



Annual Report for 2019-20

Table of Contents

Letters of Transmittal..... 3

SaskBuilds Overview 4

Progress in 2019-20 7

Management's Responsibilities 12

Independent Auditor's Report 13

2019-20 Financial Overview..... 15

For More Information 25

Letters of Transmittal



His Honour, the Honourable Russ Mirasty, S.O.M., M.S.M.,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report for SaskBuilds Corporation for the fiscal year ending March 31, 2020.

The Honourable
Gordon S. Wyant, Q.C.
Minister Responsible
and Chair of SaskBuilds
Board

SaskBuilds leads the delivery of large and complex infrastructure projects for public sector clients, coordinates long-term integrated capital planning for executive government, drives public procurement modernization and manages public procurement to support the province’s growth and quality of life of its people.

Gordon S. Wyant, Q.C.
Minister Responsible for SaskBuilds and Priority Saskatchewan
Chair, SaskBuilds Board of Directors



The Honourable Gordon S. Wyant, Q.C., Minister Responsible for
SaskBuilds and Priority Saskatchewan, and Chair of SaskBuilds Board

Dear Minister:

I have the honour of submitting the Annual Report for SaskBuilds Corporation for the fiscal year ending March 31, 2020.

Kyle Toffan
President and CEO
of SaskBuilds

As the President and Chief Executive Officer, I take responsibility for the financial administration and management control of SaskBuilds. Furthermore, I acknowledge my responsibility for this report and provide assurance on the accuracy, completeness and reliability of the information contained within.

Kyle Toffan
President and Chief Executive Officer, SaskBuilds

SaskBuilds Overview

SaskBuilds is a Treasury Board Crown Corporation with a mandate to integrate, coordinate and prioritize infrastructure planning and delivery for the Province of Saskatchewan, and advance projects through contract oversight, innovative approaches and alternative financing models as appropriate, to undertake, coordinate, manage and oversee public procurement for Executive Government through its Single Procurement Service (SPS), and advise on, determine and recommend the most effective and appropriate methods for modernizing and advancing public procurement through Priority Saskatchewan.

Vision

To be recognized leaders in recommending procurement and infrastructure solutions for Saskatchewan.

Mission

Take a collaborative, outcome-based approach to deliver high quality advice and options on procurement and infrastructure.

Team

In 2019-20, SaskBuilds had a public service team of 62 full-time equivalent employees, whose expertise included procurement, supplier development, industry relations, project management, engineering, policy, legal, accounting and administration. SaskBuilds has a passion for solving problems and building teams to develop meaningful and innovative solutions.

Governance

SaskBuilds is led by a Board of Directors. Membership on the Board as of March 31, 2020 included:

- Hon. Gordon S. Wyant, Q.C., Chair
- Hon. Donna Harpauer, Vice-Chair
- Hon. Ken Cheveldayoff
- Hon. Greg Ottenbreit
- Hon. Lori Carr
- Laura Ross, MLA
- Fred Bradshaw, MLA
- Ken Francis, MLA

Infrastructure Development

SaskBuilds is driving infrastructure innovation through the development and delivery of complex projects as well as establishing and leading government's annual integrated capital planning process. As part of this role, SaskBuilds also coordinates federal infrastructure funding under long-term agreements with the Government of Canada.

SaskBuilds has worked with ministry partners to deliver four public-private partnership (P3) projects worth more than \$3 billion to meet Saskatchewan's infrastructure needs. These four projects are achieving savings of more than \$500 million (M) and have supported more than 12,000 construction jobs and involved over 260 Saskatchewan based companies. All four projects are now in the operations phase.

The Regina Bypass P3 Project, the final P3 project to be completed, achieved substantial completion in October 2019. An average of 5,630 vehicles were using the highway daily one month after it opened, including 1,230 trucks.

Integrated capital planning enables government to take a strategic approach to identifying, prioritizing and funding infrastructure investments. SaskBuilds leads government's annual integrated capital planning process, working closely with ministries to ensure that decision makers have the best information possible to help meet Saskatchewan's infrastructure needs now and into the future.

In the last year, 24 projects in Saskatchewan with total overall project costs of \$300.1M were announced through the Investing in Canada Infrastructure Program. These projects represent \$150.7M in federal funding. In addition, six projects were announced through Infrastructure Canada's Disaster Mitigation and Adaptation Fund.

SaskBuilds continued to lead negotiations with the Government of Canada to increase the flexibility in federal programs to allow the province's highest priorities to be eligible for funding. SaskBuilds also engages with a broad range of federal agencies to seek federal funding for priority projects through other programs.

Priority Saskatchewan

Priority Saskatchewan was created in 2014 to ensure that public procurement in Saskatchewan is fair, open, transparent, and based on international best practice. Priority Saskatchewan is committed to ongoing consultation with industry and stakeholders and continuous procurement improvement.

In 2019-20, Priority Saskatchewan continued to work with the both public and private sector stakeholders to modernize procurement and ensure that public procurement processes treat Saskatchewan suppliers fairly. This work included hosting the Business Opportunity Expo for the first

time, which brought more than 600 business owners and together with Saskatchewan public sector purchasers from executive government, Crowns, and the municipal, academic and health sector, as well as delivering best-value procurement training sessions. To date, more than 1,500 government employees and roughly 600 private-sector representatives have attended training sessions.

Single Procurement Service (SPS)

On April 1, 2019, procurement professionals from the Ministries of Central Services and Highways and Infrastructure came together with SaskBuilds staff to create the new SPS at SaskBuilds. The new service is focused on excellence and service and conducts procurements for all ministries across government in a way that ensures the best possible customer service for our clients, best value for taxpayers and fair treatment for Saskatchewan suppliers.

In its first year, SaskBuilds was involved in awarding over 500 procurements valued at approximately \$466.4M. Of those contracts, 87.9% (valued at approximately \$410M) were awarded to Saskatchewan businesses.

In March 2020, SaskBuilds began working in partnership with the Saskatchewan Public Safety Agency and the Saskatchewan Health Authority to identify and deliver much-needed donations and supplies to help in the province's fight against COVID-19. The majority of that activity will be completed in 2020-21.

Progress in 2019-20

Government Goals



SaskBuilds Goal

Effective and efficient public sector procurement that treats Saskatchewan vendors fairly.

Strategy

Modernize and standardize procurement process.

Key Actions

- Implement best value procurement practices; and
- Hold training and awareness sessions with ministries, Crown corporations, stakeholders and suppliers to ensure understanding and acceptance of best value procurement.

Strategy

Engage with stakeholders, clients and industry partners to ensure procurement is delivering maximum value to Saskatchewan.

Key Actions

- Foster partnerships and relationships with stakeholders and suppliers.
 - Host a business opportunity expo for Saskatchewan suppliers to highlight and communicate government's procurement transformation plan.

Performance Measure Results

In September of 2019, SaskBuilds hosted the Business Opportunity Expo in Regina for the first time. More than 600 business owners and operators from six different provinces attended the event, with 79.6% of suppliers in attendance coming from Saskatchewan. There were 23 Saskatchewan purchasers there, including officials from Government of Saskatchewan ministries, Crown corporations and agencies as well as representatives from municipal, academic and health sectors.

The responses from participants in the Expo were positive, with many of the comments stating they made new contacts and they have a better understanding of the Government of Saskatchewan and the bidding process.

Priority Saskatchewan continues to engage stakeholders in discussions and by offering free courses in best-value procurement, with training opportunities in vendor debriefings added in the last year. To date, more than 1,500 government employees and roughly 600 private-sector representatives have attended training sessions.

Engaging local businesses has led to Saskatchewan vendors being prepared and able to bid on Saskatchewan contracts, with 87.9% of contracts awarded to Saskatchewan businesses in the first year of the SPS.

Vermette Wood Preservers near Prince Albert is one of many businesses that have benefited from working with Priority Saskatchewan. The partnership has helped the company access six public sector contracts and increased its sales by 40%. Chief Executive Officer, Perry Vermette, said: “When government employees take the time to learn what businesses do and how they can help government departments solve product procurement issues, the outcome is beneficial to Saskatchewan.”

Progress in 2019-20

Government Goals



SaskBuilds Goal

Effective and efficient public sector procurement that treats Saskatchewan vendors fairly.

Strategy

Implement innovative approaches and leading-edge process solutions developed in collaboration with Priority Saskatchewan including efforts to deliver value and efficiencies for government through procurement.

Key Actions

- Work with ministry clients to test and identify new approaches and tools for procurement; and
- Implement recommended technological solutions required to maximize efficiency in procurement.

Performance Measure Results

In its first year, SaskBuilds was involved in awarding over 500 procurements valued at approximately \$466.4M. Of those contracts, 87.9% (valued at approximately \$410M) were awarded to Saskatchewan businesses.

SPS has implemented or introduced new processes that benefit clients and the community. The Real Roommates Project found a home for eight adults with intellectual disabilities to live independently and with dignity in their home community of Saskatoon. Family members of the adults were involved in the interview phase of the selection process of the long-term care home provider for the first time.

A community-friendly process that helps not-for-profit bodies interact with their funding agencies and make it easier for Indigenous Elders and Pastors to provide vital services to inmates was introduced and a new process (request for application) was implemented. It created a smoother and easier process for Community Based Organizations and non-profit organizations when applying for grants and funds.

SPS has also been consulting with furniture suppliers and manufacturers to gain insight into conducting future furniture procurements that provide value for the provincial government and the supplier community.

Progress in 2019-20

Government Goals



SaskBuilds Goal

Provide the government strategic advice and expertise on infrastructure planning, capital procurement, and capital project delivery.

Strategy

Coordination of capital projects across government maximizing efficiencies across ministries to improve on-time and on-budget project deliver and ensure projects meet project needs.

Key Actions

- Lead the prioritization of provincial infrastructure investments ensuring maximization of federal infrastructure investments;
- Lead the management and implementation of the Investing in Canada Infrastructure Program (ICIP);
- Work with ministry and agency partners to develop implementation strategies on major infrastructure projects; and
- Lead planning, procurement and delivery of major capital infrastructure projects as directed by government.

Strategy

Advance enterprise asset management to promote strategic infrastructure investments and management.

Key Actions

- Develop and implement a cross-government asset management framework to prioritize and manage risks related to provincial infrastructure with ministries;
- Facilitate the Asset Management Committee to ensure ministries are engaged, supported and share information across organizations.

Performance Measure Results

A common methodology for facility assessment was developed after consultations. This new methodology will be rolled out across Ministries as they begin their next rounds of facility assessments.

There were 24 ICIP projects approved in Saskatchewan, with the total overall project costs of \$300.1M. In October 2019, SaskBuilds entered into a funding agreement with Meadow Lake Tribal Council for their \$77.4M Bioenergy Project with a federal contribution of \$52.5M, the first project in Saskatchewan under the ICIP. Six additional projects have also been approved for federal funding under Infrastructure Canada's Disaster Mitigation and Adaptation Fund.

Through the integrated capital planning process led by SaskBuilds, 12 capital infrastructure projects were included in the approved in the 2020-21 Estimates.

Management's Responsibilities



Jennifer Ehrmantraut,
CPA, CMA
Chief Financial Officer
SaskBuilds

The accompanying financial statements, and related financial information throughout the Annual Report, has been prepared by management in accordance with Canadian Public Sector Accounting Standards. Management is responsible for the integrity, objectivity and reliability of the financial statements. The preparation of the statements necessarily includes some amounts that are based on the best estimates and judgments of management.

SaskBuilds' management has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and reliable financial records are maintained.

The Provincial Auditor has audited SaskBuilds' financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on the fairness of presentation of SaskBuilds' financial statements.

The Board of Directors of SaskBuilds is responsible for overseeing management's performance of its financial responsibilities and has reviewed and approved these financial statements.

A handwritten signature in black ink that reads "Ehrmantraut".

Jennifer Ehrmantraut, CPA, CMA
Chief Financial Officer
SaskBuilds

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of SaskBuilds Corporation, 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 SaskBuilds as at March 31, 2020, and results of its operations, changes in its net 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 SaskBuilds Corporation 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 SaskBuilds Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the SaskBuilds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SaskBuilds Corporation'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 the SaskBuilds Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SaskBuilds Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SaskBuilds Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Regina, Saskatchewan
May 21, 2020

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

2019-20 Financial Overview

Statement 1

Statement of Financial Position

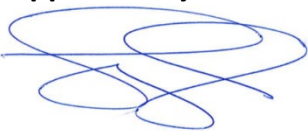
As at March 31

	2020	2019
Financial Assets		
Due from General Revenue Fund (Note 3)	\$ 7,003,650	\$ 2,578,987
Accounts Receivable		
Infrastructure Canada	5,981,039	-
Other	116,412	117,547
	13,101,101	2,696,534
Liabilities		
Accounts Payable and Accrued Liabilities		
Ministry of Government Relations	1,861,747	-
MLTC Indigenous Services Inc.	3,903,882	-
Other	1,061,190	348,154
Due to General Revenue Fund (Note 6)	2,606,437	-
	9,433,256	348,154
Net Financial Assets (Statement 3)	3,667,845	2,348,380
Non-Financial Assets		
Prepaid Expenses	78,073	14,451
Tangible Capital Assets (Note 10)	38,787	4,118
	116,860	18,569
Accumulated Surplus (Statement 2)	\$ 3,784,705	\$ 2,366,949

Contractual Rights (Note 12)
Contractual Obligations (Note 13)

(See accompanying notes to the financial statements)

Approved by the Board:



Honourable Gordon Wyant, Q.C.
Chair



Kyle Toffan
President and Chief Executive Officer

2019-20 Financial Overview

Statement 2

Statement of Operations and Accumulated Surplus

For the year ended March 31

	2020 Budget (Note 4)	2020 Actual	2019 Actual
Revenue			
Transfers			
General Revenue Fund	\$ 9,214,000	\$ 9,214,000	\$ 4,880,000
Infrastructure Canada	-	10,163,881	-
Interest Earned (Note 3)	-	69,652	20,133
Miscellaneous Revenue	-	3,700	6,127
	9,214,000	19,451,233	4,906,260
Expenses (Note 9)			
Operating	10,134,000	8,019,783	3,441,402
Interest	-	229	-
Planning, Procurement and Implementation	580,000	64,994	213,709
Transfers	-	9,948,471	-
	10,714,000	18,033,477	3,655,111
Annual Surplus (Statement 3)	(1,500,000)	1,417,756	1,251,149
Accumulated Surplus, Beginning of Year	2,366,949	2,366,949	1,115,800
Accumulated Surplus, End of Year (Statement 1)	\$ 866,949	\$ 3,784,705	\$ 2,366,949

(See accompanying notes to the financial statements)

2019-20 Financial Overview

Statement 3

Statement of Change in Net Financial Assets

For the year ended March 31

	2020	2019
Annual Surplus (Statement 2)	\$ 1,417,756	\$ 1,251,149
(Acquisition) Use of Prepaid Expenses	(63,622)	(5,261)
(Acquisition) of Tangible Capital Assets (Note 10)	(38,790)	(2,595)
Amortization of Tangible Capital Assets (Note 10)	4,121	25,961
Increase in Financial Assets	1,319,465	1,269,254
Net Financial Assets, Beginning of Year	2,348,380	1,079,126
Net Financial Assets, End of Year (Statement 1)	\$ 3,667,845	\$ 2,348,380

(See accompanying notes to the financial statements)

2019-20 Financial Overview

Statement 4

Statement of Cash Flows

For the year ended March 31

	2020	2019
Cash (Used In) Provided by Operating Activities		
Annual Surplus	\$ 1,417,756	\$ 1,251,149
Non-Cash Items		
Amortization of Tangible Capital Assets	4,121	25,961
Net Change in Cash Items		
(Increase) Decrease in Accounts Receivable	(5,979,904)	(111,835)
(Increase) Decrease in Prepaid Expenses	(63,622)	(5,261)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	6,478,665	32,204
	1,857,016	1,192,218
Cash (Used In) Financing Activities		
Acquisition of line of credit	2,606,437	-
Cash (Used In) Capital Activities		
Purchase of Tangible Capital Assets	(38,790)	(2,595)
Increase in Cash Equivalents	4,424,663	1,189,623
Due From General Revenue Fund, Beginning of Year	2,578,987	1,389,364
Due From General Revenue Fund, End of Year (Statement 1)	\$ 7,003,650	\$ 2,578,987

(See accompanying notes to the financial statements)

2019-20 Financial Overview

Notes to the Financial Statements

For the year ended March 31, 2020

1. Status of SaskBuilds Corporation

SaskBuilds Corporation was established by Order in Council 550/2012 on October 17, 2012.

SaskBuilds Corporation was created to integrate, coordinate and prioritize infrastructure spending of the Province of Saskatchewan. SaskBuilds provides advice and recommendations for advancing major infrastructure projects through innovative approaches to infrastructure development and alternative financing models such as public-private partnerships. SaskBuilds is a corporate body eligible to receive monies primarily appropriated by the Legislature for these purposes.

Priority Saskatchewan was created as a branch of SaskBuilds in June 2014 and is responsible for leading a coordinated approach to procurement process improvement across government and the Crown sector. This mandate will help ensure Saskatchewan businesses are treated fairly when bidding on government and Crown contracts.

In September 2018, SaskBuilds' mandate was expanded by Order in Council 539-2018 to include the centralization of procurement for Executive Government. Single Procurement Service was effective April 1, 2019 and is responsible to advise on, determine and recommend the most effective and appropriate methods for modernizing, advancing and conducting public procurement. The division also undertakes, coordinates, manages and oversees public procurement.

In October 2018, the Minister Responsible for SaskBuilds signed the Canada-Saskatchewan Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program, which would see up to \$896,323,007 invested over 10 years in key areas including public transit, green and social infrastructure, transportation infrastructure, and infrastructure in rural and northern communities.

2. Significant Accounting Policies

These financial statements are prepared using Canadian Public Sector Accounting Standards and reflect the following significant accounting principles:

a) 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 during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations and Accumulated Surplus in the period in which they become known.

b) Revenue

Revenue is recognized in the period in which the transactions or events occurred that give rise to the revenue. Revenue has been accrued when the accrual can be determined with a reasonable degree of certainty. Transfers from the General Revenue Fund and Infrastructure Canada are referred to as government transfers and are recognized in the period the transfer is authorized and any eligibility criteria is met.

c) Expenses

Expenses represent the cost of resources consumed during the period.

2019-20 Financial Overview

d) Accounts Receivable

Accounts receivable includes federal funding receivable and other receivables. Federal funding receivable represents funding earned but not received at the end of the fiscal year, provided reasonable estimates of the amounts can be made. Funding is earned when the events giving rise to the funding have occurred, the funding is authorized and any eligible criteria have been met. Other receivables are recorded at cost.

e) Liabilities

Liabilities are present obligations arising from transactions and events occurring prior to year-end, which will be satisfied in the future through the use of assets. Accounts payable and accrued liabilities include amounts owing to recipients under federal funding agreements, other ministries and other third parties and employees for work performed, goods supplied, services rendered, and eligible criteria have been met, but not yet paid, at the end of the fiscal period. Due to General Revenue Fund is comprised of a line of credit with a maturity of less than one year, incurred specifically for the purpose of financing accounts payable to Ultimate Recipients.

f) Prepaid Expenses

Prepaid expenses are prepaid amounts for goods or services which will provide economic benefits in one or more future periods.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost and are amortized over their useful life once they are in service. Amortization is recorded on a straight line basis as follows:

Leasehold and Occupancy Improvements	lesser of useful life or lease term
Office Furniture and Equipment	5 years

h) Adoption of New Accounting Standards

SaskBuilds did not adopt any new Canadian Public Sector Accounting Standards during this period.

3. Due from the General Revenue Fund

SaskBuilds' bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest received of \$69,652 (2019 - \$20,133) was calculated and paid quarterly on SaskBuilds' average daily account balance at a 30-day interest rate with an annual average of 1.72% (2019 - 1.54%).

4. Budget Approval

The budget figures are presented for comparison purposes: the SaskBuilds 2019-20 Budget is per SaskBuilds - Vote 86, and acknowledged by SaskBuilds Board on September 19, 2018. A revised budget was acknowledged by the SaskBuilds Board on January 24, 2020.

5. Financial Instruments

SaskBuilds' financial instruments include: Due from General Revenue Fund, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Due to General Revenue Fund. The carrying amount of these instruments approximates fair value due to their short-term nature.

2019-20 Financial Overview

6. Due to General Revenue Fund

A line of credit of \$40 million has been approved. It was established for the purpose of managing short-term cash flow related to payments made to Ultimate Recipients under the Canada-Saskatchewan Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program. The balance outstanding as at March 31, 2020 is \$2,606,437, due on April 27, 2020, with the option to extend, based on the timing of the receipt of the Receivable from Infrastructure Canada, which will be used to discharge the Debt. Interest is accrued at 0.8% annually.

7. Financial Risk Management

SaskBuilds has no material interest rate or credit risk from its use of financial instruments.

The Board participates in identifying the principal risks of SaskBuilds and oversees the implementation of appropriate systems to manage risks.

a) Interest rate risk

Interest rate risk is the risk the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and financial liabilities with variable interest rates can expose SaskBuilds to cash flow interest rate risk. The term debt outstanding as at March 31, 2020 has a fixed interest rate therefore the overall risk to SaskBuilds is mitigated. Refer to Note 6 for more information.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. SaskBuilds can be exposed to credit risk from the potential non-payment of accounts receivable. SaskBuilds' receivables are from the Federal Government and other Ministries therefore the overall risk to SaskBuilds is minimal.

8. Subsequent Events

On April 29, 2020, SaskBuilds signed the Canada-Saskatchewan Funding Agreement for the Climate Action Incentive Fund - Municipalities, Universities/Colleges, Schools, and Hospitals Retrofit Stream. The federal funding is to promote projects in schools that will decrease energy usage, reduce costs and/or reduce greenhouse gas emissions. The contract is for \$12,004,000, with an agreement end date of December 31, 2021. The annual transfer amount for 2020-21 is estimated at \$12,004,000.

The COVID-19 pandemic is complex and rapidly evolving. It has caused material disruption to businesses and has resulted in an economic slowdown. SaskBuilds 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 SaskBuilds' financial position and operation.

2019-20 Financial Overview

9. Expenses by Object

a) Operating	2020	2019
Administration	\$ 659,801	\$ 328,519
Advertising	23,370	6,010
Amortization	4,121	25,961
Professional Services	270,246	110,372
Rent of Space	512,202	299,970
Salaries and Benefits	6,503,431	2,632,439
Travel	46,612	38,131
	<u>\$ 8,019,783</u>	<u>\$ 3,441,402</u>
b) Interest	2020	2019
Interest on Line of Credit	\$ 229	-
	<u>\$ 229</u>	<u>-</u>
c) Planning, Procurement and Implementation	2020	2019
Administration	\$ 1,381	\$ 14,627
External Professional Services	63,613	199,082
	<u>\$ 64,994</u>	<u>\$ 213,709</u>
d) Transfers	2020	2019
Ministry of Government Relations	\$ 1,861,747	-
MLTC Indigenous Services Inc.	8,086,724	-
	<u>\$ 9,948,471</u>	<u>-</u>

10. Tangible Capital Assets

	Furniture & Equipment	Leasehold Improvements	2020 Totals	2019 Totals
Opening Cost	\$ 256,935	\$ 276,778	\$ 533,713	\$ 531,118
Additions during the year	9,890	28,900	38,790	2,595
Closing Cost	<u>266,825</u>	<u>305,678</u>	<u>572,503</u>	<u>533,713</u>
Opening Accumulated Amortization	252,817	276,778	529,595	503,634
Amortization for the year	4,121	-	4,121	25,961
Closing Accumulated Amortization	<u>256,938</u>	<u>276,778</u>	<u>533,716</u>	<u>529,595</u>
Net Book Value of Tangible Capital Assets	<u>\$ 9,887</u>	<u>\$ 28,900</u>	<u>\$ 38,787</u>	<u>\$ 4,118</u>

2019-20 Financial Overview

11. Federal Program – Canada-Saskatchewan Integrated Bilateral Agreement

On October 17, 2018 SaskBuilds signed the Canada-Saskatchewan Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program. The federal funding is to promote infrastructure investment in the areas of public transit, green and social infrastructure, transportation infrastructure that supports trade, and infrastructure in rural and northern communities. Cabinet must approve the project or program amount prior to submission for federal approval. SaskBuilds is responsible for administering the Agreement with respect to the contributions made by Canada and Saskatchewan under the Investing in Canada Infrastructure Program.

SaskBuilds has entered into an agreement with the Ministry of Government Relations whereby projects or programs proposed for Municipal and Indigenous Ultimate Recipients will be administered by the Ministry of Government Relations in collaboration with SaskBuilds. Where an approved project or program is assigned to the Ministry of Government Relations, SaskBuilds is under obligation to make a contribution to reimburse the Ministry of Government Relations based on the payment of claims made to the Ultimate Recipient for eligible expenditures of the approved project or program. Where an approved project or program is not assigned to the Ministry of Government Relations, SaskBuilds is under obligation to make a contribution to reimburse the Ultimate Recipient for eligible expenditures of the approved project or program.

12. Contractual Rights

The contract related to the Canada-Saskatchewan Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program is for \$896,323,007 over 10 years expiring March 31, 2028. Annual transfer amounts are estimated.

	(In thousands)						
	2021	2022	2023	2024	2025	Thereafter	Total
Federal Transfer	\$ 90,138	\$ 127,242	\$ 182,889	\$ 163,303	\$ 144,321	\$ 178,266	\$ 886,159

13. Contractual Obligations

In the 2020 fiscal year, SaskBuilds had the following obligations related to the Canada-Saskatchewan Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program. Annual contribution amounts are estimated.

	(In thousands)		
	2021	2022	Total
MLTC Indigenous Services Inc.	\$ 33,553	\$ 10,860	\$ 44,413

2019-20 Financial Overview

14. Related Parties

These financial statements include routine transactions with related parties. SaskBuilds is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Related parties also include key management personnel of SaskBuilds.

The Ministry of Central Services provides for records storage under a service level agreement. The Ministry of Central Services charges accommodation and property management services under a lease agreement. The Ministry of Central Services, Information Technology Division provides SaskBuilds with information technology services under a service level agreement, including hosting of SaskTenders.ca.

The Public Service Commission provides SaskBuilds with human resource administration and payroll services under a service level agreement.

The Ministry of Highways and Infrastructure provides SaskBuilds with financial and administration services under a service level agreement.

The Executive Council provides SaskBuilds with electronic media monitoring under a memorandum of understanding.

Related party transactions to March 31, 2020 include the following:

	2020	2019
Accounts Receivable	112,716	117,517
Accounts Payable and Accrued Liabilities	2,321,314	134,373
Tangible Capital Assets	28,900	-
Due to General Revenue Fund	2,606,437	-
Revenue	9,283,652	4,904,423
Expenses	3,791,210	1,071,175

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

15. Contingent Liability

Due to an existing condition at March 31, SaskBuilds faces a possible obligation that may result in the future sacrifice of economic benefits. The outcome of future actions related to the obligation is not determinable as at the date of reporting, however an estimated amount has been accrued. If the liability is determined to be higher than the accrued estimate, it will be recorded as a change in previous years' estimates.

16. Comparative Figures

Certain 2018-19 comparative figures have been reclassified to conform with the current year's presentation.

For More Information

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We look forward to hearing from you.