LEGISLATIVE ASSEMBLY
SUPPLEMENTARY RETIRING ALLOWANCES
FUND
IQALUIT, NUNAVUT

FINANCIAL STATEMENTS
MARCH 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Legislative Assembly Supplementary Retiring Allowances Fund

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Management and Services Board recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Nunavut Legislative Assembly.

AON, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of accrued pension benefits of the Fund.

On behalf of the Management and Services Board

Tony Akoak
Chair

Stephen Innuksuk
Secretary

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Independent Auditors' Report

To the Members of the Legislative Assembly of Nunavut

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Legislative Assembly Supplementary Retiring Allowances Fund (the Fund), which comprise the statement of net assets available for benefits and accrued pension benefits and surplus as at March 31, 2025 and the statements of changes in net assets available for benefits, and obligations for pension benefits for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2025 and its financial performance and its cash flows 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund 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.

Other Matter

The financial statements of Legislative Assembly Supplementary Retiring Allowances Fund for the year ended March 31, 2025 were audited by Lester Landau Accounting Professional Corp. which has now become Baker Tilly Arctic Inc.

Baker Tilly Arctic Inc. is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

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 the financial statements that are free of material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund 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.

Report on Other Legal and Regulatory Requirements
We further report, in accordance with the *Supplementary Retiring Allowances Act*, in our opinion, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Legislative Assembly Supplementary Retiring Allowances Fund.

Baker Tilly Arctic Inc.

Iqaluit, Nunavut
October 1, 2025

Chartered Professional Accountants

LEGISLATIVE ASSEMBLY SUPPLEMENTARY RETIRING ALLOWANCES FUND
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AND SURPLUS
AS AT MARCH 31, 2025

	2025	2024
ASSETS		
Investments set aside by Sponsor (Note 4)	$ 38,428,612	$ 34,431,873
Accounts receivable	19,962	1,757
TOTAL ASSETS	38,448,573	34,433,630
LIABILITIES		
Accounts payable	32,929	30,804
Benefits payable	-	-
TOTAL LIABILITIES	32,929	30,804
NET ASSETS AVAILABLE FOR BENEFITS	38,415,644	34,402,827
ACTUARIAL VALUE OF ACCRUED PENSION BENEFITS	26,384,000	23,406,700
SURPLUS	$ 12,031,644	$ 10,996,127

LEGISLATIVE ASSEMBLY SUPPLEMENTARY RETIRING ALLOWANCES FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
INCREASE IN ASSETS		
Investment income		
Interest and dividends	$ 2,844,247	$ 983,166
Gain on sale of investments	88,427	21,170
	2,932,675	1,004,336
Change in fair value of investments	193,489	2,067,223
	3,126,164	3,071,559
Other income		
Other income	1,962	1,757
Funds set aside by the sponsor	1,917,100	1,823,700
TOTAL INCREASE IN ASSETS	5,045,226	4,897,017
DECREASE IN ASSETS		
Payment of benefits	900,596	907,598
Investment management fees	131,812	116,376
TOTAL DECREASE IN ASSETS	1,032,408	1,023,974
INCREASE IN NET ASSETS	4,012,818	3,873,042
NET ASSETS AVAILABLE FOR BENEFITS, OPENING	34,402,827	30,529,785
NET ASSETS AVAILABLE FOR BENEFITS, CLOSING	$ 38,415,644	$ 34,402,827

LEGISLATIVE ASSEMBLY SUPPLEMENTARY RETIRING ALLOWANCES FUND
STATEMENT OF OBLIGATIONS FOR PENSION BENEFITS
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
CHANGE IN ACCRUED BENEFITS		
Benefits earned	$ 1,921,100	$ 1,831,400
Interest accrued on benefits	1,219,000	1,114,700
Sponsor contribution receivable (Note 5)	(900,600)	(915,700)
Experience gain	737,800	-
NET DECREASE IN ACCRUED BENEFITS	2,977,300	2,030,400
ACTUARIAL PRESENT VALUE OF ACCRUED PENSION BENEFITS, OPENING	23,406,700	21,376,300
ACTUARIAL PRESENT VALUE OF ACCRUED PENSION BENEFITS, CLOSING	$ 26,384,000	$ 23,406,700

LEGISLATIVE ASSEMBLY SUPPLEMENTARY RETIRING ALLOWANCES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025

Note 1 DESCRIPTION OF PLAN

The Fund was established on March 6, 2002 pursuant to the Legislative Assembly's *Supplementary Retiring Allowances Act* (SRAA) and is administered by the Management and Services Board. The following description of the Legislative Assembly Supplementary Retiring Allowances Fund is a summary only. For a complete description of the Plan, reference should be made to the *Supplementary Retiring Allowances Act*.

In January 2010 the Management and Services Board terminated its arrangement with its investment fund manager (UBS Global Asset Management (Canada)) and on January 11, 2010, appointed Beutel Goodman & Company Limited as fund manager.

Assets appropriated to provide pensions under the *Supplementary Retiring Allowances Act* are held within the Government of Nunavut consolidated revenue fund. At all times, the Government of Nunavut ("GN") will retain ownership of these assets. The GN will not contribute amounts to a trust in respect of the Fund and the GN will ensure that assets set aside do not constitute trust property. The assets will not be subject to direct claim by any of the members, or other persons, who are entitled to receive benefits from the Fund and assets will be subject to the claims of the GN's general creditors. A custodial agreement exists with RBC Investor & Treasury Services, to hold and report those assets.

a) General

The Legislative Assembly Supplementary Retiring Allowances Fund (SRAF) is a contributory defined benefit plan for credited service after March 31, 1999. Newly elected Members are given the opportunity of joining the Plan at the time of their election.

b) Funding

Current service costs are set aside in the consolidated revenue fund of the Government of Nunavut at rates that are expected to provide for all benefits payable under the Plan. To participate in the Plan, Members must file an election in accordance with Section 7 of the *Supplementary Retiring Allowances Act*. If an election has been made, the member shall contribute to the Legislative Assembly Retiring Allowances Fund, in each month, an additional 2 1/2% of pensionable salary to the defined benefit limits as prescribed by the *Income Tax Act* (Canada). Funds set aside are equal to the amount certified by an actuary as being necessary to fully fund the benefits accruing under the Plan. The rates are reviewed by the Management and Services Board based on recommendations of the Plan's actuary as part of the valuation completed April 1st, following each general election.

Note 1 DESCRIPTION OF PLAN (continued)

c) Retirement Benefits

A retirement pension is payable to a Member, based on 3% of the average best earnings over four consecutive years as an MLA multiplied by credited service as an MLA.

PLUS

Three percent of the average best earnings over four consecutive years in each position of Minister, Speaker or Chairperson multiplied by credited service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

d) Normal Retirement Age

The earliest of:
Age 60
30 years of service
Age plus service equals 80

e) Early Retirement

A Member may retire at any time upon ceasing to be a Member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive a pension reduced by 0.25% for each month a Member Retires before the Normal Retirement Age.

f) Late Retirement

Up to age 69.

g) Maximum Allowance

For benefits earned, the Member's combined allowances payable in respect of a member or former member of the *Legislative Assembly Retiring Allowances Act* and the *Supplementary Retiring Allowances Act* shall not exceed 75% of the sum of:

(i) the average annual pensionable remuneration as a MLA, multiplied by the years of credited service to a maximum of 15 years and adjusted by the Consumer Price/Benefit index.

(ii) the average annual pensionable remuneration in each position of Minister, Speaker or Chairperson multiplied by credited service for each position to a maximum of 15 years and adjusted by the Consumer Price/Benefit index.

Note 1 DESCRIPTION OF PLAN (continued)

h) Form of Pension

The normal form of payment for service is joint between the Member and their spouse and is payable at 66 2/3% to the survivor on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter.

i) Increase in Pension

Pensions in pay and deferred pensions are increased every January 1 based on increases in the Consumer Price Index up to the preceding September 30.

j) Pre-Retirement Death Benefits

If a Member or former Member dies before retirement and is not eligible to receive a pension, their accumulated contributions with interest will be returned to the beneficiary. If a Member was eligible to receive a pension, it will be assumed that the Member retired on the day preceding their death and elected the normal form of pension.

k) Withdrawal Benefit

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. Benefit payment options include: immediate pension, deferred pension, lump sum payment, or an immediate or deferred fixed term allowance (15 years).

l) Fixed Term Benefit Payout

Within 90 days of leaving office, a former Member may elect to receive pension payments over a fixed term of 15 years. In addition a former Member may elect to defer the start of payments to a date of the Members' choice.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan Members. The financial statements are prepared to assist plan Members and others in reviewing the activities of the plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan Members. The financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

b) Funds Set Aside by the Sponsor

In accordance with Section 5 of the Supplementary Retiring Allowances Act all allowances and benefits are payable out of the Consolidated Revenue Fund of the Government of Nunavut out of monies appropriated for that purpose.

As a result the GN has set aside monies for the SRAF. These contributions are reflected as Funds Set Aside by the Sponsor on the Statement of Changes in Net Assets Available for Benefits. The accumulated funds are shown as Investments set aside by the Sponsor on the Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Surplus. These investments are recorded at fair value.

c) Valuation of Investments

Investments in units of pooled investment funds are recorded in the financial statements at fair value. The fair value of the units is based on the fair value of the underlying investments in the pooled investment funds. Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

d) Fair Value Hierarchy

Investment assets are classified and disclosed in one of the following categories reflecting the significance of inputs used in making the fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 – unobservable inputs.

Note 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue Recognition

Interest income is recognized on an accrual basis over the term of the interest-bearing instrument. Dividends are recognized as revenue on the declaration date of the respective amounts. Realized gains and losses on the sale of investments are reported as the net amount.

Note 3 ACTUARIAL VALUATION

An actuarial valuation of the plan was performed at April 1, 2018 and at April 1, 2022, by AON using the projected accrued benefit method prorated on service and the plan administrator's best estimate assumptions. The report was prepared in accordance with accepted actuarial practice.

The liabilities are extrapolated from the April 1, 2022 actuarial valuation. Each plan's liabilities have been estimated at April 1, 2023 by increasing the April 1, 2022 liabilities by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

The assumptions and methods used in the calculation of accounting costs for the 2025 fiscal year are based on the funding valuations performed at April 1, 2022, with two exceptions. The discount rate used to calculate the liabilities has been determined based on the yields on high quality Canadian corporate bonds as a proxy for the Government of Nunavut's cost of borrowing. At March 31, 2025, this discount rate was determined to be 4.9% per annum. The previous year used a discount rate of 4.9%. Secondly, the expected return on assets was determined to be 5.15% per annum for the year ending March 31, 2025. The previous year used a discount rate of 5.85%. Other assumptions include inflation rate of 2.8% and an increase in pensionable earnings commensurate with annual increases per the Collective Bargaining Agreement between the Nunavut Employees Union and the Minister Responsible for the Public Service Act as approved by the Management and Services Board.

Note 4 INVESTMENTS SET ASIDE BY THE SPONSOR

The fair values of all investments held by the Plan have been determined with inputs as described under the Level 1 category of the fair value hierarchy. As at March 31, 2025, the investments set aside by the Sponsor had a cost base of $35,313,102 (2024 - $31,439,919).

Note 5 RELATED PARTY TRANSACTIONS

The Fund's sponsor for the year incurred $99,684 (2024 - $96,847) in actuary fee expense and $8,951.25 (2024 - $8,115) in audit fee expense on behalf of the Fund.

Note 6 CAPITAL MANAGEMENT

The purpose of the Fund is to provide benefits to plan members. As such, when managing capital, the objective is to preserve assets in a manner that provides the Fund with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits and to have sufficient liquidity to meet all benefit and expense payments. The capital of the Fund consists of its surplus. Excluding the impact of investment income, the Fund is financed through member contributions. The surplus represents the difference between the net assets available for benefits and the actuarially determined accrued pension benefits on a going-concern basis. Actuarial valuations, which aid in the determination of the extent of the Fund's capital, are performed April 1st following each general election. Surpluses, as well as other relevant aspects of the Plan, are managed in order to comply with the externally imposed requirements of the Income Tax Act and the PBSA.

As at March 31, 2025, the Plan is not in violation of any externally imposed legal or regulatory requirements.