

Annual Report for 2022-23

Innovation Saskatchewan

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, 2023.

The province’s research and technology sectors continue to play an important role in Saskatchewan’s future economic success. Innovation Saskatchewan supports these sectors through its programs, policies, and partnerships. In 2022-23, this support was further enhanced with the integration of Innovate Saskatchewan and Innovation Place to create a single innovation agency that can promote the province’s specialized infrastructure and programming in one comprehensive package.

Innovation Saskatchewan encourages Saskatchewan’s technology sector through the operation of its two research parks as well as the support provided for research undertaken at the agency’s funded institutes, which create economic impact, a return on investment, and are aligned with Saskatchewan’s research, development, and technology sector priorities. Knowledge and innovation will continue to play an important part in Saskatchewan’s future economic success.

In this report, you will read the 2022-23 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, 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, and how the research parks in Regina and Saskatoon are being leveraged to advance the technology sector.

Innovation Saskatchewan also continues to work to advance the technology sector through programs including the Saskatchewan Technology Startup Incentive and the Made in Saskatchewan Technology 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:

I have the honour of submitting the Annual Report of Innovation Saskatchewan for the fiscal year ending March 31, 2023. 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, 2023. It demonstrates the agency's commitment to effective public performance reporting, transparency, and accountability.

Innovation Saskatchewan's activities in 2022-23 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.
- Delivering a responsive and responsible government.

On April 1, 2022, the Government of Saskatchewan announced the creation of a single innovation agency to further growth of the technology and research sectors in the province. This announcement resulted in the integration of Saskatchewan Opportunities Corporation (SOCO), previously a subsidiary of Crown Investments Corporation of Saskatchewan (CIC), with Innovation Saskatchewan.

On January 1, 2023, in accordance with Order in Council 489/2022, all of SOCO's assets, liabilities, obligations, equity, and operations were transferred to Innovation Saskatchewan. Innovation Saskatchewan's March 31, 2023 financial statements and corresponding notes reflect consolidated nine months of operations of SOCO and the transfer of the operations for the remaining three months, all assets, liabilities, obligations, and equity of SOCO to Innovation Saskatchewan.

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; creates, encourages and facilitates business opportunities in the Saskatchewan technology sector, primarily through the development and operation of technology parks; and provides advice and recommendations on research, development, demonstration, and the commercialization of new technologies and innovative processes in Saskatchewan.

Through *The Innovation Saskatchewan Act*, proclaimed on November 2, 2009, the role of the organization is to:

- Facilitate 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.
- Create, encourage and facilitate business opportunities in Saskatchewan by providing financial assistance, management services, counselling and training, information and advice and any other services, including the development and operation of research and development parks that the agency considers will further its purposes.
- 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.

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. Innovation Saskatchewan has several tools at its disposal to support its mandate:

- Funding
- Programs and Investments
- Research and Technology Parks (Innovation Place Regina and Saskatoon)
- Strategic Relationships
- Marketing and Communications

With approximately 100 full-time staff located at main offices in Innovation Place Regina and Saskatoon, Innovation Saskatchewan works to produce economic benefits for the people of Saskatchewan through research and development as well as the provision of funding, programming, and specialized space. Innovation Saskatchewan’s research parks include 26 buildings (1.80 million square feet) and are home to 149 tenants employing just over 3,700 people. Of the available space, approximately 25 percent is considered speciality space, including 48 thousand square feet of multi-tenant greenhouse and growth chamber space, 50 thousand square feet of pilot plant space, and 345 thousand square feet of laboratory space.

Mission Statement

Supporting Saskatchewan's research community and technology sector to create economic growth and diversity.

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 Board of Director's primary responsibility is to oversee the purpose, plans and policies of Innovation Saskatchewan. Members of the Innovation Saskatchewan Board of Directors as at March 31, 2023 were:

Honourable Jeremy Harrison (Chair)
*Minister Responsible for Innovation
Saskatchewan*

Ms. Alana Ross
*Member of the Legislative Assembly for Prince
Albert Northcote*

Honourable Lori Carr
May 31, 2022 to March 31, 2023
Minister of SaskBuilds and Procurement

We would like to thank the previous members of the Board of Directors whose appointments ended in 2022-23 for their dedication to the agency.

Honourable James Reiter
November 9, 2020 to May 31, 2022
Minister of Energy and Resources

Management Advisory Committees

The Saskatoon and Regina parks each have an independent Management Advisory Committee composed of representatives from the local business community, university and municipal government. These committees review and approve all tenants that locate within park facilities.

The members of the Saskatoon committee as at March 31, 2023 were:

Dr. Terry Fonstad
*Associate Vice President, Research
University of Saskatchewan*

Ms. Erin Lawson
*Interim CEO and Chief Marketing Officer
Saskatoon Regional Economic Development
Authority*

Mr. Greg Fowler
*Vice President, Finance & Resources
University of Saskatchewan*

Mr. Drew Bell
*Director, Information Technology
City of Saskatoon*

Ms. Alix Hayden
*Director, Innovation Mobilization and
Partnerships
University of Saskatchewan*

Mr. Jesse Merilees
*Vice President, Environment and Biotech
Division
Saskatchewan Research Council*

Mr. Brendan Reding
*Regional Director
National Research Council, Industrial Research
Assistance Program*

The members of the Regina committee as at March 31, 2023 were:

Dr. Andrea Sterzuk
*Associate Vice President, Research
University of Regina*

Mr. Larry Hiles
*Chair
TEC (The Executive Committee) Canada*

Mr. Andrew Doan
*Commercialization Officer
Office of Research Partnerships & Innovation
University of Regina*

Mr. Chris Lane
*President & CEO
Economic Development Regina*

Mr. Neil Paskewitz
*Associate Vice President, Facilities
Management
University of Regina*

Mr. Jim Nicol
*City Clerk
City of Regina*

Mr. Wayne Goranson
*Managing Director
Kvale Informatics Consulting Ltd.*

Mr. Brendan Reding
*Regional Director
National Research Council, Industrial Research
Assistance Program*

Progress on Goal 1: Ensure Innovation Saskatchewan funded research is creating economic impact, a return on investment, and is aligned with Saskatchewan’s research and development priorities.

Strategy:

Support the commercialization of innovative new research and technologies through developing and continued partnerships with the six funded research institutes, match federal funding, encourage industry engagement, collaboration, and industry driven research and development (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).

Key Actions:

- 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. Most of these organizations are also tenants at the research and technology parks in Regina or Saskatoon and benefit from the collaborative environment and amenities present at the parks.
 - 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.
 - 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 alignment with provincial priorities, the CLS continues to focus on projects within Saskatchewan’s key economic sectors. New projects involving the mining industry’s efforts to address environmental and discovery issues are underway. Agricultural research 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.
 - CLS also continues to conduct educational outreach with local schools and Indigenous communities to encourage science literacy and meet other provincial priorities.
 - In January 2023, Bill Matiko was unanimously appointed to the Executive Director position by the CLS Board of Directors for a five-year term.

- 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 \$15 million 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 developed two different vaccines; both contain the same antigen but are formulated with different adjuvants. The study of COVAC-2 as a “booster” vaccine in Canada, is ongoing. The use of COVAC-1 as a booster will be studied in Quebec. Health Canada has approved this study and it is expected to be complete in May 2024. The information collected from these studies will be applied to future work with new coronaviruses. There are no specific dates of completion at this time.
 - The work that has been conducted on these two vaccines will be incorporated into broader work on epidemic preparedness and the development of a platform technology for all coronavirus variants.
 - Construction of VIDO’s vaccine manufacturing facility is complete. The grand opening of the facility was held in June 2022. The first inspection of the facility was completed in March 2023. The facility passed the inspection.
- SHRF continues to provide funding for high-impact and peer-reviewed health research relevant to the province.
 - The Solutions Grant focus area for 2022-23 was Virtual Care and was awarded to Dr. Ivar Mendez’s team at the University of Saskatchewan (UofS) Remote Presence Robotics Laboratory. Their work will help test technologies in remote communities and inform a virtual care strategy.
 - In January 2023, SHRF announced the Solutions Grant focus area for 2023-24 is “Children and Youth Health”.
 - SHRF partnered with Mental Health Research Canada on two Mental Health Impact Studentships in 2022-23, which support students through a six-month research project on mental health that is co-supervised by both an academic supervisor and a community-based supervisor. A project led by Dr. Coatlicue Sierra Rose, a counselling psychologist at the University of Regina (UofR), aims to use virtual reality training modules to improve psychiatric supports for first responders.
 - SHRF continues to work with the Jim Pattison Children’s Hospital Foundation to oversee the funds allocated for research specifically relating to pediatric health issues.
 - 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.
 - In early 2022, IMII supported the launch of Digital Transformation in Potash Mining: Cowessess Edition training program, delivered on

- Cowessess First Nation. The program celebrated its first graduating class of 12 Indigenous students in April 2022.
- 2S Water received IMII's Innovation Award from the DEMOday 2022 competition.
 - Growing Greener Innovations was announced as the winner of the Alternative Energy Systems Innovation Challenge in September 2022.
 - In September 2022, seven women and Indigenous students received a total of \$125 thousand from the iMpowered scholarship program which specifically targets women and Indigenous students enrolled in Science, Technology, Engineering and Mathematics (STEM) programs with mining careers in mind.
 - IMII has managed 50 projects worth more than \$20 million in its first 10 years in the R&D and E&T programs.
- 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. In February 2023, PTRC announced that Aquistore has surpassed storing over 500 thousand tonnes of CO₂, which is equivalent to taking 123 thousand cars off the road for one year.
 - PTRC is also involved in a viability study for carbon capture, utilization, and sequestration (CCUS) hub involving IMII and the International Carbon Capture and Storage Knowledge Centre.
 - In September 2022, PrairiesCan provided \$100 thousand in funding to PTRC to develop a CCUS workshop to train industry in implementing CCUS technologies and best practices.
 - PTRC is investing heavily in EOR technologies such as CO₂ injection through its Heavy Oil Research Network (HORNET) program to support Saskatchewan's petroleum industry towards net-zero oil production. Since 2014, the HORNET program has funded 115 research projects worth more than \$15 million in close collaboration with the Saskatchewan Research Council, UofR, Innovation Saskatchewan, and the Ministry of Energy and Resources.
 - 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.
 - Since beginning its operations, wait times for PET-CT scans in the province have reduced from an average of four and a half weeks to one week. In 2022, RUH performed PET-CT scans for clinical diagnoses of

2,691 cancer patients with Fluoroxyglucose from the cyclotron facility. This is an 11 percent increase compared to the number of patients in the previous year.

- 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 exploring the feasibility and opportunities for future small modular reactor placement and operations in Saskatchewan.
- 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.
 - Funding was provided to three UofR projects in 2022-23:
 - Solid-State Nuclear Magnetic Resonance facility for Study of Materials Related to Health and Energy – The project will focus on the precise characterization of small molecules related to health and medicine. It will include development of probes for treating certain types of cancers that are resistant to current treatments.
 - Laboratory for Computations Learning Theory – The project focuses on machine learning and how machines can learn using less data. This research studies models in which machines learn from particularly well-chosen data, as though they were interacting with a co-operative “teacher”.
 - Environmental Geochemistry and Interfaces Lab – The laboratory looks at new sources of rare earth elements and how they can be developed to provide a more sustainable source and reduce the impacts of mining. They are interested in how rare earth elements are distributed and where they are concentrated.
 - Through SAIF, provide funding to consortiums of companies/organizations developing technological innovations that solve industry specific challenges.
 - 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.
 - Two intakes were held in 2022-23. IS committed \$1.256 million in funding to SAIF and \$990,175 was dispersed during the year.
 - Spring – 21 expressions of interest submitted; six projects shortlisted for the full proposal stage; three projects ultimately recommended for approval by the SAIF external advisory committee.
 - Fall – 13 expressions of interest submitted; four projects shortlisted for the full proposal stage; two projects ultimately recommended for funding by the external advisory committee.

Progress on Goal 2: 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 Actions:

- Innovation Saskatchewan continues to fund Co.Labs, which has been located at Innovation Place Saskatoon since inception and is 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 continues to support 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.
 - Innovation Saskatchewan had five new startups locate at its research parks during 2022-23, one of which was part of the Co.Lead program.
 - Demand for Co.Labs' programming and tech startup growth remained strong with Co.Launch continuing to be an oversubscribed program in 2022. More than 300 people attended the Co.Launch Cohort 10 finale.
 - Co.Labs also hosted the 2022 Uniting the Prairies in-person on May 4-5, 2022, a tech conference that brings together founders and investors from tech hubs in Prairie provinces. The event attracted 200 startups, mentors and investors, and over 1,000 community attendees.
 - Co.Labs has realized many successes since its inception:
 - 181 startups incubated.
 - 690 jobs created by startups.
 - \$29.4 million in venture capital raised by startups.
 - \$41.4 million in revenues generated by startups.
- Through the Made in Saskatchewan Technology Program (MIST), startups secure their first big customer by introducing them to government ministries and Crown corporations. MIST startups introduce technology to Government that could improve the delivery of services and enhance citizen experience.
 - The MIST program was launched by Innovation Saskatchewan in January 2019

and as of March 2023, 47 companies have applied to the MIST program with 27 deemed eligible to participate in the program.

- To date, seven companies have been successfully matched with government partners and have piloted their technological solutions.
- 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.
 - The Innovation Challenge was placed on hold in 2022-23 due to the integration of Innovation Saskatchewan and Innovation Place. The intent is to launch an Innovation Challenge again in 2023-24.
 - Since its inception, the Innovation Challenge program has resulted in the creation of five new companies.
- 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.
 - STSI continues to be a vital resource for tech entrepreneurs looking to grow their business and create jobs in Saskatchewan.
 - STSI has addressed the need for capital investment among emerging technology startups. Since launching in 2018:
 - \$56.5 million of private investment has been attracted: \$27.7 million of investment has been raised under the program; \$28.8 million has been raised outside the program as co-investment.
 - \$3.50 of investment has been leveraged for every \$1.00 of tax credits approved.
 - 274 new jobs have been created by STSI companies.
 - The program has increased the size of the province's investor pool, with 61 percent of eligible investors being new to angel investing.
 - STSI has proven to be an attractive resource for startups looking to grow and create jobs in Saskatchewan. As of March 31, 2023:
 - 328 investors and 93 technology companies have been approved to raise capital.
 - 46 startups have received investment.
 - \$13 million in tax credits have been approved for 233 investors.
 - The program has been fully subscribed in the last three fiscal years.
- Work with partners, such as SaskTech, ComIT, Startup TNT, Women Entrepreneurs of Saskatchewan (WESK), and Cultivator, and provide support through the Technology Ecosystem Program to ensure sustainable growth of the sector across the province.
 - In 2022-23, Innovation Saskatchewan prioritized labour market development, diversity and inclusion initiatives, expanding the tech sector pipeline, and development in the agtech and cleantech space.
 - Innovation Saskatchewan supported ComIT in the delivery of two three-month digital upskilling courses in Saskatoon and Regina for up to 25 students each who are currently unemployed or underemployed.
 - Startup TNT connects angel investors with tech entrepreneurs to foster early-stage investments in the tech sectors. The organization puts on multiple investment summits and forums every year to attract new investors and help

- grow tech startups in Saskatchewan. Luxsonic, a tenant in the Saskatoon park, was one of the winners of the StartupTNT Summit finale in June 2022.
- Innovation Saskatchewan also partnered with Future Capital, BDC, and Startup TNT to deliver a course in March 2023 on the fundamentals of startup investing to new and emerging startup investors and innovation ecosystem leaders as part of the Women in Tech series. The collaboration aimed to activate a new pipeline for women angel investors and diversify the ecosystem that supports tech founders.
 - In 2022, Innovation Saskatchewan continued to provide funding to WESK and its Founders Table program. This program supports the growth of women-led technology companies in the province. The Founders Table provides increased access to funding resources, networks, mentorship, and business advising to women-led tech and tech-enabled companies.
 - Cultivator, Regina's first business incubator led by Conexus Credit Union:
 - 115 startups incubated.
 - 261 jobs created by startups.
 - \$27.8 million in private investment and \$23.5 million in government funding secured by startups.
 - In September 2022, Cultivator hosted its annual Sask Startup Summit bringing together tech startups, mentors, and investors. The in-person summit brought over 300 attendees across North America.
 - Provides flexible and supportive business arrangements (e.g., lease rates, specialized lease terms, accounts receivable tolerance, other financial considerations), extensive programming efforts and the support of various strategic partnerships to drive innovation.
 - Innovation Saskatchewan offers programming that builds knowledge and supports the growth of the companies, leaders, and workforce operating in the tech ecosystem.
 - 107 programming events were hosted in 2022-23 with almost 11,700 attendees.
 - 31 educational programs with 920 attendees.
 - 18 ecosystem collision style events with 1,390 attendees.
 - 58 community building events with 9,380 attendees.
 - Event themes covered include access to capital, attracting and retaining top talent, sales and tactics for startups, building a healthy and diverse leadership team, connecting innovators, and fostering a thriving community and greater tech ecosystem.
 - Leveraged partnerships aim to accelerate tenant growth while limiting their risk. As part of the Innovation Saskatchewan community, companies and founders have access to 28 partnership programs. These programs distinguish Innovation Saskatchewan as a value-add partner and establish meaningful monetary and speed advantages for companies located at the parks.

Progress on Goal 3: 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 Actions:

- Through the Agtech 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.
 - Two intakes were held in 2022-23:
 - Spring – 11 expressions of interest submitted; four projects shortlisted for the full proposal stage; four projects ultimately recommended for approval by the AGF external advisory committee.
 - Fall – eight expressions of interest submitted; three projects shortlisted for the full proposal stage; two projects ultimately recommended for funding by the external advisory committee.
 - Since launching in 2020, the AGF has greatly exceeded Innovation Saskatchewan's return on investment expectations:
 - AGF has committed over \$3.7 million in project funding.
 - In return, these projects have leveraged \$17.1 million in private investment and \$789 thousand in federal funding.
 - \$15.3 million in follow-on funding from private investors.
 - 76 new jobs created.
 - 12 new intellectual properties generated.
- Invest in activities that focus on growing early stage agtech companies through investment attraction and startup support.
 - Innovation Saskatchewan committed \$15 million over five years in Conexus Venture Capital's Emmertech fund. Emmertech invests in agtech startups across Canada, with a minimum \$15 million being deployed in Saskatchewan-based agtech startups overall, with at least one in every twelve-month period.
 - Emmertech is currently the biggest agtech Venture Capital fund in Canada and one of the most active Canadian Venture Capital funds in terms of deals done in 2022-23.
 - Innovation Saskatchewan is also providing \$300 thousand over three years towards Cultivator's agtech accelerator initiative. Cultivator successfully ran its first cohort in winter 2022 which supported 16 companies and raised over \$31.7 million in private capital.

Strategy:

Advance priorities and identify opportunities internationally for Saskatchewan's technology companies, world-class institutes and researchers through extensive knowledge and networks in the technology and research sectors.

Key Actions:

- Lead the development and execution of international missions, and promote Saskatchewan as the preferred destination for local, national, and international researchers, entrepreneurs, and technology companies.
 - In March 2023 Innovation Saskatchewan had a formal presence at the World Agri-Tech Innovation Summit in San Francisco, which attracts the top global players and investors in the agtech space. As part of its sponsorship, Innovation Saskatchewan supported the attendance of six of Saskatchewan's best agtech startups, including Precision AI who was selected the winner of the Summit's Cooperative Ventures Innovation Challenge from 100 applications around the world.
 - Innovation Saskatchewan led a mission to India (New Delhi, Bengaluru and Mumbai) in March 2023, which included meetings with key players representing India's expansive technology and innovation ecosystem including government, industry associations, research institutions, a venture capital investor, and organizations that support startups. Innovation Saskatchewan's CEO also participated in a panel at the Canada-India Business Council's Bengaluru Innovation Summit.

Strategy:

Support and facilitate the advancement and success of Saskatchewan's technology and key growth sectors through the development and operation of research parks.

Key Actions:

- Invest in the infrastructure required by technology companies, allowing tenants to benefit from economies of scale in accessing the specialized facilities, services and amenities they might not be able to access on their own.
 - Innovation Saskatchewan has established co-working spaces in both Regina and Saskatoon branded as Collider. These are the only co-working spaces in Saskatchewan dedicated entirely to people working in and supporting the province's tech and innovation ecosystems. Tenants began occupying Saskatoon's Collider in February 2023; Regina's Collider has been occupied since January 2022.
 - While the commercial market continues to evolve as companies find their new "normal" post-pandemic, Innovation Saskatchewan worked with tenants to find space that meets their needs and accommodated smaller footprints for companies whose workforce location has been impacted.
 - Nine new tenants located at the parks in 2022-23.
 - Innovation Saskatchewan's work with existing tenants resulted in 58 renewals during 2022-23 from companies such as ISM, Kvale Informatics Consulting Ltd., Ensero Technologies, Radiation Safety Institute, Nutrien Ag Solutions, Okanagan Speciality Fruits, as well as various early-stage companies.
 - An additional 25 tenants had space expansions in 2022-23 with notable examples including Siemens Canada Limited, who doubled its space at the Saskatoon park, OFAS/Immigrate and Saskatchewan Wheat Development Commission who

- relocated to larger spaces, and NRGene who took on additional lab space.
 - Demand remained high for specialty spaces such as laboratories, greenhouses and growth chambers in 2022-23 and Innovation Saskatchewan accommodated several small tenant expansions in these areas.
 - The research and technology parks have helped with the growth of technology companies for decades. Since 1993, over 210 new technology companies started their businesses at Innovation Place Regina and Saskatoon. Of those startups, 68 percent are still in operation and the majority are still operating in Saskatchewan.
 - The consolidated year-end vacancy rate for the two research parks was 16.7 percent at March 31, 2023.
- Create an environment that supports Saskatchewan-based private technology companies and allows them to integrate with business and technical service organizations, research institutes, and national and international technology companies.
 - Innovation Saskatchewan continues to work with the independent Management Advisory Committees in Regina and Saskatoon to build a collaborative relationship that supports Saskatchewan's technology sector.
 - Clusters of similar organizations continue to be maintained that support Saskatchewan's key growth sectors and build on the strengths of the UofS and UofR, located adjacent to the parks.
 - Sector distribution on tenants at March 31, 2023 was as follows:
 - Saskatoon: Agtech 31 percent; Health and Life Sciences five percent; Industry Services and Support nine percent; Information and Communications Technology 36 percent; Natural Resources 19 percent
 - Regina: Agtech six percent; Health and Life Sciences six percent; Industry Services and Support 26 percent; Information and Communications Technology 38 percent; Natural Resources 24 percent
 - Combined: Agtech 26 percent; Health and Life Sciences five percent; Industry Services and Support 13 percent; Information and Communications Technology 36 percent; Natural Resources 20 percent
 - At March 31, 2023, 89 percent of tenants located at the parks were non-government.

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, 2023

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, 2023

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, 2023, and the statement of operations and accumulated surplus, statement of changes in net (debt) financial assets, statement of remeasurement gains and losses, 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, 2023, the results of its operations, its remeasurement gains and losses, changes in its net debt, 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 the 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 the 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 5, 2023

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

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

STATEMENT 1

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

(\$ thousands)

	2023	2022
Financial Assets		
Cash and Cash Equivalents (Note 7)	\$ 32,760	\$ 14,853
Accounts Receivable (Note 8)	3,773	13
Investments (Note 9)	6,000	3,000
Debt Retirement Fund (Note 10)	5,641	-
	<u>48,174</u>	<u>17,866</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 11)	9,178	941
Notes Payable (Note 12)	16,390	-
Lease Liabilities (Note 13)	333	-
Long Term Debt (Note 14)	36,684	-
Deferred Revenue	2,232	-
Asset Retirement Obligation (Note 15)	188	-
	<u>65,005</u>	<u>941</u>
Net (Debt) Financial Assets (Statement 3)	<u>(16,831)</u>	<u>16,925</u>
Non-Financial Assets		
Prepaid Expenses	578	-
Inventory	13	-
Other Assets (Note 16)	572	-
Tangible Capital Assets (note 17)	163,243	-
	<u>164,406</u>	<u>-</u>
Accumulated Surplus	<u>\$ 147,575</u>	<u>\$ 16,925</u>
Accumulated Surplus is comprised of:		
Accumulated Operating Surplus (Statement 2)	\$ 147,969	16,925
Accumulated Remeasurement Gains (Losses) (Statement 4)	(394)	-
	<u>\$ 147,575</u>	<u>16,925</u>

Contractual Rights (Note 21)

Contractual Obligations (Note 22)

(see accompanying notes to the financial statements)

STATEMENT 2

Statement of Operations and Accumulated Surplus

For the Year Ended March 31

(\$ thousands)

	2023		2023		2022
	Budget		Actual		Actual
	(Note 6)				
Revenue					
Transfer from the General Revenue Fund – Operating Grant	\$ 28,727	\$	28,727	\$	28,227
Transfer from the General Revenue Fund – SOCO Transfer (Note 5)	93,500		93,500		-
Transfer in from SOCO (Note 5)	128,063		128,063		-
Research Park Operations	36,962		36,271		-
Interest	210		1,361		47
Other	-		3		3
	<u>287,462</u>		<u>287,925</u>		<u>28,277</u>
Expenses (Note 18)					
Administration	6,448		5,857		1,972
Research Park Operations	31,461		31,576		-
Programming	23,233		23,746		25,931
Interest	1,806		2,202		-
Transfer to Crown Investment Corp. (Note 5)	93,500		93,500		-
	<u>156,448</u>		<u>156,881</u>		<u>27,903</u>
Annual Surplus	131,014		131,044		374
Accumulated Surplus, beginning of year	\$ 16,925	\$	16,925	\$	16,551
Accumulated Surplus, end of year	<u>\$ 147,939</u>	\$	<u>147,969</u>	\$	<u>16,925</u>

(see accompanying notes to the financial statements)

STATEMENT 3

Statement of Change in Net (Debt) Financial Assets

For the Year Ended March 31

(\$ thousands)

	2023 Budget	2023 Actual	2022 Actual
	(Note 6)		
Annual Surplus	\$ 131,014	\$ 131,044	\$ 374
Acquisition of Tangible Capital Assets	(8,936)	(8,136)	-
Amortization of Tangible Capital Assets	8,708	8,922	-
Use of Other Assets	-	186	-
Consumption of Inventory	-	18	-
Purchase of Prepaid Expenses	-	(46)	-
Transfer In – Non-Financial Assets (Note 5)	(165,350)	(165,350)	-
	(165,578)	(164,406)	-
Transfer in – Accumulated Remeasurement Gain (Losses) (Note 5)	(282)	(282)	-
Effect of Remeasurement Gain (Losses) for the year	-	(112)	-
	(282)	(394)	-
Increase/(Decrease) in Net (Debt) Financial Assets	(34,846)	(33,756)	374
Net (Debt) Financial Assets , beginning of year	\$ 16,925	\$ 16,925	\$ 16,551
Net (Debt) Financial Assets , end of year	\$ (17,921)	\$ (16,831)	\$ 16,925

(see accompanying notes to the financial statements)

STATEMENT 4

Statement of Remeasurement Gains and Losses

For the Year Ended March 31

(\$ thousands)

	<u>2023</u>	<u>2022</u>
Accumulated Remeasurement Gains (Losses), beginning of year	\$ -	\$ -
Transfer in - Accumulated Remeasurement Gains (Losses) (Note 5)	(282)	-
Unrealized Gain (Losses) Attributable to: Debt Retirement Fund	(112)	-
Net Measurement Gains (Losses) for the Year	<u>\$ (112)</u>	<u>\$ -</u>
Accumulated Remeasurement Gains (Losses), end of year	<u>\$ (394)</u>	<u>\$ -</u>

(see accompanying notes to the financial statements)

STATEMENT 5

Statement of Cash Flows

As at March 31, 2023

(\$ thousands)

	<u>2023</u>	<u>2022</u>
Operating Activities		
Annual Surplus	\$ 131,044	\$ 374
Non-cash Adjustments		
Amortization of Tangible Capital Assets (Note 5)	8,922	-
Transfer in - Accumulated Surplus (Note 5)	(34,563)	-
Transfer in – Equity Advances	(93,500)	-
Accretion Expense (Note 15)	8	-
Interest Earned on Sinking Fund	(69)	-
	<u>11,842</u>	<u>374</u>
Net Change in Non-cash Balances Relating to Operations		
Accounts Receivable	(1,874)	(11)
Accounts Payable & Accrued Liabilities	3,584	(1,243)
Deferred Revenue	(29)	-
Inventory	18	-
Prepaid Expenses	(46)	-
Change in Other Assets	186	-
Lease Liabilities	(233)	-
Cash Provided by (Used in) Operating Activities	<u>13,448</u>	<u>(880)</u>
Capital Activities		
Purchase of Tangible Capital Assets	(8,136)	-
Cash used in Capital Activities	<u>(8,136)</u>	<u>-</u>
Investing Activities		
Purchase of Investment	(3,000)	(3,000)
Cash used in Investing Activities	<u>(3,000)</u>	<u>(3,000)</u>
Financing Activities		
Debt Retirement Fund Installments	(367)	-
Transfer in – Cash (Note 5)	16,812	-
Repayment of Notes Payable	(850)	-
Cash Provided by Financing Activities	<u>15,595</u>	<u>-</u>
Net Change in Cash and cash equivalents for the year	<u>17,907</u>	<u>(3,880)</u>
Cash and cash equivalents, beginning of year	<u>14,853</u>	<u>18,733</u>
Cash and cash equivalents, end of year	<u>\$ 32,760</u>	<u>\$ 14,853</u>

(see accompanying notes to the financial statements)

Notes to the Financial Statements

March 31, 2023

(in thousands \$)

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; creates, encourages and facilitates business opportunities in the Saskatchewan technology sector through the development and operation of technology parks; and provides advice and recommendations on research, development, demonstration, and the commercialization of new technologies and innovative processes in Saskatchewan.

On March 23, 2022, the Government of Saskatchewan announced the creation of a single innovation agency in the province, moving Saskatchewan Opportunities Corporation (SOCO) under the authority of Innovation Saskatchewan, effective April 1, 2022. SOCO, previously a subsidiary of Crown Investments Corporation Saskatchewan (CIC), operates the research and technology parks at the University of Regina and University of Saskatchewan and provides support to start ups and early stage technology companies. The alignment of SOCO and Innovation Saskatchewan into a single agency strengthens the province's reputation, mandate and programs, and helps maximize the economic potential of its research infrastructure assets.

On January 1, 2023 in accordance with Order in Council 489/2022, all of SOCO's assets, liabilities, obligations, equity, and operations were transferred to Innovation Saskatchewan.

Innovation Saskatchewan's March 31, 2023 financial statements and corresponding notes reflects a full year of operations for the research and technology parks, nine months from the consolidation of SOCO's operations, and the remaining three months subsequent to the transfer of all assets, liabilities, obligations, and equity of SOCO to Innovation Saskatchewan.

Innovation Saskatchewan is a corporate body eligible to receive monies appropriated by the legislature for some of these purposes.

As a central agency of the Government of Saskatchewan, the Agency is subject to neither federal nor provincial income taxes. The Agency is also not subject to provincial capital taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards issued by the Public Sector Accounting Board.

The following accounting policies are considered significant:

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 at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Items requiring the use of estimates include allowance for doubtful accounts, accrued liabilities, asset retirement obligation, and amortization. Actual results could differ from those estimated.

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.

With the exception of rental revenue, revenue is recognized as services are provided to customers, tenants and clients using the accrual basis of accounting when it is reliably measured and there is probability that the economic benefit will flow to the Agency. Amounts received in advance of contract terms are recorded as deferred revenue.

The Agency recognizes rental revenue whereby the total amount of contractual rent to be received from leases is accounted for on a straight-line basis over the term of the lease. Deferred rent receivable is recorded for the difference between the straight-line recorded revenue and the contractual amount due from tenants.

Interest revenue is recorded when receivable.

c) 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.

d) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The costs of maintenance, repairs, renewals which do not extend the productive life are charged to operations as incurred. The cost of replacements and improvements which extend the useful life are capitalized.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased tangible capital assets, which are recorded at the present value of the minimum lease payments. The discount rate used to determine the present value of the lease payments is the lower of Innovation Saskatchewan's rate for incremental borrowing or the interest rate implicit in the lease.

Tangible capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives as follows:

- Furniture and equipment 3 – 10 years
- Buildings and infrastructure 20 – 80 years
- Leasehold improvements lease term

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Innovation Saskatchewan's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

3. NEW ACCOUNTING STANDARDS

Effective April 1, 2022, Innovation Saskatchewan adopted PS 3280 Asset Retirement Obligations. The new standard includes the requirement to recognize a liability for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal use of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

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

- PS 3400 Revenue – April 1, 2023
- PS 3160 Public Private Partnerships – April 1, 2023
- PSG-8 Purchased Intangibles – April 1, 2023

The adoption of these standards is not expected to have a material impact on Innovation Saskatchewan's financial statements.

4. FINANCIAL INSTRUMENTS

Innovation Saskatchewan's financial assets consist of cash, accounts receivable, investments and debt retirement fund. Financial liabilities consist of accounts payable, accrued liabilities, deferred revenue, lease liabilities, notes payable and long-term debt.

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

Majority of financial instruments with the exception of investments, are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The carrying amounts of these instruments approximates fair value due to their short-term nature.

The carrying amount of the Emmertech investment is measured at cost. Innovation Saskatchewan has invested in a privately managed fund that is not measured in an active market. The Debt Retirement Fund is measured at fair value.

Financial instruments classified as amortized cost or other liabilities are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with any changes recognized in the statement of operations and accumulated surplus.

Fair value measurement

The methods and assumptions used to develop fair value measurements have been prioritized into three levels.

Level one – fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Agency has immediate access.

Level two – fair values are determined using inputs other than quoted prices included in level one that are observable for the asset or liability, either directly or indirectly.

Level three – fair values are determined based on inputs for the asset or liability that are not based on observable market data.

5. PROVINCIAL GOVERNMENT TRANSFER OF SOCO

Effective April 1, 2022, SOCO was moved from being a subsidiary of Crown Investments Corporation (CIC), to being under the authority of Innovation Saskatchewan. To facilitate the transfer, Innovation Saskatchewan received one-time funding in the amount of \$93.5 million. On receipt of funds, Innovation Saskatchewan paid CIC \$93.5 million for its investment in SOCO.

The assets and liabilities have been recorded at the SOCO carrying value at the time of the transfer, adjusted for the impact of the change in accounting policy for asset retirement obligations. The net amount has been recorded as revenue during the year.

Details of the transfer on April 1, 2022 are as follows:

Financial Assets

Cash	\$	16,812
Accounts Receivable		1,886
Debt Retirement Fund		5,317
		24,015

Liabilities

Accounts Payable and Accrued Liabilities	4,653
Notes Payable	17,240
Lease Liabilities	566
Long Term Debt	36,684
Deferred Revenue	2,261
Asset Retirement Obligation	180
	61,584

Net (Debt) Financial Assets (37,569)

Non–Financial Assets	
Prepaid Expenses	532
Inventory	31
Other Assets	758
Tangible Capital Assets	164,029
	<u>165,350</u>
Accumulated Surplus	\$ 34,563
Equity Advances	93,500
	<u>128,063</u>
Accumulated Other Comprehensive Income	\$ (282)

6. BUDGET APPROVAL

The 2022-23 budget figures are presented for comparison purposes and reflect the consolidated budget for Innovation Saskatchewan and SOCO.

The budget for Innovation Saskatchewan was accepted (subject to provincial government finalization of the operating grant) by the Innovation Saskatchewan Board on September 27, 2021. A revised budget was acknowledged by the Innovation Saskatchewan Board on June 29, 2022. The budget for SOCO was approved by the SOCO Board on November 23, 2021.

7. CASH AND CASH EQUIVALENTS

	2023	2022
Due from the General Revenue Fund	-	14,853
Cash in bank and on hand	32,760	-
	<u>\$ 32,760</u>	<u>\$ 14,853</u>

Prior to March 1, 2023, Innovation Saskatchewan's bank account was included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest was paid on a quarterly basis at the government's 30-day average interest rate. The average interest rate for 2022-23 was 2.74% (2021-22 – 0.19%). Interest earned during the year was \$ 575 (2021-22 – \$47).

Cash held in bank earns interest based on a fixed percentage in relation to the bank prime rate. Total interest earned during the year was on cash held in bank was \$716 (2021-22 - \$nil).

8. ACCOUNTS RECEIVABLE

	2023	2022
Trade receivables, net of allowance	\$ 3,168	\$ -
Accrued receivables	466	-
Work in progress	135	-
Other	4	13
	<u>\$ 3,773</u>	<u>\$ 13</u>

Work in progress includes unbilled labour and materials for third party projects.

9. INVESTMENTS

Innovation Saskatchewan has a privately managed investment of \$6 million at March 31, 2023 (2021-22 – \$3 million).

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.

10. DEBT RETIREMENT FUND

Balance, beginning of year	\$	–
Transfer in (Note 5)		5,317
Installments		367
Earnings		69
Valuation adjustment		(112)
Balance, end of year	\$	<u>5,641</u>

Under conditions attached to the long term debt issues, the Agency is required to invest an amount equal to one percent of the original debt issue on an annual basis. The investment, in the form of a debt retirement fund, is administered by Saskatchewan’s Ministry of Finance.

Debt retirement fund installments due in each of the next five years are as follows:

2023-24	\$	367
2024-25		367
2025-26		367
2026-27		367
2027-28		367

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023		2022	
Trade payables	\$	4,003	\$	941
Interest payable		402		-
Accrued liabilities and other		4,773		-
	\$	<u>9,178</u>	\$	<u>941</u>

12. NOTES PAYABLE

	2023	2022
Balance, beginning of year	\$ -	-
Transfer in (Note 5)	17,240	-
Repayments	(850)	-
Balance, end of year	\$ 16,390	\$ -

Notes payable are due to the General Revenue Fund of the Province of Saskatchewan. These notes are due within 90 days of issue and have an effective interest rate of 2.77%.

Interest expense associated with notes payable was \$465 for the year ended March 31, 2023 (2022 – nil).

13. LEASE LIABILITIES

The Agency's leased tangible capital assets include corporate computers, network infrastructure, office equipment and vehicles. Lease expiry dates of these assets range from January 2024 to September 2025. Total cash outflows for leases in 2022/23 was \$320 (with allocation between principal repayment of \$318 and interest payment of \$2).

Repayments are due as follows:

	2023
Total future minimum lease payments	\$ 335
Less: future finance charges on leases	(2)
Present value of lease liabilities	333

14. LONG TERM DEBT

	2023	2022
Balance, beginning of year	\$ -	-
Transfer in (Note 5)	36,684	-
Balance, end of year	\$ 36,684	\$ -

The Agency's long term debt balance consists of two CPP Investment Board debt issues with the Province of Saskatchewan:

Date of Issue	Date of Maturity	Effective Interest Rate (%)	Coupon Rate (%)	Amount outstanding March 31, 2023
July 11, 2008	July 11, 2038	4.71	4.71	\$ 23,684
July 3, 2010	May 3, 2040	4.80	4.80	13,000
				\$ 36,684

There are no scheduled principal debt repayments due in the next five years.

Interest expense associated with long term debt was \$1,735 for the year ended March 31, 2023 (2022 – nil).

15. ASSET RETIREMENT OBLIGATION

Innovation Saskatchewan has recorded an asset retirement obligation for the removal of asbestos floor tiles and mercury light fixtures from 20 buildings located in the Saskatoon and Regina technology parks. The unamortized asset retirement obligation is being amortized over the remaining life of the associated assets of 38 years (Saskatoon) and 74 years (Regina). The discount rate of 4.50% is used to estimate the future value of the asset retirement obligation.

Management does not foresee any events or circumstances in the future that would have a significant impact on the estimates value of the asset retirement obligation.

The asset retirement obligation recorded in these financial statements is as follows:

	2023	2022
Carrying amount, beginning of year	\$ -	\$ -
Transfer in (Note 5)	180	-
Accretion expense	8	-
Carrying amount, end of year	<u>\$ 188</u>	<u>\$ -</u>

16. OTHER ASSETS

	2023	2022
Deferred rent receivable	\$ 339	\$ -
Leasing costs	233	-
	<u>\$ 572</u>	<u>\$ -</u>

17. TANGIBLE CAPITAL ASSETS

	Furniture and Equipment	Building and Infrastructure	Leasehold Improvements	Total 2023	Total 2022
Cost, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in (Note 5)	8,971	266,440	39,745	315,156	-
Additions	662	4,388	3,086	8,136	-
Disposals	(8)	-	-	(8)	-
Cost, end of year	<u>\$ 9,625</u>	<u>\$ 270,828</u>	<u>\$ 42,831</u>	<u>\$ 323,284</u>	<u>\$ -</u>

Accumulated Amortization, beginning of year	\$	-	-	-	-	-
Transfer in (Note 5)		7,457	125,033	18,637	151,127	-
Amortization		535	6,346	2,041	8,922	-
Disposals		(8)	-	-	(8)	-
Accumulated Amortization, end of year		7,984	131,379	20,678	160,041	-
Net Book Value of Tangible Capital Assets	\$	1,641	\$ 139,449	\$ 22,153	\$ 163,243	\$ -

Included in the totals for furniture and equipment are leases of tangible capital assets with a net book value of \$333 (cost of \$1,855; accumulated amortization of \$1,522). Amortization on these assets totaled \$318 for the year.

Net book value of assets under construction at March 31, 2023, and not being amortized, was \$2,151.

18. EXPENSES BY OBJECT

	2023	2022
Grants and Transfers (Programming) – see detail below	\$ 23,746	\$ 25,931
Transfer to Crown Investments Corp.	93,500	-
Interest	2,202	-
Salaries and Benefits	10,688	1,364
Amortization	8,922	-
Utilities	6,017	-
Professional & Contractual Services	4,195	-
Grants in Lieu of Taxes	3,845	-
Interest & Bank Charges	36	-
Maintenance	1,895	-
Supplies & Materials	1,037	-
Advertising and Promotion	105	-
Miscellaneous	265	594
Rent	387	-
Sponsorship	256	-
Travel & Other Staff Costs	304	14
Governance	75	-
Allocations	(594)	-
	<u>\$ 156,881</u>	<u>\$ 27,903</u>

Programming

	2023	2022
Saskatchewan Advanced Innovation Fund	\$ 990	\$ 891
Petroleum Technology Research Centre	2,175	1,675
Innovation and Science Fund	2,522	3,229
International Minerals and Innovation Institute	311	256
Sylvia Fedoruk Centre	2,500	2,500
Canadian Light Source	4,100	4,100
Vaccine and Infectious Disease Organization	4,149	6,649
Saskatchewan Health Research Foundation	4,849	4,849
Saskatchewan Collaborates Inc. (Tech. Incubator)	375	375
Technology Ecosystem Program (Regina Startups Program)	345	294
Made in Saskatchewan Technology	30	20
Agtech Growth Fund (AGF)	1,000	1,093
Vaccine and Infectious Disease Organization – BRIF	400	-
	<u>\$ 23,746</u>	<u>\$ 25,931</u>

19. FINANCIAL RISK MANAGEMENT

a. Credit risk

Credit risk is the risk of an unexpected loss if a tenant or third party to a financial instrument fails to meet its contractual obligations.

The maximum credit exposure is limited to the carrying amount of cash and cash equivalents, accounts receivables, a privately managed fund and the debt retirement fund.

Cash and cash equivalents are maintained with high-credit quality financial institutions and management considers the risk of non-performance to be minimal.

The privately managed fund is managed 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.

Debt retirement funds are held by the Government of Saskatchewan's General Revenue Fund. The investment strategy is determined by the Ministry of Finance. At March 31, 2023, the debt retirement fund consists mostly of Provincial government and Federal government bonds with varying maturities and are managed based on maturity profile and market conditions. Accordingly, the related credit risk associated with these investments is considered low.

Although the Agency's policy to promote economic development leads to accepting some tenants that have higher credit risk, potential losses are mitigated by the fact that no one tenant occupies more than 10% of rentable space. The Agency also has established policies and procedures to assess the potential risk prior to extending credit to any client. The following reflects an aging summary of the Agency's accounts receivables:

	2023	2022
Current	\$ 1,359	\$ 13
31– 60 days	189	-
61 – 90 days	155	-
Over 90 days	2,292	-
	<u>3,995</u>	<u>13</u>
Allowance	(222)	-
Accounts receivables	<u>\$ 3,773</u>	<u>\$ 13</u>

Provisions for credit losses are maintained and regularly reviewed by management. Credit losses are estimated based on an account by account review. Amounts are written off only after reasonable collection efforts have been exhausted. Details of the allowance are as follows:

	2023	2022
Allowance for doubtful accounts, beginning of year	\$ -	\$ -
Transfer in	105	-
Provision	164	-
Write-offs, net of recoveries	(47)	-
Allowance for doubtful accounts, end of year	<u>\$ 222</u>	<u>\$ -</u>

b. Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. The Agency is exposed to interest rate risk on the maturity of its notes payable. Notes payable outstanding at March 31, 2023 was \$16,390.

The Agency is also exposed to interest rate risk on its cash balances as the rate of return fluctuates with prime interest rates as well as interest rates associated with the debt retirement fund. The impact of fluctuations in interest rates is not considered significant to the Agency.

c. Liquidity risk

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they fall due. The Agency's cash resources are managed based on financial forecasts and anticipated cash flows. Management's viewpoint is the Agency is able to generate sufficient funds to support the payments for these financial liabilities.

The following summarizes the contractual maturities at March 31, 2023:

	6 Months or Less	7 to 12 Months	1 to 2 Years	3 to 5 Years	More Than 5 Years
Trade and other payables	\$ 9,178	\$ -	\$ -	\$ -	\$ -
Notes payable	16,390	-	-	-	-
Lease liabilities	167	122	46	-	-

Long term debt*	870	870	3,479	5,219	56,197
	<u>\$ 26,605</u>	<u>\$ 992</u>	<u>3,525</u>	<u>\$ 5,219</u>	<u>\$ 56,197</u>

**Contractual cash flows for long term debt include principal and interest payments but exclude debt retirement fund installments.*

d. Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors. The Agency is exposed to market risk primarily through the debt retirement fund. Fair value adjustments will fluctuate based on changes in market prices. Fair value adjustments similar to those experienced up to March 31, 2023 would not have a material impact on net measurement gains (losses).

The value of Innovation Saskatchewan’s privately managed fund 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.

20. 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 Agencies under the common control of the Government of Saskatchewan (collectively referred to as “related parties”).

Related party transactions to March 31, 2023 include the following:

	<u>2023</u>	<u>2022</u>
Revenue	\$ 8,273	\$ -
Expenses	6,351	5,844
Accounts Receivable	28	13
Accounts Payable and Accrued Liabilities	126	440

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

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Contractual Obligations	\$ 38	\$ -	\$ -

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.

21. CONTRACTUAL RIGHTS

Innovation Saskatchewan is party to certain contractual rights which are expected to provide future economic benefits to the organization.

The Agency has operating leases with its tenants that are related to the research parks owned by the Agency. Operating leases generally have terms of one to five years.

Rental income earned from investment property is reported as rental income, and associated operating expenses as rental operations expense, in the Statement of Operations and Accumulated Surplus.

The future minimum lease payments under non-cancellable operating leases, at March 31, 2023 are:

	2023-24	2024-25	2025-26	2026-27	2027-28
Future Minimum Lease Payments	\$ 15,605	\$ 13,024	\$ 7,061	\$ 3,663	\$ 1,903

22. CONTRACTUAL OBLIGATIONS

The Agency has contractual obligations at March 31, 2023 including the following:

	2023-24	2024-25	2025-26
Programming	\$ 11,944	\$ 1,743	\$ 478
Construction Contracts	2,911	-	-
Licensing and Other	126	-	-
	<u>\$ 14,981</u>	<u>\$ 1,743</u>	<u>\$ 478</u>

23. PENSION COSTS

The employees of Innovation Saskatchewan participate in the Public Employees' Pension Plan defined contribution plan. Pension costs of \$588 (2021-22 \$104) 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 8.6% of salary. Innovation Saskatchewan's liability is limited to the required contributions.

24. COMPARATIVE FIGURES

Certain 2022 comparative figures have been reclassified to conform with the current year's presentation.