Ontario Non-Union Education Trust

Financial Statements

For the year ended December 31, 2025

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Financial Statements
For the year ended December 31, 2025

Contents

Tel: 289 881 1111
Fax: 905 845 8615
www.bdo.ca

BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

Independent Auditor's Report

To the Trustees of Ontario Non-Union Education Trust

Opinion

We have audited the financial statements of Ontario Non-Union Education Trust (the "Trust"), which comprise the statement of financial position as at December 31, 2025, 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 the Trust as at December 31, 2025, 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 the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Trust'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 Trust'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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
May 29, 2026

Ontario Non-Union Education Trust
Statement of Financial Position

December 31	2025	2024
Assets		
Cash	**$ 16,011,966**	$ 17,873,219
Investments (Note 2)	**45,624,372**	48,372,868
Contributions receivable	**321,875**	5,753,599
Accounts receivable	**-**	4,785
Accrued interest receivable	**54,773**	780,058
Premium tax receivable	**308,612**	-
Claims experience refund receivable	**259,495**	-
	62,581,093	72,784,529
Assets allocated to claims fluctuation reserve (Note 4)	**13,541,200**	12,274,700
	76,122,293	85,059,229
Liabilities		
Accounts payable and accrued liabilities	**2,948,919**	3,063,865
Deferred contributions	**7,263,495**	7,287,132
Provision for incurred but not reported claims	**4,089,262**	3,518,162
	14,301,676	13,869,159
Net assets available for benefits (Note 4)	**$ 61,820,617**	$ 71,190,070

Net assets available for benefits represented by:

Claims fluctuation reserve	**$ 13,541,200**	$ 12,274,700
Unallocated balance	**48,279,417**	58,915,370
Net assets available for benefits (Note 4)	**$ 61,820,617**	$ 71,190,070

On behalf of the Board:

Cliff Laskip

_______________________ Trustee

_______________________ Trustee

Ontario Non-Union Education Trust
Statement of Financial Position by Plan

December 31, 2025

	CAEAS - ECAB		P/VP			
	Active	Retiree	Active	Retiree	Supplemental Benefits	Total
Assets						
Cash	$ 7,379,202	$ 561,729	$ 7,426,816	$ 186,630	$ 457,589	$ 16,011,966
Investments (Note 2)	32,204,249	-	13,420,123	-	-	45,624,372
Contributions receivable (payable)	(7,040)	16,148	316,557	(3,388)	(402)	321,875
Accrued interest receivable	26,638	-	28,135	-	-	54,773
Premium tax receivable	177,982	1,621	13,884	951	114,174	308,612
Claims experience refund receivable	-	-	259,495	-	-	259,495
Due from CAEAS-ECAB / P/VP	-	76,862	275,061	-	6,282	358,205
Due from Supplemental Benefits	19,458	1,429	20,106	1,425	-	42,418
	39,800,489	657,789	21,760,177	185,618	577,643	62,981,716
Cash allocated to claims fluctuation reserve (Note 4)	7,523,700	-	6,017,500	-	-	13,541,200
	47,324,189	657,789	27,777,677	185,618	577,643	76,522,916
Liabilities						
Accounts payable and accrued liabilities	1,342,601	193,130	1,303,031	7,074	103,083	2,948,919
Deferred contributions	3,359,701	31,280	3,861,687	-	10,827	7,263,495
Provision for incurred but not reported claims	2,050,200	-	1,958,900	-	80,162	4,089,262
Due to CAEAS-ECAB / P/VP	225,231	-	35,247	97,727	-	358,205
Due to Supplemental Benefits	-	-	-	-	42,418	42,418
	6,977,733	224,410	7,158,865	104,801	236,490	14,702,299
Net assets available for benefits (Note 4)	$ 40,346,456	$ 433,379	$ 20,618,812	$ 80,817	$ 341,153	$ 61,820,617

Net assets available for benefits represented by:

	CAEAS - ECAB Active	CAEAS - ECAB Retiree	P/VP Active	P/VP Retiree	Supplemental Benefits	Total
Claims fluctuation reserve	$ 7,523,700	$ -	$ 6,017,500	$ -	$ -	$ 13,541,200
Unallocated balance	32,822,756	433,379	14,601,312	80,817	341,153	48,279,417
Net assets available for benefits (Note 4)	$ 40,346,456	$ 433,379	$ 20,618,812	$ 80,817	$ 341,153	$ 61,820,617

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

Ontario Non-Union Education Trust
Statement of Financial Position by Plan

December 31, 2024

	CAEAS - ECAB		P/VP			
	Active	Retiree	Active	Retiree	Supplemental Benefits	Total
Assets						
Cash	$ 10,431,642	$ 596,713	$ 6,141,569	$ 209,428	$ 493,867	$ 17,873,219
Investments (Note 2)	35,522,726	-	12,850,142	-	-	48,372,868
Contributions receivable	2,501,192	14,347	3,236,052	2,008	-	5,753,599
Accounts receivable	-	-	-	-	4,785	4,785
Accrued interest receivable	539,974	-	240,084	-	-	780,058
Due from CAEAS - ECAB / PV/P	-	84,188	271,002	-	-	355,190
Due from Supplemental Benefits	19,458	1,429	20,106	1,425	-	42,418
	49,014,992	696,677	22,758,955	212,861	498,652	73,182,137
Cash allocated to claims fluctuation reserve (Note 4)	6,499,100	-	5,775,600	-	-	12,274,700
	55,514,092	696,677	28,534,555	212,861	498,652	85,456,837
Liabilities						
Accounts payable and accrued liabilities	1,339,269	215,282	1,421,884	26,674	60,756	3,063,865
Deferred contributions	2,787,619	59,020	4,395,789	108	44,596	7,287,132
Provision for incurred but not reported claims	1,649,000	-	1,789,000	-	80,162	3,518,162
Due to CAEAS - EBAB / PV/P	223,433	-	34,027	97,730	-	355,190
Due to Supplemental Benefits	-	-	-	-	42,418	42,418
	5,999,321	274,302	7,640,700	124,512	227,932	14,266,767
Net assets available for benefits (Note 4)	$ 49,514,771	$ 422,375	$ 20,893,855	$ 88,349	$ 270,720	$ 71,190,070

Net assets available for benefits represented by:

	CAEAS - ECAB Active	CAEAS - ECAB Retiree	P/VP Active	P/VP Retiree	Supplemental Benefits	Total
Claims fluctuation reserve	$ 6,499,100	$ -	$ 5,775,600	$ -	$ -	$ 12,274,700
Unallocated balance	43,015,671	422,375	15,118,255	88,349	270,720	58,915,370
Net assets available for benefits (Note 4)	$ 49,514,771	$ 422,375	$ 20,893,855	$ 88,349	$ 270,720	$ 71,190,070

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

Ontario Non-Union Education Trust
Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	2025	2024
Increase in assets		
Contributions - school boards/FTE	**$ 108,374,712**	$ 110,058,163
Contributions - employer	**3,206,955**	3,400,402
Contributions - employee/retiree	**7,783,964**	4,600,067
Administration income	**147,855**	161,925
Investment income (Note 3)	**2,864,482**	4,230,506
	122,377,968	122,451,063
Decrease in assets		
Benefit costs		
Health and dental claims	**104,570,684**	99,002,228
Health care spending account claims	**5,101,230**	7,712,055
Life premiums - Canada Life	**5,903,392**	4,398,819
Accidental death and dismemberment premiums - Chubb	**578,723**	519,261
Critical illness premium	**73,201**	61,279
Physio/private duty nurse/survivor premiums	**56,016**	21,838
Other benefit expenses - pooling costs	**2,229,055**	2,639,373
Other benefit expenses - claims administration	**8,300,861**	5,821,965
	126,813,162	120,176,818
Expenses		
Administration fees (Note 7(b))	**2,419,375**	2,237,433
Employee compensation and expenses	**350,019**	340,146
Insurance	**77,682**	47,190
Office and general	**10,843**	7,062
Professional fees (Note 7(b))	**1,551,960**	1,364,286
Trustee compensation and expenses	**524,380**	506,646
	4,934,259	4,502,763
	131,747,421	124,679,581
Decrease in net assets	**(9,369,453)**	(2,228,518)
Net assets available for benefits, beginning of year (Note 4)	**71,190,070**	73,418,588
Net assets available for benefits, end of year (Note 4)	**$ 61,820,617**	$ 71,190,070
Decrease in net assets available for benefits represented by:		
Increase in claims fluctuation reserve	**$ 1,266,500**	$ 616,100
Decrease in unallocated balance	**(10,635,953)**	(2,844,618)
Decrease in net assets available for benefits (Note 4)	**$ (9,369,453)**	$ (2,228,518)

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

Ontario Non-Union Education Trust
Statement of Changes in Net Assets Available for Benefits by Plan

For the year ended December 31, 2025

	CAEAS - ECAB		P/VP			
	Active	Retiree	Active	Retiree	Supplemental Benefits	Total
Increase in assets						
Contributions - school boards/FTE	$ 51,634,108	$ -	$ 56,740,604	$ -	$ -	$ 108,374,712
Contributions - employer	-	2,074,859	-	18,857	1,113,239	3,206,955
Contributions - employee/retiree	3,622,728	175,456	3,878,639	107,027	114	7,783,964
Administration income	-	-	-	-	147,855	147,855
Investment income (Note 3)	1,919,555	23,745	902,355	3,068	15,759	2,864,482
	57,176,391	2,274,060	61,521,598	128,952	1,276,967	122,377,968
Decrease in assets						
Benefit Costs						
Health and dental claims	50,877,180	1,571,935	52,055,182	66,387	-	104,570,684
Health care spending account claims	4,208,529	-	375,693	-	517,008	5,101,230
Life premiums - Canada Life	2,826,984	608,853	2,105,567	44,682	317,306	5,903,392
Accidental death and dismemberment premiums - Chubb	257,016	-	315,167	-	6,540	578,723
Critical illness premium	73,201	-	-	-	-	73,201
Physio/Private duty nurse premiums	-	-	-	-	56,016	56,016
Other benefit expenses - pooling costs	1,065,211	-	1,163,844	-	-	2,229,055
Other benefit expenses (recoveries) - claims administration	4,704,737	28,141	3,612,237	11,468	(55,722)	8,300,861
	64,012,858	2,208,929	59,627,690	122,537	841,148	126,813,162
Expenses						
Administration fees (Note 7(b))	1,082,864	32,339	1,007,507	4,162	292,503	2,419,375
Employee compensation and expenses	164,472	4,069	152,943	533	28,002	350,019
Insurance	39,621	1,013	36,904	144	-	77,682
Office and general	5,068	376	4,780	48	571	10,843
Professional fees (Note 7(b))	793,319	10,337	737,610	8,335	2,359	1,551,960
Trustee compensation and expenses	246,504	5,993	229,207	725	41,951	524,380
	2,331,848	54,127	2,168,951	13,947	365,386	4,934,259
	66,344,706	2,263,056	61,796,641	136,484	1,206,534	131,747,421
Increase (decrease) in net assets	(9,168,315)	11,004	(275,043)	(7,532)	70,433	(9,369,453)
Net assets available for benefits, beginning of year (Note 4)	49,514,771	422,375	20,893,855	88,349	270,720	71,190,070
Net assets available for benefits, end of year (Note 4)	$ 40,346,456	$ 433,379	$ 20,618,812	$ 80,817	$ 341,153	$ 61,820,617
Increase (decrease) in net assets available for benefits represented by:						
Increase in claims fluctuation reserve	$ 1,024,600	$ -	$ 241,900	$ -	$ -	$ 1,266,500
Increase (decrease) in unallocated balance	(10,192,915)	11,004	(516,943)	(7,532)	70,433	(10,635,953)
Increase (decrease) in net assets available for benefits (Note 4)	$ (9,168,315)	$ 11,004	$ (275,043)	$ (7,532)	$ 70,433	$ (9,369,453)

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

Ontario Non-Union Education Trust
Statement of Changes in Net Assets Available for Benefits by Plan

For the year ended December 31, 2024

	CAEAS - ECAB		P/VP			
	Active	Retiree	Active	Retiree	Supplemental Benefits	Total
Increase in assets						
Contributions - school boards/FTE	$ 51,926,613	$ -	$ 58,131,550	$ -	$ -	$ 110,058,163
Contributions - employer	-	2,277,421	-	64,511	1,058,470	3,400,402
Contributions - employee/retiree	3,342,586	200,462	877,995	178,899	125	4,600,067
Administration income	-	-	-	-	161,925	161,925
Interest income	2,894,353	30,999	1,276,614	5,858	22,682	4,230,506
	58,163,552	2,508,882	60,286,159	249,268	1,243,202	122,451,063
Decrease in assets						
Benefit Costs						
Health and dental claims	45,921,867	1,720,200	51,215,269	144,892	-	99,002,228
Health care spending account claims	5,312,466	-	1,900,098	-	499,491	7,712,055
Life premiums - Canada Life	2,310,169	666,499	1,043,354	62,797	316,000	4,398,819
Accidental death and dismemberment premiums - Chubb	232,846	-	279,021	-	7,394	519,261
Critical illness premium	61,279	-	-	-	-	61,279
Physio/Private duty nurse premiums	-	-	-	-	21,838	21,838
Other benefit expenses - pooling costs	1,235,870	-	1,403,503	-	-	2,639,373
Other benefit expenses - claims administration	2,918,841	-	2,896,075	-	7,049	5,821,965
	57,993,338	2,386,699	58,737,320	207,689	851,772	120,176,818
Expenses						
Administration fees (Note 7(b))	985,534	28,222	926,384	5,298	291,995	2,237,433
Employee compensation and expenses	158,440	4,555	149,075	864	27,212	340,146
Insurance	23,845	697	22,505	143	-	47,190
Office and general	3,045	408	3,009	75	525	7,062
Professional fees (Note 7(b))	656,236	12,212	673,493	18,838	3,507	1,364,286
Trustee compensation and expenses	236,751	6,716	221,438	1,209	40,532	506,646
	2,063,851	52,810	1,995,904	26,427	363,771	4,502,763
	60,057,189	2,439,509	60,733,224	234,116	1,215,543	124,679,581
Increase (decrease) in net assets	(1,893,637)	69,373	(447,065)	15,152	27,659	(2,228,518)
Net assets available for benefits, beginning of year (Note 4)	51,408,408	353,002	21,340,920	73,197	243,061	73,418,588
Net assets available for benefits, end of year (Note 4)	$ 49,514,771	$ 422,375	$ 20,893,855	$ 88,349	$ 270,720	$ 71,190,070
Increase (decrease) in net assets available for benefits represented by:						
Increase in claims fluctuation reserve	$ 531,900	$ -	$ 84,200	$ -	$ -	$ 616,100
Increase (decrease) in unallocated balance	(2,425,537)	69,373	(531,265)	15,152	27,659	(2,844,618)
Increase (decrease) in net assets available for benefits (Note 4)	$ (1,893,637)	$ 69,373	$ (447,065)	$ 15,152	$ 27,659	$ (2,228,518)

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

1. Significant Accounting Policies

Purpose of the Trust

The purpose of the Ontario Non-Union Education Trust (the "Trust") is to provide benefits to two separate groups of participants, Principals/Vice-Principals ("P/VP") and other non-union education sector employees ("CAEAS/ECAB") in the Province of Ontario. Each Plan is managed separately in order to provide benefits upon eligibility as further described in Note 7. The Trust was established March 8, 2018 with a participation date of April 1, 2018 for P/VP participants and June 1, 2018 for CAEAS/ECAB participants.

Basis of Accounting

These financial statements are prepared using Canadian accounting standards for pension plans, which are applicable to all benefit plan financial statements. For accounting policies that do not relate to the Trust's investment portfolio, the Trust has elected to apply Canadian accounting standards for private enterprises.

Revenue Recognition

School boards/Full-time equivalent ("FTE"), employer and employee/retiree contributions are recognized on an accrual basis in the month in which the amounts relate, based on agreed upon rates. Deferred contributions represent amounts received in advance for the following month's benefit costs.

Investments and Investment Income

All investment transactions are recorded when the risks and rewards of ownership are transferred. Investment transactions are recorded on a trade date basis. Investments are stated at their fair values. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where ascertainable, fair values of the underlying assets are based on public market prices or independent quotations. Where public market prices or quotations are not ascertainable, fair values are derived from use of inputs observed from markets, using methods such as discounted cash flows, earnings multiples, appraisals, prevailing market rates for instruments with similar characteristics and other pricing models, as appropriate.

Guaranteed Investment Certificates

Guaranteed investment certificates represent low-risk debt investments. Due to their short-term nature, the fair value of these investments approximates cost plus accrued interest or amortized discount/premium.

Interest income is recognized on a time proportionate basis, using the effective interest method. This method ensures that interest income is recognized in accordance with the passage of time and the applicable interest rate, reflecting the economic benefits earned during the reporting period.

1. Significant Accounting Policies (Continued)

Investments and Investment Income (continued)
Fixed Income Investment

The Trust invests in units of a fixed income pooled fund. Pooled funds are managed investments that pool assets in a diversified portfolio.

The Trust invests in units of a fixed income pooled fund. Pooled funds are managed investments that pool assets in a diversified portfolio.

Pooled funds are valued at the unit net asset values supplied by the pooled fund administrator, which represents the Trust's proportionate share of underlying net assets. The unit net asset value is determined based on the fair value of the underlying assets and liabilities of the pooled fund.

The Trust’s fair value holding in pooled funds is calculated as the unit net asset value of the pooled fund, multiplied by the number of units held by the Trust.

Investment income is the increase or decrease in the fair value of the pooled funds reflective of the fair value of the underlying investments held by the pooled funds. Dividends and interest are reinvested within the pooled funds. Distributions from pooled funds are recorded when declared by the pooled fund manager.

Provision for incurred but not reported claims
The Trust self-funds health and dental claims by members and these benefits are recorded on the accrual basis. Provision for incurred but not reported claims represents the amounts payable at period end for claims incurred, but not yet reported.

Income Tax Status
The Trust is an Employee Life and Health Trust pursuant to the provisions of the Income Tax Act. Accordingly, the net investment income earned by the Trust is subject to income tax to the extent investment income exceeds allowable expenses. In the year, there were sufficient deductions to result in no taxable income.

Use of Estimates
The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of changes in net assets available for benefits during the reporting period. Management estimates include self-funded benefits payable. Actual results could differ from management's best estimates as additional information becomes available in the future.

December 31, 2025

2. Investments

		2025	2024
Royal Bank of Canada			
Guaranteed investment certificates			
Due January 17, 2025 (5.11%)	**$**	**-**	$ 9,000,000
Due April 21, 2025 (3.80%)		**-**	9,235,603
Due April 22, 2025 (4.94%)		**-**	9,000,000
		-	27,235,603
Baker Gilmore & Associates Inc.			
Baker Gilmore Absolute Return Bond Fund I		**45,624,372**	21,137,265
	$	**45,624,372**	$ 48,372,868

3. Investment Income

		2025	2024
Interest	**$**	**1,284,871**	$ 3,383,430
Income from pooled fund		**1,860,335**	916,514
Fair value adjustment		**(280,724)**	(69,438)
	$	**2,864,482**	$ 4,230,506

4. Net Assets Available for Benefits

Year Ending December 31, 2025

	Claims Fluctuation Reserve	Unallocated Fund Balance	Total
Balance, beginning of year	**$ 12,274,700**	**$ 58,915,370**	**$ 71,190,070**
Decrease in net assets	**-**	**(9,369,453)**	**(9,369,453)**
Transfers to (from) reserve	**1,266,500**	**(1,266,500)**	**-**
Balance, end of year	**$ 13,541,200**	**$ 48,279,417**	**$ 61,820,617**

Year Ending December 31, 2024

	Claims Fluctuation Reserve	Unallocated Fund Balance	Total
Balance, beginning of year	$ 11,658,600	$ 61,759,988	$ 73,418,588
Decrease in net assets	-	(2,228,518)	(2,228,518)
Transfers to (from) reserve	616,100	(616,100)	-
Balance, end of year	$ 12,274,700	$ 58,915,370	$ 71,190,070

On March 22, 2021, the Trustees approved a Funding Policy that establishes the claims fluctuation reserve ("CFR") balance with respect to the P/VP Plan to be no less than 9.5% and the CAEAS/ECAB Plan to be no less than 11.5% of Plan expenses over a projected three year period. The Trustees have allocated $13,541,200 (2024 - $12,274,700) of cash, which is not available for current use, to represent a CFR equal to the required rate of estimated annual expenses of the respective Plans in accordance with the Funding Policy. As per the Trust Agreement, an annual actuarial valuation shall be prepared and will include projections of expenses of the the P/VP Plan and the CAEAS/ECAB Plan separately for a period of not less than three years into the future. If the actuarial report projects the CFR balance to be less than 8.3% of Plan expenses over a projected three year period, the Trustees shall take necessary actions to address the shortfall.

5. Financial Instrument Risks

The Trust may be exposed to a variety of direct and indirect financial risks including credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). These risks have not changed from the prior year.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Trust. While the Trust may have credit risk with respect to bonds, it manages this risk in part by investing, indirectly, in investment-grade and government bonds.

While the pooled fund investment may be exposed to credit risk with respect to bonds, the risk is managed by diversifying fixed income investments by issuer, market, and debt ratings. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. As of December 31, the bond holdings by credit rating are as follows:

	2025		2024	
	Amount	**Percent of Total (%)**	Amount	Percent of Total (%)
AAA	**$ 5,474,925**	**12**	$ 4,185,178	20
AA	**2,326,843**	**5**	930,040	4
A	**13,732,936**	**31**	7,398,043	35
BBB	**12,044,834**	**26**	7,947,612	38
BB	**12,044,834**	**26**	676,392	3
	$ 45,624,372	**100**	$ 21,137,265	100

The Trust also has credit risk to the extent that contributions receivable are not collectible. The Trust manages this risk by closely monitoring delinquent contributors and ensuring late contributions and deviations are pursued. The Trust is also exposed to credit risk arising from all of its bank accounts being held at one financial institution.

Liquidity Risk

The Trust is also exposed to *liquidity risk* in the event that investments must be sold quickly. The Trust's assets are primarily invested indirectly in securities that are traded in an active market or held in bank accounts or short term guaranteed investment certificates with one of the major Canadian financial institutions. These assets can be readily disposed of as liquidity needs arise, assuming orderly markets.

Market Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments. It arises when the Trust invests in interest-sensitive investments such as bonds and other fixed income investments.

Included in the Trust are investments in units of a pooled fund, which in turn invests in a diversified portfolio of fixed income assets. While the underlying investments of the pooled fund are susceptible to interest rate risk, the risk to the Trust is indirect in nature.

5. **Financial Instrument Risks (Continued)**

Market Risk (continued)
As at December 31, 2025, had prevailing interest rates on the interest-bearing investments in the underlying investments of the pooled funds been raised or lowered by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets available for benefits would have decreased or increased, respectively, by approximately $470,000 (2024 - $236,000). The Trust's sensitivity to interest rate changes was estimated using the weighted average duration of the portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The table below summarizes the exposure to interest rate risks by remaining term of maturity of fixed income investments held indirectly by the Trust:

December 31, 2025

	Less than 1 year	**1 - 3 years**	**3 - 5 years**	**> 5 years**	**Total**
Fixed Income Investments	**$22,629,688**	**$14,691,048**	**$3,148,082**	**$5,155,554**	**$45,624,372**

December 31, 2024

	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Fixed Income Investments	$5,305,454	$9,342,671	$782,079	$5,707,061	$21,137,265

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies exchange rates.

The Trust invests in units of a pooled fund, which in turn invests in a diversified portfolio of bonds. While the underlying investments of the pooled fund may be susceptible to currency risk, the investment manager enters into foreign exchange forward contracts to hedge its exposure to foreign currencies. A 5% change in foreign currencies relative to the Canadian dollar of the underlying assets of the pooled fund, with all other factors remaining constant, would be immaterial.

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency 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 a market. The Trust manages market risk by diversifying investments in accordance with the Trust's Statement of Investment Policies and Procedures, which is approved by the Trustees.

5. Financial Instrument Risks (Continued)

Financial Instruments Fair Value Hierarchy

Disclosure of a three-level hierarchy for fair value measurements is based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1:
For securities valued based on unadjusted quoted prices in active markets for identical assets.

Level 2:
For securities valued based on inputs, other than quoted prices included in Level 1, that are observable for the asset, either directly or indirectly.

Level 3:
For securities valued based on inputs that are based on unobservable market data.

As at December 31, 2025 and 2024, the investments are Level 2 within the fair value hierarchy. There were no transfers between levels during the year.

6. Capital Management

The Trust considers its capital to be its net assets available for benefits. The Trust's objective when managing its capital is to safeguard its ability to continue as a going concern so it can continue to provide benefits to eligible members. The Trustees monitor the Trust's financial position to ensure its objective is met.

The Trustees have adopted a Statement of Investment Policies and Procedures, most recently amended and approved May 2024, which summarizes the investment principles and guidelines to meet the objectives of the Plan and defines the Trust's capital management objectives, policies and processes adopted for the ongoing operation of the Plan.

The investment objective of the Trust is to optimize the risk-adjusted returns of the portfolio while providing sufficient liquidity and an acceptable level of volatility.

6. Capital Management (Continued)

As of December 31, 2025 and 2024, a secondary investment objective is the target asset mix as follows:

Asset Class	Minimum	Target	Maximum	Description
Cash and bank deposits (collectively “cash assets”)	$6 million - CAEAS/ECAB & P/VP	35% of net assets - CAEAS/ECAB 65% of net assets - P/VP	100% of net assets - CAEAS/ECAB & P/VP	Very low-risk; minimal risk of loss, highly liquid to meet cash flow needs except for term deposits/GIC's.
Fixed income	10% of net assets - CAEAS/ECAB 0% of net assets - P/VP	55% of net assets - CAEAS/ECAB 35% of net assets - P/VP	75% of net assets - CAEAS/ECAB 50% of net assets - P/VP	Typically, short duration; low risk of loss over a 3 year period.
Equities	0% of net assets - CAEAS/ECAB & P/VP	10% of net assets - CAEAS/ECAB 0% of net assets - P/VP	15% of net assets - CAEAS/ECAB 10% of net assets - P/VP	Moderate risk of loss over a 5-year period

The Trustees monitor the performance of the investment manager of the pooled funds, which includes but is not limited to annual reviews and ongoing evaluation of performance relative to standards appropriate to the pooled fund mandate.

7. Plan Information

(a) Description of Plan Benefits:

Actual benefits, including conditions and limitations thereto, are governed by the provisions of the Benefit Plans (the "Plans") established by the Trust and reference should be made to the Plan documents for more detailed information. The benefits of the Plans are provided to eligible members of the Plans and their dependants and vary based on whether the participant is a member of the P/VP Plan or the CAEAS/ECAB Plan and whether the member is active or retired.

The benefits of the Plan can be summarized as follows:

(1) Basic Life insurance (insured, refund basis)
(2) Supplemental and optional life insurance (insured)
(3) Accidental death & dismemberment insurance (insured)
(4) Global medical assistance (insured)
(5) Critical Illness (insured)
(6) Medical (self-funded)
(7) Dental (self-funded)
(8) Vision (self-funded)
(9) Paramedical (self-funded)
(10) Other (insured, self-funded)

(b) Administration and Professional Fees

Recipients of administration and professional fees are as follows:

	2025	2024
Administration		
Cowan Insurance Group	**$ 2,419,375**	$ 2,237,433
Professional fees		
Audit and tax		
BDO Canada LLP	**$ 67,507**	$ 67,480
Consulting		
Cubic Health Inc.	**799,466**	568,174
Eckler Ltd.	**663,001**	696,925
GeoResources Risk Solutions Inc.	**9,140**	-
Reformulary Group	**11,300**	-
Legal		
Koskie Minsky LLP	**1,546**	31,707
	$ 1,551,960	$ 1,364,286