

The Edmonton Pipe Industry  
Health and Welfare Fund  
Financial Statements  
For the year ended December 31, 2024

**The Edmonton Pipe Industry Health and Welfare Fund**  
**Financial Statements**  
For the year ended December 31, 2024

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## Independent Auditor's Report

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To the Trustees of The Edmonton Pipe Industry Health and Welfare Fund

### Qualified Opinion

We have audited the financial statements of The Edmonton Pipe Industry Health and Welfare Fund (the "Fund"), which comprise the statement of financial position as at December 31, 2024, and the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund 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 Qualified Opinion

As agreed to by the Trustees of the Fund and in common with many benefit fund audits, the scope of our audit was limited to the records of the Fund and therefore, did not extend to an examination of the payroll records of the contributing employers. Accordingly, our verification of contribution revenue was limited to the amounts recorded in the records of the Fund and we were not able to determine whether any adjustments might be necessary to contribution revenue and increase in net assets for the years ended December 31, 2024 and 2023, assets and liabilities as at December 31, 2024 and 2023 and net assets available for benefits as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 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 of our qualified 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 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.

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## Independent Auditor's Report (Continued)

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
May 15, 2025

## The Edmonton Pipe Industry Health and Welfare Fund Statement of Financial Position

<b>December 31</b>	<b>2024</b>	<b>2023</b>
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### Assets

Cash	\$ 2,919,355	\$ 4,636,656
Investments (Note 2)	120,869,735	108,463,731
Contributions receivable	1,536,913	1,863,570
Accounts receivable	12,774	2,179,795
Prepaid expenses	2,417,021	2,416,745
Due from The Edmonton Pipe Industry Pension Trust Fund (Note 3)	<u>34,949</u>	<u>88,529</u>
	<u>127,790,747</u>	<u>119,649,026</u>

### Liabilities

Accounts payable and accrued liabilities (Note 4)	2,843,133	2,622,216
Self-funded benefits payable	260,512	500,568
Hour Bank (Note 5)	<u>22,961,159</u>	<u>22,706,287</u>
	<u>26,064,804</u>	<u>25,829,071</u>

<b>Net assets available for benefits (Note 6)</b>	<b>\$101,725,943</b>	<b>\$ 93,819,955</b>
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On behalf of the Board:

\_\_\_\_\_ Trustee

\_\_\_\_\_ Trustee

## The Edmonton Pipe Industry Health and Welfare Fund Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	2024	2023
<b>Increase in assets</b>		
Contributions	\$ 22,859,181	\$ 24,159,241
Reciprocal transfers, net	<u>3,644,994</u>	<u>4,180,720</u>
	26,504,175	28,339,961
Investment and other income (Note 7)	<u>12,935,354</u>	<u>5,559,577</u>
	<u>39,439,529</u>	<u>33,899,538</u>
<b>Decrease in assets</b>		
Benefit costs		
Health, dental, vision and short-term disability claims	24,922,467	22,877,984
Long-term disability premiums	1,444,586	1,917,043
Life insurance premiums	2,330,746	2,693,592
Accidental death and dismemberment premiums	193,716	191,020
Out-of-country insurance premiums	443,413	409,954
Members' optional life insurance premiums	<u>26,128</u>	<u>25,962</u>
	29,361,056	28,115,555
Increase in Hour Bank (Note 5)	254,872	1,871,871
Decrease in self-funded benefits payable	<u>(240,056)</u>	<u>(10,473)</u>
Total benefit costs	<u>29,375,872</u>	<u>29,976,953</u>
Fund management expenses (Note 8)	1,767,346	1,693,617
Investment services and custodial fees	<u>390,323</u>	<u>367,831</u>
Total expenses	<u>2,157,669</u>	<u>2,061,448</u>
	<u>31,533,541</u>	<u>32,038,401</u>
<b>Increase in net assets</b>	7,905,988	1,861,137
<b>Net assets available for benefits, beginning of year</b>	<u>93,819,955</u>	<u>91,958,818</u>
<b>Net assets available for benefits, end of year</b>	<u>\$101,725,943</u>	<u>\$ 93,819,955</u>

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

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# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

December 31, 2024

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### 1. Significant Accounting Policies

#### **Purpose of the Fund**

The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local 488 (the "Union") and the Construction Labour Relations - an Alberta Association Mechanical (Provincial) Trade Division Pursuant to Registration Certificate No. 27 (the "Party Employers") entered into an agreement and declaration of trust dated May 7, 1965 which has been amended and restated as of August 13, 2007. It provides for the establishment, maintenance, investment and administration of a fund known as The Edmonton Pipe Industry Health and Welfare Fund (the "Fund"), created pursuant to The Edmonton Pipe Industry Health and Welfare Plan (the "Health and Welfare Plan") which includes all restatements and amendments to July 1, 2023. The Health and Welfare Plan itself was established pursuant to a collective agreement between the Union and the Party Employers dated May 7, 1965 (the "Collective Agreement"). A new Collective Agreement was signed in 2025 and is effective until April 30, 2029.

The purpose of the Fund is to provide benefits to members of the Health and Welfare Plan upon eligibility as further described in Note 11.

#### **Basis of Presentation**

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 Fund's investment portfolio, the Fund has elected to apply Canadian accounting standards for private enterprises.

#### **Contributions**

Contributions are recognized on an accrual basis in the accounts on the basis of hours reported by the employers at rates set in the collective agreements.

#### **Investments and Investment Income**

All investments are reported at fair value.

#### *Cash*

Cash is reported at the fair value of the reporting currency, which is Canadian dollars.

#### *Pooled Funds*

Pooled funds are managed investments that pool assets in a diversified portfolio. The Fund holds pooled fund investments in bonds, mortgages, publicly traded equities and real estate.

Pooled funds are valued at the unit net asset values supplied by the pooled fund administrator, which represents the Fund'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 Fund'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 Fund.

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 managers.

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# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

December 31, 2024

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### 1. Significant Accounting Policies (Continued)

#### **Investments and Investment Income** (continued)

##### *Pooled Funds* (continued)

The realized gains or losses on sale of pooled funds sold during the year are determined by the excess of proceeds over average cost of investments sold and, accordingly, includes the applicable share of the excess of fair value over cost of investments at the beginning of the year.

The current period change in fair value of pooled funds represents the unrealized appreciation or depreciation of the fair value of investments held at year end less the related unrealized appreciation or depreciation at the previous year end.

##### *Limited Partnerships - Alternative Fixed Income*

The Fund holds units in a limited partnership, that in turn, holds private debt investments which are not publicly traded. The underlying private debt investments include assets such as corporate loans that are generally illiquid and do not have quoted market prices. The fair value of the underlying investments is determined using various methodologies as described in the limited partnership's audited financial statements.

The fair value of the Fund's investment in the limited partnership is based on its proportionate share of the limited partnership's net assets or equity as reported in its audited financial statements.

Investment income related to the Fund's holdings in the limited partnership includes the change in fair value of investments which represents the unrealized appreciation or depreciation of the fair value of investments held at year end less the related unrealized appreciation or depreciation at the previous year end.

Investment income is also earned within the limited partnership. To the extent that the Fund receives distributions from the limited partnership, they are based on the Fund's proportionate share of the limited partnership and are recorded when declared by the limited partnership investment manager.

The realized gains or losses on sale of limited partnership investments sold during the year are determined by the excess of proceeds over average cost of investments sold and, accordingly, includes the applicable share of the excess of fair value over cost of investments at the beginning of the year.

#### **Self-funded Benefits Payable**

The self-funded benefits payable represents an estimate of the amounts payable at year end for amounts incurred, but not yet reported. Amounts are determined by the Fund's Administrator/Consultant.

#### **Hour Bank**

The Hour Bank liability is calculated by dividing the accumulated Hour Bank hours as at December 31, 2024 by the monthly take-out to determine a "months of benefit" number, which is then multiplied by the monthly benefit cost as at December 31.



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# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

December 31, 2024

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### 1. Significant Accounting Policies (Continued)

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments are reported at fair value and all other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

#### Income Tax Status

The Fund is an Employee Life and Health Trust pursuant to the provisions of the Income Tax Act. Accordingly, the net investment income earned by the Fund 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.

#### Foreign Currency

Foreign currency investments are translated to Canadian dollars as follows:

At the transaction date, each investment, income or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, the investments are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in investment income in the current period.

#### 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 the reserve for adverse claims fluctuations, reserve for future plan benefits and self-funded benefits payable. Actual results could differ from management's best estimates as additional information becomes available in the future.

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 2. Investments

	2024	2023
(a) Investments by Investment Manager		
CBRE Investment Management Fund S.à.r.l.		
Global Investment Partners Global Alpha Fund		
CT3 TP1 DIS - Global Alpha Open Ended Fund	\$ 10,708,835	\$ -
Global Investment Partners Global Alpha Fund		
FCP FIS - Global Alpha Open Ended Fund	-	10,293,337
Cash and cash equivalents	111,810	9,345
	<u>10,820,645</u>	<u>10,302,682</u>
Northleaf Capital Partners (Canada) Ltd.		
Northleaf Senior Private Credit LP	13,681,517	12,494,391
RBC Global Asset Management Inc. (PH&N Institutional)		
Mortgage Pension Trust Fund	20,902,565	18,482,161
Short Core Plus Bond Fund	18,244,175	18,396,678
	<u>39,146,740</u>	<u>36,878,839</u>
TD Asset Management Inc.		
TD Emerald Low Volatility Canadian Equity		
Pooled Fund Trust	25,608,770	22,476,362
TD Emerald Low Volatility Global Equity		
Pooled Fund Trust	31,612,063	26,311,457
	<u>57,220,833</u>	<u>48,787,819</u>
	<u><b>\$120,869,735</b></u>	<u><b>\$108,463,731</b></u>

### (b) Statement of Investment Policies and Procedures

	Fund Policy Range %	Target Allocation %	2024 %	2023 %
Canadian equities	0 - 50	20.0	21.2	20.7
Foreign equities	0 - 50	25.0	26.2	24.3
Short term fixed income	10 - 40	15.0	15.1	17.0
Alternative fixed income	0 - 20	10.0	11.3	11.5
Mortgages	15 - 40	20.0	17.3	17.0
Real estate	0 - 20	10.0	8.9	9.5
		<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 3. Due from The Edmonton Pipe Industry Pension Trust Fund

The amount due from The Edmonton Pipe Industry Pension Trust Fund (the "Pension Fund") primarily represents shared expenses between the Fund and the Pension Fund for which the Fund remits payment for on behalf of both entities. The Fund and the Pension Fund are related by common board membership.

### 4. Accounts Payable and Accrued Liabilities

The Fund has entered into reciprocal agreements with other health and welfare funds. These agreements provide that contributions received on account of employees working in a jurisdiction other than their local union are remitted on a monthly basis to the local union of which they are a member. Included in accounts payable and accrued liabilities are \$27,586 (2023 - \$45,759) of reciprocal transfers payable.

### 5. Hour Bank

	2024	2023
Balance, beginning of year	\$ 22,706,287	\$ 20,834,416
Increase for the year	254,872	1,871,871
Balance, end of year	\$ 22,961,159	\$ 22,706,287

### 6. Net Assets Available for Benefits

Net assets available for benefits is comprised of the following:

**Year ending December 31, 2024**

	Reserve for Adverse Claims Fluctuations	Reserve for Future Plan Benefits	Unallocated	Total
Balance, beginning of year	\$ 3,448,627	\$ 18,705,383	\$ 71,665,945	\$ 93,819,955
Increase in net assets	-	-	7,905,988	7,905,988
Transfers to (from) reserves	310,701	1,616,572	(1,927,273)	-
Balance, end of year	\$ 3,759,328	\$ 20,321,955	\$ 77,644,660	\$101,725,943

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 6. Net Assets Available for Benefits (Continued)

Year ending December 31, 2023

	Reserve for Adverse Claims Fluctuations	Reserve for Future Plan Benefits	Unallocated	Total
Balance, beginning of year	\$ 3,285,470	\$ 14,922,898	\$ 73,750,450	\$ 91,958,818
Increase in net assets	-	-	1,861,137	1,861,137
Transfers to (from) reserves	163,157	3,782,485	(3,945,642)	-
Balance, end of year	\$ 3,448,627	\$ 18,705,383	\$ 71,665,945	\$ 93,819,955

#### Reserve for Adverse Claims Fluctuations

The Fund has established a reserve for adverse claims fluctuations to consider the risk that future claims in the aggregate will be higher than the amount supported by current funding rates. The reserve for adverse claims fluctuations has been established at approximately 15% of benefit claims paid in the most recent fiscal year. The balance in this reserve may or may not be adequate to provide the coverage required.

#### Reserve for Future Plan Benefits

The Fund has established a reserve for future plan benefits to support the payment of benefits to retired, disabled and spouses of deceased members. The reserve for future plan benefits is based on the the average monthly actual cost of benefits for such group of persons for the 12 months ended December 31, 2024 multiplied by 60 months. These benefits are provided at the discretion of the Board of Trustees based on the financial position of the Fund. In the event that adjustments are required, the Trustees may amend benefits or allocate funds to/from the reserve.

### 7. Investment and Other Income

	2024	2023
CBRE Investment Management Fund S.à.r.l.		
Investment and other income	\$ 53,054	\$ 55,689
Realized gains	526,138	332,237
Unrealized fair value adjustments	104,618	(1,072,438)
	683,810	(684,512)
Northleaf Capital Partners (Canada) Ltd.		
Investment and other income	1,374,310	1,224,842
Realized gains (losses)	67,732	(111,643)
Unrealized fair value adjustments	(135,720)	5,599
	1,306,322	1,118,798

## The Edmonton Pipe Industry Health and Welfare Fund

### Notes to Financial Statements

**December 31, 2024**

#### **7. Investment and Other Income (Continued)**

	<u>2024</u>	<u>2023</u>
RBC Global Asset Management Inc. (PH&N Institutional)		
Investment and other income	1,507,745	1,401,511
Realized losses	(26,212)	(625,586)
Unrealized fair value adjustments	788,391	1,567,844
	<u>2,269,924</u>	<u>2,343,769</u>
TD Asset Management Inc.		
Investment and other income	1,746,262	1,590,545
Realized gains	3,832,837	2,344,002
Unrealized fair value adjustments	2,855,291	(1,581,330)
	<u>8,434,390</u>	<u>2,353,217</u>
Bank interest	240,908	255,771
Other interest	-	172,534
	<u>240,908</u>	<u>428,305</u>
	<u>\$ 12,935,354</u>	<u>\$ 5,559,577</u>

#### **8. Fund Management Expenses**

Common expenses are allocated 60% to the Pension Fund and 40% to the Health and Welfare Fund.

	<u>2024</u>	<u>2023</u>
Direct expenses (recovery)		
Administration - claims	\$ 925,171	\$ 889,010
- regular	502,272	488,601
Independent trustees' fees	45,056	43,155
Audit (recovery)	44,683	(20,141)
Investment and other consulting fees	38,506	67,624
Fiduciary insurance	19,440	19,440
Computer maintenance	13,561	9,252
Office and general	29,849	37,666
Legal	-	1,730
	<u>1,618,538</u>	<u>1,536,337</u>

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 8. Fund Management Expenses (Continued)

	2024	2023
Common expenses shared with the Pension Fund		
Rent	127,932	127,932
Office expenses	146,927	138,964
Postage	49,057	53,189
Annual report to members	15,254	27,137
Travel, conferences and meeting expenses	27,393	37,896
Other shared expenses	5,035	7,627
Insurance	423	455
	372,021	393,200
Less: Pension Fund share	(223,213)	(235,920)
	148,808	157,280
Total	<b>\$ 1,767,346</b>	<b>\$ 1,693,617</b>

The Fund has engaged McAteer - Employee Benefit Plan Services Limited to provide administration services to the Fund.

### 9. Financial Instrument Risks

The Fund 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 Fund. The risk of default on transactions in listed securities is considered minimal, as the trade will fail if either party to the transaction does not meet its obligation. The Fund also has credit risk to the extent that contributions receivable are not collectible. The Fund manages this risk by closely monitoring delinquent contributors and ensuring late contributions and deviations are pursued.

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

December 31, 2024

### 9. Financial Instrument Risks (Continued)

#### Credit Risk (continued)

While the Fund may be exposed to credit risk with respect to bonds and mortgage investments within the PH&N pooled funds, it manages this risk by diversifying fixed income investments in accordance with the Fund's investment policy approved by the Trustees. As at December 31, the Fund's interest bearing investments by credit rating within the PH&N pooled funds are as follows:

	2024		2023	
	Interest-bearing Investments	% of Total	Interest-bearing Investments	% of Total
AAA	\$ 5,965,963	15	\$ 5,993,310	16
AA	1,080,450	3	928,981	3
A	3,644,561	10	3,138,302	10
BBB	4,067,346	10	5,640,113	15
< BB	802,508	2	800,212	2
Mortgages	19,819,994	50	16,190,774	43
Cash and short-term	3,765,918	10	4,187,147	11
	<b>\$ 39,146,740</b>	<b>100</b>	<b>\$ 36,878,839</b>	<b>100</b>

#### Liquidity Risk

The Fund is also exposed to *liquidity risk* in the event that investments must be sold quickly. The Fund's assets are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise, assuming orderly markets.

The Fund's investments in real estate, private debt and mortgages may be exposed to a higher degree of liquidity risk.

#### 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 Fund invests in interest-sensitive investments such as bonds and other fixed income investments that will fluctuate due to changes in prevailing levels of market interest rates. The Fund mitigates this risk by investing in interest-bearing investments with varying maturity dates.

As at December 31, the terms to maturity of interest-bearing investments within the PH&N pooled funds is as follows:

2024 (millions)	Less than 1 year	1 - 5 years	5 - 10 years	Total
Fixed income	\$ 7	\$ 23	\$ 9	\$ 39
2023 (millions)	Less than 1 year	1 - 5 years	5 - 10 years	Total
Fixed income	\$ 7	\$ 22	\$ 8	\$ 37

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# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

December 31, 2024

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### 9. Financial Instrument Risks (Continued)

#### **Market Risk** (continued)

As at December 31, 2024, had prevailing interest rates on the interest-bearing investments raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1.1 million (2023 - \$1.0 million). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the underlying investments in the pooled fund fixed income portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

*Currency risk* is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies. As at December 31, 2024, had the Canadian dollar appreciated or depreciated by 5% relative to other currencies, with all other variables held constant, net assets available for benefits would have decreased or increased, respectively by approximately \$0.5 million (2023 - \$1.1 million).

*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 Fund manages market risk by investing amounts in accordance with the Fund's investment policy approved by the Board of Trustees. If market prices of equity, real estate and private debt investments had increased or decreased by 5% on December 31, 2024, the net assets available for benefits of the Fund would have increased or decreased, respectively, by approximately \$4.1 million (2023 - \$3.6 million).

#### **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.



# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 9. Financial Instrument Risks (Continued)

#### Financial Instruments Fair Value Hierarchy (continued)

As at December 31, the following table represents a summary of investments held by level:

	2024	2023
Level 1 - cash and cash equivalents and equity pooled funds	\$ 57,332,643	\$ 48,797,164
Level 2 - fixed income pooled funds	18,244,175	18,396,678
Level 3 - mortgage and real estate funds	45,292,917	41,269,889
	<b>\$120,869,735</b>	<b>\$108,463,731</b>

The schedule below presents a reconciliation of Level 3 investments measured at fair value using unobservable inputs during the year. Realized and unrealized gains are included in investment income.

	2024	2023
Balance, beginning of year	\$ 41,269,889	\$ 43,422,418
Reinvested distributions	3,519,799	2,158,992
Sales	-	(3,762,000)
Realized gains (losses)	101,840	(303,513)
Unrealized fair value adjustments	401,389	(246,008)
	<b>\$ 45,292,917</b>	<b>\$ 41,269,889</b>

### 10. Capital Management

The Fund considers its capital to be its net assets available for benefits. The Fund'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 Fund's financial position and adjust benefits as required to ensure its objective is met.

There have been no changes in what the Fund considers to be its capital and there have been no significant changes to the Fund's capital management objectives, policies and processes in the year.

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# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

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### **11. Fund Information**

Description of the Plan benefits:

Actual benefits, including conditions and limitations thereto, are governed by the provisions of the Plan and reference should be made to the Plan documents for more detailed information.

The benefits of the Plan are provided to eligible members of the Plan and their dependants. Members and dependants are covered on the first day of the month following the month in which 320 hours have been accumulated in a member's Hour Bank. Such members are continuously covered provided that their Hour Bank contains at least 130 hours. Coverage is terminated when a member's Hour Bank falls below 130 hours with two exceptions: it is not terminated if the member makes self-contributions to the Fund, and it is not terminated in the event of disability under the Disability Credit Policy as the Plan credits the member's Hour Bank to maintain eligibility for a period of up to twenty four months at which point the member is then eligible to self pay. After termination, members can become eligible for benefits again by accumulating a balance of at least the monthly draw down amount in their Hour Bank. The maximum number of hours that members may accumulate in their Hour Bank is 2,600 hours.

The benefits of the Plan can be summarized as follows:

- (1) Life insurance
- (2) Accidental death and dismemberment
- (3) Weekly indemnity - members only (self-funded)
- (4) Long term disability - members only
- (5) Emergency travel assistance
- (6) Major medical (self-funded)
- (7) Dental (self-funded)
- (8) Vision care (self-funded)

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### **12. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the current year's financial statement presentation.