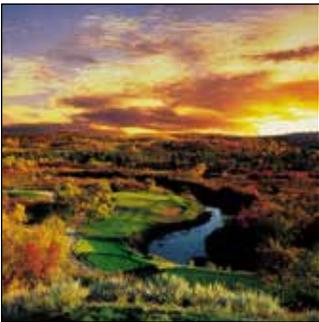




Innovation Saskatchewan



Annual Report for 2018-19

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Letter of Transmittal and Message from the Board Chair



*The Honourable
Tina Beaudry-Mellor
Minister Responsible for
Innovation Saskatchewan*

Office of the Lieutenant Governor of Saskatchewan

I am pleased to present the Annual Report of Innovation Saskatchewan for the 2018-19 fiscal year, which ended on March 31, 2019.

Innovation Saskatchewan encourages a sustainable, globally competitive business environment in the province. It complements the efforts of Saskatchewan's innovative private sector. It provides needed support to science and technology, research and development, and commercialization of new discoveries.

Through this work, Innovation Saskatchewan encourages the ongoing competitiveness of the provincial economy, contributing to the objectives laid out in the Saskatchewan Plan for Growth. Saskatchewan's future economic growth will increasingly depend on research and innovation. The initiatives supported by Innovation Saskatchewan help ensure a better quality of life for all Saskatchewan people

In this report, you will read how Innovation Saskatchewan launched the Saskatchewan Technology Startup Incentive in 2018-19. This pilot program offers a tax credit to eligible individual, corporate, or venture capital corporations that invest in startup businesses. The incentive is encouraging investment in early-stage technology startups, bringing new products and services to market while creating jobs for Saskatchewan people.

You will also read how Innovation Saskatchewan continues to support research in several areas of key economic strength and opportunity, such as agriculture, biotechnology, oil and gas, mining and nuclear medicine. Innovation Saskatchewan accomplishes this mandate through direct investment and funding agreements with partner institutions including the Vaccine and Infectious Disease Organization-International Vaccine Centre (VIDO-InterVac), the Canadian Light Source, the Sylvia Fedoruk Canadian Centre for Nuclear Innovation, and the Saskatchewan Health Research Foundation.

Innovation Saskatchewan responsibly manages expenditures while ensuring it remains accountable and responsive to the citizens it serves.

Honourable Tina Beaudry-Mellor

A handwritten signature in black ink, appearing to read 'Tina Beaudry-Mellor', written in a cursive style.

Minister Responsible for Innovation Saskatchewan
Chair of the Innovation Saskatchewan Board of Directors

Letter of Transmittal from the CEO



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, 2019. 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.

A handwritten signature in blue ink, appearing to read 'Wes Jickling', written over a light blue horizontal line.

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, 2019. It demonstrates the agency's commitment to effective public performance reporting, transparency, and accountability.

IS's activities in 2018-19 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 coordinate and promote economic growth through the innovation and commercialization of new technologies.

With a main office located at Innovation Place research park in Saskatoon and a second office located in Regina, IS works to produce social and economic benefits 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 coordination and strategic direction of the Government of Saskatchewan's support for research and development, and science and technology— to foster 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 concerning 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 concerning research, development, demonstration and the commercialization of new technologies and innovative processes in Saskatchewan. These include 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 purpose 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. The 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 2018-19 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. Thomas Benjoe

President and CEO, FHQ Developments, Regina, SK

Ms. Dena McMartin

Director of Research Services and Assistance

Vice President of Research,

University of Saskatchewan, Saskatoon, SK

Mr. Derek Lothian

President and CEO, Insurance Brokers' Association of

Saskatchewan, Saskatoon, SK

The 2018-19 Innovation Saskatchewan Team

Wes Jickling

Chief Executive Officer

Kari Harvey

Chief Operating Officer

Danya Kordan

Director of Research Institutes and Clusters

Andy Melnyk

Director of Innovation Policy

Andrew Wahba

Program Manager

Kevin Chung

Program Manager

Kristina Rissling Olson

Specialist

Amanda Sampson

Specialist

Andrew Cerkowniak

Specialist

Kaitlin Sherven

Specialist

Sheri Merasty

Executive Assistant

Cortney Blakeney

Executive Assistant

Oksana Halaitso

Johnson Shoyama Graduate School of Public Policy Intern

Avery Vold

Johnson Shoyama Graduate School of Public Policy Intern

Mission Statement

At Innovation Saskatchewan, our mission is to be an innovation catalyst serving the needs of individuals, companies, and institutions as well as to enhance the role and benefits of innovation in Saskatchewan through:

- ⇒ Developing an environment that encourages and rewards innovation;
- ⇒ Strengthening 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 among the leading jurisdictions in its capacity and ability to innovate.

Strategic Goals

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

Goal 1: Ensure research being done at IS-funded institutes is creating economic impact, a return on investment, and is 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 the 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 entrepreneurship and growth in Saskatchewan.
- ⇒ Support the development of a close-knit community of technology developers, companies and academics in Saskatchewan.

Progress in 2018-19

From Ideas to Companies: Supporting Saskatchewan's Tech Startups and Entrepreneurs

It is a great time to be an entrepreneur building tech startups in Saskatchewan. The province is quickly being recognized as one of the fastest growing tech hubs in Canada. Some of Saskatchewan's fastest growing, early-stage tech startups include:

- ⇒ **SalonScale** – an app that ensures salons' costs are covered by allowing them to weigh, charge, and track the exact amount of hair colour used. (www.salonscale.com)
- ⇒ **SkillShark** – software used by coaches in teams like the San Francisco Giants and Toronto Football Club to evaluate athletes systematically. (www.skillshark.net)
- ⇒ **Krugo** – an app that helps to plan and organize group trips around sporting events, concerts, experiences, and so on. (www.krugoapp.com)

These are just a few examples of how our Saskatchewan's entrepreneurs are developing some of the most innovative solutions for consumers and businesses around the world.

IS is supporting the growth of tech startups and the formation of new ones. In spring 2018, IS opened a Regina office to work closely with partners in developing the city's robust tech ecosystem. IS is also supporting the growth of tech startups through **Co.Labs** and the newly introduced **Saskatchewan Technology Startup Incentive**.



The second Ladies in Tech (LIT) event held by Co.Labs. Left to right: Brittany Melnyk of NC Smart Call, Katherine Regnier of Coconut Software, Alicia Soulier of Salon Scale, and Bethel Hailu of 7shifts. (Photo credit: Co.Labs)

Co.Labs: Starting a tech company can be daunting without guidance from experts, mentorship from successful tech founders, and support from a community of other budding entrepreneurs. That is why Innovation Saskatchewan established Co.Labs, the province's first tech incubator. Co.Labs supports the formation and growth of tech startups through their early stages. It does this by delivering three core programs:

- ⇒ **Co.Launch** – a three-month program that turns ideas and prototypes into companies.
- ⇒ **Co.Labs** – the core program for startups with validated technologies that are gaining market traction.
- ⇒ **Co.Lead** – a later stage accelerator program for high-growth startups looking to scale up their business, secure venture capital, and grow their team.

To date, Co.Labs has incubated over 70 companies and helped them secure over \$6 million (M) in private equity investment, which led to the creation of 117 new jobs. IS will continue supporting local tech entrepreneurs through partnership with Co.Labs.

***Success Story: Uniting the Prairies** – Saskatoon is now one of the fastest growing tech hubs in Canada. Combining this momentum with the province's innovative and innate entrepreneurial ambition in a rapidly growing tech ecosystem, is the sector's recipe for success.*

In May 2019, Co.Labs hosted the Uniting the Prairies (UP) conference to showcase Saskatchewan's entrepreneurial potential and connect startups, investors and employees from across the Prairies. Over 650 people attended UP, including over 40 guest speakers, ten venture capital firms, and leaders from major tech companies in the Prairies. The quality of the attendees demonstrates the belief in Saskatchewan's tech ecosystem and how the province is a place where startups can thrive.



SkipTheDishes Co-founder, Josh Simair, speaking at the UP Conference. (Photo credit: Co.Labs)

Saskatchewan Technology Startup Incentive (STSI): Tech startups need early-stage capital to develop their technologies, grow their teams, and market their solutions, yet it can be challenging to secure investments at an early stage.

To help tech startups secure the growth capital they need without looking outside of Saskatchewan, IS officially introduced the STSI in 2018-19. This program connects companies to investors by offering a 45 percent non-refundable tax credit to investors who invest in eligible early-stage tech startups.

The incentive's first year helped 14 approved startups raise more than \$3.24M in private equity investments. The investments will help new tech companies grow through new hires and advance the development of their technologies.



Success Story: 24 Hour Startup – In September 2018, Cultivator, Regina's first startup incubator launched by Conexus Credit Union, partnered with IS to host the 24 Hour Startup – an event that connects budding entrepreneurs in Regina to build a business and pitch it to a panel of judges within 24 hours. Entrepreneurs competed for prizes, connected with mentors, and had the opportunity to network with business leaders from the community.



Success Story: Working Code Hackathon – To connect with newcomers in the tech community, the Regina Open Door Society partnered with IS and Innovation Place to host the first Working Code Hackathon. Participants from diverse tech backgrounds participated in the all-day event to come up with a solution to a tech problem and present to a panel of judges of various industry players. The event was an excellent opportunity for professionals to showcase their skills and build connections with potential employers. Out of the 14 participants, seven have met with different employers for job interviews, and three have already found work.

Top photo: 24 Hour Startup event in Regina.

Bottom: The inaugural Working Code Hackathon held by the Regina Open Door Society.

From Startups to Tech Giants: Supporting Saskatchewan's Tech Sector

In addition to a large community of early-stage tech startups, Saskatchewan is also home to a growing number of small and medium-sized enterprises (SMEs) in tech. These locally founded tech SMEs are punching above their weight, competing with the best of the best at the global stage. Saskatchewan's thriving tech sector includes companies like:

- ⇒ **Mentor Graphics** – computer chip design automation software used by manufacturers like Qualcomm, Nvidia, and TSMC. (www.mentor.com/canada/)
- ⇒ **7Shifts** – restaurant staff scheduling software used by over 10,000 restaurants around the world. (www.7shifts.com)
- ⇒ **Vivvo** – a platform that makes it easy for citizens to access government services with a single, unified digital identity. (www.vivvo.com)

Not only are these companies serving customers all around the world, but they are also committed to continue growing in Saskatchewan, creating high-paying jobs, and attracting investments in the province.

IS provides the supports necessary for companies like these to grow and remain in Saskatchewan. One way IS does this is through its partnership with organizations like SaskTech (www.sasktech.org).

SaskTech: In order to continue growing and competing in global markets, Saskatchewan tech companies need access to skilled labour and post-secondary graduates. SaskTech is a community formed by tech companies and organizations committed to strengthening the tech sector through skilled labour and education.

Since late 2017, IS has collaborated with SaskTech's members on several initiatives to improve the tech sector's access to skilled labour and post-secondary graduates, including:

- ⇒ Retraining unemployed and underemployed individuals to fill openings in the tech sector;
- ⇒ Supporting a recruitment mission to Brazil to fill jobs that remained vacant for over a year; and,
- ⇒ Engaging K-12 computer science teachers in future job opportunities for their students in the province's tech sector.

IS will continue working with Saskatchewan's tech sector to train, attract, and retain the top tech talent in the province, enabling sustainable growth in the sector.



SaskTech info session held at Conexus Cultivator in Regina. (Photo credit: Conexus Cultivator)

Success Story: ComIT – Advancing the tech sector is a priority for Saskatchewan; therefore, it is essential to provide opportunities for people, who are underemployed, unemployed, or wanting a career in the tech sector, to develop new skills.

In June 2018, IS provided funding to ComIT – a non-profit organization – to hold its first coding course in Saskatchewan. The 3-month program teaches coding and soft skills to unemployed and underemployed individuals interested in working in the tech sector. Out of the three courses held in Saskatchewan thus far, over 70 percent of the students have been hired by local tech companies within six months of completing the course.



ComIT's 2018 Saskatoon graduates.

Success Story: RoboX – By 2036, 20 percent of Saskatchewan's population will be Indigenous. The underrepresentation of Indigenous people in the technology sector, combined with a shortage of skilled tech labour is a lost opportunity.

In March 2019, IS in partnership with SaskCode and the Saskatchewan Science Centre introduced RoboX, a program that brings robotics and coding to schools in rural northern Saskatchewan. The event took place in 10 northern Saskatchewan communities and provided 28 teachers training in the fields of coding and robotics. Helping teachers to integrate digital education like coding and robotics in every classroom will be essential to ensuring our youth are ready for jobs of the future.



RoboX teacher training session in La Ronge, Saskatchewan.

Innovation Saskatchewan: Extending the Runway for Saskatchewan Entrepreneurs

Saskatchewan's tech sector is developing cutting edge technologies that help businesses operate more efficiently and better serve their customers. These technologies also have the potential to transform the way government delivers services and improves the lives of Saskatchewan citizens.

For the past two years, IS has helped facilitate pilots of made-in-Saskatchewan technologies, including:

- ⇒ **ORA** – a discreet device that helps lone workers call for help when trouble arises. (www.oraforyou.com)
- ⇒ **BeeSecure** – a digital platform that helps rural property owners protect and track their assets. (www.beesecure.ca)

The success of these pilot projects led to the adoption of these technologies by government, businesses, and consumers.

To continue meaningful connections between the tech sector, entrepreneurs, and government, IS officially launched the **Made-In-Saskatchewan Technology (MIST) Program** and an **Innovation Challenge** on waste diversion.

MIST Program: To connect the Government of Saskatchewan to Saskatchewan tech companies whose products may improve government service delivery, IS launched the MIST program. Approved companies are awarded a contract of up to \$10,000 to have their technology piloted by the provincial government.

Since the program's launch, nine companies have been accepted and are in the process of being matched with the appropriate government ministry, agency, or crown corporation. Not only will these pilots help government adopt technologies to better serve citizens, they help local technology startups grow by securing their first big customer.

Innovation Challenge – Waste Diversion: Following the success of the first Innovation Challenge to tackle rural crime, which resulted in the founding of BeeSecure and commercialization of their rural asset tracking technology, IS launched an Innovation Challenge in waste diversion. The challenge invited tech companies, researchers, entrepreneurs, and students to develop technology solutions to account for waste generated, diverted, and disposed of in the province.

The winning teams will work with government in 2019-20 to develop a working product or solution over a 16-week residency program. IS plans to continue hosting Innovation Challenges to facilitate the development of novel technological solutions to solve public challenges.



BeeSecure booth at the 2018 AG in Motion. (Photo credit: Rivercity Innovations Ltd.)

Saskatchewan Advantage Innovation Fund (SAIF): SAIF is a research and development (R&D) funding program managed by IS. Its aim is to accelerate the commercialization of game-changing innovations in the areas of mining, energy, agricultural technology, manufacturing, education, and healthcare. Since 2011, SAIF has funded more than 30 projects and in the process attracted over \$33M in private and federal investment. Some of the projects that IS has supported include:

- ⇒ *Autonomous weed detection and treatment using drones.*
- ⇒ *Searching for and extracting lithium from suspended or abandoned oil wells.*
- ⇒ *Construction of a 10-tonne battery-powered vehicle to assist operations in underground mines.*

Success Story: Deep Earth Energy Production Corporation (DEEP) – *Developing geothermal energy is a high-risk, high-reward venture. In keeping with Saskatchewan's commitment to producing clean and renewable energy, IS provided \$175,000 in funding through SAIF to DEEP to begin test drilling near Estevan. The project's success helped DEEP secure over \$25M in funds from the federal government to help complete Canada's first geothermal power facility. DEEP is expected to produce electricity in 2.5 years and the plant is projected to deliver continuous power required by 5,000 homes and offset 27,000 tonnes of carbon dioxide per year, equivalent to removing 7,400 cars from the roads annually.*



Geothermal Power Plant in southern Saskatchewan. (Photo credit: DEEP)

Innovation and Science Fund (ISF): ISF a program managed by IS that provides support for facilities and research projects conducted by post-secondary institutions and research organizations. The program matches funding provided by federal agencies such as Western Economic Diversification Canada, Canada Foundation for Innovation, and Genome Canada. Over the last year, ISF has supported projects and facilities in areas such as metal 3D printing and vaccine manufacturing.

Success Story: Saskatchewan Polytechnic 3D Metal Printer – Saskatchewan Polytechnic acquired the province’s first 3D printer in 1995. Thirty years-onwards, new advances in additive manufacturing, more commonly known as 3D printing, have introduced technologies such as metal printing to the market.

In 2018, IS provided \$600,000 in funding through the ISF, which was matched by another \$660,000 from the federal government, to Saskatchewan Polytechnic’s Research in Additive Manufacturing and Prototyping (RAMP) facility. RAMP is now the most advanced 3D printing facility in the province and will provide essential infrastructure for Saskatchewan entrepreneurs and startups to prototype, test, and reach quality assurance levels necessary to take their products to market faster.



RAMP facility funding announcement. Left to right: Minister Tina Beaudry-Mellor, Dr. Larry Rosia, President and CEO of Saskatchewan Polytechnic. (Photo credit: Saskatchewan Polytechnic)

Science and Research: Asking the Big Questions

Saskatchewan is home to some of Canada's largest science facilities and projects. These critical scientific infrastructures and institutes provide the capacity and resources for researchers to conduct ground-breaking research significant to both the province and Canada. They also provide a foundation for the commercialization of new research and technologies.

IS works to create economic impact, a return on investment, and alignment with Saskatchewan's research and development priorities. It does this by providing funding and board directorship to the following research institutes:

Canadian Light Source (CLS): Canada's only synchrotron light source facility and one of the nation's largest scientific investments in the past 30 years. Located at the University of Saskatchewan, the CLS provides Canadian scientists with a unique capacity to conduct research in the areas of physics, material science, biology, and medicine.

Success Story: Canadian Isotope Innovations Corporation (CIIC) – Medical isotopes are used to identify cancerous tumours and allow medical professionals to quickly and accurately treat patients. Currently, the production of these medical isotopes occurs in a minimal number of nuclear facilities globally, creating supply concerns.

To address potential worldwide shortages in medical isotopes, CIIC was established in 2015 to commercialize the isotope production technology pioneered at the CLS. CIIC uses a proprietary commercial scale isotope production process that is more affordable and does not require the use of a nuclear reactor, alleviating the current worldwide shortage.



Canadian Light Source. (Photo credit: Canadian Light Source)

Vaccine and Infectious Disease Organization – International Vaccine Centre (VIDO-InterVac): 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 severe diseases and perform clinical trials on large animals.

***Success Story: VIDO Vaccine Manufacturing** – VIDO-InterVac has achieved success with the development of vaccines for viruses like Zika. However, there are significant challenges in ensuring these vaccines can be manufactured and distributed quickly in the event of an outbreak.*

To reduce dependency on international supply, VIDO-InterVac secured a \$3.6M investment in 2018 from the federal government to help bring a vaccine manufacturing facility to Saskatchewan in 2020. The \$8.1M facility will be the first of its kind to address Canadian demands first and will also help introduce new vaccines to the market quicker.



VIDO-InterVac facility. (Photo credit: VIDO-InterVac)

International Minerals Innovation Institute (IMII): A mining research and education organization focused on initiating research and development projects to help mines operate more safely, efficiently, and environmentally friendly. It also develops education and training programs alongside the province's post-secondary institutions to meet the mining industry's labour demands.

***Success Story: Wireless Device to Enhance Mine Safety** – The mining industry strives for zero workplace accidents and is always looking for ways to reduce safety concerns. IMII recently lent its support to the industry by introducing a device that aims to take the benefits of GPS technology underground. Developed in part by Saskatchewan Polytechnic, the device tracks workers, vehicles, and equipment in underground mines, improving mine safety and productivity. The device uses ultra-wideband - which is used for short-range communications and cutting through barriers that usually reflect signals - a radio technology ideal for underground mines. The device will undergo underground testing before heading to market.*

Petroleum Technology Research Centre (PTRC): Almost 90 percent of Saskatchewan's oil reserves cannot be recovered using conventional techniques. PTRC is dedicated to developing innovative technologies to extract more oil cost-efficiently while producing less emissions in the process. It is also responsible for managing Aquistore, an ongoing project to safely store more than 197,000 tonnes of carbon dioxide deep underground.

***Success Story: Commercialization of Subsurface Imaging Technology** – PTRC's Aquistore project aims to introduce innovative technologies for storing CO₂ underground with minimal cost and impact on the environment. To improve subsurface imaging of underground CO₂, Distributed Acoustic Sensing (DAS) technology, which uses fibre-optic lines, has been deployed and has entered commercial stages. DAS helps identify the location of carbon dioxide underground as well as other resources, such as oil and potash. By improving the technology for subsurface imaging, potentially replacing traditional geophones, DAS can significantly reduce costs to industry. Additionally, the technology could revolutionize seismic imaging which could help reveal possible crude oil and natural gas formations.*

Saskatchewan Center for Cyclotron Sciences (SCCS): 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 cancers.

Sylvia Fedoruk Canadian Centre for Nuclear Innovation (Fedoruk Centre): In addition to managing operations of the Saskatchewan Centre of 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 essential areas of research and attracting expertise from around the world.

***Success Story: Fedoruk Centre Innovation Wing** – Saskatchewan is a global leader in nuclear research, development, and training. The SCCS is the province's hub for the production of radioisotopes for nuclear medicine. The SCCS also develops radiopharmaceuticals to help detect, diagnose, and treat diseases such as cancer, Alzheimer's, Parkinson's, and multiple sclerosis.*

To continue these innovations, IS has provided the Fedoruk Centre with \$800,000 for renovations that will create specialized labs for researchers working on new drug treatments using medical isotopes and allow researchers to take them to market. The Fedoruk Centre's new Innovation Wing is also set to house the BioPETx. The BioPETx is designed for analyzing soil and plants and will benefit the agriculture sector by developing more resilient crops.



The BioPETx installed at the Saskatchewan Centre for Cyclotron Science at the Fedoruk Centre. (Photo credit: Fedoruk Centre)

Saskatchewan Health Research Foundation (SHRF): SHRF supports the advancement of health research in Saskatchewan by making strategic investments in high-impact, peer-reviewed research relevant to improving the province's healthcare. A majority of provincial health grants are provided through SHRF – for research and innovation projects at Saskatchewan's universities, colleges, and other research institutions.

***Success Story: Multiple Sclerosis (MS)** – MS clinical research conducted at the University of Saskatchewan has made a discovery that could introduce improved treatment for the disease. Dr. Michael Levin revealed at the 2018 International Society of Neuroimmunology Meeting in Brisbane, Australia that nerve cells in the brains of MS patients contain stress granules that seem to cause cell death. This discovery could pave the way for research into new drugs that could destroy these stress granules and potentially slow or reverse the effects of MS. The study was supported by the Office of the Saskatchewan MS Research Chair, University of Saskatchewan, Saskatoon City Hospital Foundation, and SHRF.*



MS clinical research could introduce improved treatment for MS. Left to right: Dr. Michael Levin, Ph.D. student Hannah Salapa. (Photo credit: Dave Stobbe)

Together, these science institutes conduct critical research relevant to Saskatchewan's agriculture, oil and gas, mining, and health sectors. IS' continued investment and board directorship to these institutes ensure the research being done is coordinated and aligned with provincial priorities.

Board and Committee Representation

Innovation Saskatchewan's executive staff serve 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 (CLS);
- ⇒ Co.Labs;
- ⇒ International Minerals Innovation Institute (IMII);
- ⇒ Petroleum Technology Research Centre (PTRC);
- ⇒ Saskatchewan Health Research Foundation (SHRF);
- ⇒ Sylvia Fedoruk Canadian Centre for Nuclear Innovation (Fedoruk Centre); and,
- ⇒ Vaccine and Infectious Disease Organization-International Vaccine Centre (VIDO-InterVac).



2018-19 Financial Overview

Innovation Saskatchewan

Report of Management

For the Twelve Month Period Ended March 31, 2019

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, 2019**

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Innovation Saskatchewan, which comprise the statement of financial position as at March 31, 2019, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year 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 Innovation Saskatchewan as at March 31, 2019, and the results of its operations, changes in net financial assets, and its cash flows for the year 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 Innovation Saskatchewan 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 Innovation Saskatchewan'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 Innovation Saskatchewan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Innovation Saskatchewan'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.



- 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 Innovation Saskatchewan'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 Innovation Saskatchewan'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 Innovation Saskatchewan 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
June 28, 2019

Judy Ferguson, FCPA, FCA
Provincial Auditor
Office of the Provincial Auditor

Statement 1
Innovation Saskatchewan
Statement of Financial Position
As at March 31

(thousands of dollars)

Financial Assets	<u>2019</u>	<u>2018</u>
Due from General Revenue Fund (Note 3)	\$ 9,697	\$ 9,245
Accounts Receivable	49	32
	<u>9,746</u>	<u>9,277</u>
 Liabilities		
Accounts Payable and Accrued Liabilities	<u>2,024</u>	<u>1,858</u>
	2,024	1,858
 Net Financial Assets (Statement 3)	 7,722	 7,419
 Non-financial Assets		
Prepaid Expenses	<u>-</u>	<u>4</u>
 Accumulated Surplus (Statement 2)	 <u>\$ 7,722</u>	 <u>\$ 7,423</u>
 Contractual Obligations (Note 5 and 8)		
Designated Assets (Note 9)		

(See accompanying notes to financial statements)

Statement 2

Innovation Saskatchewan

Statement of Operations and Accumulated Surplus

For Year Ended March 31

	<i>(thousands of dollars)</i>		
	Budget	2019	2018
	(Note 4)	Actual	Actual
Revenue			
Transfer from the General Revenue Fund	\$ 27,135	\$ 27,135	\$ 27,709
Interest Earned from the General Revenue Fund	-	240	130
Other	-	101	1
	<u>27,135</u>	<u>27,476</u>	<u>27,840</u>
Expenses (Note 7)			
Administration	2,296	2,347	2,059
Program Grants			
Saskatchewan Advantage Innovation Fund (Note 9)	2,362	1,938	763
Petroleum Technology Research Centre	2,000	2,000	2,000
Innovation and Science Fund (Note 9)	2,979	3,484	3,102
International Minerals and Innovation Institute	1,200	1,200	1,200
Sylvia Fedoruk Centre	900	900	2,858
Canadian Light Source	4,100	4,100	4,100
InterVac	2,131	2,131	2,131
Vaccine and Infectious Disease Organization	3,218	3,218	3,500
Saskatchewan Health Research Foundation	5,349	5,349	5,630
Saskatchewan Collaborates Inc.	250	250	250
Regina Startups Programs	250	235	-
Made In Saskatchewan Technology	100	-	-
Saskatchewan Technology Startup Incentive	-	25	-
	<u>27,135</u>	<u>27,177</u>	<u>27,593</u>
Annual Surplus	<u>\$ -</u>	299	247
Accumulated Surplus, Beginning of Period		<u>7,423</u>	<u>7,176</u>
Accumulated Surplus, End of Period (Statement 1)		<u>\$ 7,722</u>	<u>\$ 7,423</u>

(See accompanying notes to financial statements)

Statement 3

Innovation Saskatchewan

Statement of Change in Net Financial Assets

For Year Ended March 31

	<i>(thousands of dollars)</i>	
	<u>2019</u>	<u>2018</u>
Annual Surplus	\$ 299	\$ 247
Decrease in Prepaid Expenses	<u>4</u>	<u>-</u>
Increase in Net Financial Assets	303	247
Net Financial Assets, Beginning of Year	<u>7,419</u>	<u>7,172</u>
Net Financial Assets, End of Year (Statement 1)	<u>\$ 7,722</u>	<u>\$ 7,419</u>

(See accompanying notes to financial statements)

Statement 4
Innovation Saskatchewan
Statement of Cash Flows
For Year Ended March 31

	<i>(thousands of dollars)</i>	
Operating Activities	2019	2018
Cash Receipts from General Revenue Fund	27,135	27,709
Cash Receipts from Other Operating Activity	101	1
Cash Paid to Suppliers and Employees	<u>(27,007)</u>	<u>(28,397)</u>
Cash Provided by (Used in) Operating Activities	229	(687)
 Investing Activities		
Cash Receipts from Interest	<u>223</u>	<u>115</u>
Cash Provided by Investing Activities	223	115
 Increase / (Decrease) in Due From General Revenue Fund	452	(572)
 Due from General Revenue Fund, Beginning of Year	<u>9,245</u>	<u>9,817</u>
Due from General Revenue Fund, End of Year	<u><u>\$ 9,697</u></u>	<u><u>\$ 9,245</u></u>

(See accompanying notes to financial statements)

Innovation Saskatchewan

Notes to the Financial Statements

For the Year ended March 31, 2019

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

These 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) Revenue

Government transfers are recognized as revenue 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 revenue from the General Revenue Fund is recorded when receivable.

b) Expenses

Expenses, recorded on an accrual basis, represent Innovation Saskatchewan's cost to deliver services and are recorded in the period the service was provided. Program grants are recognized as expenses in the period the transfer is authorized and eligibility criteria are met.

c) Non-financial Assets

Prepaid expenses are prepaid amounts for goods or services, which will provide economic benefits in one or more future periods. Prepaid expenses include subscriptions, memberships and professional development.

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. Actual results could differ from those estimated.

e) New Accounting Standards:

In Effect

The following new standard, effective for annual periods beginning on or after April 1, 2018, have been analyzed in preparing these financial statements:

- PS 3430 Restructuring Transactions

The adoption of this standard has had no material impact on Innovation Saskatchewan's financial statements.

Not Yet In Effect

A number of new standards and amendments to standards which may impact Innovation Saskatchewan have not been applied in preparing these financial statements. The following standards will become effective as follows:

- PS 3280 Asset Retirement Obligations – April 1, 2021
- PS 3400 Revenue – April 1, 2022

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 2018-19 was 1.54% (2017-18 - 0.87%). Interest earned during the year was \$240 thousand (K) (2017-18 – \$130K).

4. Budget Approval

The 2018-19 budget was approved by the Innovation Saskatchewan Board on July 10, 2018.

5. Related Parties

These financial statements include transactions with related parties. Innovation Saskatchewan is related to its Board of Directors and Chief Executive Officer and their close family members, as well as any organization controlled by or under shared control of these individuals. Also, Innovation Saskatchewan is related to all Saskatchewan ministries, agencies, boards, school divisions, health authorities regional colleges and Crown corporations under the common control of the Government of Saskatchewan (collectively referred to as "related parties").

Related party transactions to March 31, 2019 include the following:

Expense	(thousands of dollars)	
	2018-19	2017-18 (restated)
Saskatchewan Health Research Foundation	\$ 5,349	\$ 5,630
Saskatchewan Research Council	390	200
Saskatchewan Polytechnic	300	410
Ministry of Advanced Education	219	-
Saskatchewan Opportunities Corporation – Innovation Place	163	157
Ministry of Immigration and Career Training	35	229
SaskTel	23	24
Ministry of Trade Export and Development	8	-
Ministry of Central Services	1	1
Accounts Receivable	\$ 49	\$ 32
Accounts Payable	\$ 331	\$ 671

Innovation Saskatchewan has related party programming and leasing obligations in future years as follows:

Contractual Obligations	(thousands of dollars)	
	Leases	Programming
2019-20	150	4,849
2020-21	-	4,849
2021-22	-	-
2022-23	-	\$ -
Total	\$ 150	\$ 9,698

During the year, Innovation Saskatchewan signed an agreement with the Ministry of Advanced Education for \$150K to provide marketing, communication and financial services. The agreement has no set end or expiry date and is expected to continue until the contract is amended or terminated by either party. This amount is not included in the contractual obligations summary above as there is no reasonable estimate available to determine the length of this obligation.

Other transactions with related parties and amounts due to/from them are described separately in Note 3 Due from General Revenue Fund.

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

Expenses	March 31, 2019	March 31, 2018
Goods and Services	\$ 515	\$ 511
Grants and Transfers	25,235	25,830
Pension and Benefits	119	110
Salaries	1,252	1,086
Travel	56	56
Total	<u>\$ 27,177</u>	<u>\$ 27,593</u>

8. Contractual Obligations

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

	(thousands of dollars)	
	Programming	Operational
2019-20	10,168	63
2020-21	1,053	-
2021-22	-	-
2022-23	-	-
Total	<u>\$ 11,221</u>	<u>\$ 63</u>

9. Designated Assets

Innovation Saskatchewan is holding \$6.223M as designated assets to be spent as follows:

(thousands of dollars)

Designated Assets	March 31, 2019	March 31, 2018
SAIF	\$ 2,342	\$ 2,333
ISF	3,881	3,881
	<u>\$ 6,223</u>	<u>\$ 6,214</u>

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 \$89K (2017-18 - \$84K) 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 7.5% of salary. Innovation Saskatchewan's liability is limited to the required contributions.

11. Comparative Figures

Certain 2017-18 comparative figures have been reclassified to conform with the current year's presentation.

For More Information

If you have any questions or comments we invite you to contact:

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