Grant Thornton

Financial Statements

Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia

December 31, 2013

Contents

Grant Thornton

Independent auditor's report

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To the Trustees of
Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia

We have audited the accompanying financial statements of the Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia, which comprise the statement of financial position as at December 31, 2013, and the statement of changes in net assets available for benefits and the statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia as at December 31, 2013, and the changes in net assets available for benefits and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Grant Thornton LLP

Halifax, Canada
December 8, 2014

Chartered Accountants

Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia

Statement of financial position

December 31	2013	2012
Assets		
Investment assets (note 3)	**$ 100,551,719**	$ 83,381,988
Contributions receivable		
Participants	**203,683**	252,391
Sponsors	**203,683**	252,391
	100,959,085	83,886,770
Liabilities		
Payables and accruals	**6,806**	24,756
Net assets available for benefits	**100,952,279**	83,862,014
Pension obligations (note 4)	**104,683,615**	95,172,615
Deficiency	**$ (3,731,336)**	$ (11,310,601)

Approved by the Trustees

____________________ Trustee ____________________ Trustee

See accompanying notes to the financial statements.

Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia

Statement of changes in net assets available for benefits

Year ended December 31	2013	2012
Revenue		
Changes in the fair value of investment assets and liabilities	$ 12,269,241	$ 5,342,279
Contributions (note 5)		
Participants	3,958,165	3,560,548
Sponsors	3,974,502	3,559,942
	7,932,667	7,120,490
Expenses		
Benefit payments (note 6)	2,665,051	2,052,599
Administrative (note 7)	446,592	417,989
	3,111,643	2,470,588
Increase in net assets available for benefits	$ 17,090,265	$ 9,992,181

Net assets available for benefits, beginning of year	$ 83,862,014	$ 73,869,833
Increase in net assets available for benefits	17,090,265	9,992,181
Net assets available for benefits, end of year	$ 100,952,279	$ 83,862,014

See accompanying notes to the financial statements.

Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia

Statement of changes in pension obligations

Year ended December 31	2013	2012
Pension obligations, beginning of year	**$ 95,172,615**	$ 86,683,615
Changes in pension obligations		
Changes in actuarial assumptions	**679,000**	(1,600,000)
Interest accrued on benefits	**5,594,000**	4,886,000
Experience gains and losses	**(976,000)**	886,000
Benefits accrued	**6,879,000**	6,370,000
Benefits paid	**(2,665,000)**	(2,053,000)
	9,511,000	8,489,000
Pension obligations, end of year	**$ 104,683,615**	$ 95,172,615

See accompanying notes to the financial statements.

1. Description of the Plan

The following description of the Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia (the "Plan") is a summary only. For more complete information, reference should be made to the Plan document.

a) General

In 1992, the Nova Scotia School Boards Association ("NSSBA") established the Pension Plan for the Non-Teaching Employees of the School Boards of Nova Scotia (the "Plan"). The Plan is governed by the Nova Scotia Pension Benefits Act and provides pension benefits for the non-teaching employees of participating Boards of the NSSBA. The Plan administration is the responsibility of the Board of Directors of the NSSBA (the "Board"). In turn, the Board established a Board of Trustees by an Agreement and Declaration of Trust (April 1992) to provide the general administration of the Plan. The Plan was initially established as a defined benefit plan, and a defined contribution provision was added in 2002.

With the exception of the Cape Breton-Victoria Regional School and the Halifax Regional School Board, each school board in the province participates in the Plan in whole or in part. The Plan's membership is diverse with representation from several union and non-union employee groups. There are approximately 2,126 (2012 – 2,020) members in the Plan.

The Board of Trustees are appointed by the Board with equal representation by employers and members. The administrator of the Plan is the Board and the general administration of the Plan is vested in the Trustees.

b) Funding policy

(i) Defined benefit plan
Effective July 29, 2012, the defined benefit plan is funded by employee and matching employer contributions of 8.5% of salary up to the YMPE per CPP and 11% of salary above the YMPE.

(ii) Defined contribution plan
Members of the defined contribution plan contribute at a rate of 5% of earnings and the employer matches the employee contribution

c) Service pensions

(i) Defined benefit plan
The basic pension formula for a member who retires on or after his normal or optional retirement date shall be entitled to an annual pension commencing on such retirement date in an amount equal to:

i. 1.5% of his best average earnings multiplied by his credited service prior to January 1, 2002; plus

ii. 1.5% of his best average earnings up to the average YMPE plus 2.0% of his best average earnings in excess of his average YMPE multiplied by his credited service after December 31, 2001.

1. Description of the Plan (continued)

c) Service pensions (continued)

(i) Defined benefit plan (continued)

Normal retirement date
The normal retirement date of a member retiring on or after January 1, 2002 shall be the first day of the month coincident with or next following the date the member attains age 60.

Optional retirement date
The optional retirement date for a member retiring on or after January 1, 2002 shall be the first day of the month coincident with or following the date the member attains at least age 55 and age plus eligibility service is equal to or greater than 80.

A member who retires according to the early retirement pension will be entitled to a pension benefit calculated according to the calculation above, reduced by the lesser of:

i. ½ of 1% for each month that his actual date of retirement precedes his normal retirement date; and

ii. ½ of 1% for each month that his age at retirement precedes the age on which he would have reached his optional retirement date, based on his eligibility service to his actual retirement date.

Early retirement date
A member who retires prior to his normal retirement date or his optional retirement date will be entitled to a pension benefit upon termination of employment and who has attained age 50 may retire at any time prior to his 60th birthday, and shall be entitled to receive a pension from the first day of the month coincident with or next following the date of such early retirement.

Postponed retirement date
If a member continues in employment beyond age 60, contributions in accordance with Section 18 shall continue until his date of actual retirement, or, if earlier, to December 1 of the year that he attains 71 years of age, at which date his pension benefit shall commence.

(ii) Defined contribution plan
Benefit payments to retired members, commuted value payments and transfers to other pension plans are recorded in the period in which they are paid. Accrued benefits are recorded as part of accrued actuarial liabilities.

Normal retirement date
The normal retirement date of a member shall be the first day of the month coincident with or next following the date the member attains age 60.

Early retirement date
A member who would otherwise be entitled to a pension benefit upon termination of employment and who has attained age 50 may retire at any time prior to his 60th birthday, and shall be entitled to receive a pension from the first day of the month coincident with or next following the date of such early retirement.

1. Description of the Plan (continued)

c) Service pensions (continued)

(ii) Defined contribution plan (continued)

Postponed retirement date
If a member continues in employment beyond age 60, contributions in accordance with section 18 shall continue until his date of actual retirement, or, if earlier, to December 1 of the year that he attains 69 years of age, at which date his pension benefit shall commence.

d) Survivors' pensions

(i) Defined benefit plan

Death before 24 months of Plan membership
In the event that a member dies before he has completed 24 months of continuous service while a member of the Plan, the member's beneficiary is entitled to the member's required contributions with interest payable as a lump sum payment, less withholding taxes.

Death after 24 months of Plan membership
In the event that a member dies before pension commencement but after completing 24 months of continuous service while a member of the Plan, a death benefit is payable in an amount equal to 60% of the commuted value of the member's pension.

(ii) Defined contribution plan

Death benefit
In the event that a member dies, the member's beneficiary is entitled to his required account, if any, and employer account payable.

e) Normal form of pension

The normal form of pension is an annuity payable in monthly instalments as follows:

(i) If a member does not have a spouse or common-law partner on the date that the first instalment is due to be paid, then the pension will be payable for the life of the member and in any event for a period of not less than 60 months. If a member dies before receiving 60 monthly payments, his beneficiary is entitled to receive the value of the remaining balance of the 60 payments.

(ii) if a member has a spouse or common-law partner on the date that the first instalment is due to be paid, then the pension will be payable for the life of the member. Upon the member's death the member's spouse or common-law partner, if then living, shall be entitled to receive for her life, monthly instalments equal to 60% of the member's monthly pension.

1. Description of the Plan (continued)

f) Withdrawal refunds

(i) Defined benefit plan

Termination before 24 months Plan membership
A member who terminates membership, for any reason other than death or retirement, before completing 24 months of continuous service while a member of the Plan, is entitled to his required contributions made to the Plan together with interest thereon payable.

Termination after 24 months Plan membership
A member who terminates membership, for any reason other than death or retirement, after completing 24 months of continuous service while a member of the Plan, is entitled to receive a deferred pension, commencing at his normal or optional retirement date.

(ii) Defined contribution plan

Termination before 24 months Plan membership
A member who terminates membership, for any reason other than death or retirement, before completing 24 months of continuous service while a member of the Plan, is entitled to his required account, if any.

Termination after 24 months Plan membership
A member who terminates membership, for any reason other than death or retirement, after completing 24 months of continuous service while a member of the Plan, is entitled to his required account, if any, and his employer account payable.

g) Income taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act (Canada) and is not subject to income tax.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

Accounting standards for pension plans require entities to select accounting policies for accounts that do not relate to its investment portfolio or pension obligations in accordance with either Part I (International Financial Reporting Standards ("IFRS")) or Part II (Canadian accounting standards for private enterprises ("ASPE")) of the CPA Canada Handbook - *Accounting*. The Plan selected to apply Part II for such accounts on a consistent basis and to the extent that these standards do not conflict with the requirements of the accounting standards for pension plans.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies

a) Financial instruments

Financial assets and financial liabilities are recognized when the Plan becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Financial assets and financial liabilities are subsequently measured as described below.

Investment assets
All investment assets are measured at fair value at the date of the statement of financial position in accordance with IFRS 13, *Fair Value Measurement* in Part I of the CPA Canada Handbook - Accounting. Fair values of investment assets and liabilities are determined as follows:

1. Pooled funds are valued at the unit value supplied by the pooled fund administrator and which represent the Plan's proportionate share of underlying net assets at fair value determined using closing bid prices.
2. Equities are valued at quoted closing bid prices. Where the bid price is not available or reliable, fair value is determined using accepted industry valuation methods.

Transaction costs are not included in the fair value of investment assets and investment liabilities either on initial recognition or on subsequent re-measurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.

Investment income, excluding changes in the fair value of investment assets and investment liabilities, and changes in the fair value of investment assets and investment liabilities are presented in the statement of changes in net assets available for benefits.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

a) Financial instruments (continued)

Contributions and other receivables
Contributions and other receivables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. A provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Plan will not be able to collect all of the amounts due. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Financial liabilities
Financial liabilities are measured subsequently at amortized cost using the effective interest method.

b) Pension obligations

The Plan is a defined benefit plan established for members. The pension obligations recognized in the statement of financial position are the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services.

c) Realized and unrealized gain (loss) on investments

Realized gains or losses on sale of investments are the difference between the proceeds received and the average cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

d) Contributions

Contributions from the members and employers are recorded on an accrual basis. Cash received from members for credited service and from other pension plans for transfers are recorded when received.

e) Benefits

Benefit payments to retired members, commuted value payments and refunds to former members are recorded in the period paid. Accrued benefits are recorded as part of the accrued pension benefit obligation.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

f) Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Investments and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year end date with any resulting foreign exchange gain or loss included in revenue.

g) Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue and expenses are discussed below:

Fair value of financial instruments
Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Pension obligations
Management estimates the pension obligations annually with the assistance of an independent actuary; however, the actual outcome may vary due to estimation uncertainties. The estimate of its pension obligation of $104,684,000 (2012 - $95,173,000) is based on assumed rates of retirement, mortality, and contributory hours. Discount factors are determined at or near year end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

h) New accounting standards not yet adopted

The International Accounting Standards Board ("IASB") has issued a number of new and amended standards which are not yet effective and have not been early adopted by the Plan. The relevant new guidance includes:

- IFRS 9, *Financial Instruments*. The new standards will replace IAS 39, *Financial Instruments: Recognition and Measurement* and includes guidance on recognition and derecognition of financial assets and financial liabilities. The new standard is effective for annual periods beginning on or after January 1, 2018 and early application is permitted.
- IAS 32, *Financial Instruments: Presentation.* The amended standard will address inconsistencies in current practice when applying the offsetting criteria. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and clarify that some gross settlement systems may be considered equivalent to net settlement. The amended standard is effective for annual periods beginning on or after January 1, 2014.
- IFRIC 21, *Levies*. This standard is an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. It establishes criteria for the recognition of a liability to pay levies imposed by governments other than income taxes. The new standard is effective for annual periods beginning on or after January 1, 2014.

Management does not expect any significant impact on either the Plan's financial position or performance when adopting these new standards.

i) Accounting standards adopted during the year

The IASB issued a new standard, IFRS 13, *Fair Value Measurement* ("IFRS 13"), which provides a standard definition of fair value, sets out framework for measuring fair value and provides for specific disclosures about fair value measurements. Since Section 4600 requires the use of International Financial Reporting Standards, Part I of the CPAB Handbook, for fair value measurement of investment assets, the Plan was required to adopt this new standard. IFRS 13 defines fair value 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. The Plan determined that the adoption of IFRS 13 had no impact on the net assets available for benefits, and the changes in net assets available for benefits. In addition, the adoption of IFRS 13 has not resulted in any additional disclosures to these financial statements.

3. Investment assets

Details of investment assets by type are as follows:

	December 31 2013		December 31 2012	
Canadian equities				
Manulife Asset Management Canadian Equity Index Fund	$ 30,490,698	30.3%	$ 25,986,720	31.2%
Foreign equities				
Manulife BlackRock US Equity Index Fund	16,144,292	16.1%	12,341,394	14.8%
Manulife BlackRock International Equity Index Fund	15,802,710	15.7%	13,446,767	16.1%
	31,947,002	31.8%	25,788,161	30.9%
Total equities	62,437,700	62.1%	51,774,881	62.1%
Fixed income				
Manulife Asset Management Canadian Bond Index Fund	28,339,905	28.2%	31,607,107	37.9%
Manulife Asset Management Strategic Fixed Income	9,774,114	9.7%	-	-
	38,114,019	37.9%	31,607,107	37.9%
Total investments	$ 100,551,719	100%	$ 83,381,988	100%

The following overall target asset mix has been approved by the Trustees:

Equities	
Canadian	30%
Foreign	30%
Total equities	60%
Total fixed income	40%

4. Pension obligations

Actuarial valuations of the Plan are required every three years by the "Agreement and Declaration of Trust" and provide an estimate of the accrued pension benefits (plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Morneau Shepell, performed a valuation as at December 31, 2013 and issued their report in October 2014.

4. Pension obligations (continued)

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the employee's projected five year average salary at the expected date of retirement. The public sector generational method was adopted for the actuarial valuation to determine the current cost and actuarial liability for the current year. The major economic and demographic assumptions used in the valuation are as follows:

	2013	2012
Inflation	**2.5% per annum**	2.5% per annum
Average salary increase	**3.5% per annum**	3.25% per annum
Discount rate	**5.75% per annum**	5.75% per annum
Average retirement age	**62 years**	62 years
Mortality	**CPM – RPP 2014 public sector generational using improvement scale CPM – B**	CPM – RPP 2014 public sector generational using improvement scale CPM – A

5. Contributions

	2013	2012
Participants' contributions		
Current service	**$ 3,957,360**	$ 3,559,708
Past service	**805**	840
	$ 3,958,165	$ 3,560,548
Sponsors' contributions		
Current service	**$ 3,957,360**	$ 3,559,708
Interest	**17,142**	234
	$ 3,974,502	$ 3,559,942

6. Benefit payments

	2013	2012
Retirement benefit payments	**$ 1,816,528**	$ 1,464,159
Termination benefit payments	**814,541**	440,387
Death benefit payments	**33,982**	148,053
	$ 2,665,051	$ 2,052,599

7. **Administrative expenses**	2013	2012
Administration fee - NSSBA	$ 17,000	$ 9,500
Professional accounting fees	16,543	14,188
Fiduciary liability insurance	11,475	-
Committee expenses	13,339	8,114
Actuarial, administration and consulting - Morneau	188,385	197,227
Investment management fees - Manulife	183,792	188,960
Annual filing fee	16,058	-
	$ 446,592	$ 417,989

8. Financial instruments

The Plan is exposed to a variety of financial risks which include market price risk, interest risk, currency risk, credit risk and liquidity risk. These risks are moderated through careful selection of securities and other financial instruments within the Plan's investment guidelines managed by the investment custodian, Manulife Financial.

For all the risks noted below, there has been no change in the Plan's investment guidelines to manage risks from the previous year.

a) Market price risk

Market price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments.

Using various correlations between the Plan's return as compared to its benchmark, the best estimate of the effect on net assets due to a reasonably possible change in equity indices, with all other variables held constant is set out below.

	(+/-) 5% index movement impact on net assets
Manulife Asset Management Canadian Equity Index Fund	$ 1,525,000
Manulife BlackRock International Equity Index Fund	807,000
Manulife BlackRock US Equity Index Fund	790,000

8. Financial instruments (continued)

b) Interest risk

Interest rate risk refers to the fact that the Plan's financial position will change with market interest rate changes, as fixed income securities are sensitive to changes in nominal interest rates. Interest rate risk is inherent in the management of a pension fund due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities.

The value of the Plan is affected by short term changes in nominal interest rates.

As at December 31, 2013, if prevailing interest rates were to decrease or increase by 25 bps, net assets in relation to all interest bearing instruments held in the Plan would have increased or decreased respectively by approximately $493,000.

c) Currency risk

Foreign currency exposure arises from the holding of investments denominated in foreign currencies. Management believes that for every 1% change in value of the Canadian dollar versus all other currencies, the Fund is impacted by 0.32%. This would result in a $319,000 change in the investments as at December 31, 2013.

d) Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss. The maximum credit risk exposure associated with the Plan's financial assets is the carrying value.

The investment fund includes debt securities that are subject to credit risk.

The market value of debt instruments includes consideration of the credit worthiness of the issuer, and accordingly represents the main concentration of credit risk. The risk is generally lower if the issuer has a high credit rating or no credit rating. As at December 31, 2013, the Plan invested in debt securities with the following credit ratings:

Portfolio by Rating Category	Percentage
AAA/Aaa/AAA/Bonds A++	45.1%
AA/Aa/AA/Bonds A+	20.3%
A/A/A/Bonds A	25.2%
BBB/Baa/BBB/Bonds B++	9.4%
BBB/Ba/BB/Bonds B+	0.0%

8. Financial instruments (continued)

e) Liquidity risk

Liquidity risk is the risk of not meeting the cash obligations of the Plan in an efficient manner. Cash obligations are fulfilled from contributions to the Plan, cash income of the Plan and planned dispositions of Plan assets as required. Cash requirements of the Plan are reviewed on an on-going basis to provide for the orderly availability of resources to meet the financial obligations of the Plan.

The following are the contractual maturities of financial liabilities:

	Payments due by year ending December 31, 2013				
	Total	**Less than 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
Payables and accruals	**$ 6,806**	**$ 6,806**	**$ -**	**$ -**	**$ -**

	Payments due by year ending December 31, 2012				
	Total	Less than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Payables and accruals	$ 24,756	$ 24,756	$ -	$ -	$ -

Fair value disclosure
The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

8. Financial instruments (continued)

e) Liquidity risk (continued)

The Plan's assets recorded at fair value have been categorized based upon a fair value hierarchy. The following fair value hierarchy table presents information about the Plan's assets measured at fair value on a recurring basis at December 31, 2013.

The fair value of investments:

	Level 2	
	December 31 2013	December 31 2012
Canadian equities		
Manulife Asset Management Canadian Equity Index Fund	**$ 30,490,698**	$ 25,986,720
Foreign equities		
Manulife BlackRock US Equity Index Fund	**16,144,292**	12,341,394
Manulife BlackRock International Equity Index Fund	**15,802,710**	13,446,767
	31,947,002	25,788,161
Total equities	**62,437,700**	51,774,881
Fixed income		
Manulife Asset Management Canadian Bond Index Fund	**28,339,905**	31,607,107
Manulife Asset Management Strategic Fixed Income	**9,774,114**	-
	38,114,019	31,607,107
Total investments	**$ 100,551,719**	$ 83,381,988

All of the investments have been classified as Level 2.

9. Capital management

The Plan defines its capital as the funded deficiency of the Plan, as determined annually based on the fair value of net assets and actuarial liabilities, provided by the actuarial valuation prepared by the Plan's independent actuary (note 4). The Plan's objective is to ensure the Pension Plan is fully funded over the long term through the management of investments, contribution rates and benefits. Investments are based on an asset mix that is projected to enable the Plan to meet or exceed its long term funding requirement within an acceptable level of risk, consistent with the written established investment policies and procedures approved by the Board of Trustees. The funded status of the Plan and related cash flows are also impacted by the level of contributions received and benefits paid.

9. Capital management (continued)

The NSSBA manages the contributions and plan benefits as requested by its regulations. The NSSBA approves expenses to administer the commerce of the Plan.

Actuarial valuations of the Plan are required at least every three years by the "Agreement and Declaration of Trust" and provide an estimate of the accrued pension benefits (Plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuary, Morneau Shepell, performed a valuation as at December 31, 2013 and issued their reporting in October 2013.

Order in Council 2012-397 ("OIC 397") was issued on December 21, 2012 as an amendment to the Pension Benefits Regulations (the "Regulations"), and changes the solvency funding requirements applicable to the NSSBA Plan. The Plan is now exempted from on-going solvency deficit funding, though the solvency position must still be monitored and if the solvency ratio is below 85%, annual actuarial valuations of the Plan are required. The December 31, 2013 actuarial valuation report prepared by Morneau Shepell determined that the Plan's solvency deficiency was $27,787,000 (2012 - $45,545,000) and the solvency ratio was 78.0% (2012 - 66.2%). The next full valuation will therefore be performed as at December 31, 2014.