

SaskBuilds Corporation

Annual Report for 2020-21

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Letters of Transmittal



The Honourable
Jim Reiter
Minister of SaskBuilds
and Procurement

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report for SaskBuilds Corporation for the fiscal year ending March 31, 2021.

A handwritten signature in blue ink, appearing to read "Jim Reiter".

Hon. Jim Reiter

Minister of SaskBuilds and Procurement
Chair, SaskBuilds Corporation Board



Kyle Toffan
President and CEO
of SaskBuilds
Corporation

The Honourable Jim Reiter
Minister of SaskBuilds and Procurement

Dear Minister:

I have the honour of submitting the Annual Report for SaskBuilds Corporation for the fiscal year ending March 31, 2021

A handwritten signature in blue ink, appearing to read "Kyle Toffan".

Kyle Toffan

Deputy Minister of SaskBuilds and Procurement
President and CEO, SaskBuilds Corporation

Corporation Overview

SaskBuilds Corporation is a Treasury Board Crown Corporation with a mandate to integrate, coordinate and prioritize infrastructure planning and delivery for the Province of Saskatchewan. The organization advance projects through contract oversight, innovative approaches and alternative financing models as appropriate, to undertake, coordinate, manage and oversee public procurement for Executive Government, 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 2020-21 SaskBuilds had a public service team 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, 2021, included:

- Hon. Jim Reiter, Chair
- Hon. David Marit, Vice-chair
- Hon. Everett Hindley
- Hon. Lyle Stewart
- Joe Hargrave, MLA
- Nadine Wilson, MLA
- Jeremy Cockrill, MLA

Core Lines of Business

Infrastructure Development

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

Single Procurement Service (SPS)

Operations

SPS Operations is focused on excellence and service and conducts procurements for all clients 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.

Strategy

The SPS Strategy unit was created to deliver a framework to advise on and provide guidance to Ministries, Agencies and Crown Corporations to support Saskatchewan businesses and get Saskatchewan people back to work during and after the COVID-19 pandemic.

Priority Saskatchewan

Priority Saskatchewan ensures that public procurement in Saskatchewan is fair, open, transparent and based on international best practices. Priority Saskatchewan is committed to ongoing consultation with industry and stakeholders and continuous procurement improvement.

SaskBuilds and Ministry of Central Services Merger

On November 9, 2020, Premier Scott Moe announced the creation of the Ministry of SaskBuilds and Procurement. The ministry was established from the merged responsibilities of the former Ministry of Central Services and SaskBuilds and will implement a new approach to the management of all infrastructure projects and assets, standardized government procurement and Information Technology (IT) infrastructure. All SaskBuilds staff were transferred into the Ministry of SaskBuilds and Procurement effective April 1, 2021.

SaskBuilds COVID-19 Response Highlights

Overview

The COVID-19 pandemic has challenged government operations during the 2020-21 fiscal year. The expected operations of programs and services may have significantly changed as the Government of Saskatchewan worked quickly to support citizens and businesses. Annual Reports for the 2020-21 fiscal year provide information on the impacts of COVID-19 and recognize the work of the Government of Saskatchewan in responding to the pandemic.

Organization COVID-19 Response Highlights

SaskBuilds played an integral role in the Government of Saskatchewan's response to the COVID-19 pandemic. It worked with Ministries and Agencies, including the Saskatchewan Health Authority (SHA), the Saskatchewan Public Safety Agency (SPSA), Trade and Export Development (TED) and other clients to procure personal-protective equipment (PPE).

The SPS and Priority Saskatchewan teams managed a centralized system for the more than 3,000 offers from people, suppliers, industry associations, companies, innovators and small businesses who proposed solutions to pandemic-related problems, including donations or supply of procuring (PPE). The offers were received by email, and the teams worked with the SHA and SPSA to determine what supplies were needed and reached out to donors and suppliers to start the vetting process.

An agreement was reached for the Ministry of Highways to transport PPE supplies to a warehouse in Prince Albert, for storage and distribution to organizations.

Once PPE was received and as the province prepared to reopen, SaskBuilds worked with TED to develop a list of local PPE suppliers that companies could contact to procure the equipment needed for them to reopen.

A Pre-Qualified supplier list was available on the Standing Offer website for supply of PPE for ministries, agencies, Crowns and the MASH sector to access as required. Tenders were also posted on SaskTenders for PPE for other ministries, like Education.

To help the province recover from the pandemic, the government announced a \$2 billion (B) infrastructure stimulus funding booster shot on top of the previously announced \$5.5B capital plan. SaskBuilds is coordinating many of those projects.

Progress in 2020-21

Government Goals



SaskBuilds Goal

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

Strategy

Be a trusted provider of client-centred business outcomes for the Government of Saskatchewan that provides best value for taxpayers and fair treatment for suppliers.

Key Actions

- Provide excellent customer service to ministries.
- Track and monitor financial and non-financial benefits, efficiencies, improvements and savings achieved through best value procurement.
- Engage with executive government and other public sector entities on procurement processes, policies and best practice through the Procurement Community of Practice.

Strategy

Promote best value procurement practices to benefit the Saskatchewan economy.

Key Actions

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

Performance Measure Results

Benefits measurement methodology

In the first year of operation SPS developed a framework that identified \$56M in direct savings and cost avoidance. The savings are comprised of \$29M in financial “hard” cost savings and \$27M in non-financial savings or cost avoidance impacts. An independent review of benefit realization reporting was conducted in 2020. It found that SPS has taken appropriate steps to identify preliminary savings by developing an initial benefits methodology framework with definitions for financial and non-financial benefits, determining an approach to calculate cost avoidance and savings, tracking benefits through a scorecard, and considering how to centralize reporting and data.

Community of Practice

The Single Procurement Service Community of Practice purpose is to broadly share procurement best practices, tools and resources within government and with industry and association partners engaged in procurement. The Community of Practice is intended to encourage consistency, information sharing, promote innovation, best value and provide a platform to collaborate and build trusted relationships within the procurement community in Saskatchewan. In 2020-21 SaskBuilds held three Community of Practice sessions for a total of 93 attendees comprised of 73 executive government representatives, 14 Crown Investment Corporation representatives and six Treasury Board Crown participants. Due to the COVID-19 pandemic, all sessions were conducted virtually.

Number of training and awareness sessions held

SaskBuilds provides training and awareness sessions to ministries, Crowns, stakeholders, suppliers and Government of Saskatchewan employees to ensure understanding and acceptance of best value procurement. SaskBuilds held seven Module 1, two Module 2, one Module 3, two Vendor Debrief, one Template and two Vendor Performance training sessions, for a total of 179 people being trained in 2020-21. Due to the COVID-19 pandemic, all sessions were conducted virtually.

Percentage of contracts awarded to Saskatchewan companies

SaskBuilds is responsible for ensuring procurements are fair, open, transparent and based on leading best practices to ensure best value for taxpayers and fair treatment for suppliers. The promotion of Saskatchewan vendors is demonstrated through 93 per cent of procurements being awarded to Saskatchewan-based companies during the 2020-21 fiscal year, for a total value of \$707.6M.

Progress in 2020-21

Government Goals



SaskBuilds Goal

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

Strategy

Coordination of capital projects across the system, maximizing efficiencies across ministries to improve on-time project delivery and ensure projects meet the desired project outcomes that benefit the citizens of Saskatchewan.

Key Actions

- Lead the prioritization of provincial infrastructure investments ensuring federal infrastructure investments are maximized through the Integrated Capital Planning (ICP) process.
- Lead the management and implementation of the Investing in Canada Infrastructure Program (ICIP) to ensure federal funds are used in the most strategic way.
- Lead planning, procurement and delivery of select major capital projects by providing detailed procurement analysis options to explore alternative procurement options.
- Oversee the \$2B stimulus package.
- Explore options to transform government business processes through an integrated human resource, financial and procurement cloud-based business system.

Performance Measure Results

Percentage of major capital projects approved through ICP

SaskBuilds is responsible for the delivery of the ICP process, which seeks to enhance the capital planning process with the goal to provide better advice and information to support decision making. In 2020-21 SaskBuilds reviewed 19 capital project business cases through the ICP process.

Percentage of federal funding allocated to projects under ICIP

In 2018 the Government of Canada and Saskatchewan signed a bilateral agreement for ICIP that will provide more than \$896M in federal funding for eligible infrastructure projects over 10 years (until 2028). SaskBuilds is responsible for maximizing provincial allocation for new federal funding programs, while working to identify and approve projects in the existing federal and provincial programs to maximize the amount of federal funding to the province.

In 2020-21, 169 ICIP projects were approved in Saskatchewan, with total overall project costs of \$563.9M (\$230.3M in federal funding). Overall, as of March 31, 2021, 192 projects have been approved under ICIP, representing \$832.4M in project costs, \$369.9M in federal funding and representing 42 per cent of program funding.

Percentage of renewal projects completed and status of large projects under the stimulus package

In May 2020 Government announced a \$7.5B, two-year capital plan that includes a \$2B stimulus investment.

SaskBuilds plays an oversight function for the stimulus package and is actively involved in the delivery of select renewal and large infrastructure projects.

Over 500 renewal projects are planned for delivery between 2020-2022 and as of March 31, 2021, the delivery of renewal projects remains on track with over 80 per cent of renewal projects being on or ahead of schedule and 16 per cent being behind. The schedule delay for these renewal projects is largely due to challenges related to COVID-19, including the inability to access some health facilities and supply chain disruption. Also, 85 projects are completed, 127 projects are in planning, 35 projects are in design, 21 projects are in procurement, and 104 projects are in execution/construction. All renewal projects are expected to be complete by March 31, 2022.

As of March 31, 2021, four projects under the large infrastructure stream of the stimulus program are in planning; 11 are in design; and two are in construction. Stimulus funding was also allocated for the Vaccine and Infection Disease Organization in 2020-21, pending federal contributions.

Major projects

SaskBuilds has been actively leading or contributing to the planning, procurement and/or delivery of several capital projects which are in varying stages of planning, design or delivery.

Irrigation Canal

The \$4B Irrigation Project at Lake Diefenbaker was announced in July 2020 to irrigate up to 500,000 acres of land from Lake Diefenbaker, more than doubling the irrigable land in Saskatchewan. SaskBuilds, the Ministry of Highways, Water Security Agency and Ministries of Agriculture, Trade and Export Development and Finance are collaborating on this project and procurement of the prime consultant for pre-design and advisory services was in place in January 2021.

Prince Albert Victoria Hospital

The Prince Albert Victoria Hospital Project is to redevelop and expand the existing Prince Albert Victoria Hospital to provide a total of 242 beds, include a new multi-storey addition, an integrated adult mental health facility and renovations to the existing hospital. The procurement options analysis began in April 2020 and the Owner's Representative design team was awarded in March 2021, with an award value of \$8.9M. Construction is expected to begin in fall 2022.

Weyburn Hospital

The Weyburn Hospital Project will be a 35-bed facility that will replace the existing Weyburn General Hospital. SaskBuilds is supporting the Ministry of Health and the Saskatchewan Health Authority in the planning phase of the Weyburn hospital, and previously led the completion of the procurement options analysis process in summer 2020. The Owner's Representative design team was awarded in March 2021 with an award value of \$2.5M. Construction is expected to begin in fall 2022.

Remand Centre Project

In June 2020 it was announced that the Saskatoon Correctional Centre would receive a \$120M remand centre expansion that will consist of two units collectively containing 216 cells capable of holding 427 people. SaskBuilds is supporting the Ministry of Corrections and Policing and Public Safety in the planning of this project. In December 2020 the procurement of engineering and architectural design services were underway and by January 2021 the design of the project was awarded for a value of \$5.8M.

Enterprise Business Modernization Project

SaskBuilds has been partnering with several ministries on an Enterprise Business Modernization Project to implement a new government-wide solution for an integrated financial, human resource and procurement system. This three-phase project began in October 2020. Phase One is complete and Phase Two is underway developing a detailed business case.

Management's Responsibilities



James (Jim) Olson

CPA, CMA, MBA
Chief Financial Officer

Ministry of SaskBuilds and
Procurement

The accompanying financial statements, and related financial information provided throughout the Annual Report, have 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, appearing to be 'J. Olson', written in a cursive style.

James (Jim) Olson, CPA, CMA, MBA

Chief Financial Officer
Ministry of SaskBuilds and Procurement

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, 2021, 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 Corporation as at March 31, 2021, and the results of its operations, changes in 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 the Canadian public 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 Corporation 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.

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PROVINCIAL AUDITOR
of Saskatchewan

- 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 27, 2021

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

Financial Summary

Statement 1

Statement of Financial Position

As at March 31

	2021	2020
Financial Assets		
Due from General Revenue Fund (Note 3)	\$ 21,031,530	\$ 7,003,650
Accounts Receivable		
Environment and Climate Change Canada	6,002,000	-
Infrastructure Canada	24,741,268	5,981,039
Other	76,892	116,412
Liabilities	51,851,690	13,101,101
Accounts Payable and Accrued Liabilities		
Ministry of Education	12,006,497	-
Ministry of Government Relations	15,483,690	1,861,747
Ministry of Parks, Culture and Sport	530,000	-
MLTC Indigenous Services Inc.	6,364,900	3,903,882
Other (Note 9)	4,826,926	1,061,190
Due to General Revenue Fund (Note 6)	-	2,606,437
	39,212,013	9,433,256
Net Financial Assets (Statement 3)	12,639,677	3,667,845
Non-Financial Assets		
Prepaid Expenses	69,505	78,073
Tangible Capital Assets (Note 11)	579,417	38,787
	648,922	116,860
Accumulated Surplus (Statement 2)	\$ 13,288,599	\$ 3,784,705

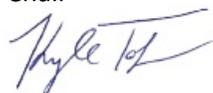
Contractual Rights (Note 13)
Contractual Obligations (Note 14)

(See accompanying notes to the financial statements)

Approved by the Board:



Honourable Jim Reiter
Chair



Kyle Toffan
President and Chief Executive Officer

2020-21 Financial Overview

Statement 2

Statement of Operations and Accumulated Surplus

For the year ended March 31

	2021 Budget (Note 4)	2021 Actual	2020 Actual
Revenue			
Transfers			
General Revenue Fund	\$ 24,251,000	\$ 24,251,000	\$ 9,214,000
Environment and Climate Change Canada	12,004,000	12,004,000	-
Infrastructure Canada	63,593,000	43,146,745	10,163,881
Interest Earned (Note 3)	-	12,788	69,652
Miscellaneous Revenue	-	3,387	3,700
	99,848,000	79,417,920	19,451,233
Expenses (Note 10)			
Operating	25,677,000	12,020,241	8,019,783
Interest	-	1,371	229
Planning, Procurement and Implementation	-	2,975,535	64,994
Transfers	75,597,000	54,916,879	9,948,471
	101,274,000	69,914,026	18,033,477
Annual Surplus (Statement 3)	(1,426,000)	9,503,894	1,417,756
Accumulated Surplus, Beginning of Year	3,784,705	3,784,705	2,366,949
Accumulated Surplus, End of Year (Statement 1)	\$ 2,358,705	\$ 13,288,599	\$ 3,784,705

(See accompanying notes to the financial statements)

2020-21 Financial Overview

Statement 3

Statement of Change in Net Financial Assets

For the year ended March 31

	2021	2020
Annual Surplus (Statement 2)	\$ 9,503,894	\$ 1,417,756
(Acquisition) Use of Prepaid Expenses	8,568	(63,622)
(Acquisition) of Tangible Capital Assets (Note 11)	(774,969)	(38,790)
Amortization of Tangible Capital Assets (Note 11)	234,339	4,121
Increase in Financial Assets	8,971,832	1,319,465
Net Financial Assets, Beginning of Year	3,667,845	2,348,380
Net Financial Assets, End of Year (Statement 1)	\$ 12,639,677	\$ 3,667,845

(See accompanying notes to the financial statements)

2020-21 Financial Overview

Statement 4

Statement of Cash Flows

For the year ended March 31

	2021	2020
Cash (Used In) Provided by Operating Activities		
Annual Surplus	\$ 9,503,894	\$ 1,417,756
Non-Cash Items		
Amortization of Tangible Capital Assets	234,339	4,121
Net Change in Cash Items		
(Increase) Decrease in Accounts Receivable	(24,722,709)	(5,979,904)
(Increase) Decrease in Prepaid Expenses	8,568	(63,622)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	32,385,194	6,478,665
	17,409,286	1,857,016
Cash (Used In) Financing Activities		
(Reduction) Acquisition of line of credit	(2,606,437)	(2,606,437)
Cash (Used In) Capital Activities		
Purchase of Tangible Capital Assets	(774,969)	(38,790)
Increase in Cash Equivalents	14,027,880	4,424,663
Due From General Revenue Fund, Beginning of Year	7,003,650	2,578,987
Due From General Revenue Fund, End of Year (Statement 1)	\$ 21,031,530	\$ 7,003,650

(See accompanying notes to the financial statements)

2020-21 Financial Overview

Notes to the Financial Statements

For the year ended March 31, 2021

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 of Executive Government. Single Procurement Services 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.

In spring 2020 SaskBuilds' mandate was expanded to include supporting the delivery of a \$7.5B stimulus package to help the Saskatchewan economy (\$5.5B announced in March and \$2.0B announced in May). Additionally, in April 2020, SaskBuilds was mandated to take on a leadership role in ensuring procurements conducted by Ministries, Agencies and Crown Corporations are benefitting the Saskatchewan economy.

On November 9, 2020, SaskBuilds Corporation was merged with the former Ministry of Central Services to establish the Ministry of SaskBuilds and Procurement. SaskBuilds Corporation continues to exist under a new mandate, "In collaboration with the Ministry of SaskBuilds and Procurement, SaskBuilds Corporation integrates, coordinates and prioritizes infrastructure planning and delivery for the Province of Saskatchewan, and advances projects through contract oversight, innovative approaches and alternative financing models, as appropriate".

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.

2020-21 Financial Overview

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. Transfer expenses are reimbursements of eligible expenditures of an approved project or program.

d) Accounts Receivable

Accounts receivable includes federal funding receivable and other receivables. Federal funding receivables 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 whose 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.

2020-21 Financial Overview

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 \$12,788 (2020 - \$69,652) was calculated and paid quarterly on SaskBuilds' average daily account balance at a 30-day interest rate with an annual average of 0.19 per cent (2020 – 1.72 per cent).

4. Budget Approval

The budget figures are presented for comparison purposes: the SaskBuilds' 2020-21 Budget is per SaskBuilds – Vote 86, and acknowledged by SaskBuilds Board on September 19, 2019. A revised budget was acknowledged by the SaskBuilds Board on July 23, 2020.

5. Financial Instruments

SaskBuilds' financial instruments included: 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.

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, 2021, is \$0 (2020 - \$2,606,437).

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

Effective April 1, 2021, by Order in Council 144/2021, assets, liabilities, records and contracts held by SaskBuilds Corporation, not related to the new mandate, are transferred to the Ministry of SaskBuilds and Procurement. For the purpose of funding ongoing commitments, \$2.0M of accumulated cash surplus is retained by the Corporation.

9. Other Accounts Payable

	<u>2021</u>	<u>2020</u>
Federal contributions incurred/accrued	1,472,243	-
EBMP expenditures	1,769,224	-
Payroll and Benefits expenditures	910,062	701,728
Project expenditures	404,664	49,523
Operational expenditures	270,733	309,939
	<u>\$ 4,826,926</u>	<u>\$ 1,061,190</u>

2020-21 Financial Overview

10. Expenses by Object

a) Operating		2021	2020
Administration		\$ 1,119,477	\$ 659,801
Advertising		8,571	23,370
Amortization		234,339	4,121
Professional Services		829,642	270,246
Rent of Space		655,013	512,202
Salaries and Benefits		9,167,704	6,503,431
Travel		5,495	46,612
		<u>\$12,020,241</u>	<u>\$ 8,019,783</u>
b) Interest		2021	2020
Interest on Line of Credit		\$ 1,371	\$ 229
c) Planning, Procurement and Implementation		2021	2020
Administration		\$ 8,441	\$ 1,381
External Professional Services		2,967,094	63,613
		<u>\$ 2,975,535</u>	<u>\$ 64,994</u>
d) Transfers		2021	2020
Ministry of Education		\$12,004,000	\$ -
Ministry of Government Relations		13,621,943	1,861,747
Ministry of Parks, Culture and Sport		530,000	-
MLTC Indigenous Services Inc.		27,288,693	8,086,724
Other projects		1,472,243	-
		<u>\$54,916,879</u>	<u>\$ 9,948,471</u>

11. Tangible Capital Assets

	Furniture & Equipment	Leasehold Improvements	2021 Totals	2020 Totals
Opening Cost	\$ 266,825	\$ 305,678	\$ 572,503	\$ 533,713
Additions during the year	273,994	500,975	774,969	38,790
Closing Cost	<u>540,819</u>	<u>806,653</u>	<u>1,347,472</u>	<u>572,503</u>
Opening Accumulated Amortization	256,938	276,778	533,716	529,595
Amortization for the year	57,714	176,625	234,339	4,121
Closing Accumulated Amortization	<u>314,652</u>	<u>453,403</u>	<u>768,055</u>	<u>533,716</u>
Net Book Value of Tangible Capital Assets	<u>\$ 226,167</u>	<u>\$ 353,250</u>	<u>\$ 579,417</u>	<u>\$ 38,787</u>

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12. 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.

13. 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)						
	2022	2023	2024	2025	2026 Thereafter	Total	
Federal Transfer	\$ 137,754	\$ 156,249	\$ 239,657	\$ 193,341	\$ 101,432	\$ 15,029	\$ 843,462

14. Contractual Obligations

In the 2020-21 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)					
	2022	2023	2024	2025	After	Total
MLTC Indigenous Services Inc.	17,125	-	-	-	-	\$17,125
Awasis Nehiyawewini Energy Development Corporation c/o Cowessess First Nation	2,482	-	-	-	-	\$2,482
Red Dog Holdings Ltd. and George Gordon Developments Limited Partnership	3,129	-	-	-	-	\$3,129
Saskatchewan Power Corporation	1,229	390	-	-	-	\$1,619
Ministry of Government Relations	56,055	26,574	2,399	834	1,669	\$87,531

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15. 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 SaskBuilds and Procurement provides for: corporate services support without charge; records storage and mail distribution under a service level agreement; and accommodation and property management services under a lease agreement. The Ministry of SaskBuilds and Procurement's 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 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, 2021, include the following:

	(in thousands)	
	2021	2020
Due from General Revenue Fund	21,032	7,004
Accounts Receivable	73	113
Accounts Payable and Accrued Liabilities	28,714	2,321
Tangible Capital Assets	501	29
Due to General Revenue Fund	-	2,606
Revenue	24,264	9,284
Expenses	29,103	3,791

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.