436 |
| Equity pooled funds | 254,603,628 | 3,379,572 | – | 257,983,200 |
| Bond pooled funds | – | 174,208,350 | – | 174,208,350 |
| Real estate pooled fund | – | – | 67,212,387 | 67,212,387 |
| | $ 284,926,064 | $ 177,587,922 | $ 67,212,387 | $ 529,726,373 |

The following is a summary of the inputs used as of December 31, 2023 in valuing the Plan's investments:

| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|---|---|---|---|---|
| Cash | $ 21,355,097 | $ – | $ – | $ 21,355,097 |
| Equity pooled funds | 211,947,677 | 4,069,121 | – | 216,016,798 |
| Bond pooled funds | – | 150,165,480 | – | 150,165,480 |
| Real estate pooled fund | – | – | 55,137,171 | 55,137,171 |
| | $ 233,302,774 | $ 154,234,601 | $ 55,137,171 | $ 442,674,546 |

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2.

## 9. Fair value of financial instruments (continued):

The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

| | Total |
|---|---|
| Balance, December 31, 2022 | $ 56,848,386 |
| Purchases | – |
| Investment income | 1,942,224 |
| Current period change in fair value of investments | (3,653,439) |
| Balance, December 31, 2023 | 55,137,171 |
| Purchases | 12,500,000 |
| Investment income | 2,248,940 |
| Current period change in fair value of investments | (2,673,724) |
| Balance, December 31, 2024 | $ 67,212,387 |

The Plan did not use or consider alternative assumptions for valuation of Level 3 securities as those are valued independently by investment managers or third party providers.

## 10. Related parties:

The Plan, HEPP and Healthcare Employees' Benefits Plan - Manitoba (HEBP) have common trustees and a cost sharing agreement to allocate certain costs based on factors such as number of employees and time usage. During the year HEPP collected contributions from active plan members and employers on behalf of COLA until June 1, 2024 when the Plan started collecting contributions directly from members and employers. Other receivables and payables include the net amount of any receivables related to contributions collected and payables related to costs incurred by both the Active Employees and Past Retiree funds of the Plan. The balance due from HEPP is non-interest bearing, and has no fixed terms of repayment.

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

## 11. Commitment:

The Plan's allocation of annual lease payments under an operating lease with an expiry date of October 31, 2028 is as follows:

| | | |
|---|---|---|
| 2025 | $ | 65,000 |
| 2026 | | 65,000 |
| 2027 | | 65,000 |
| 2028 | | 54,000 |
| | $ | 249,000 |