

Innovation Saskatchewan

Annual Report for 2021-22

Saskatchewan! 

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Letters of Transmittal



The Honourable
Jeremy Harrison
Minister Responsible
for Innovation
Saskatchewan

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report for Innovation Saskatchewan for the fiscal year ending March 31, 2022.

The province's research and technology sectors play an increasingly important role in Saskatchewan's future economic success. Innovation Saskatchewan supports these sectors through its programs, policies, and partnerships. In 2021-22, the province witnessed a thriving tech and research sector. Tech companies were attracting record-breaking venture capital investment and research institutes commercializing research at the world stage. Innovation Saskatchewan will continue to encourage ongoing competitiveness of the provincial economy, advancing goals set out in the Saskatchewan Plan for Growth.

Innovation Saskatchewan supports research undertaken at the agency's funded institutes, which creates economic impact, a return on investment, and is aligned with Saskatchewan's research and development priorities. Knowledge and innovation will continue to play an important part in Saskatchewan's future economic success.

In this report, you will read the 2021-22 highlights from the six organizations Innovation Saskatchewan funds to further advance research and technology development in academia and industry, how the Innovation Science Fund continues to play a role with the post-secondary institutes on ground-breaking research, and how the Saskatchewan Advantage Innovation Fund and the Agtech Growth Fund continue to support research and development in each of the province's core sectors.

Innovation Saskatchewan also continues to work to advance the technology sector through programs including the Saskatchewan Technology Startup Incentive, the Made in Saskatchewan Technology Program, and works to solve public challenges through the Innovation Challenge program. It also works with partners, such as SaskTech, Conexus Credit Union, post-secondary institutes, and ComIT, to understand stakeholder needs and ensure the sustained 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 'Jeremy H.', with a stylized flourish at the end.

Honourable Jeremy Harrison
Minister Responsible for Innovation Saskatchewan



Kari Harvey
CEO of Innovation
Saskatchewan

The Honourable Jeremy Harrison, Minister Responsible for Innovation Saskatchewan

Dear Minister Harrison:

I have the honour of submitting the Annual Report of Innovation Saskatchewan for the fiscal year ending March 31, 2022. 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', written in a cursive style.

Kari Harvey
Chief Executive Officer
Innovation Saskatchewan

Organization Overview

This annual report for Innovation Saskatchewan presents the agency's results for the fiscal year ending March 31, 2022. It demonstrates the agency's commitment to effective public performance reporting, transparency, and accountability.

Innovation Saskatchewan's activities in 2021-22 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.

Innovation Saskatchewan supports the achievement of these goals and works towards security and prosperity for the province.

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. With 14 full-time staff, a main office located at Innovation Place research park in Saskatoon and a second office located in Regina, Innovation Saskatchewan works to produce economic benefits for the people of Saskatchewan through research and development.

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.
- Coordinate 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 coordinate, 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.
- Undertake any other prescribed programs and activities.

Mission Statement

Innovation Saskatchewan's mission is to be an innovation catalyst serving the needs of individuals, companies, and institutions, as well as to enhance the 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 the commercialization of new, high value-added products and improved competitiveness.
- 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.

Legislation

Innovation Saskatchewan is responsible for *The Innovation Saskatchewan Amendment Act, 2022* and the *Saskatchewan Technology Start-up Incentive Act*.

Board of Directors

The members of the Innovation Saskatchewan Board of Directors for 2021-22 were:

Honourable Jeremy Harrison (Chair)

Minister Responsible for Innovation Saskatchewan

Ms. Alana Ross

Member of Legislative Assembly for Prince Albert Northcote

Honourable James Reiter

Minister of SaskBuilds and Procurement

The 2021-22 Innovation Saskatchewan Team

Kari Harvey

Chief Executive Officer

Kristina Rissling Olson

Communications and Policy Analyst

Rebecca Gibbons

Executive Director of Operations

Amanda Sampson

Innovation Policy Analyst

Danya Kordan

Director of Research Institutes and Clusters

Kaitlin Sherven

Innovation Policy Analyst

Tyler Dunn

Director of Strategic Marketing & Communications

Ryssa Alarcon

Marketing & Communications Consultant

Avery Vold

Director of Corporate Strategy

Sheri Merasty

Executive Assistant

Kevin Chung

Acting Director of Innovation Investments

Ashley Randall

Financial Administrative Assistant

Andrew Wahba

Director

Grace Folkins

Johnson Shoyama Graduate School of Public Policy Intern

Andrew Cerkowniak

Program Manager

Progress in 2021-22

Organization Goal 1

Government Goals



**A Strong
Economy**



**Strong
Communities**



**Strong
Families**

Organization Goal

Ensure Innovation Saskatchewan funded research is creating economic impact, a return on investment, and is aligned with Saskatchewan's research and development (R&D) priorities.

Strategy

Support the commercialization of innovative new research and technologies through developing and continued partnerships with the six funded research institutes, match federal funding, encourage industry engagement, collaboration, and industry driven R&D projects, support R&D to ensure sustainable economic growth, and provide direct funding through programs such as the Innovation and Science Fund (ISF) and the Saskatchewan Advantage Innovation Fund (SAIF) funds.

Key Action

- Support for, including continued funding, and participation on the board of directors of six key research and/or industry specific organizations – Canadian Light Source (CLS), Vaccine and Infectious Disease Organization (VIDO), 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 Innovation Saskatchewan by the Government of Saskatchewan.

Results

- Innovation Saskatchewan continued to provide provincial funding to the six organizations that play an important role in advancing research and technological development in both academia and industry. Innovation Saskatchewan promoted the achievements of those organizations across the province and Canada. Some of the highlights in 2021-2022 include:
 - The CLS, Canada's only synchrotron light source, continues to play an important role in advancing research projects that align with provincial priorities in the areas of health, agriculture, environment, and advanced materials.
 - In 2021-2022, non-COVID-19 related research projects resumed at the facility, with limited staff on site available to conduct remote research for international users.
 - Agricultural research now accounts for 10 percent of the research being conducted at the CLS, with environmental sciences at 26 percent and health sciences research at 18 percent.
 - Canadian Isotope Innovation Corp (CIIC), the first company spin-off from the CLS continues to produce medical grade isotopes for diagnostic procedures. CIIC secured \$2 million (M) in private investment for a collaboration to produce the isotope Cu-67. CIIC and Iotron established the

- world's first private sector producer and supplier of this valuable radioisotope, building on the application innovations and accelerator expertise of both parties. Iotron and CIIC have committed to a five-year agreement that will establish a stable and reliable source of Cu-67, with plans to expand production further as market demand grows.
- VIDO, Canada's Centre for Pandemic Research, is a world leader in infectious disease research and vaccine development for humans and animals.
 - The Government of Saskatchewan, through Innovation Saskatchewan, has provided VIDO with additional funding to support the expansion of its facilities and the establishment of Canada's Centre for Pandemic Research. Its \$15M commitment will support VIDO in adding containment level four capacity, which will allow it to work with any pathogen. It will also allow for surge capacity and quick response times. This expansion is in the planning stages.
 - VIDO's COVID-19 vaccine phase one and two results are very positive. Phase three trials have been underway since late fall 2021, involving thousands of volunteers in Senegal, Africa.
 - Construction of VIDO's vaccine manufacturing facility moved along as planned and its grand opening is planned for spring 2022. With anticipated annual production of 40M doses of vaccine, this facility will help Canada reduce its dependency on international vaccine supply and will also help introduce new vaccines to the market faster.
 - VIDO continues to recruit the world's leading researchers to Saskatoon to strategically grow the organization and the national and international presence.
 - SHRF continues to provide funding for high-impact and peer-reviewed health research relevant to the province.
 - SHRF created the new Solutions Grant program with the focus area being "Virtual Care". SHRF awarded over \$1M in funding through the program. Through this program, Eden Care Communities received a \$50,000 Innovation Grant to develop their CareonDemand app in long term care home settings to collect data to improve patient care.
 - Another program, Research Connections, helps fund projects that improve the health of Indigenous Peoples by addressing the Truth and Reconciliation Calls to Action. One project supported the discovery of the unmarked graves on Cowessess First Nation.
 - SHRF is committed to finding opportunities to have the tech sector provide solutions within the health sector.
 - IMII continues to provide funding for both R&D projects and education and training (E&T) programs designed to support the mining labour market including a focus on increasing the level of participation by women and Indigenous workers.
 - IMII has partnered with Saskatchewan Polytechnic to identify and develop a series of micro credentialling programs to upskill the industry's existing workforce.
 - IMII, Cameco, and Mitacs contributed funding to applied research projects, through Saskatchewan Polytechnic's applied research centre, to create a process using machine learning and artificial intelligence (AI) to mine for uranium more efficiently.
 - PTRC serves an important role in the development of enhanced oil recovery (EOR) technologies critical to maintaining and expanding Saskatchewan's petroleum production in ways that lower energy intensity and reduce emissions.
 - PTRC continues to play a key role in the management and operation of the Aquistore CO2 storage facility tied to SaskPower's Boundary Dam 3 CO2 capture facility. PTRC's Aquistore site has sequestered more than 425,000 tonnes of CO2 since it began operating (equivalent to taking 106,000 cars off the road for one year).
 - In response to industry placing an increased emphasis on environmental sustainability, PTRC has sponsored a research project at the University of Regina designed to investigate CO2 storage potential in the heavy oil region of Lloydminster in western Saskatchewan.
 - With the announced tax incentives for CCUS, PTRC has also recently consulted on CO2 storage hub proposals from industry clients in Alberta and Saskatchewan.
 - The Fedoruk Centre continues to support nuclear research and training in the areas of nuclear medicine, materials research, agri-biotechnologies, nuclear energy, and environmental stewardship.

- 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 positron emission tomography–computed tomography (PET-CT) scans per year are conducted using SCCS radiopharmaceuticals at the Royal University Hospital (RUH) in Saskatoon. The SCCS also supplies medical isotopes to the Foothills Medical Centre in Calgary when Alberta's regular supplier is unable to do so.
 - The SCCS also generates revenue from the sales of isotopes and radiochemicals for research purposes, with revenues projected to rise since the lifting of COVID-19 restrictions.
 - The Fedoruk Centre also plays an important role in supporting academic research programs and in supporting exploring the feasibility and opportunities for future small modular reactor (SMR) placement and operations in Saskatchewan.
- Innovation Saskatchewan committed \$2M to the Global Institute for Food Security (GIFS) part of a \$3.2M investment in partnership with the Ministry of Agriculture. This funding supports a new engineering biology centre. The centre will provide producers with new varieties of crops, through GIFS's genomics, data management and analytics capacity. The centre is projected to hire 10 positions and will provide training opportunities for Canadian researchers.

Key Action

- Through ISF, support academic research and commercialization of innovative new research and technologies by matching federal funding for projects proposed by Saskatchewan universities, colleges, and research institutes to attract and retain highly qualified personnel in the province.

Results

- The projects that were funded within the 2021-2022 year supported projects at the University of Saskatchewan, the University of Regina and Saskatchewan Polytechnic. The research focused on:
 - Creating a bison genome biobank.
 - Supplying the Research in Additive Manufacturing and Prototyping (RAMP) facility at Saskatchewan Polytechnic with equipment.
 - Evaluating the risks and benefits of prescription drug use during pregnancy for short and long-term maternal and child health outcomes.
 - Studying how mitochondrial protein dysfunction plays a role in a range of chronic diseases, such as bipolar or Parkinson's.
 - Giving graduate students the opportunity to do fundamental scientific research in fundamental physics.

Key Action

- Through SAIF, provide funding to consortiums of companies/organizations developing technological innovations that solve industry specific challenges.

Results

- SAIF continues to support the commercialization of cutting-edge R&D projects in Saskatchewan's core economic sectors and must demonstrate broad economic, social, and environmental benefits to the relevant sectors. Projects must address a challenge or opportunity in the identified priority areas including energy, mining, manufacturing, education, or healthcare.
- Successful projects in 2021-2022 include:
 - Greenwave Innovations – Developing an energy management platform for businesses to monitor electricity, water, and natural gas consumption in real-time.
 - Saskatchewan Research Council (SRC) – Direct Steam Generation – Working with industry partners to validate the use of direct contact steam generation for enhanced oil recovery in Saskatchewan's Viking formation.
 - Prairie Clean Energy – Developing a production pathway in Saskatchewan for using flax straw pellets as industrial biomass fuel.

- Saskatchewan Minerals and Mining Inc. – Conducting research work required to upgrade a sodium sulphate facility to produce a premium agricultural fertilizer known as sulphate of potash.
- Delco – Developing a platform to remotely monitor the health of water treatment facilities in real-time.
- To date, SAIF has produced a high return on investment:
 - 46 projects have been funded to date.
 - \$13.3M of SAIF investment committed.
 - \$45.3M in private investment attracted.
 - \$5.1M in federal investment attracted.
 - 196 new jobs created since 2018.

Progress in 2021-22

Organization Goal 2

Government Goals



**A Strong
Economy**



**Strong
Communities**



**Strong
Families**

Organization Goal

Build and support a sustainable and inclusive technology sector.

Strategy

Develop and implement programs and policies that support the needs of Saskatchewan's innovation ecosystem, including creating the conditions for technology entrepreneurship and growth from startup to scaleup, resulting in economic growth of the overall sector.

Key Action

- Innovation Saskatchewan continues to fund Co.Labs, the province's first technology incubator. Co.Labs supports the formation and growth of tech startups through their early stages to prepare startups for later-stage growth programs and outside investments.
- Co.Labs supports the growth of Saskatchewan tech startups of various stages through four main programs:
 - Co.Learn: semi-annual summits for future startup founders and employees, targeting youth in high school and university.
 - Co.Launch: a three-month accelerator program for idea and prototype stage startups.
 - Co.Link: for startups with validated technologies and market traction.
 - Co.Lead: for startups experiencing rapid growth and focus on scaling-up.

Results

- Alex Shimla became the interim Executive Director in February 2022, following the departure of Matt Stefan.
- Co.Labs had a record-breaking year in 2021 with:
 - 23 startups incubated.
 - 206 jobs created by startups.
 - \$10.2M in investments attracted by startups, close to the last four years combined.
 - \$9.5M in revenues generated by startups, beating last year's record of \$5.6M.

Key Action

Through the Made in Saskatchewan Technology Program (MIST), startups secure their first big customer by introducing them to government ministries and Crowns. MIST startups introduce technology to Government that could improve the delivery of services and enhance citizen experience.

Results

- The MIST program was launched by Innovation Saskatchewan in January 2019 and as of March 2022, 40 companies have applied to the MIST program with 25 deemed eligible.
 - Changes to the MIST program were made in February 2022. Companies can now receive a contract of up to \$30,000 and three pilot projects. Previously, successful applicants received a government contract of \$10,000 and one pilot project.
- To date, seven companies have been successfully matched with government partners and have piloted their technological solutions.

Key Actions

- Through the Innovation Challenge program, identify policy issues and develop novel technology solutions to solve public sector challenges. It allows innovators and technology entrepreneurs an entry into the technology sector by establishing government as the first major buyer of their innovation and helps build a startup around the solution.

Results

- In 2021-2022, Innovation Saskatchewan ran one Innovation Challenge – Safety in the Construction Industry.
 - In partnership with the Saskatchewan Construction Safety Association (SCSA), the challenge looked for a solution to the question: "How can technology be used by the construction industry to identify hazards and reduce injuries?"
 - Betterworks Technologies was selected as the winner. The Saskatoon-based company is developing a product called Vergo, which uses computer vision to assess workers' ergonomics.
 - Betterworks Technologies completed its 16-week residency with the SCSA in February 2022 and presented its technology to the public in April 2022 at the Innovation Challenge Demonstration Day.
- The Innovation Challenge program has resulted in the creation of four new companies, employing a total of approximately 30 people.

Key Action

- Through the administration of Saskatchewan Technology Startup Incentive (STSI), a non-refundable 45 percent tax credit to individuals, corporations, and venture capital firms that invest in eligible companies, continue to connect investors to new and mature tech startups in growth stages.

Results

- In 2021-22, the STSI was extended for five years to meet the needs of the province's fast growing tech sector.
- The STSI continues to be a vital resource for tech entrepreneurs looking to grow their business and create jobs in Saskatchewan.
- The program was launched in October 2018 and has addressed the need for capital investment among emerging technology startups:
 - \$46M of private investment has been attracted:
 - \$22.6M of investment has been raised under the program.
 - \$23.6M has been raised outside the program as follow-on investment.
 - \$10.1M in tax credits have been approved, with \$3.5 of private investment being leveraged for every \$1 of credits issued.
 - 195 new jobs have been created.
 - 287 investors and 81 companies have been approved.

Key Action

- Work with partners, such as SaskTech, ComIT, Cultivator, and Women Entrepreneurs of Saskatchewan (WESK) and provide support through the Technology Ecosystem Program to ensure sustainable growth of the sector across the province.

Results

- Innovation Saskatchewan continued its partnership with the Regina Open Door Society (RODS) and its Tech Skills Showcase initiatives. RODS hosted two editions of this initiative, providing an opportunity for newcomers, with professional background in the tech sector to showcase their skills and connect with employers.
- In 2021-22, Innovation Saskatchewan continued to work with Cultivator, Regina's first business incubator led by Conexus Credit Union on several initiatives including:
 - Sask Startup Summit, Cultivator's first hybrid live/virtual event, which had over 300 attendees.
 - 24-Hour Startup, which brings together entrepreneurs, developers, and designers to pitch ideas, form teams, and build a minimum viable product over a 24-hour period. The event had 32 participants, participation from industry mentors, and had over 115 virtual spectators for the final pitch presentations.
- Since its inception, Cultivator has been very successful:
 - 81 resident companies incubated.
 - 300+ jobs created in Saskatchewan.
 - \$14M in revenue generated.
 - \$22M in private investment secured with \$23M in government funding.
 - 850 connections made with investors.
- Innovation Saskatchewan extended its commitment to WESK and its Founders Table program, which was first launched in 2020-21. Innovation Saskatchewan will provide \$120,000 over two years to support this program which aims to grow women-led technology companies in the province. The Founder Table provides increased access to funding resources, networks, mentorship, and business advising to women-led tech and tech-enabled companies.

Progress in 2021-22

Organization Goal 3

Government Goals



**A Strong
Economy**



**Strong
Communities**



**Strong
Families**

Organization Goal

Focus Innovation Saskatchewan's resources into agtech, cleantech, and healthtech to establish Saskatchewan as a world class sector hub.

Strategy

Develop programs and policies by leveraging existing partnerships and providing funding to promote agriculture, health, and clean technology investments and entrepreneurs through the province.

Key Action

- Through the Agriculture Growth Fund (AGF), accelerate development of agtech in Saskatchewan. The AGF supports R&D of cutting-edge agricultural technologies in Saskatchewan, as well as investment attraction funding of international agtech companies.

Results

- In 2021-22 Innovation Saskatchewan held two AGF intakes for the first time.
- Sixteen expressions of interest were received, and four projects were approved for funding. The projects were:
 - Mojow Autonomous Solutions – Developing computer vision and artificial intelligence that will enable new autonomous tractors and retrofit existing tractors with autonomous capabilities.
 - Barnstorm Agtech – Developing small but scalable autonomous tractors and implements capable of working, communicating, and coordinating with each other as a “swarm”.
 - Mera Development Corp – Developing a unified data platform for grain producers and food processors.
 - Environmental Material Sciences – Developing Crop Sense, a novel soil moisture and salinity monitoring solution using new sensor technology.
- Since launching in 2020, the AGF has greatly exceeded Innovation Saskatchewan's return on investment expectations.
 - AGF has committed over \$2.6M in project funding.
 - \$12.5M in private investment.
 - \$690,000 in federal funding.
 - \$6.2M in follow-on funding from private investors.
 - 58 new jobs created.
 - Six new intellectual properties (IP) generated.

Key Action

- Invest in activities that focus on growing early stage agtech companies through investment attraction and startup support.

Results

- Innovation Saskatchewan committed \$15M over five years in Conexus Venture Capital's Emmertech fund. In January 2022, Emmertech announced the fund closed at \$60M and began deploying capital. Emmertech will invest in agtech startups across Canada with Innovation Saskatchewan's \$15M investment being deployed exclusively in Saskatchewan-based agtech startups.
- In 2021-22, Innovation Saskatchewan committed \$300,000 over three years to Cultivator's Agtech Accelerator program. This program is venture capital backed and will provide growth support to early stage agtech startups in Saskatchewan. Its first cohort launched in January 2022 with 16 startups.

Financial Summary

Additional financial information can be found in the Government of Saskatchewan Public Accounts located at <https://publications.saskatchewan.ca/#/categories/893>

Innovation Saskatchewan
Report of Management
For the Twelve-Month Period Ended March 31, 2022

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

March 31, 2022

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, 2022, and the statement of operations and accumulated surplus, 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, 2022, and the results of its operations, 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 30, 2022

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

Tara Clemett, CPA, CA, CISA
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	2022	2021
Due from General Revenue Fund (Note 4)	\$ 14,853	\$ 18,733
Investments (Note 8)	3,000	-
Accounts Receivable	13	2
	<u>17,866</u>	<u>18,735</u>
Liabilities		
Accounts Payable and Accrued Liabilities	941	2,184
	<u>941</u>	<u>2,184</u>
Net Financial Assets	16,925	16,551
Accumulated Surplus (Statement 2)	<u>\$ 16,925</u>	<u>\$ 16,551</u>

Contractual Obligations (Notes 6 and 10)

(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	2022	2021
	(Note 5)	Actual	Actual
Revenue			
Transfer from the General Revenue Fund	\$ 28,227	\$ 28,227	\$ 37,727
Interest Earned from the General Revenue Fund	-	47	18
Other	-	3	1
	<u>28,227</u>	<u>28,277</u>	<u>37,746</u>
Expenses (Note 9)			
Administration	2,344	1,972	2,020
Program Grants			
Saskatchewan Advantage Innovation Fund	1,000	891	1,304
Petroleum Technology Research Centre	1,675	1,675	1,675
Innovation and Science Fund	2,979	3,229	3,229
International Minerals and Innovation Institute	256	256	256
Sylvia Fedoruk Centre	2,500	2,500	2,500
Canadian Light Source	4,100	4,100	4,100
Vaccine and Infectious Disease Organization	4,149	6,649	4,149
Saskatchewan Health Research Foundation	4,849	4,849	4,849
Saskatchewan Collaborates Inc. (Tech. Incubator)	375	375	375
Technology Ecosystem Program (Regina Startups Programs)	400	294	220
Made In Saskatchewan Technology	100	20	15
Agtech Growth Fund (AGF)	1,000	1,093	907
	<u>25,727</u>	<u>27,903</u>	<u>25,599</u>
Annual Surplus/(Deficit)	<u>2,500</u>	<u>374</u>	<u>12,147</u>
Accumulated Surplus, Beginning of Year		<u>\$ 16,551</u>	<u>\$ 4,404</u>
Accumulated Surplus, End of Year (Statement 1)		<u>\$ 16,925</u>	<u>\$ 16,551</u>

(See accompanying notes to the financial statements)

Statement 3

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

	<i>(thousands of dollars)</i>	
	<u>2022</u>	<u>2021</u>
Operating Activities		
Cash Receipts from General Revenue Fund	\$ 28,227	\$ 37,727
Cash Receipts from Other Operating Activity	3	1
Cash Paid to Suppliers and Employees	<u>(29,146)</u>	<u>(27,832)</u>
Cash (Used in) Provided by Operating Activities	(916)	9,896
Investing Activities		
Acquisition of Investments	(3,000)	
Cash Receipts from Interest	<u>36</u>	<u>52</u>
Cash (Used in) Provided by Investing Activities	(2,964)	52
Increase/(Decrease) in Due From General Revenue Fund	(3,880)	9,948
Due from General Revenue Fund, Beginning of Year	<u>18,733</u>	<u>8,785</u>
Due from General Revenue Fund, End of Year	<u>\$ 14,853</u>	<u>\$ 18,733</u>

(See accompanying notes to the financial statements)

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 change in net financial assets and a statement of re-measurement gains and losses have been omitted as there were no relevant transactions to report.

The following accounting policies are considered significant:

a) Financial Assets

Financial assets are assets that could be used to discharge future liabilities or finance future operations and are not for consumption in the normal course of operations.

Investments are recognized at cost. Realized gains or losses on disposal of these investments are recognized in the statement of operations. If an investment loses value that is other than temporary, the amount of the loss is reported in the statement of operations. The reduced value is deemed to be the new cost.

b) 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:

The following new accounting standard will be coming into effect as of the date indicated below:

- PS 3280 Asset Retirement Obligations – April 1, 2022
- PS 3400 Revenue – April 1, 2023

3. Risk Management of Investments

Innovation Saskatchewan has invested in a privately managed fund. In doing so, Innovation Saskatchewan is exposed to the following types of risk:

Credit risk – risk that Innovation Saskatchewan may incur a loss from the failure of another party to meet its obligations.

This is managed through the policy of the privately managed fund to only deal with third parties it believes to be creditworthy and by monitoring credit exposures and collateral. The greatest concentration of credit risk arises from investments in convertible securities.

Price risk – risk that Innovation Saskatchewan's return on its investment portfolio will fluctuate due to changes in market prices, other than interest rate risk.

The value of Innovation Saskatchewan's investment is influenced by the outlook of the issuer and by general economic conditions, as well as industry and market trends. The extent of the impact to the financial performance and operations of Innovation Saskatchewan will depend on future developments, which are highly uncertain and cannot be predicted.

Interest rate risk – risk of unfavourable fluctuation in Innovation Saskatchewan's investment income related to changes in interest rates.

This investment is not exposed to interest rate risk.

Foreign exchange rate risk – risk that Innovation Saskatchewan’s investment income will fluctuate due to changes in the value of the Canadian dollar and other currencies.

This investment is not exposed to foreign exchange rate risk.

4. 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 2021-22 was 0.19% (2020-21 – 0.19%). Interest earned during the year was \$47 thousand (K) (2020-21 – \$18K).

5. Budget Approval

The 2021-22 budget was approved by the Innovation Saskatchewan Board on July 14, 2021.

6. 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, 2022 include the following:

Expense	<i>(thousands of dollars)</i>	
	2021-22	2020-21
Saskatchewan Health Research Foundation	\$ 4,849	\$ 4,849
Saskatchewan Polytechnic	538	38
Ministry of Advanced Education	234	258
Saskatchewan Opportunities Corporation - Innovation Place	169	169
Ministry of Immigration and Career Training	23	8
SaskTel	15	20
Saskatchewan Research Council	12	-
Public Service Commission	3	2
Ministry of SaskBuilds and Procurement	1	1
Accounts Receivable	\$ 13	\$ 2
Accounts Payable	\$ 440	\$ 87

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

	<i>(thousands of dollars)</i>	
<u>Contractual Obligations</u>	<u>Programming</u>	<u>Administrative</u>
2022-23	349	100
2023-24	38	-
Total	<u>\$ 387</u>	<u>\$ 100</u>

Other transactions with related parties and amounts due to/from them are described separately in Note 4 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.

7. Financial Instruments

Innovation Saskatchewan's financial instruments include: Due from the General Revenue Fund, Accounts Receivable, Investments, Accounts Payable and Accrued Liabilities.

Financial Instruments are assigned to one of two measurement categories, fair value, or cost or amortized cost.

The carrying amount of investments is measured at cost. Innovation Saskatchewan has invested in a privately managed fund that is not measured in an active market.

The carrying amount of the remaining financial instruments are measured at fair value. The carrying value of these instruments approximates fair value due to their short-term nature. These instruments have no material interest, credit, liquidity, or market risks.

8. Investments

Innovation Saskatchewan has a privately managed investment of \$3 million (2020-21 – nil) at March 31, 2022.

Innovation Saskatchewan committed to investing \$15.0 million over five years into an agtech venture capital fund. This venture capital fund will invest in agtech startups across Canada focusing on early-stage investments in digital farm technologies. The fund has a mandate to invest at least \$15.0 million in Saskatchewan-based companies.

9. Expense by Object

(thousands of dollars)

<u>Expenses</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Goods and Services	\$ 534	\$ 685
Grants and Transfers	25,991	23,596
Pension and Benefits	134	120
Salaries	1,230	1,189
Travel	14	9
Total	<u>\$ 27,903</u>	<u>\$ 25,599</u>

10. Contractual Obligations

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

(thousands of dollars)

	<u>Programming</u>
2022-23	10,453
2023-24	9,583
<u>2024-25</u>	<u>1,616</u>
Total	<u>\$ 21,652</u>

11. Pension Costs

The employees of Innovation Saskatchewan participate in the Public Employees' Pension Plan defined contribution plan. Pension costs of \$104K (2020-21 - \$96K) 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.

12. Subsequent Events

On April 5, 2022, the Government of Saskatchewan introduced *The Innovation Saskatchewan Amendment Act, 2022* to further support the growth of technology and research in the province.

The legislation, once passed, will provide the authority for Innovation Saskatchewan to own and operate the technology and research parks currently assigned to the Saskatchewan Opportunities Corporation (SOCO) for the purposes of creating a single innovation agency in the province.

13. Comparative Figures

Certain 2021 comparative figures have been reclassified to conform with the current year's presentation.