Innovation Saskatchewan

Annual Report for 2017-18
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Letter of Transmittal and Message from the Board Chair

His Honour, the Honourable W. Thomas Molloy, Lieutenant Governor of Saskatchewan

May it Please Your Honour:

Innovation Saskatchewan is the Government of Saskatchewan agency responsible for advancing our province's innovation agenda and priorities. It co-ordinates government's strategic direction in research, development, science and technology. It also works collaboratively with industry and stakeholders to encourage the commercialization of technology and increased competitiveness.

Knowledge and innovation will play an important part in Saskatchewan's future economic success. The province already has a rich legacy of groundbreaking research in its areas of strength and opportunity, including agriculture, biotechnology, carbon capture and storage, oil and gas recovery, and nuclear medicine. To go even further, this past year, Innovation Saskatchewan promoted industry engagement with its funded research institutes, encouraging and supporting their pursuit of research agenda that would help solve technical challenges faced by industry in the province. The agency funded research and development in several areas, including mining, oil and gas, biotechnology, nuclear medicine, global food security and more.

In the 2017-18 fiscal year, Innovation Saskatchewan supported and facilitated research, development and the commercialization of new technologies important to Saskatchewan’s growth. This included a strategic focus on Saskatchewan technology entrepreneurs and startups innovating new technologies and trying to build a company around that technology in the province. As part of that focus, the agency funded and launched Co.Labs, Saskatchewan’s first technology incubator. In less than a year, Co.Labs coached and mentored 37 technology startups in the province, which in turn secured over $2.85 million in private equity investment. Innovation Saskatchewan also worked with stakeholders to help attract and retain skilled workers and to sustain the rapid growth of the technology sector through a number of initiatives that are proving successful.

The Government of Saskatchewan’s investments through Innovation Saskatchewan have been paying off. By working together with key stakeholders, industry leaders and all levels of government, Innovation Saskatchewan is helping to advance innovation for Saskatchewan people, and for the province’s economic growth.

Honourable Tina Beaudry-Mellor
Minister Responsible for Innovation Saskatchewan
Chair of the Innovation Saskatchewan Board of Directors
The Honourable Tina Beaudry-Mellor, Minister Responsible for Innovation Saskatchewan

Dear Minister Beaudry-Mellor:

I have the honour of submitting the Annual Report of Innovation Saskatchewan for the fiscal year ending March 31, 2018. This report has been prepared and carefully reviewed under my direction, and accurately represents the activities and accomplishments of our agency during the past year.

Wes Jickling
Chief Executive Officer
Innovation Saskatchewan
Introduction

This annual report for Innovation Saskatchewan (IS) presents the agency’s results for the fiscal year ending March 31, 2018. It demonstrates the agency’s commitment to effective public performance reporting, transparency and accountability.

IS’s activities in 2017-18 align with the Government of Saskatchewan’s vision “… to be the best place in Canada – to live, to start a business, to get an education, to raise a family, and to build a life,” as well as its four goals:

- Sustaining growth and opportunities for Saskatchewan people;
- Meeting the challenges of growth;
- Securing a better quality of life for all Saskatchewan people; and
- Delivering a responsive and responsible government.

Together, all ministries and agencies support the achievement of these goals and work towards a secure and prosperous Saskatchewan.
Agency Overview

Innovation Saskatchewan (IS) is the Government of Saskatchewan’s special operating agency responsible for implementing the province’s innovation priorities. Its primary responsibilities are to:

- Manage and administer the government’s research funding contracts with the province’s post-secondary institutions and research organizations;
- Support the growing advanced technology sector in Saskatchewan;
- Provide recommendations and advise the provincial government regarding its policies and direction in the areas of research and development, science and technology; and
- Engage with industry, researchers, universities, entrepreneurs and other government ministries to co-ordinate and promote economic growth through the innovation and commercialization of new technologies.

Located at the Innovation Place research park in Saskatoon, IS works to produce social and economic benefit for the people of Saskatchewan through innovation. Through The Innovation Saskatchewan Act, proclaimed on November 2, 2009, the role of IS is to:

- Facilitate the co-ordination and strategic direction of the Government of Saskatchewan’s support for research and development, and science and technology—with the objective of fostering the development of new ideas, products and processes—to ensure the long-term sustainable growth of Saskatchewan’s economy;
- Provide advice and guidance to the Government of Saskatchewan with respect to its science and technology policy, and to establish, measure, monitor and report on the Government of Saskatchewan’s strategies and goals for advancing innovation in Saskatchewan;
- Co-ordinate and support the establishment and maintenance of science, research and development infrastructure in Saskatchewan;
- Provide recommendations and advice to the Government of Saskatchewan with respect to research, development, demonstration and the commercialization of new technologies and innovative processes in Saskatchewan, including policies that may better co-ordinate, support, foster, promote and facilitate research, development, demonstration and the commercialization of technology;
- Undertake any program or activity, on request of the Lieutenant Governor in Council, for the purposes of achieving the objectives described above; and
- Undertake any other prescribed programs and activities.
Board of Directors

IS is led by a board of directors with years of experience in innovation. Board members have diverse backgrounds in industrial sectors of importance to Saskatchewan, and offer a breadth of Canadian perspectives. The board provides leadership and strategic direction to the agency.

Some of the key responsibilities of the board include:

- Supervision of the Chief Executive Officer (CEO) in managing the affairs of IS;
- Reviewing and approving IS's annual budget; and
- Reviewing and approving projects seeking funding through designated IS funds.

The members of the IS Board of Directors for 2017-18 were:

**Honourable Tina Beaudry-Mellor (Chair)**
Minister Responsible for Innovation Saskatchewan

**Honourable Jeremy Harrison (Vice-Chair)**
Minister of Trade and Export Development
Minister of Immigration and Career Training

**Mr. Trevor Thiessen**
President, Redekop Manufacturing, Saskatoon, SK

**Ms. Pam Haidenger-Bains**
Consultant, Saskatoon, SK

**Mr. Warren Steinley**
MLA, Regina Walsh Acres

**Dr. Don Somers**
Consultant, Saskatoon, SK

The 2017-18 Innovation Saskatchewan Team

**Wes Jickling**
Chief Executive Officer

**Kari Harvey**
Chief Operating Officer

**Rita Flaman Jarrett**
Director of Corporate Services, Corporate Secretary

**Danya Kordan**
Director of Research Institutes and Clusters

**Andy Melnyk**
Director of Innovation Policy

**Mike Wesolowski**
Manager of Science and Innovation

**Katrina German**
Manager of Technology Startups and Commercialization

**Kevin Chung**
Programs Specialist

**Kristina Rissling Olson**
Policy Specialist

**Sheri Merasty**
Executive Assistant

**Cortney Blakeney**
Executive Assistant

**Ly Pham**
Johnson Shoyama Graduate School of Public Policy Intern

**Bethany Penn**
Johnson Shoyama Graduate School of Public Policy Intern
Mission Statement

IS’s mission is to enhance the role and benefits of innovation in Saskatchewan through:

- Developing an environment that encourages and rewards innovation;
- Enhancing the ability of the private sector to innovate and implement innovations, leading to the commercialization of new high value-added products and improved competitiveness; and
- Fostering coordinated public sector research, development and technology transfer targeted at economic growth for the Province of Saskatchewan.

Vision

Saskatchewan will be recognized as the most innovative jurisdiction in Canada.

Strategic Goals

IS is committed to achieving two strategic goals, detailed below:

Goal 1: Ensure research being done at IS-funded institutes are creating economic impact, a return on investment, and are aligned with Saskatchewan's research and development priorities

- Encourage increased industry engagement and industry-driven research and development projects.
- Increase communications and collaboration between research institutes.
- Advocate for increased funding levels from the Government of Canada and other sources for IS-funded research institutes.
- Encourage and support commercialization of innovative new technologies.
- Communicate the value of research to the Saskatchewan public.

Goal 2: Help build and support a community of prolific, diverse and successful technology entrepreneurs and startups

- Recruit technology startups and entrepreneurs – within and outside of Saskatchewan – to build successful technology companies in the province.
- Establish links and research and development collaborations between industry, entrepreneurs, researchers and government.
- Increase awareness of local technology startups and their offerings.
- Develop and implement programs that support the successful launch and maturation of Saskatchewan technology startups.
- Develop and implement policies that create the conditions for technology entrepreneurships and growth in Saskatchewan.
- Support the development of a close-knit community of technology developers, companies and academics in Saskatchewan.
Progress in 2017-18

Strengthening Saskatchewan's Innovation Ecosystem

Science and innovation play a critical role in growing Saskatchewan’s economy and improving its citizens’ quality of life. Our science and technology sectors produce thousands of jobs and business opportunities, and attract millions of dollars in investments. They also provide critical support for the province’s agriculture, mining, and oil and gas sectors through the development and application of innovative technological solutions.

Ultimately, the province’s ability to innovate translates to more economic opportunities, prosperity and improved quality of life for the people of Saskatchewan.

As the Government of Saskatchewan’s primary agency responsible for provincial investments and policies in innovation, IS is committed to strengthening Saskatchewan’s innovation ecosystem by:

⇒ Making strategic investments in scientific infrastructure and research;
⇒ Implementing programs and policies that support the growth of the technology sector; and
⇒ Promoting local innovations to our core industries and government.

This report highlights some of the major investments and programs in various areas that IS has undertaken in 2017-18. It also highlights the return on investment and impact these initiatives have on the social and economic well-being of Saskatchewan.
Technology Sector and Entrepreneurial Support

Saskatchewan’s technology sector is quickly becoming a major economic driver producing thousands of high-paying jobs and playing a critical role in the supply chains of other major sectors. The province has the capacity and expertise to become one of Canada’s major technology centres. This is highlighted by several major acquisitions and investment rounds of Saskatchewan technology companies in the past year:

- International Road Dynamics was acquired by Quarterhill Inc. for $63.5 million;
- Solido Design Automation was acquired by Siemens AG for an undisclosed amount;
- Noodlecake Studios was acquired by ZPlay for $6.3 million;
- Coconut Software closed an investment round of $4.2 million; and
- 7shifts closed an investment round of $3.5 million.

Best of all, these companies have all committed to maintaining their head offices and operations in Saskatchewan.

To support the growth of this high-impact sector, IS has made several targeted investments:

Co.Labs: In less than a year since IS established Saskatchewan’s first technology incubator, we already saw significant return on investment. Early-stage technology startups now have access to mentorship, programming and community co-working space, without having to leave the province. Companies in Co.Labs’ program have secured over $2.85 million in private equity investment, with the potential for an additional $5 million. Through its partnership with Co.Labs, IS will continue supporting local technology entrepreneurs to start and grow their companies in Saskatchewan.

Saskatchewan Technology Start-up Incentive: One of the biggest challenges facing Saskatchewan technology startups is difficulty in securing early stage financing to grow their companies locally.

To help in this area, IS began developing an investor tax credit in 2017-18. The Saskatchewan Technology Start-up Incentive (STSI) was officially announced as part of the 2018-19 provincial budget. This two-year pilot program will offer a 45 per cent non-refundable tax credit for equity investments in eligible technology startup businesses, capped at a maximum annual benefit of $140,000 per investor. The STSI will help retain technology companies in the province by reducing investor risk, thereby increasing local investment in Saskatchewan technology startup companies.

Labour Market Development: To continue thriving, the technology sector depends on access to talent. In 2017-18, IS was involved in various working groups, advocating for earlier coding education and additional seats in computer science programs at the province’s post-secondary institutes. In addition, IS piloted a robotics program, known as RoboYOU, at two First Nations schools to spur an interest in robotics and coding at a young age. Continued work with these initiatives will help Saskatchewan’s technology sector to have both the labour capacity and new entrepreneurs to sustain its current growth.
Scientific Research Infrastructure

Saskatchewan is home to some of Canada’s largest science facilities. This critical scientific infrastructure provides the capacity for researchers to conduct groundbreaking research that is important to both the province and Canada. In 2017-18, IS continued to provide funding and board participation to the following research institutes:

**Canadian Light Source (CLS):** The CLS is Canada's only synchrotron light source facility and one of the nation's largest scientific investments. Located at the University of Saskatchewan, the CLS provides Canadian and international scientists with the unique capacity to conduct research in the areas of physics, material science, biology and medicine.

![Canadian Light Source](Photo credit: Canadian Light Source)

**Vaccine and Infectious Disease Organization–International Vaccine Centre (VIDO-InterVac):** This facility is a world-class infectious disease and vaccine research centre located at and owned by the University of Saskatchewan. Complete with a Containment Level 3 laboratory, VIDO-InterVac is capable of conducting research on some of the most serious diseases and performing clinical trials on animals of all sizes.

**Saskatchewan Centre for Cyclotron Sciences:** The centre houses the province’s only cyclotron, which is responsible for producing medical isotopes for use at the Positron Emission Tomography–Computerized Tomography (PET-CT) scanner at the Royal University Hospital in Saskatoon. The facility also provides lab space for researchers to develop new radiopharmaceuticals and therapies to combat cancer.

Together, these science institutes conduct critical research relevant to Saskatchewan's agriculture, oil and gas, mining and health sectors. IS's continued investment and board participation at these institutes ensures the research being done is coordinated and aligned with provincial priorities.
Solving Grand Challenges with Technology

Large corporations and governments face many challenges that may be alleviated with innovative technologies. Conversely, local entrepreneurs and small technology startups often have the capacity and expertise to develop these solutions and are looking to secure their first customers. In 2017-18, IS launched and supported numerous initiatives aimed at connecting entrepreneurs, technology companies and researchers with large companies, government ministries and Crown corporations:

Made-In-Saskatchewan Technology (MIST) Program: MIST is a pilot program administered by IS and aimed at connecting local technology companies with government ministries and Crown corporations. The program is designed to achieve two main objectives:

- Help government leverage technology to alleviate major challenges; and
- Help local technology startups secure their first big customer.

In 2017-18, two companies were successful in securing pilot contracts with three government ministries and one Crown corporation through MIST:

- **ORA**: The company designs discreet personal safety alarms that send emergency alerts and GPS co-ordinates to contacts in case of an emergency.
- **SafetyTek**: The company helps the construction industry eliminate health and safety paperwork by consolidating forms and filing systems under one application.

IS will be expanding this program in the coming years as government demand for innovative technologies to solve challenges continues to grow.

Innovation Challenge: IS, in collaboration with the Ministry of Corrections and Policing, held this challenge as a research and development competition—to tackle rural crime in Saskatchewan. The Innovation Challenge invited technology companies, researchers, entrepreneurs and students to develop technology solutions to solve government challenges. IS plans to hold more Innovation Challenges in the future with other government ministries to source technology solutions to their specific challenges. In every challenge, the team with the winning proposal would be invited to work with government to develop a working product or solution over a 16-week residency program.

Saskatchewan Advantage Innovation Fund (SAIF): SAIF is a research and development funding program managed by IS to commercialize technological innovations that will provide broad benefits to the province’s core sectors. Since 2011, SAIF has funded more than 21 industry-driven projects such as:

- The use of microbes to decommission oil wells safely and cleanly;
- Various enhanced oil recovery projects to unlock previously unreachable oil reserves in Saskatchewan; and
- The development of vaccines and therapies against the Zika virus.

In addition to accelerating commercialization of new technologies, the program has helped attract more than $29 million cumulatively in matching industry and federal investments.
Natural Resources Research and Development

Saskatchewan’s resource sectors continue to be critical to the province’s economy and quality of life. Technological innovations in these sectors help companies to reduce costs and environmental impacts, as well as to increase efficiency and profits. With fluctuating commodity prices, there is the need for continued investments in innovative solutions to keep the province’s resource sectors competitive. In 2017-18, IS continued to provide funding for two industry-driven, not-for-profit, research and development institutes:

**International Minerals Innovation Institute (IMII):** The IMII is a mining research and education organization focused on initiating research and development projects to help mines be environmentally friendly and operate more safely and efficiently. It also develops educational and training programs alongside the province’s post-secondary institutions to meet the mining industry’s labour demand.

**Petroleum Technology Research Centre (PTRC):** Almost 90 per cent of Saskatchewan’s oil reserves cannot be recovered using conventional techniques. The PTRC is dedicated to developing innovative technologies to extract more oil cost-efficiently, while producing fewer emissions in the process. It is also responsible for managing Aquistore, an ongoing project to safely store more than 100,000 tonnes of carbon dioxide deep underground.

Photo credit: PTRC
Scientific Research and Innovations

Saskatchewan is home to some of the world’s most important scientific research projects, such as:

- The Global Institute for Food Security at the University of Saskatchewan, which is tackling world hunger by strengthening root resilience so that crops can provide more yield with less water, nutrition, sunlight and other inputs.

- VIDO-InterVac, the world’s first facility to develop a fetal pig model to study the Zika virus and develop therapies and a vaccine to fight it.

- The Institute for Microbial Systems and Society at the University of Regina, which is studying the growing trend of antibiotics resistance in bacteria, and developing strategies and therapies to counter this phenomenon.

These made-in-Saskatchewan scientific innovations were made possible through strategic investments in our researchers. IS continues to support scientific research in the province through the following investments:

**Innovation and Science Fund (ISF):** Managed and administered by IS, the ISF provides matching provincial funds for scientific research projects proposed by Saskatchewan’s universities and colleges. Since many major federal funding agencies, such as the Canada Foundation for Innovation, require provincial contributions, the ISF serves as a critical funding source for research projects. In 2017-18, ISF supported 10 scientific research projects in areas such as plant imaging, advanced manufacturing and therapies for bone injuries.

**Saskatchewan Health Research Foundation (SHRF):** The foundation supports the advancement of health research in Saskatchewan by making strategic investments in high-impact, peer-reviewed research that is relevant to the province’s health care. Majority of provincial health grants are provided through SHRF for research and innovation projects at Saskatchewan’s universities, colleges and other research institutions.

**Sylvia Fedoruk Canadian Centre for Nuclear Innovation (Fedoruk Centre):** In addition to managing the operations of the Saskatchewan Centre for Cyclotron Sciences, the Fedoruk Centre provides targeted research funding in the areas of nuclear medicine, material science and small modular reactors. The centre fulfills a critical role in the development of a nuclear cluster in Saskatchewan by investing in critical research areas and attracting expertise from around the world.
Board and Committee Representation

IS executive and senior staff are on the following boards of directors to convey the Government of Saskatchewan’s innovation priorities and the best interest of the Saskatchewan public:

- Canadian Light Source (www.lightsource.ca)
- Co.Labs (www.co-labs.ca)
- International Minerals Innovation Institute (www.imii.ca)
- Petroleum Technology Research Centre (www.ptrc.ca)
- Saskatchewan Health Research Foundation (www.shrf.ca)
- Sylvia Fedoruk Canadian Centre for Nuclear Innovation (www.fedorukcentre.ca/)
- Vaccine and Infectious Disease Organization-International Vaccine Centre (www.vido.org)
Innovation Success Stories

By supporting and advancing Saskatchewan’s innovation agenda, IS seeks to create tangible economic and social benefits for Saskatchewan people. The following are some of the success stories of fiscal year 2017-18.

Accelerating Saskatchewan’s Tech Startups

In February 2018, Co.Labs announced the first intake for Co.Launch, a province-wide accelerator program for early-stage technology startups in the ideation and prototype phase. Nine technology startups were selected to participate in the three-month mentorship program to compete for cash prizes, a guaranteed spot in the next Co.Labs cohort and opportunities to pitch their businesses to investors.

$4 Billion in One Room

On February 21, 2018, Co.Labs hosted the first annual Prairie Investment Forum at the Delta Bessborough Hotel in Saskatoon. The event highlighted and celebrated the flourishing technology sector in the prairie region. It was attended by over 400 people, including investors from all over the world who manage a combined $4 billion. The success of the forum showed that not only are Saskatchewan’s technology companies ready to compete with the rest of the world, global investors are taking notice of the province’s rapidly growing sector.

Robots and Coding in First Nations Communities

With the Indigenous population projected to make up one in five people in Saskatchewan by 2036, it is more important than ever to engage Indigenous youth in technology and science careers and opportunities.

Beginning in January 2018, IS piloted a robotics and coding program called RoboYOU at Cowessess and Kahkewistahaw First Nations schools to improve early engagement of youth in science, technology, engineering and math (STEM). This program provides students in grades five to nine the opportunity to build and code their own robots over a six-month period. RoboYOU was developed alongside local educators and has been well received.
Looking for the Next Big Thing

In March 2018, IS launched the first intake for the Saskatchewan Advantage Innovation Fund (SAIF) with revised guidelines. IS revised the program guidelines and expanded it to include additional sectors in response to the province’s diversifying economy. In addition to the oil and gas, mining and agriculture sectors, SAIF is now open to projects in the manufacturing, health care and education sectors, with a focus on the development of digital technologies supporting these sectors.

Making Autonomous Farming a Reality

Digital and autonomous agriculture is quickly becoming a reality, with Saskatchewan at the forefront of the movement. In 2017-18, IS provided SAIF funding to DOT Technology Corporation to develop and pilot its autonomous tractor. Once fully developed, the tractor will be able to complete various tasks on farms autonomously (seeding, spraying and harvesting), with minimal human supervision. This innovative, made-in-Saskatchewan solution will improve the productivity of Saskatchewan’s agricultural sector by reducing producers’ costs and dependence on labour availability.

Power from Underneath

As the province’s population continues to grow steadily, demand for electricity has never been greater. At the same time, the government is committed to reducing Saskatchewan’s greenhouse gas emissions by generating 50 per cent of its electricity from renewable sources by 2030, necessitating the use of innovative clean energy sources. In 2017-18, IS provided funding through SAIF to Deep Earth Energy Production Corporation (DEEP) to develop a pilot-scale geothermal power plant near Estevan. If successful, DEEP’s geothermal power plant will be the first of its scale in Saskatchewan and Canada, providing constant power while producing zero emissions.
Cleaning Mine Sites with Microbes

In 2016-17, IS funded a project through SAIF led by Contango Strategies to develop industrial genomic tools for the mining sector. This next-generation testing tool will help mining companies improve mineral processes and water treatment and reduce environmental impacts from closed mines. Development of the technology is progressing ahead of schedule, and Contango Strategies is expected to reach all its milestones and deliver the final product to its customers in 2018.

Safety and Security with Technology

Saskatchewan rural residents continue to face both real and perceived threats from crime. To address this issue, IS launched the province’s first Innovation Challenge in collaboration with the Ministry of Corrections and Policing. Entrepreneurs, researchers and technology companies were invited to propose technological solutions to rural crime problems. In December 2017, Rivercity Technology Services Ltd. was selected to participate in a 16-week residency with the Government of Saskatchewan to develop a prototype of its innovative technology to address rural crime.

Finding Big Solutions for Industry

Following the success of AIMday Minerals in the 2016-17 fiscal year, IS and Innovation Enterprise (University of Saskatchewan) jointly hosted additional AIMday events in 2017-18. These events brought together industry and academics in intensive sessions to brainstorm solutions to industry challenges. AIMday has been well received by industry as it provides a unique opportunity to connect with the academic community and to source potential solutions through research.

SPARKing Collaboration between Researchers

Groundbreaking research occurs when researchers of different disciplines collaborate. To increase collaboration between the province’s research institutes, IS hosted SPARK Night, a matchmaking and grant competition event. The event sought to create new connections within Saskatchewan’s academic community and provide seed funding for eligible collaborative projects. At the competition’s closing, IS received 16 applications. Five projects were selected to each receive $5,000 seed grants.
Protecting Our Water Resources

Saskatchewan’s mining industry is constantly trying to find safer and more cost-efficient ways to process wastewater and chemicals. In 2017-18, IS provided funding to the EcoToxChip project through the ISF. When commercialized, EcoToxChip will allow companies to assess the harmfulness of their waste and chemicals at the genomic level in a lab, avoiding costly animal testing and improving their environmental management practices.

Solving World Hunger with Resilient Crops

The United Nations estimates that over 800 million people around the world are chronically malnourished. With a strong agricultural sector, Saskatchewan can play its part to address global food security issues. In 2016-17, IS provided ISF funds for state-of-the-art equipment in a new Roots of Food Security research facility at the University of Saskatchewan. Led by Dr. Leon Kochian, the project has made significant progress towards designing and breeding crops that are more resilient in extreme weather and less fertile soils.
2017-18 Financial Overview

Innovation Saskatchewan
Report of Management
For the Twelve Month Period Ended March 31, 2018

The accompanying financial statements are the responsibility of the management of Innovation Saskatchewan. They have been prepared in accordance with generally accepted accounting principles for the public sector, using management’s best estimates and judgments, where appropriate. 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 Innovation Saskatchewan Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Office of the Provincial Auditor has audited the agency’s financial statements in accordance with generally accepted auditing standards, and their report follows.

Wes Jickling
Chief Executive Officer
Innovation Saskatchewan
Innovation Saskatchewan

Financial Statements

For the Year Ended March 31, 2018
INDEPENDENT AUDITOR’S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Innovation Saskatchewan, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and accumulated surplus, change in net financial assets, and cash flows 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 generally accepted auditing 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.

Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Innovation Saskatchewan as at March 31, 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 10, 2018
Judy Ferguson, FCPA, FCA
Provincial Auditor

Regina, Saskatchewan
July 10, 2018
Judy Ferguson, FCPA, FCA
Provincial Auditor
Statement 1

Innovation Saskatchewan
Statement of Financial Position
As at March 31

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from General Revenue Fund (Note 3)</td>
<td>$9,245</td>
<td>$9,817</td>
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<tr>
<td>Accounts Receivable</td>
<td>32</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>9,277</strong></td>
<td><strong>9,834</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>1,858</td>
<td>2,662</td>
</tr>
</tbody>
</table>

| Net Financial Assets (Statement 3)                  | 7,419 | 7,172 |

<table>
<thead>
<tr>
<th>Non-financial Assets</th>
<th></th>
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</tr>
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<tbody>
<tr>
<td>Prepaid Expenses</td>
<td>4</td>
<td>4</td>
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</table>

| Accumulated Surplus (Statement 2)                   | $7,423| $7,176|

<table>
<thead>
<tr>
<th>Contractual Obligations (Note 5 and 8)</th>
<th></th>
<th></th>
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</thead>
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<table>
<thead>
<tr>
<th>Designated Assets (Note 9)</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>(See accompanying notes to financial statements)</strong></td>
<td></td>
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</tbody>
</table>
Statement 2

Innovation Saskatchewan
Statement of Operations and Accumulated Surplus
for the Year Ended March 31

<table>
<thead>
<tr>
<th></th>
<th>Budget (Note 4)</th>
<th>2018 Actual</th>
<th>2017 Actual</th>
</tr>
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<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>(thousands of dollars)</td>
<td></td>
</tr>
<tr>
<td>Transfer from the General Revenue Fund</td>
<td>$27,709</td>
<td>$27,709</td>
<td>$29,400</td>
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<tr>
<td>Interest Earned from the General Revenue Fund</td>
<td>-</td>
<td>130</td>
<td>88</td>
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<tr>
<td>Other</td>
<td>-</td>
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<td>46</td>
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<td></td>
<td></td>
<td>27,709</td>
<td>27,840</td>
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<tr>
<td>Expenses (Note 7)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>2,333</td>
<td>2,059</td>
<td>2,123</td>
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<tr>
<td>Program Grants</td>
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<td></td>
</tr>
<tr>
<td>Technology Incubator</td>
<td>250</td>
<td>250</td>
<td>-</td>
</tr>
<tr>
<td>Saskatchewan Advantage Innovation Fund (Note 9)</td>
<td>886</td>
<td>763</td>
<td>1,038</td>
</tr>
<tr>
<td>Petroleum Technology Research Centre</td>
<td>2,000</td>
<td>2,000</td>
<td>2,500</td>
</tr>
<tr>
<td>Innovation and Science Fund (Note 9)</td>
<td>2,979</td>
<td>3,102</td>
<td>2,397</td>
</tr>
<tr>
<td>International Minerals and Innovation Institute</td>
<td>1,200</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>Sylvia Fedoruk Centre</td>
<td>2,700</td>
<td>2,858</td>
<td>4,161</td>
</tr>
<tr>
<td>Canadian Light Source</td>
<td>4,100</td>
<td>4,100</td>
<td>4,550</td>
</tr>
<tr>
<td>InterVac</td>
<td>2,131</td>
<td>2,131</td>
<td>2,131</td>
</tr>
<tr>
<td>Vaccine and Infectious Disease Organization</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td>Saskatchewan Health Research Foundation</td>
<td>5,630</td>
<td>5,630</td>
<td>5,630</td>
</tr>
<tr>
<td></td>
<td>27,709</td>
<td>27,593</td>
<td>29,230</td>
</tr>
<tr>
<td>Annual Surplus</td>
<td>$-</td>
<td>247</td>
<td>304</td>
</tr>
</tbody>
</table>

Accumulated Surplus, Beginning of Year
7,176

Accumulated Surplus, End of Year (Statement 1)
$7,423
$7,176

(See accompanying notes to financial statements)
Statement 3

Innovation Saskatchewan
Statement of Change in Net Financial Assets
for the Year Ended March 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Surplus</strong></td>
<td>$,247$</td>
<td>$,304$</td>
</tr>
<tr>
<td><strong>Decrease in Prepaid Expenses</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Increase in Net Financial Assets</strong></td>
<td>$,247$</td>
<td>$,304$</td>
</tr>
<tr>
<td><strong>Net Financial Assets, Beginning of Year</strong></td>
<td>$,7,172$</td>
<td>$,6,868$</td>
</tr>
<tr>
<td><strong>Net Financial Assets, End of Year (Statement 1)</strong></td>
<td>$,7,419$</td>
<td>$,7,172$</td>
</tr>
</tbody>
</table>

*(See accompanying notes to financial statements)*
Statement 4

Innovation Saskatchewan
Statement of Cash Flows
for the Year Ended March 31

<table>
<thead>
<tr>
<th>Section</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Receipts from General Revenue Fund</td>
<td>$27,709</td>
<td>$29,400</td>
</tr>
<tr>
<td>Cash Receipts from Other Operating Activity</td>
<td>1</td>
<td>46</td>
</tr>
<tr>
<td>Cash Paid to Suppliers and Employees</td>
<td>(28,397)</td>
<td>(27,556)</td>
</tr>
<tr>
<td>Cash (used in) / Provided by Operating Activities</td>
<td>(687)</td>
<td>1,890</td>
</tr>
<tr>
<td><strong>Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Receipts from Interest</td>
<td>115</td>
<td>97</td>
</tr>
<tr>
<td>Cash Provided by Investing Activities</td>
<td>115</td>
<td>97</td>
</tr>
<tr>
<td><strong>(Decrease) / Increase in Due From General Revenue Fund</strong></td>
<td>(572)</td>
<td>1,987</td>
</tr>
<tr>
<td>Due from General Revenue Fund, Beginning of Year</td>
<td>$9,817</td>
<td>7,830</td>
</tr>
<tr>
<td>Due from General Revenue Fund, End of Year</td>
<td>$9,245</td>
<td>$9,817</td>
</tr>
</tbody>
</table>

*(See accompanying notes to financial statements)*
Innovation Saskatchewan
Notes to the Financial Statements
for the Year ended March 31, 2018

1. Status of Innovation Saskatchewan

Innovation Saskatchewan was established under the provisions of The Innovation Saskatchewan Act on November 2, 2009.

Innovation Saskatchewan is the central agency of the Government of Saskatchewan with responsibility for implementing Saskatchewan’s innovation priorities. Innovation Saskatchewan coordinates the strategic direction of the government’s research and development and science and technology expenditures; provides advice on science and technology policy; coordinates the establishment and maintenance of science, research and development infrastructure; and provides advice and recommendations on research, development, demonstration, and the commercialization of new technologies and innovative processes in Saskatchewan. Innovation Saskatchewan is a corporate body eligible to receive monies primarily appropriated by the legislature for these purposes.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, Innovation Saskatchewan is classified as an “other government organization”. These financial statements are prepared using Canadian Public Sector Accounting Standards as established by the Canadian Sector Accounting Board and published by the Chartered Professional Accountants of Canada and reflect the following significant accounting principles. Innovation Saskatchewan did not have any re-measurement gains and losses, therefore a statement of re-measurement gains and losses is not provided.

a) Revenue

Revenue is recognized in the period in which the transactions or events occurred that give rise to the revenue. Transfers from the General Revenue Fund are unrestricted in nature and are recognized when authorized and any eligibility criteria are met.

b) Expenses

Expenses represent the cost of resources consumed during the year for operations and grants made to third-party organizations. Grants are recognized as expenses in the period during which the transfer is authorized and eligibility criteria are met.

c) Non-financial Assets

Prepaid expenses are non-financial assets that are accounted for as assets because they can be used to provide services in future periods. These assets do not normally provide resources to discharge existing liabilities unless they are sold.

d) 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 amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations and Accumulated Surplus in the period in which they become known.

e) Adoption of new Public Sector Accounting Standards:

The following new standards and amendments to standards, effective for annual periods beginning on or after April 1, 2017, have been analyzed in preparing these financial statements:
- PS 2200 Related Party Disclosures
- PS 3420 Inter-Entity Transactions
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights

The adoption of these standards and changes to standards has had no material impact on the Innovation Saskatchewan’s financial statements.

3. Due from the General Revenue Fund

Innovation Saskatchewan’s bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest is paid on a quarterly basis at the government’s 30-day average interest rate. The average rate for 2017-18 was 0.87% (2016-17 was 0.54%). Interest earned during the year was $130 thousand (K) (2016-17 – $88K).

4. Budget Approval

The 2017-18 budget was approved by the Innovation Saskatchewan Board on July 6, 2017.

5. Related Parties

These financial statements include routine transactions with related parties. Innovation Saskatchewan is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, Innovation Saskatchewan is related to non-Crown Corporations and enterprises that the government jointly controls.
Related party transactions to March 31, 2018 include the following:

<table>
<thead>
<tr>
<th>Expense</th>
<th>2017-18 (thousands of dollars)</th>
<th>2016-17 (thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Central Services</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>University of Saskatchewan</td>
<td>7,723</td>
<td>7,886</td>
</tr>
<tr>
<td>SaskTel</td>
<td>24</td>
<td>18</td>
</tr>
<tr>
<td>Sylvia Fedoruk Canadian Centre for Nuclear Innovation - Grant</td>
<td>3,410</td>
<td>4,000</td>
</tr>
<tr>
<td>Saskatchewan Health Research Foundation</td>
<td>5,630</td>
<td>5,630</td>
</tr>
<tr>
<td>Saskatchewan Research Council</td>
<td>200</td>
<td>164</td>
</tr>
<tr>
<td>University of Regina</td>
<td>167</td>
<td>360</td>
</tr>
<tr>
<td>Innovation Place</td>
<td>157</td>
<td>154</td>
</tr>
<tr>
<td>Ministry of the Economy</td>
<td>229</td>
<td>147</td>
</tr>
<tr>
<td>The Canadian Light Source</td>
<td>4,100</td>
<td>4,550</td>
</tr>
<tr>
<td>Saskatchewan Polytechnic</td>
<td>410</td>
<td>-</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$32</td>
<td>$17</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$1,583</td>
<td>$959</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$-</td>
<td>$26</td>
</tr>
</tbody>
</table>

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Contractual Obligations</th>
<th>Leases (thousands of dollars)</th>
<th>Non-Program (thousands of dollars)</th>
<th>Programming (thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>150</td>
<td>300</td>
<td>18,152</td>
</tr>
<tr>
<td>2019-20</td>
<td>150</td>
<td>-</td>
<td>16,124</td>
</tr>
<tr>
<td>2020-21</td>
<td>-</td>
<td>-</td>
<td>6,393</td>
</tr>
<tr>
<td>2021-22</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2022-23</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$300</td>
<td>$300</td>
<td>$40,669</td>
</tr>
</tbody>
</table>

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, Innovation Saskatchewan pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases.
6. Financial Instruments

Innovation Saskatchewan’s financial instruments include: Due from the General Revenue Fund, Accounts Receivable, Accounts Payable and Accrued Liabilities. The carrying amount of these instruments approximates fair value due to their short-term nature. These instruments have no material interest, credit, liquidity, or market risks.

7. Expense by Object

<table>
<thead>
<tr>
<th>Expenses</th>
<th>March 31, 2018</th>
<th>March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services</td>
<td>$511</td>
<td>$729</td>
</tr>
<tr>
<td>Grants and Transfers</td>
<td>25,830</td>
<td>27,248</td>
</tr>
<tr>
<td>Pension and Benefits</td>
<td>110</td>
<td>97</td>
</tr>
<tr>
<td>Salaries</td>
<td>1,086</td>
<td>1,109</td>
</tr>
<tr>
<td>Travel</td>
<td>56</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$27,593</strong></td>
<td><strong>$29,230</strong></td>
</tr>
</tbody>
</table>

8. Contractual Obligations

Innovation Saskatchewan has non-related party programming and operational obligations in future years as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Programming</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>$442</td>
<td>$47</td>
</tr>
<tr>
<td>2019-20</td>
<td>210</td>
<td>-</td>
</tr>
<tr>
<td>2020-21</td>
<td>210</td>
<td>-</td>
</tr>
<tr>
<td>2021-22</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2022-23</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$862</strong></td>
<td><strong>$47</strong></td>
</tr>
</tbody>
</table>
9. Designated Assets

Innovation Saskatchewan is holding $6.214M as designated assets to be spent as follows:

<table>
<thead>
<tr>
<th>Designated Assets</th>
<th>March 31, 2018</th>
<th>March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuclear Strategy Program</td>
<td>$ -</td>
<td>$ 158</td>
</tr>
<tr>
<td>ISF</td>
<td>3,881</td>
<td>4,004</td>
</tr>
<tr>
<td>SAIF</td>
<td>2,333</td>
<td>2,210</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 6,214</strong></td>
<td><strong>$ 6,372</strong></td>
</tr>
</tbody>
</table>

Innovation Saskatchewan maintains two internal funds called the Saskatchewan Advantage Innovation Fund (SAIF) and the Innovation and Science Fund (ISF). SAIF provides support for innovation activities in areas such as research and development, demonstration, commercialization and education consistent with the Innovation Saskatchewan mandate while ISF provides support for similar activities in science. Decisions on projects funded by SAIF and ISF are based on a rigorous project evaluation criteria used to vet all projects and are recommended to the Innovation Saskatchewan Board of Directors for approval.

10. Pension Costs

The employees of Innovation Saskatchewan participate in the Public Employees’ Pension Plan defined contribution plan. Pension costs of $84K (2016-17 - $81K) are included in pension and benefits expense and comprise the cost of employer contributions for current service of employees during the year. Employer contribution levels are applied at 7.25% of salary. Innovation Saskatchewan’s liability is limited to the required contributions.
For More Information

If you have any questions or comments we invite you to call 306-933-7205 or contact:
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343-111 Research Drive
Saskatoon, Saskatchewan  S7N 3R2
Tel: 306-933-7205
Fax: 306- 933-5320
www.innovationsask.ca