

Ministry of Advanced Education Student Aid Fund

Annual Report for 2022-23

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Letters of Transmittal



Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report of the Saskatchewan Student Aid Fund for the Ministry of Advanced Education for the fiscal year ending March 31, 2023. The financial statements included were prepared by the Ministry of Advanced Education and audited by the Provincial Auditor of Saskatchewan.

A handwritten signature in black ink, appearing to be 'Gordon S. Wyant'.

The Honourable Gordon S. Wyant, K.C.
Minister of Advanced Education

The Honourable
Gordon S. Wyant, K.C.,
Minister of
Advanced Education

The Honourable Gordon S. Wyant, K.C.,
Minister of Advanced Education

Dear Minister:

We, the Trustees of the Student Aid Fund, have the honour of presenting the Annual Report of the Saskatchewan Student Aid Fund for the fiscal year ending March 31, 2023.

During the year under review, the programs provided through the Fund contributed to a high degree of accessibility to post-secondary education and provided services to meet the needs of individuals and communities in the province.

Financial assistance provided through the Fund aligns with the strategies and key actions identified in the 2022-23 Business Plan for the Ministry of Advanced Education and *Saskatchewan's Growth Plan 2020-2030* to ensure students succeed in post-secondary education.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'Denise Macza'.

Denise Macza
Trustee

A handwritten signature in blue ink, appearing to be 'Max Hendricks'.

Max Hendricks
Trustee

A handwritten signature in blue ink, appearing to be 'Donna Johnson'.

Donna Johnson
Trustee

Student Aid Fund Overview

Introduction

The 2022-23 Annual Report of the Saskatchewan Student Aid Fund (the Fund) provides an overview of the Fund's organization and student aid provided in the form of loans, scholarships, and grants. The report also includes the Fund's March 31, 2023 financial statements.

Mandate Statement

The Ministry of Advanced Education is responsible for the post-secondary education sector that supports a growing Saskatchewan and that leads to a higher quality of life. The ministry places a high priority on meeting the needs of students by ensuring that this sector is accessible, responsive, sustainable, accountable and provides quality education. Working with the post-secondary institutions, the ministry is focused on providing opportunities for all students, especially First Nations and Métis people, to prepare them to live, work and learn in Saskatchewan.

The Saskatchewan Student Aid Fund

The Saskatchewan Student Aid Fund was created in 1949 by the Government of Saskatchewan to ensure students would not be denied access to post-secondary education or training due to lack of financial resources. The Fund administers programs that provide repayable and non-repayable financial assistance to qualified Saskatchewan residents enrolled in approved post-secondary education programs.

Students who receive financial support through the Fund are able to pay for tuition, books, accommodations and other necessities, allowing them to enroll in post-secondary studies and gain skills that will lead to improved employment and income earning opportunities. For many of these students, pursuing a post-secondary education would have been difficult or impossible without support.

Authority for the administration of the Saskatchewan Student Aid Fund is provided by *The Student Assistance and Student Aid Fund Act*, 1985 and related regulations. This legislation calls for the following criteria:

- three trustees to administer the Fund;
- a Scholarship, Bursary, and Loan Committee to make recommendations to the Minister responsible for post-secondary education; and
- the ministry, over which that minister presides, to operate the Fund.

Student aid programs have evolved over the years with the goal of continuing to improve financial accessibility for Saskatchewan students. Throughout this process, many changes have been implemented to streamline the assessment, approval, and repayment of student loans.

The Canada-Saskatchewan Integrated Student Aid Program is delivered jointly by the Governments of Canada and Saskatchewan. Financial assistance provided by both levels of government is aligned, where possible, to provide maximum benefit to the student.

The 2022-23 Saskatchewan Student Aid Fund Annual Report represents only Saskatchewan loans, scholarships, and grants. The exception is federal programs that are issued or administered through the Fund. Students who receive Saskatchewan student aid are also likely to receive federal loans and grants and may have received funding from other sources as well. Annual report information on the federal portion of loans and grants can be found at: <http://www.canada.ca/en/employment-social-development/programs/canada-student-loans-grants.html>

Alignment with Government's Direction

The 2022-23 activities of the Saskatchewan Student Aid Fund align with Saskatchewan's three goals:

>> Government Goals

A Strong Economy

Strong Communities

Strong Families

The Ministry of Advanced Education's goal of ensuring that students succeed in post-secondary education supports the Government of Saskatchewan's plan to improve student outcomes by building the knowledge, skills and competencies needed to succeed in the labour market as outlined in the *Saskatchewan Growth Plan 2020-2030*. One of the strategies to support this goal is to invest in supports that ensure post-secondary education is accessible and affordable to all students.

The Saskatchewan Student Aid Fund supports government's goal for a growing province of 1.4 million people and the creation of 100,000 more jobs by 2030. Saskatchewan's post-secondary education system will play a critical role in building a stronger province by helping meet the growth target of 100,000 jobs. It will support Saskatchewan people to acquire the skills and abilities that meet the needs of the labour force, and enhance Saskatchewan's economy through growth in technology, research and innovation.

The Saskatchewan Student Aid Program is critical to ensuring all Saskatchewan learners have the opportunity to access post-secondary education and contribute to the success of Saskatchewan's next decade of growth. Through the Fund, the Ministry of Advanced Education is well positioned to work with the sector, industry and other areas of government to develop, retain and attract skilled workers. This provides support that builds strong families, strong communities and ultimately a strong economy.

Student Aid Programs

Full-Time Student Loans and Grants

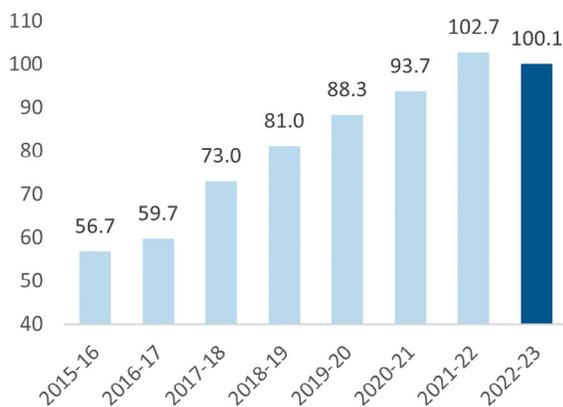
Student aid for full-time students is provided through the Canada-Saskatchewan Integrated Student Aid Program. All applications are assessed to determine financial need and applicants are automatically considered for both student loans and grants. Financial need is determined by subtracting the contributions expected from the student and student’s family from the educational and living costs allowed under the program. The amount of loans and grants a student is eligible to receive depends on factors such as program length, household income and family size.

Grants target low-income students and provide up to \$30 per week of study (or \$1,000 for eight months). The grants progressively decline as annual income increases. The average up-front grant increased by roughly one per cent in 2022-23 to \$895. Students may also receive up to \$227 per week of study in Saskatchewan Student Loans. The exception is medical students, who can be approved for a Saskatchewan Student Loan of up to \$365 per week. There are also a number of provisions to accommodate students with disabilities.

In addition, the Saskatchewan Advantage Scholarship provides \$750 per year (to a lifetime maximum of \$3,000) for eligible Grade 12 graduates, including Adult Basic Education graduates.

Saskatchewan continues to invest in targeted affordability, access and opportunity supports for post-secondary students. In 2022-23, the Fund disbursed a total of \$100.1 million in loans and up-front grants (Chart 1). Over 20,000 full-time students benefited from just loans alone in 2022-23 (Chart 2). Since 2015-16, full-time student aid in the form of loans and grants has increased by 76.5 per cent while the number of full-time students receiving loans has grown by 57.4 per cent.

Chart 1
Financial Assistance for Full-time Students (\$M)



Source: Advanced Education One Client Service Model Records

Chart 2
Number of Full-Time Students Receiving Student Loans (000s)



Source: Advanced Education One Client Service Model Records

Interest-Free Status

The provincial government pays the interest on student loans while the student is attending a designated educational institution. Students are only responsible for the interest on Saskatchewan Student Loans once they complete their studies.

Repayment of Student Loans

Students with Canada-Saskatchewan Integrated Student Loans make payment arrangements with the National Student Loans Service Centre.

The Saskatchewan Student Loan Forgiveness for Nurses and Nurse Practitioners program provides up to \$4,000 per year in Saskatchewan Student Loan forgiveness to a maximum of \$20,000 over five years to a nurse or nurse practitioner working in a Saskatchewan community of 10,000 people or fewer. A similar program for veterinarians and veterinary technologists was introduced in 2021-22.

Repayment options are available to students who are unable to meet the repayment terms of their loan agreements. Repayment terms may be revised or interest and repayment relief may be provided through debt management tools.

Debt Management Tools

There are a variety of debt management tools available for borrowers with a Canada-Saskatchewan Integrated Student Loan who are unable to meet the repayment terms.

The **Repayment Assistance Plan - Stage 1** provides repayment deferral to eligible borrowers for a maximum of 60 months. Borrowers make affordable payments that are applied first to principal and then to interest when their income is above the minimum threshold but insufficient to cover the entire required payment. Borrowers do not make monthly payments when their income is below the minimum threshold.

The **Repayment Assistance Plan - Stage 2** provides loan forgiveness to borrowers demonstrating prolonged financial hardship who have either exhausted Repayment Assistance Plan - Stage 1 benefits or who have been in repayment for 10 years.

Borrowers make affordable payments that are applied first to principal and then to interest when their income is above the minimum threshold but insufficient to cover the entire required payment. Borrowers do not make monthly payments when their income is below the minimum threshold. The province (or the federal government in the case of Canada Student Loans) covers the balance of the required payment to ensure that the borrower's debt is completely paid by the end of 15 years from loan consolidation.

On November 1, 2022, the Saskatchewan Student Aid Program and Canada Student Financial Assistance Program introduced enhancements to the Repayment Assistance Plan to further improve affordability of student loan repayment. Enhancements include an increase in the minimum income threshold for different family sizes and capping monthly loan payments at 10 per cent of income.

The **Permanent Disability Benefit** is available to all borrowers whose disability prohibits employment or retraining, regardless of when their loan was issued. For borrowers with less severe disabilities whose potential for employment or retraining are impaired, the Repayment Assistance Plan for Borrowers with a Permanent Disability provides loan forgiveness over a maximum 10-year period. Under this plan, borrowers make affordable payments when their income is above the minimum thresholds but is insufficient to cover the entire required payment.

Other Saskatchewan Student Grants

The *Saskatchewan Grant for Services and Equipment for Students with Disabilities* provides a maximum of \$2,000 per year to Saskatchewan students to cover exceptional education-related expenses directly related to the student's permanent disability.

The *Saskatchewan Student Grant for Part-Time Studies* provides for direct educational costs up to a maximum of \$800 per year to high-need students who are enrolled in part-time studies.

Federal Awards Issued or Administered through the Student Aid Fund

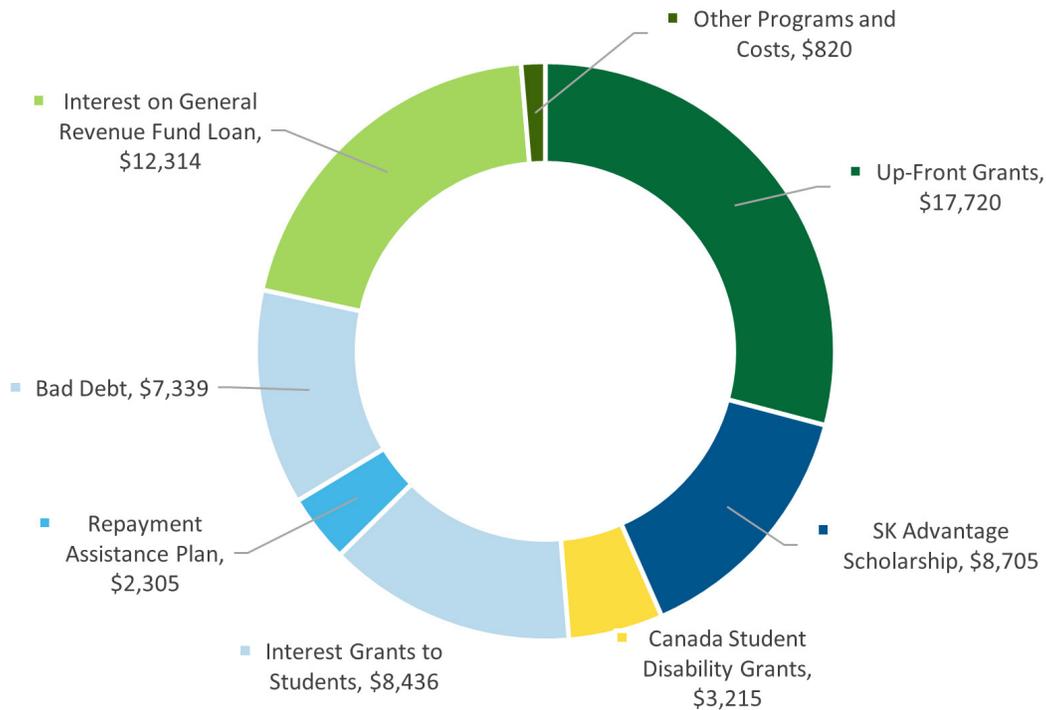
The *Canada Grant for Services and Equipment for Students with Disabilities* provides up to \$20,000 per program year to students to cover exceptional education-related expenses directly related to the student's permanent disability. The grant is administered by the Ministry of Advanced Education.

Program Expenses

Chart 3 summarizes the different types of supports provided by the Student Aid Fund in 2022-23 to help students pursue post-secondary education and manage their debt. Total Student Aid Fund expenses grew by 27.9 per cent in 2022-23 to \$60.9 million, up from \$47.6 million in 2021-22.

Chart 3

2022-23 Expenses of the Student Aid Fund (000s)



Summary of 2022-23 Awards and Benefits

Below is a summary of awards and benefits that were paid out of the Student Aid Fund in 2022-23 to assist students in the pursuit of post-secondary education.

	Number of Students	Total Amount
Saskatchewan Full-Time Student Loans Disbursed	20,287	\$ 82,916,946
Student Debt Reduction Benefits		
Repayment Assistance Plan – Stage 1	5,843	\$ 1,802,792
Repayment Assistance Plan – Stage 2	594	\$ 317,756
Accelerated Repayment Assistance Plan for Borrowers with a Permanent Disability	1,059	\$ 962,612
Permanent Disability Benefit	7	\$ 38,329
Saskatchewan Student Loan Forgiveness for Nurses and Nurse Practitioners	149	\$ 380,902
Saskatchewan Student Loan Forgiveness for Veterinarians and Veterinary Technologists	4	\$10,700
Saskatchewan Student Grants		
Saskatchewan Student Grant for Full-time Studies	19,176	\$ 17,155,400
Saskatchewan Student Grant for Part-time Studies	474	\$ 325,660
Saskatchewan Advantage Scholarship	12,496	\$ 8,704,438
Student Disability Grants	166	\$ 67,093
Saskatchewan Grant for Services and Equipment for students with Disabilities	9	\$14,448
Canada Student Grants		
Canada Grant for Services and Equipment for Students with Disabilities	997	\$ 3,214,744

Data source: Advanced Education One Client Service Model Records

2022-23 Financial Overview

Management's Responsibility for Financial Statements

The accompanying financial statements are the responsibility of the management of the Ministry of Advanced Education. They have been prepared in accordance with Canadian public sector accounting standards, using management's best estimates and judgements where applicable.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Trustees of the Student Aid Fund are responsible for ensuring that management fulfills its responsibilities for financial reporting, internal control and administering the Fund in accordance with *The Student Assistance and Student Aid Fund Act, 1985* and related regulations. The Trustees meet with management to satisfy themselves that management's responsibilities are properly discharged and to review the financial statements. The accompanying financial statements for the year ended March 31, 2023 have been approved by the Trustees of the Student Aid Fund.

The Provincial Auditor of Saskatchewan has audited the financial statements of the Student Aid Fund in accordance with Canadian generally accepted auditing standards and her report follows.

Regina, Saskatchewan



Corinne Barnett
Executive Director, Corporate Finance
Ministry of Advanced Education

May 24, 2023

Provincial Auditor's Report



PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Saskatchewan Student Aid Fund, which comprise the statement of financial position as at March 31, 2023, and the statement of operations and changes in net financial assets, and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Saskatchewan Student Aid Fund as at March 31, 2023 and the results of its operations and changes in net financial assets and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Saskatchewan Student Aid 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.

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 public sector accounting standards for Treasury Board's approval, 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 Saskatchewan Student Aid 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 Saskatchewan Student Aid Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.



PROVINCIAL AUDITOR
of Saskatchewan

- 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 Saskatchewan Student Aid 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 Saskatchewan Student Aid 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 Saskatchewan Student Aid 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 identified during the audit.

Regina, Saskatchewan
May 10, 2023

A handwritten signature in black ink that reads "T. Clemett".

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Financial Statements

Saskatchewan Student Aid Fund Statement of Financial Position For Year Ended March 31, 2023

	(thousands of dollars)	
	<u>2023</u>	<u>2022</u>
Financial Assets		
Due from General Revenue Fund (Note 6)	\$ 4,640	\$ 1,344
Appropriation Due from General Revenue Fund	1,500	4,500
Accrued Interest	79	5
Other Receivables	2,575	2,517
Student Loans Receivable (Note 4)	<u>358,318</u>	<u>312,042</u>
Total Financial Assets	<u>\$ 367,112</u>	<u>\$ 320,408</u>
Liabilities and Net Financial Assets		
Liabilities		
General Revenue Fund Loan (Note 7)	\$ 360,500	\$ 314,500
General Revenue Fund Interest Payable (Note 7)	3,530	1,573
Due to Royal Bank of Canada	10	25
Other Accounts Payable	<u>810</u>	<u>616</u>
Total Liabilities	<u>\$ 364,850</u>	<u>\$ 316,714</u>
Net Financial Assets	<u>\$ 2,262</u>	<u>\$ 3,694</u>
	<u>\$ 367,112</u>	<u>\$ 320,408</u>

(See accompanying notes to financial statements)

Saskatchewan Student Aid Fund
Statement of Operations and Changes in Net Financial Assets
For Year Ended March 31, 2023

	(thousands of dollars)		
	Budget Note 9	Actual 2023	Actual 2022
Revenue:			
Appropriation from the General Revenue Fund - SAF	\$ 27,000	\$ 30,500	\$ 29,500
Appropriation from the General Revenue Fund - SAS	7,125	8,625	9,125
Grant - Federal Canada Student	2,800	3,215	2,832
Interest Revenue from the General Revenue Fund (Note 6)	25	186	11
Interest on Student Loans	6,100	12,475	4,853
Loan Discount Amortization	5,000	4,395	3,905
Recovery of Bad Debt	-	9	6
Other Income	-	17	6
	<u>\$ 48,050</u>	<u>\$ 59,422</u>	<u>\$ 50,238</u>
Expense:			
Saskatchewan Student Grants	\$ 16,200	\$ 17,155	\$ 17,347
Saskatchewan Advantage Scholarship	9,000	8,705	9,261
Provincial Student Grants - Other	300	565	330
Student Disability Grants	1,000	67	1,003
Canada Student Grants	2,800	3,215	2,831
Interest Grants to Students	4,900	8,436	4,409
Royal Bank Interest Differential	-	-	(1)
Repayment Assistance Plan	4,500	2,305	3,890
Nurses Loan Forgiveness	600	165	538
Veterinarians Loan Forgiveness	150	18	156
Permanent Disability/Death Benefit	500	148	508
Bad Debt	8,300	7,339	1,592
Interest on General Revenue Fund Loan (Note 7)	11,200	12,314	5,361
Service Provider Costs	275	304	259
Collection Costs	125	118	129
	<u>\$ 59,850</u>	<u>\$ 60,854</u>	<u>\$ 47,613</u>
(Decrease) Increase in Net Financial Assets for the year	\$ (11,800)	\$ (1,432)	\$ 2,625
Net Financial Assets, beginning of year	<u>3,694</u>	<u>3,694</u>	<u>1,069</u>
Net Financial Assets, end of year	<u>\$ (8,106)</u>	<u>\$ 2,262</u>	<u>\$ 3,694</u>

(See accompanying notes to financial statements)

**Saskatchewan Student Aid Fund
Statement of Cash Flows
For Year Ended March 31, 2023**

	(thousands of dollars)	
	2023	2022
Cash Receipts provided by (used in) Operating Activities		
Receipts from General Revenue Fund	\$ 42,125	\$ 35,625
Receipts from Federal Government	3,642	3,094
Receipts from Student Loan Repayments Including Interest	34,682	30,129
Receipts of Bank Interest	113	8
Payment of Student Loan Disbursements	(82,894)	(85,378)
Payments to Royal Bank	(18)	(26)
Payments for Scholarships, Grants and Other Student Support	(29,528)	(30,895)
Payments of Interest on General Revenue Fund Loan	(10,357)	(4,508)
Payments of Service Provider and Collection Costs	(469)	(381)
Payments for Returned Expense	-	1
Total Operating	\$ (42,704)	\$ (52,331)
Cash Receipts provided by (used in) Financing Activities		
Receipts from General Revenue Fund Loan	\$ 79,000	\$ 80,000
Repayments of General Revenue Fund Loan	(33,000)	(29,000)
Total Financing	\$ 46,000	\$ 51,000
Net increase (decrease) in Due from General Revenue Fund	\$ 3,296	\$ (1,331)
Due from General Revenue Fund, beginning of year	1,344	2,675
Due from General Revenue Fund, end of year	\$ 4,640	\$ 1,344

(See accompanying notes to financial statements)

SASKATCHEWAN STUDENT AID FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

1. Authority

The Saskatchewan Student Aid Fund (the Fund) operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. The primary purpose of the Fund is to support the Saskatchewan Student Loan Program. The Trustees of the Fund administer the Fund.

2. Description of the Program

Under the terms of the Saskatchewan Student Loan Program, student loans are provided to qualifying individuals based on a determination of need. Loans are interest-free while the student is in full time studies and for a maximum of six months between periods of study. They become repayable on the first day of the seventh month following discontinuance of studies or graduation; however, interest begins to accrue on the first day of the first month following discontinuance of studies or graduation.

Program benefits, including maintenance of loans in interest-free status during periods of study, provision of grants, debt reduction benefits and debt management benefits, are tied to loan years, which commence August 1 and end July 31 of each year.

Provincial student loans managed through the Fund consist of:

- loans financed by Royal Bank during the period August 1, 1996 to July 31, 2001; and
- loans financed by the Province effective August 1, 2001, under the Canada-Saskatchewan Integration Agreement for the Administration of Federal and Provincial Student Loans.

Benefits of the Saskatchewan Student Loan Program are available to borrowers under both program regimes.

For Canada-Saskatchewan integrated student loans issued under the Canada-Saskatchewan Integration Agreement for the Administration of Federal and Provincial Student Loans:

- the Ministry of Advanced Education (the Ministry) provides loan authorization for both Saskatchewan and Canada loans;
- an external agency (service provider) manages loan disbursement, administration, and repayment; and
- the Government of Canada is responsible for the collection of bankrupt and defaulted loans.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards issued by the Public Sector Accounting Board. A statement of re-measurement gains and losses has been omitted as there were no relevant transactions to report.

The following accounting policies are considered significant:

a) Basis of Accounting

These financial statements are prepared using the accrual basis of accounting.

b) Student Loans Receivable

Student Loans Receivable are recorded at cost less allowances. Cost includes the amount advanced, accrued interest and other charges, less repayments and grants. Simple interest is charged on loans following the interest-free in school period. Payments on loans are first applied to interest, then to outstanding principal.

For loans held by the Fund, allowances are deducted from loans receivable for the following:

- i) estimated uncollectible loans due to default on repayment, based on past collection experience;
- ii) the cost of holding student loans in interest-free status; and
- iii) estimated debt reduction and debt management benefits.

c) Revenue

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made.

Interest on Student Loans, Interest Revenue from the General Revenue Fund and Other Income are recorded when receivable.

Recovery of Bad Debt is recorded when received.

d) Expense

Saskatchewan Student Grants and Saskatchewan Advantage Scholarships are recorded when the transfer is authorized and as eligibility criteria are met by students over their period of study.

The Royal Bank Interest Differential, Repayment Assistance Plan, Nurses Loan Forgiveness, Veterinarians Loan Forgiveness, Permanent Disability/Death Benefit, and Bad Debt Expense are recorded based on estimates of expected utilization.

Interest Grants to Students reflect the cost of holding student loans in interest-free status during periods of study. The cost is recorded at the time of loan disbursement and amortized to revenue over the estimated interest-free term (Loan Discount Amortization).

Interest on General Revenue Fund Loan is recorded over the term of the loan.

Collection Costs and Service Provider Costs are recorded in the period that the service was provided.

Canada Student Grants, Student Disability Grants and Provincial Student Grants – Other are expensed when approved and eligibility criteria are met.

e) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 revenue and expense during the reporting period. Actual results could differ from those estimates.

Measurement uncertainty impacts Student Loans Receivable (Note 4).

f) Financial Instruments

The Fund's significant financial instruments consist of Due from General Revenue Fund, Appropriation Due from General Revenue Fund, Accrued Interest, Other Receivables, Student Loans Receivable, General Revenue Fund Loan, General Revenue Fund Interest Payable, Due to Royal Bank of Canada and Other Accounts Payable. All financial instruments are measured at cost or amortized cost.

g) New Accounting Standards

PS 3400 Revenue (effective April 1, 2023) is a new standard establishing guidance on how to account for and report on revenue. Specifically, it addresses revenue arising from exchange transactions and unilateral transactions. The Fund plans to adopt this new standard on the effective date and is currently analyzing the impact this will have on these financial statements.

PS 3280 Asset Retirement Obligation (effective April 1, 2022) is a new standard establishing guidance on accounting for a liability for retirement of tangible capital assets. The Fund assessed the impact of the new standard and has determined it has no impact on the Fund.

4. Student Loans Receivable

Student Loans Receivable consist of amounts owing by borrowers for loans granted through the Canada –Saskatchewan Integration Agreement (2023 - \$446,960 thousand; 2022 - \$390,690 thousand), offset by debt reduction benefits payable, debt management benefits payable and the allowance for uncollectible loans.

	(thousands of dollars)	
	2023	2022
Gross Student Loans Receivable, beginning of year	\$ 390,690	\$ 332,908
Add:		
New loans during the year	82,918	85,414
Legal fees	1	(3)
Interest earned on student loans	13,060	5,191
Deduct:		
Loan repayments	(35,103)	(30,293)
Amounts authorized to reduce loans	(3,669)	(2,150)
Loans written off	(937)	(377)
Gross Student Loans Receivable, end of year	<u>\$ 446,960</u>	<u>\$ 390,690</u>
Gross Student Loans Receivable	\$ 446,960	\$ 390,690
Allowance for Repayment Assistance Plan	(20,768)	(21,548)
Allowance for Nurses Loan Forgiveness	(1,809)	(2,024)
Allowance for Veterinarians Loan Forgiveness	(164)	(157)
Allowance for Permanent Disability/Death Benefit	(1,394)	(1,440)
Interest Grants to Students	(10,424)	(6,384)
Allowance for Uncollectible Loans	(54,083)	(47,095)
Student Loans Receivable	<u>\$ 358,318</u>	<u>\$ 312,042</u>

Variability in Student Loans Receivable

Estimation is a factor in the following offsets to Gross Student Loans Receivable:

Allowance for Repayment Assistance Plan is an estimate of future costs based on projected months of repayment assistance utilization and estimates for program uptake.

Allowance for Nurses Loan Forgiveness is an estimate of future costs based on projected average debt levels and estimates of program uptake.

Allowance for Veterinarians Loan Forgiveness is an estimate of future costs based on projected average debt levels and estimates of program uptake.

Allowance for Permanent Disability/Death Benefit is an estimate of future costs based on estimates of program utilization in relation to projections of future average value of loans in study, loans in repayment and defaulted loans.

Interest Grants to Students is calculated assuming that students remain in school for an average of three years and applying the Fund's borrowing rate.

Allowance for Uncollectible Accounts

The Fund is exposed to losses in the event that borrowers default on repayment of their student loans. The Fund's maximum risk is represented by Gross Student Loans Receivable.

Management estimates are used to determine the dollar value of loans expected to be uncollectible. Interest income continues to be earned on all loans to the point of write-off. The recorded Allowance for Uncollectible Loans includes provision for interest income earned on impaired loans.

The allowances could reasonably be expected to fluctuate in the next twelve months as follows:

	(thousands of dollars)		
	2023		2022
	Actual	Range of Accruals	Actual
Allowance for Repayment Assistance Plan	\$ 20,768	\$15,336 to \$28,656	\$ 21,548
Allowance for Nurses Loan Forgiveness	\$ 1,809	\$1,495 to \$2,152	\$ 2,024
Allowance for Veterinarians Loan Forgiveness	\$ 164	\$146 to \$182	\$ 157
Allowance for Permanent Disability/Death	\$ 1,394	\$1,129 to \$1,687	\$ 1,440
Interest Grants to Students	\$ 10,424	n/a	\$ 6,384
Allowance for Uncollectible Loans	\$ 54,083	\$51,401 to \$56,850	\$ 47,095

5. Financial Instruments and Risk Management

Through its financial assets and liabilities, the Fund is exposed to various risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in so doing, cause a loss for the other party. For the Fund, credit risk is significant with respect to potential non-repayment of student loans.

Mitigation processes aimed at minimizing credit losses begin with procedures that support the granting of loans and are ongoing throughout the loan life cycle such as conducting credit checks, providing repayment support to low-income borrowers, and undertaking well defined procedures for addressing loan delinquencies.

Loans are interest-free during periods of study and become repayable on the first day of the seventh month after graduation or discontinuation of study. The Fund's maximum risk is represented by Gross Student Loans Receivable detailed in Note 4.

The following table sets details of Gross Student Loans Receivable and Allowance for Uncollectable Loans:

	(thousands of dollars)	
	2023	2022
Loans in Study (no payments due)	\$204,246	\$198,965
Loans in Repayment:		
Current or Receiving Debt Management Benefits	202,821	160,654
Up to 270 Days Past Due (Delinquent)	11,124	8,360
Over 270 Days Past Due (Default)	28,769	22,711
Loans in Repayment, Principal and Accrued Interest	\$242,714	\$191,725
Total – Gross Student Loans Receivable	\$446,960	\$390,690
Allowance for Uncollectible Loans	(54,083)	(47,095)
Debt reduction and debt management benefits payable	(34,559)	(31,553)
Student Loans Receivable	\$358,318	\$312,042

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Loans in Repayment and General Revenue Fund Loan are subject to interest rate risk related to repayment terms.

For Loans in Repayment, the current portfolios have effective interest rates of 4.9% to 7.2% (2022 – 2.7% to 6.5%). Interest rates are charged pursuant to *The Student Assistance and Student Aid Fund Regulations, 2001* and *The Saskatchewan Student Direct Loans Regulations*.

For the majority of loans held by the Fund, interest rates are set at the option of the student either at a floating rate or a fixed rate at the time of loan consolidation. The floating rate is equal to prime and the fixed rate equal to prime plus 2.5%.

Interest Rates for Loans in Repayment are as follows:

Interest Rate	(thousands of dollars)	
	2023	2022
2% - 2.9%	\$ 0	\$190,216
3% - 3.9%	0	0
4% - 4.9%	17	11
5% - 5.9%	11	15
6% - 6.9%	239,753	28
7% - 7.9%	25	0
Loans in Repayment, Principal	\$239,806	\$190,270

The total interest revenue earned on loans in repayment is a small portion of the Fund's total revenue. Changes in interest rates and the resultant increase or decrease in Interest on Student Loans revenue are managed within the Fund's finances or, if necessary, through changes in the appropriation from the General Revenue Fund.

Interest rates for the General Revenue Fund loan are adjusted quarterly and reflect the Province's eight-year cost of borrowing. Resources to manage the cost of borrowing are provided to the Fund through an annual appropriation. Variations in interest rates are managed within the Fund's finances or, if necessary, through changes in the appropriation from the General Revenue Fund.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting financial obligations as they fall due. Management undertakes regular cash flow analyses to ensure that there are sufficient cash resources to meet all obligations. Further, the Fund's liquidity risk is minimal as the Fund's bank accounts are supported by the Province of Saskatchewan.

6. Due from General Revenue Fund

The Fund's bank accounts, with a balance of \$4,640 thousand (2022 - \$1,344 thousand) are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Under the terms of the Consolidated Offset Bank Concentration arrangement, interest rates are based on the General Revenue Fund's 30-day borrowing rate and the Fund's average daily bank account balances. Interest is calculated and paid quarterly by the General Revenue Fund.

The General Revenue Fund's 30-day borrowing rate for 2023 ranged from 0.51% to 4.52% (2022 – 0.11% to 0.5%), which resulted in interest revenue of \$186 thousand (2022 - \$11 thousand).

7. General Revenue Fund Loan

Effective August 1, 2001, the Province assumed responsibility for the financing of student loans. Loans from the General Revenue Fund totalling \$360.5 million (2022 - \$314.5 million) have been provided to the Fund to support this role.

Under the terms of the loan agreement with the General Revenue Fund, interest rates are based on the General Revenue Fund's eight-year cost of borrowing and principal loan payments are calculated as the sum of debt reduction benefits applied against student loans, the principal portion of student payments received by the Fund and accounts written off.

The General Revenue Fund's average eight-year cost of borrowing rate for 2023 was 3.8% (2022 – 1.9%), which resulted in interest expenses of \$12.3 million (2022 – \$5.3 million) and interest owing of \$3.5 million (2022 - \$1.5 million).

8. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to its Trustees, who are the key management personnel of the Fund, and all Government of Saskatchewan ministries, agencies, boards, school divisions, health authority, regional colleges, and crown corporations under the common control by the Government of Saskatchewan (collectively referred to as "related parties").

The Fund has a number of related party transactions with the General Revenue Fund included in these financial statements.

Routine operating transactions with the General Revenue Fund settled at normal trade terms include \$39.1 million of transfer revenue (2022 - \$38.6 million) and \$1.5 million (2022 - \$4.5 million) of transfers receivable.

Other related party transactions with the General Revenue Fund are disclosed separately in Note 6 – Due from General Revenue Fund and Note 7 – General Revenue Fund Loan.

In accordance with established government practice, the Fund's administrative and occupancy costs were paid by the Ministry. Accordingly, no provision for these costs is reflected in these financial statements.

9. Budget

The operating budget was approved by the Trustees of the Student Aid Fund on June 17, 2022.

Saskatchewan Student Aid Fund
Compendium of Payee Details (unaudited)
For the Year-ended March 31, 2023

Details of Expenditure - Supplier Summary

Goods and Services

Listed by payee are expenses of \$50,000 or more for the provision of goods and services, including travel, office supplies, communications, contracts, and equipment.

Employment and Social Development Canada	\$402,047
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For More Information

If you have any questions or comments, we invite you to call 1-800-597-8278 or contact:

Ministry of Advanced Education
1120-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

The Ministry of Advanced Education produces three annual reports:

- The Ministry of Advanced Education Annual Report 2022-23
- Student Aid Fund Annual Report 2022-23
- Training Completions Fund Financial Statements 2022-23

To obtain more information about the program and services contained in these Financial Statements or to view other annual reports, visit our website at [saskatchewan.ca](https://www.saskatchewan.ca).