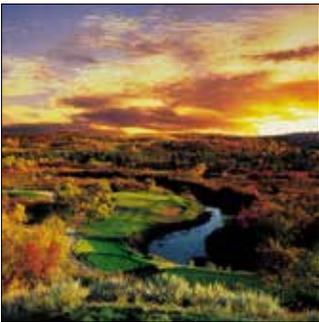


Innovation Saskatchewan



Annual Report for 2019-20

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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

On behalf of Innovation Saskatchewan and its Board of Directors, I have the honour to present the Annual Report of Innovation Saskatchewan for the 2019-20 fiscal year, which ended on March 31, 2020.

Saskatchewan is facing both enormous opportunities and challenges during this unprecedented time of transformation. In particular, the technology industry has come a long way and become a significant economic driver in Saskatchewan. It generates over \$10 billion in revenue each year and represents 5.6 per cent of Saskatchewan's total Gross Domestic Product (GDP). Innovations initiated from Saskatchewan have shaped and continue to shape, our province and beyond. The Government of Saskatchewan is taking bold steps to ensure Saskatchewan's tech-sector stays strong during the next ten years of growth.

Innovation Saskatchewan ensures research undertaken at the agency's funded institutes creates economic impact, a return on investment, and is aligned with Saskatchewan's research and development priorities. Another equally important strategic goal is to help build and support a community of prolific, diverse, and successful technology entrepreneurs and startups.

In this report, you will read the 2019-20 highlights from each of the six organizations Innovation Saskatchewan provides funding to that further advance research and technology development in both academia and industry; you will read how the Innovation and Science Fund continues to play a significant role in assisting Saskatchewan post-secondary institutes obtain research funding for ground-breaking projects and related resources, and how the Saskatchewan Advantage Innovation Fund continues to identify and support cutting edge research and technology development in each of Saskatchewan's core economic sectors.

Innovation Saskatchewan also funds Co.Labs, a provincially-backed incubator which, in less than three years, has created 160 jobs, incubated 88 start-ups and secured more than \$8 million in investment. The agency also: helps tech startups grow through the Made-in-Saskatchewan-Tech program by helping them secure their first big customer; develops novel tech solutions to solve public challenges through the Innovation Challenge program; administers the Saskatchewan Technology Startup Incentive program, connecting investors to new and mature tech startups in growth stages; and, works with partners, like SaskTech and ComIT, to understand stakeholder needs and ensure sustainable growth of the sector.

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

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

Honourable Tina Beaudry-Mellor

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, 2020. 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 black ink, appearing to read "Kari Harvey".

Kari Harvey
Chief Executive Officer
Innovation Saskatchewan

Introduction

This annual report for Innovation Saskatchewan presents the agency's results for the fiscal year ending March 31, 2020. It demonstrates the agency's commitment to effective public performance reporting, transparency, and accountability.

Innovation Saskatchewan's activities in 2019-2020 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.

Overview

Innovation Saskatchewan (IS) is the central agency of the Government of Saskatchewan with responsibility for implementing Saskatchewan's innovation priorities. With twelve full time staff, a main office located at Innovation Place research park in Saskatoon and a second office located in Regina, IS works to produce economic benefits for the people of Saskatchewan through innovation.

Saskatchewan's Growth Plan: The Next Decade of Growth, released on November 14, 2019, recognizes the impact innovation will have on the province's economic future. Specifically, Innovation Saskatchewan's mandate has a pivotal role in achieving the province's goal of tripling the growth of Saskatchewan's technology sector by 2030. Through **The Innovation Saskatchewan Act**, proclaimed on November 2, 2009, the role of the organization 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.

Mission Statement

At Innovation Saskatchewan, our mission is to be an innovation catalyst serving the needs of individuals, companies, and institutions. Our priorities are to enhance the benefits of innovation in Saskatchewan guided by the following actions:

- ⇒ Develop an environment that encourages and rewards innovation;
- ⇒ Strengthen the ability of the private sector to innovate and implement innovations, leading the commercialization of new, high value-added products and improved competitiveness; and,
- ⇒ Foster 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.

Board of Directors

Innovation Saskatchewan is led by a board of directors with years of experience in innovation. The board members provide strategic advice to the agency and have diverse backgrounds in industrial sectors of importance to Saskatchewan.

The members of the IS Board of Directors for 2019-20 were:

Honourable Tina Beaudry-Mellor (Chair)

Minister Responsible for
Innovation Saskatchewan

Mr. Greg Sutton

Co-Founder and CEO,
TinyEYE Therapy Services, Saskatoon, SK

Mr. Marty Seymour

Director of Industry Relations,
Farm Credit Canada, Regina, SK

Mr. Thomas Benjoe

President and CEO,
FHQ Developments, Regina, SK

Mr. Derek Lothian

President and CEO,
Insurance Brokers' Association of
Saskatchewan, Regina, SK

Ms. Dena McMartin

Director of Research Services and
Assistant Vice President of Research,
University of Saskatchewan, Saskatoon, SK

Ms. Sandra Zilles

Professor of Computer Science,
University of Regina, Regina, SK

Progress in 2019-20

Saskatchewan's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

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

Strategy: Support the commercialization of innovative new research and technologies by matching federal funding, encouraging industry engagement, and/or providing direct funding through IS-designated programs such as the Innovation and Science Fund (ISF)/Saskatchewan Advantage Innovation Fund (SAIF).

Key Actions: Support for and participation on the boards of six key research and/or industry specific organizations (Canadian Light Source (CLS), Vaccine and Infectious Disease Organization-International Vaccine Centre (VIDO-InterVac), Saskatchewan Health Research Foundation (SHRF), International Minerals Innovation Institute (IMII), Petroleum Technology Research Centre (PTRC), and Sylvia Fedoruk Canadian Centre for Nuclear Innovation (Fedoruk Centre)), as allocated to IS by the Government of Saskatchewan;

Results: IS continues to provide provincial funding to these six organizations that further advance research and technology development in both academia and industry. IS promotes the achievements of these organizations throughout the province and across Canada. Some of the highlights of these organizations in 2019-2020 include:

⇒ The CLS, Canada's only synchrotron light source, celebrated its 20th anniversary this past year. Since opening, the beamlines have been used by over 3,000 scientists and 1,200 students from 300 institutions in 40 unique countries to the University of Saskatchewan and the province.

The Canadian Isotope Innovation Corp. (CIIC) is the first company spin-off from the CLS that will produce medical grade isotopes for diagnostic procedures. It continues to develop into the next business stages and attract additional public and private investment in 2020.

⇒ VIDO-InterVac is a world-class facility responsible for developing numerous commercialized vaccines and preventing the spread of major animal diseases in the agricultural industry.

In January 2020, VIDO-InterVac received permission from the Public Health Agency of Canada to start working on a vaccine for the coronavirus later named COVID-19. They have developed an animal model and rapidly progressed to animal trials, with safety and clinical trials expected later in 2020.

VIDO-InterVac also announced plans to build a vaccine manufacturing facility in 2020. This facility will help Canada reduce its dependency on international vaccine supply and will also help introduce new vaccines to the market faster.

⇒ The Fedoruk Centre operates the Saskatchewan Centre for Cyclotron Sciences (SCCS). The SCCS is the province's only cyclotron, and it develops radiopharmaceuticals to help detect, diagnose, and treat diseases such as cancer, Alzheimer's, and Parkinson's disease.

More than 2,500 patient scans per year are now performed at Royal University Hospital with medical isotopes produced at the SCCS.

- ⇒ The PTRC facilitates the reduction of the petroleum industry’s environmental impact through the development of cleaner extraction technologies and processes. PTRC’s Aquistore site has sequestered more than 240,000 tonnes of CO² since it began operating.
- ⇒ The IMII is finalizing the groundwork of a new Digital Mining Transformation Initiative. IMII’s recent scholarships and programs aim to provide relevant digital skills to women and/or Indigenous peoples looking to enter the mining sector or for employees to upgrade their existing skills.
- ⇒ The SHRF continues to support peer-reviewed research around health issues facing Saskatchewan residents, encouraging patient-oriented research when applicable. In 2019-20, SHRF’s programs and funding opportunities have emphasized on virtual healthcare education and Indigenous health research.

Through the Innovation and Science Fund (ISF): support academic research and its commercialization by matching federal funding for projects proposed by Saskatchewan’s post-secondary research institutes;

Results: The ISF is designed to help Saskatchewan’s post-secondary institutes attract federal funding, new partnerships, and highly qualified personnel by providing essential funds for large scale projects. In 2019-20, IS provided ISF support for projects at both the University of Saskatchewan and the University of Regina in areas such as nutrient extraction, disease compound interaction and treatment, as well as simulation technology to improve driving safety outcomes.

Another project is the Centre for Biologic Imaging and Research & Development (C-BIRD), which is developing the next generation of imaging agents for early diagnosis targeted treatment of diseases such as cancer. IS has invested \$800,000 in this project, which is proprietary technology to the University of Saskatchewan. C-BIRD currently uses Fedoruk Centre facilities to manufacture their radiopharmaceuticals and has been given Health Canada approval for human clinical trials. The ISF continues to strive to promote research excellence and develop innovative capacity across the province’s post-secondary institutes.

Through the Saskatchewan Advantage Innovation Fund (SAIF): provide funding to consortiums of companies/ organizations developing technological innovations that solve industry-specific challenges;

Results: The SAIF program continues to identify and support cutting-edge research and technology development in each of Saskatchewan’s core economic sectors that demonstrate a clear path to commercialization. Projects must address a challenge or opportunity in the identified priority areas: energy, mining, manufacturing, education, agriculture or healthcare. It remains one of the core programs at IS, as program funding continues to be fully utilized each year.

Previous successful projects include: Wave 9, an artificial intelligence (AI) capable of monitoring oil wells and detecting leaks wirelessly; Deep Earth Energy Production (DEEP) Corporation, the first utility-scale geothermal power plant in Saskatchewan; and DOT Technology Corp., a highly successful autonomous farm equipment fleet.

To date, SAIF has produced a high return on investment:

- ⇒ \$12.1 million (M) of SAIF investment committed;
- ⇒ \$44.4M in private investment attracted;
- ⇒ \$4.3M in federal investment attracted;
- ⇒ 302 per cent return on investment based on funds leveraged.

Supporting other key initiatives that facilitate industry-academic collaboration on issues facing Saskatchewan's core economic sectors.

Results: IS often works with partners to encourage collaboration on multiple levels around research challenges facing Saskatchewan. Sponsorship of events such as Emerging Agriculture and Med.Hack bring hundreds of students, faculty, and industry stakeholders together to address immediate and real-world challenges within Saskatchewan's core economic sectors.

These types of events and others, including the 24 Hour Startup Challenge at the Farm Progress Show, allow knowledge sharing and networking to occur between established experts and individuals looking to test their digital skillsets on a real-world problem. IS continues to look for events across the province that will strengthen relationships between academia and industry, resulting in commercialization opportunities and a vibrant research and development ecosystem.

Summary: In 2019-2020, IS supported Saskatchewan's research organizations and post-secondary institutes as they demonstrated strong leadership in areas of research and technology commercialization. Looking forward, IS will ensure that these identified programs and funding opportunities continue to demonstrate strong and sustainable economic returns and align with provincial priorities.

Saskatchewan's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

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

Strategy: Develop programs and policies to address the needs of innovation ecosystem members, such as tech entrepreneurs and new and mature tech startups, resulting in economic growth of the overall sector.

Key Actions: Through continued funding of Co.Labs: supporting the formation and growth of tech startups throughout their early stages;

Results: IS continued to work with Co.Labs, the province's first tech incubator, to mentor and champion new tech entrepreneurs and tech startups. In 2019-20, Co.Labs introduced its fourth core program, Co.Learn. The program was created to develop relevant skills in high-potential talent to help them build their own startups and careers in tech. Co.Learn joins Co.Labs' three other 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 teams.

As of March 31, 2020, Co.Labs, has mentored over 100 companies and helped them secure over \$8M in private equity investment, which led to the creation of 179 jobs.

Through the Made in Saskatchewan Technology (MIST) program: help tech startups grow by helping them secure their first big customer;

Results: In 2019-20, the MIST program ran for its first full year. As of March 2020, 23 companies have applied to the MIST program and 13 have been approved to participate in the program. Four companies have been successfully matched with government partners and are piloting their technology solutions.

Having Saskatchewan's public sector as a first customer makes a company more likely to remain and hire within the province. MIST ensures that a new startup does not lose out on valuable time in its growth process conducting testing and can then gain other customers using the testimonials of its government partner.

Through the Innovation Challenge program: develop novel tech solutions to solve public challenges;

Results: In 2019-20, IS ran the Rural Property Access Innovation Challenge. This challenge looked for a solution to the question: "How can technology be used as a tool to obtain permission from rural property owners before accessing their land?".

The winner of this Challenge, SaskLander, is currently piloting their solution, which connects landowners to land users through mobile and desktop applications, in the RM of Shellbrook. SaskLander intends to beta test this technology province-wide in fall 2020. This company currently employs one full-time employee and is looking to hire in summer 2020.

The Innovation Challenge program continues to provide Saskatchewan-based technology entrepreneurs with an entry into the tech sector ecosystem by building a start-up business around their tech solution.

Administer the Saskatchewan Technology Startup Incentive (STSI) program, now in its second year of connecting investors to new and mature tech startups in growth stages;

Results: This program aims to incentivize angel investments in early tech startups in Saskatchewan to help new tech companies grow through new hires and advance the development of their technologies. Between October 1, 2018 and April 16, 2020:

- ⇒ \$10.2M in private investment was attracted;
- ⇒ 135 investors and 46 technology companies were approved;
- ⇒ 62 new jobs were created by startups under the program;
- ⇒ 33 percent of STSI eligible startups have females in executive/founder positions (16 of 48 eligible startups).

The Canadian Venture Capital and Private Equity Association (CVCA) reported that \$114M in venture capital investment was made in Saskatchewan in 2019; more than the past five years combined. The STSI program has clearly demonstrated to venture capital investors that Saskatchewan has untapped growth potential in its tech sector and should not be overlooked.

Work with partners, like SaskTech and ComIT, to understand stakeholder needs and ensure sustainable growth of sector across the province;

Results: To address labour market shortages, IS continued its collaboration with ComIT – a non-profit organization that delivers coding and programming training to unemployed or underemployed individuals. In 2019-20, ComIT delivered three courses in each Saskatoon and Regina. To date, 106 people have completed a course and 72 per cent of participants have found employment.

Cultivator, Regina’s first business incubator led by Conexus Credit Union, launched in 2018. In 2019-20, IS worked with Cultivator on several initiatives to support budding entrepreneurs in the Regina tech ecosystem. To date, Cultivator has mentored 32 companies and has helped them attract a combined \$1.7M in private equity investments and create 86 jobs.

In early 2020, Regina Open Door Society, in partnership with IS, held their third tech skills showcase. This event provides an opportunity for newcomers with professional backgrounds in the IT sector, to showcase their skills and connect with employers. This event had 20 participants and engagement from six different employers.

In 2019-20, alongside Western Economic Diversification, IS funded the province’s first-ever tech sector labour market and economic impact analysis. Led by SaskTech and SaskInteractive, this study quantified the impact the tech sector has on the province’s economy. Conducted by Nordicity, key findings from this report confirm that this sector stands on its own as a valuable economic driver for the province.

Important highlights from the study include the fact that Saskatchewan’s tech sector generated \$4.7 billion (B) in direct gross domestic product (GDP) in 2018, representing 5.6 per cent of Saskatchewan’s total GDP. The report also confirmed the tech sector is a large employer in the province; the industry employs 52,300 workers and is home to over 5,000 tech companies. Going forward, these findings will be used to inform future programming and policy decisions that will support the tech sector in its future growth.

Summary: In 2019-2020, IS supported Saskatchewan’s tech sector as it rapidly expanded from its position in 2018. To achieve the Saskatchewan Growth Plan’s target of tripling the tech sector’s growth by 2030, IS programs and policies will ensure local tech sector stakeholders continue their scale up growth. In addition, IS will attract new companies and venture capital investment to the province.

2019-20 Financial Overview

Innovation Saskatchewan
Report of Management
For the Twelve Month Period Ended March 31, 2020

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.



Kari Harvey
Chief Executive Officer
Innovation Saskatchewan

**Innovation Saskatchewan
Financial Statements
For the Year Ended March 31, 2020**

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, 2020, and the statement of operations and accumulated surplus, statement of changes 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, 2020, 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
July 13, 2020

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

Statement 1

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

	<i>(thousands of dollars)</i>	
Financial Assets	2020	2019
Due from General Revenue Fund (Note 3)	\$ 8,785	\$ 9,697
Accounts Receivable	36	49
	<u>8,821</u>	<u>9,746</u>
Liabilities		
Accounts Payable and Accrued Liabilities	<u>4,417</u>	<u>2,024</u>
	4,417	2,024
Net Financial Assets (Statement 3)	4,404	7,722
Accumulated Surplus (Statement 2)	<u>\$ 4,404</u>	<u>\$ 7,722</u>

Contractual Obligations (Note 5 and 8)

Designated Assets (Note 9)

(See accompanying notes to the financial statements)

Statement 2

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

	<i>(thousands of dollars)</i>		
	Budget	2020	2019
	(Note 4)	Actual	Actual
Revenue			
Transfer from the General Revenue Fund	\$ 20,398	\$ 24,398	\$ 27,135
Interest Earned from the General Revenue Fund	-	238	240
Other	-	6	101
	<u>20,398</u>	<u>24,642</u>	<u>27,476</u>
Expenses (Note 7)			
Administration	2,265	1,933	2,347
Program Grants			
Saskatchewan Advantage Innovation Fund	1,000	991	1,938
Petroleum Technology Research Centre	2,000	2,000	2,000
Innovation and Science Fund	2,979	3,116	3,484
International Minerals and Innovation Institute	256	256	1,200
Sylvia Fedoruk Centre	2,500	2,500	900
Canadian Light Source	4,100	4,100	4,100
InterVac	2,131	2,131	2,131
Vaccine and Infectious Disease Organization	1,618	5,418	3,218
Saskatchewan Health Research Foundation	4,849	4,849	5,349
Saskatchewan Collaborates Inc.	250	250	250
Regina Startups Programs	350	376	235
Made In Saskatchewan Technology	100	40	-
Saskatchewan Technology Startup Incentive	-	-	25
	<u>24,398</u>	<u>27,960</u>	<u>27,177</u>
Annual (Deficit)/Surplus	<u>\$ (4,000)</u>	<u>(3,318)</u>	<u>299</u>
Accumulated Surplus, Beginning of Period		<u>7,722</u>	<u>7,423</u>
Accumulated Surplus, End of Period (Statement 1)		<u>\$ 4,404</u>	<u>\$ 7,722</u>

(See accompanying notes to the financial statements)

Statement 3

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

	<i>(thousands of dollars)</i>	
	<u>2020</u>	<u>2019</u>
Annual (Deficit)/Surplus	\$ (3,318)	\$ 299
Decrease in Prepaid Expenses	<u>-</u>	<u>4</u>
(Decrease)/Increase in Net Financial Assets	(3,318)	303
Net Financial Assets, Beginning of Year	<u>7,722</u>	<u>7,419</u>
Net Financial Assets, End of Period (Statement 1)	<u>\$ 4,404</u>	<u>\$ 7,722</u>

(See accompanying notes to the financial statements)

Statement 4

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

	<i>(thousands of dollars)</i>	
	<u>2020</u>	<u>2019</u>
Operating Activities		
Cash Receipts from General Revenue Fund	24,398	27,135
Cash Receipts from Other Operating Activity	6	101
Cash Paid to Suppliers and Employees	<u>(25,567)</u>	<u>(27,007)</u>
(Used in)/Cash Provided by Operating Activities	(1,163)	229
Investing Activities		
Cash Receipts from Interest	<u>251</u>	<u>223</u>
Cash Provided by Investing Activities	251	223
(Decrease)/Increase in Due From General Revenue Fund	(912)	452
Due from General Revenue Fund, Beginning of Year	<u>9,697</u>	<u>9,245</u>
Due from General Revenue Fund, End of Period	<u>\$ 8,785</u>	<u>\$ 9,697</u>

(See accompanying notes to the financial statements)

Innovation Saskatchewan

Notes to the Financial Statements for the Year ended March 31, 2020

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) 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.

d) New Accounting Standards:

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 2019-20 was 1.72% (2018-19 – 1.54%). Interest earned during the year was \$238 thousand (K) (2018-19 – \$240K).

4. Budget Approval

The 2019-20 budget was approved by the Innovation Saskatchewan Board on June 28, 2019.

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, 2020 include the following:

Expense	<i>(thousands of dollars)</i>	
	2019-20	2018-19
Saskatchewan Health Research Foundation	\$ 4,849	\$ 5,349
Ministry of Advanced Education	261	219
Saskatchewan Research Council	200	390
Saskatchewan Opportunities Corporation – Innovation Place	173	163
Saskatchewan Polytechnic	100	300
SaskTel	21	23
Public Service Commission	2	-
Ministry of Central Services	1	1
Ministry of Immigration and Career Training	-	35
Ministry of Trade Export and Development	-	8
Accounts Receivable	\$ 36	\$ 49
Accounts Payable	\$ 34	\$ 331

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

Contractual Obligations	<i>(thousands of dollars)</i>	
	Leases	Programming
2020-21	\$ 150	\$ 6,229
2021-22	-	38
2022-23	-	38
2023-24	-	37
Total	\$ 150	\$ 6,342

Innovation Saskatchewan has 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	<i>(thousands of dollars)</i>	
	March 31, 2020	March 31, 2019
Goods and Services	\$ 629	\$ 515
Grants and Transfers	26,143	25,235
Pension and Benefits	111	119
Salaries	1,028	1,252
Travel	49	56
Total	<u>\$ 27,960</u>	<u>\$ 27,177</u>

8. Contractual Obligations

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

	<i>(thousands of dollars)</i>	
	Programming	
2020-21	4,685	
2021-22	3,142	
2022-23	3,023	
2023-24	2,500	
Total	<u>\$13, 350</u>	

9. Designated Assets

In 2019-20, Innovation Saskatchewan's Board of Directors approved a motion to eliminate the designated asset status of funds under the Saskatchewan Advantage Innovation Fund and the Innovation and Science Fund.

10. Pension Costs

The employees of Innovation Saskatchewan participate in the Public Employees' Pension Plan defined contribution plan. Pension costs of \$80K (2018-19 - \$89K) 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. COVID-19

The COVID-19 pandemic is complex and rapidly evolving. It has caused material disruption to businesses and has resulted in an economic slowdown. Innovation Saskatchewan continues to assess and monitor the impact of COVID-19 on its financial condition. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential impact on the Innovation Saskatchewan's financial position and operations.

For More Information

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

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