

SASKATCHEWAN
POLYTECHNIC

ANNUAL REPORT

2017-2018



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LETTER OF TRANSMITTAL

400–119 4th Avenue South
Saskatoon SK S7K 5X2

September 21, 2018

The Honourable Tina Beaudry-Mellor
Minister of Advanced Education
Government of Saskatchewan
Regina SK S4S 0B3

Dear Minister Beaudry-Mellor:

On behalf of the board of directors of Saskatchewan Polytechnic, and in accordance with the provisions of *The Saskatchewan Polytechnic Act*, I am pleased to submit the annual report and audited financial statements of Saskatchewan Polytechnic for the fiscal year ended June 30, 2018.

Respectfully submitted,

Mitchell Holash, QC
Chair, Saskatchewan Polytechnic Board of Directors

MESSAGE FROM CHAIR

The most significant indicator of the degree to which Saskatchewan Polytechnic is achieving its vision and meeting its goals can be clearly found in the success of our students.

As Saskatchewan's only polytechnic, we offer education that combines the practical approach of a college education and the depth of study associated with a university program. We work vigilantly with business and industry to develop curriculum that stays relevant and is immediately responsive to the ever-changing labour market needs.

With more than 28,000 students at campuses in Moose Jaw, Prince Albert, Regina and Saskatoon, our programs serve every economic and public service sector across the province. They are relevant and job-focused programs, delivered by Faculty and staff who work diligently to provide the depth of learning appropriate to the needs of students and employers alike.

Statistically, our long track record also serves to indicate our programmatic success in both graduate and employer reviews. Our outstanding reputation for the excellence of our graduates by employers continuously exceeds that of other like institutions across Canada. We will continue to evolve, grow and respond to labour market requirements, maximizing success for our students – our perpetual ultimate priority.

Sincerely,

Mitchell Holash, QC
Chair, Saskatchewan Polytechnic Board of Directors

MESSAGE FROM PRESIDENT & CHIEF EXECUTIVE OFFICER

At Saskatchewan Polytechnic, students are our primary focus. We work to ensure they can have great jobs and rewarding careers once they graduate, because we know when this happens, Saskatchewan benefits. This is why we place great emphasis on hands-on learning and applied research opportunities for our students, and why we work diligently to develop deep ties with our many business communities across the province. Having real-world experience upon graduation provides our students the opportunity to contribute to the companies that employ them from their very first days on the job.

We are focused on the future. We have to be. As an educational institute, we must ensure that the workforce of tomorrow—that is, the students we educate today—have the skills necessary to adapt and thrive in the future. Today, new and continuously evolving technologies, including robotics and artificial intelligence, to name a few, are changing the way people work and giving rise to new industries. The implications of these changes are enormous—not only for our economy, but also for society. Our dedicated Faculty and staff work hard to make sure our students graduate with the experience and critical thinking skills they require as their careers progress. They know that when our students achieve success, the institution is successful and the entire province benefits.

Sincerely,

Dr. Larry Rosia,
President & CEO

INSTITUTIONAL CONTEXT

Saskatchewan Polytechnic is the province's primary institution for post-secondary applied education and research. Saskatchewan Polytechnic fuels growth in Saskatchewan by providing qualified, work-ready graduates to meet labour market demand. It is committed to offering a broad range of educational experiences that are student-centered and employer-responsive.

Saskatchewan Polytechnic offers certificate, diploma and degree programs and apprenticeship technical training serving students annually in Prince Albert, Regina, Moose Jaw and Saskatoon, as well as through distance education opportunities and academic partnerships.

Our provincial education partnerships include the regional colleges, universities, Collège Mathieu, Saskatchewan Indian Institute of Technologies and Gabriel Dumont Technical Institute.

Saskatchewan Polytechnic administers and delivers Adult Basic Education programming to provide foundational academic and vocational preparation. In Regina and Saskatoon, the Language Instruction for Newcomers to Canada, program offers support for newcomers' development of English language skills.

Through the Prior Learning Assessment and Recognition process, students can seek academic credit for knowledge gained through life and work experience. Dual Credit courses allow students to take select Saskatchewan Polytechnic courses as part of their high school studies earning both secondary and post-secondary credits at the same time. Additionally, Saskatchewan Polytechnic offers transfer credit opportunities to provide students greater flexibility, return on their investment and potential savings on tuition and expenses.

Saskatchewan Polytechnic strives to align its program mix with employers' current and future needs. The institution works hand-in-hand with professionals and industry experts through our Program Advisory Committees. These committees are composed of nearly 700 experts, who let us know where labour markets are headed and what skills graduates need to succeed to help employers stay innovative.

Through applied research, Saskatchewan Polytechnic collaborates with employers to solve business challenges. Through testing and pursuing innovation, we enable employers to capture new opportunities. Saskatchewan Polytechnic offers applied research partners access to exceptional facilities and faculty expertise, funding for research and development and a wide network of connections. Through a collaborative applied research approach, Saskatchewan Polytechnic can help employers adapt to technological advancements, respond to changing needs of their sector and contribute to creating a healthy economy.

Nearly 75 per cent of Saskatchewan Polytechnic programs offer a work-integrated learning component. Work-integrated learning gives students the opportunity to apply the practical skills they learn at Saskatchewan Polytechnic in a work environment and bring work-place skills back to the classroom.

Saskatchewan Polytechnic is known for its quality programming and graduates. Last year, 92 per cent of Saskatchewan Polytechnic graduates found employment. Of Saskatchewan Polytechnic's Indigenous graduates, 88 per cent found employment. Saskatchewan Polytechnic students learn, earn and contribute to growing Saskatchewan stronger.

MANDATE

Saskatchewan Polytechnic is a public, board-governed polytechnic that operates in accordance with *The Saskatchewan Polytechnic Act*. According to *The Act*, Saskatchewan Polytechnic may provide:

- (a) courses and programs of study, instruction or training and related services, in academic, scientific, trade, technical, technological and vocational fields of education;
- (b) subject to *The Degree Authorization Act*, university programs, by agreement and on the basis agreed to with any university within or outside Saskatchewan;
- (c) courses or programs of instruction or training that have been determined to be required with respect to a trade pursuant to *The Apprenticeship and Trade Certification Act, 1999*;
- (d) courses, programs and seminars of a continuing education nature;
- (e) credit programs through a regional college as defined in *The Regional Colleges Act*;
- (f) student services, career counselling, adult basic education, language training, literacy programming and newcomer integration services;
- (g) training and services, including applied research, to governments, corporations, persons or other bodies with respect to courses, programs and related services that the polytechnic provides or expertise or facilities it possesses, on any terms that the polytechnic considers appropriate;
- (h) services to encourage and support scholarly activity related to programs of study provided by the polytechnic; and
- (i) any other post-secondary education and training-related functions or activities that may be prescribed in the regulations.

Saskatchewan Polytechnic is committed to operating within the legislative framework and to continued cooperation with the provincial government to support an accessible, responsive, sustainable, accountable and quality post-secondary sector in Saskatchewan.

STRATEGY MANAGEMENT

A clear vision is critical to the planning, decision-making and accountability process for all organizations. Saskatchewan Polytechnic has adopted a strategic planning system that combines forward-looking, long-term strategic planning, annual multi-year planning and annual reporting which are integrated into every level of the institution. To ensure Saskatchewan Polytechnic demonstrates accountability to its diverse stakeholders, a balanced scorecard framework has been adopted.

To provide a clear line of sight from performance plans to the strategic plan, institutional priorities are set and then cascaded down to individual performance objectives each year. To monitor progress and provide comprehensive metrics, financial results, performance indicators and institutional risk are reported annually.

There are a number of foundational components that communicate, monitor and report progress:

Tomorrow in the Making: Strategic Plan 2014-2020

The strategic plan sets the long-term direction for the institution and guides the development of the annual multi-year business plan. The strategic plan articulates the long-term vision, the mission, values and strategic goals. It also includes the strategy map.

Multi-year Business Plan

The multi-year business plan is the institution's three-year execution plan. The multi-year business plan identifies the institution's priorities, strategic initiatives and resource allocations.

Enterprise Risk Management (ERM) Risk Registry

The ERM risk registry catalogues the risks and opportunities that may impact the institution's strategy execution, operations or projects.

Balanced Scorecard

The balanced scorecard is the institution's performance measurement framework. The balanced scorecard links institutional strategies with goals and initiatives.

Annual Report

The annual report communicates accomplishments and progress on the strategic plan and multi-year business plan.

ENTERPRISE RISK MANAGEMENT

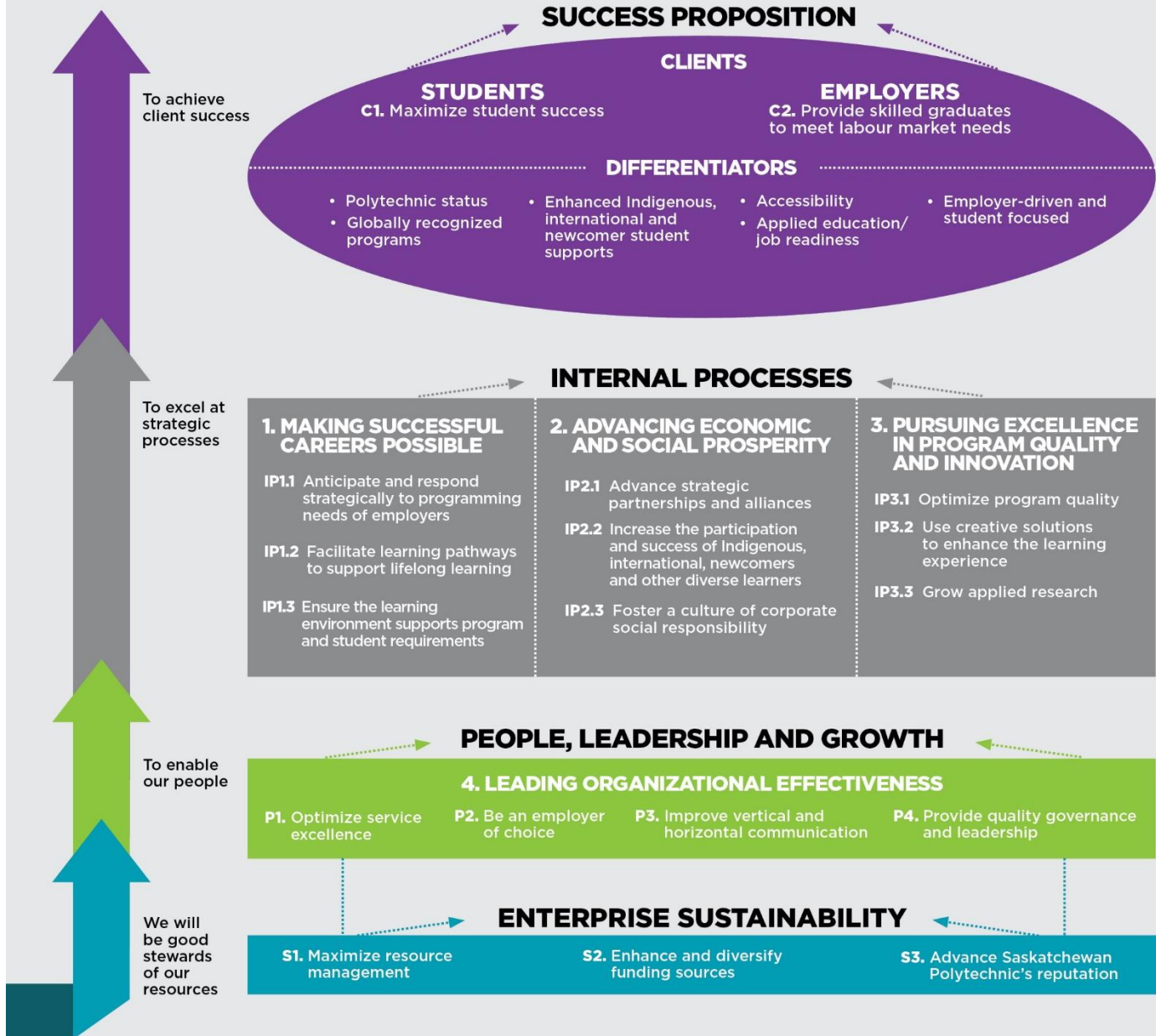
Enterprise Risk Management is an integral part of the strategic planning system. Saskatchewan Polytechnic's risk registry identifies risks and opportunities most likely to impact its ability to achieve its strategic and operational goals.

Saskatchewan Polytechnic's risk registry and report is reviewed quarterly by management and the board of directors.

STRATEGY MAP

The strategy map (on page eight) was developed with stakeholder input and research into post-secondary trends. Our vision and mission define our intended outcomes. The remainder of our strategy map (read from bottom up) tells the story of our strategy through themes and goals.

SASKATCHEWAN POLYTECHNIC STRATEGY MAP



STATISTICS

ACADEMIC YEAR 2017-2018

STATISTICS ACADEMIC YEAR 2017-2018

GRADUATES

NUMBER OF GRADUATES	
Applied Certificate	672
Certificate	2,117
Advanced Certificate	147
Post Grad Certificate	37
Diploma	1,015
Degree – standalone*	8
Certificate of Achievement	29
Total	4,025

*Number of graduates does not include joint degree programs with the University of Regina.

PROGRAMMING

NUMBER OF POST-SECONDARY PROGRAMS	
Applied Certificate	36
Certificate	43
Advanced Certificate	11
Diploma	54
Degree	3
Post Grad Certificate	3
Apprenticeship	25
Certificate of Achievement	2
Total	177

EMPLOYMENT

GRAD EMPLOYMENT RATE

92%

INDIGENOUS GRAD EMPLOYMENT RATE

88%

VISIBLE MINORITY EMPLOYMENT RATE

89%

EMPLOYER SATISFACTION

94%

GRADUATE SATISFACTION RATE

93%

GRADUATES EMPLOYED IN SASKATCHEWAN

94%

GRADUATE AVERAGE ANNUAL SALARY

\$44,449

EMPLOYMENT RATE BY SCHOOL	
Business	92%
Construction	95%
Health Sciences	92%
Hospitality & Tourism	93%
Human Services & Community Safety	94%
Information & Communication Technology	89%
Mining, Energy & Manufacturing	89%
Natural Resources & Built Environment	97%
Nursing	90%
Transportation	95%

INTERNATIONAL STUDENTS

INTERNATIONAL STUDENTS – COUNTRY OF ORIGIN	
India	394
Nigeria	51
China	50
Vietnam	27
South Korea	23
Philippines	18
Jamaica	12
Bangladesh	9
Other	130
Total	714

OVERSEAS ENROLMENT

OVERSEAS ENROLMENTS	
India	9
Total	9

EQUITY ENROLMENT PARTICIPATION

DESIGNATED GROUP OF STUDENTS	ALL PROGRAMS		CERTIFICATE- DIPLOMA-DEGREE	
	#	%	#	%
Indigenous Enrolment	3,578	19%	1,781	19%
Disabled Enrolment	866	5%	519	5%
Visible Minorities Enrolment	1,149	6%	715	8%
Female Enrolment	8,654	47%	6,016	63%

ENROLMENT BY CAMPUS

ENROLMENT BY CAMPUS	SASKATOON	REGINA	MOOSE JAW	PRINCE ALBERT
Basic Education	2,084	1,457	198	460
Apprenticeship	2,438	80	1,445	735
Base Certificate/Diploma/Degree	2,371	1,850	1,264	821
Continuing Education Certificate/Diploma	1,063	1,057	285	817
Total	7,956	4,444	3,192	2,833

PROGRAM ENROLMENT – Headcount and program full-load equivalent (FLE)

	Full-Time	Part-Time	Unknown	Total Headcount	Program FLE ¹
Basic Education	2,650	1,533	16	4,199	2,070
Apprenticeship	4,610	88	-	4,698	1,667
- Sask Polytech delivery	4,602	88	-	4,690	1,665
- Brokered institutions	8	-	-	8	2
Cert-Dip-Degree base	5,767	534	5	6,306	5,991
- Sask Polytech delivery	4,338	534	5	4,877	5,377
- Joint-Degree ²	1,429	-	-	1,429	614
Cert-Dip-Degree con ed	1,851	1,367	4	3,222	1,949
- Sask Polytech delivery	580	1,129	4	1,713	616
- Brokered institutions	1,271	238	-	1,509	1,333
All Levels	14,878	3,522	25	18,425	11,677
Distinct students enrolled in programs				17,706	

Notes:

¹ Full load equivalent (FLE) reports a student's program activity based on the total number of credits or hours they attend, relative to the number of credits or hours that would normally be assigned to a full-time learner.

² Saskatchewan Polytechnic, in partnership with the University of Regina, delivers two joint degree programs – the Saskatchewan Collaborative Bachelor of Science in Nursing (SCBScN) and the Collaborative Nurse Practitioner Program (CNPP). Official student records for the joint programs are managed by the University of Regina and not included in this report.

Course registration data including course FLE has not been included in this report. Course registration data can be requested from the Institutional Research and Analysis team by emailing institutionalresearch@saskpolytech.ca.

FACULTY AND STAFF

Workforce statistics – full-time equivalent (FTE)³ totals

	Academic		Professional Services		Out-of-Scope		Totals	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Moose Jaw	167	170	88	88	14	14	269	272
Prince Albert	118	129	60	61	14	13	191	203
Regina	275	296	135	132	30	24	440	452
Saskatoon	444	452	163	169	37	29	644	650
Admin. Office	1	1	71	62	57	55	129	118
Totals	1,005	1,048	517	512	152	135	1,674	1,695


Notes:

³ Full-time Equivalency includes:

- Full-time employees
- Part-time employees in a part-time position

Not included are part-time status employees who only work casual assignments or ESC assignments, casual status employees, extension contracts or anyone on leave.

MANAGEMENT DISCUSSION AND ANALYSIS

The background of the page is a solid purple color. In the lower half, there is an abstract graphic composed of several overlapping, semi-transparent geometric shapes in various shades of purple and grey, creating a layered, mountain-like effect.

MANAGEMENT DISCUSSION AND ANALYSIS: RESULTS ACHIEVED

Saskatchewan Polytechnic is committed to maximizing student success and providing skilled graduates who meet employer needs. Students and employers continued to be top priorities as the institution delivered accessible, responsive and sustainable programming and services. Saskatchewan Polytechnic worked closely with stakeholders to make progress towards achieving its vision and aligning with the Government of Saskatchewan's long-term strategic direction.

Saskatchewan Polytechnic has 18 goals and a broad suite of success measures. A focus-and-finish approach has been adopted to respond effectively to the fiscal realities facing the institution. The following results were achieved to position the institution toward its vision for 2020.

See page eight for the full list of Saskatchewan Polytechnic's 18 goals.

C1. STUDENTS MAXIMIZE STUDENT SUCCESS

C2. EMPLOYERS PROVIDE SKILLED GRADUATES TO MEET LABOUR MARKET NEEDS

Saskatchewan Polytechnic's students are successful when they realize their academic and employment goals. The institution is committed to supporting students from diverse groups to complete their training and find employment in their field of study.

STRATEGIC ENROLMENT MANAGEMENT

Saskatchewan Polytechnic has established a strategic enrolment planning framework across the institution to focus on student success. This framework will better monitor and analyze retention data to implement programmatic policies and support services to better align with the needs of enrolled students. This will assist Saskatchewan Polytechnic in efforts to retain and graduate more students.

ACADEMIC MODEL

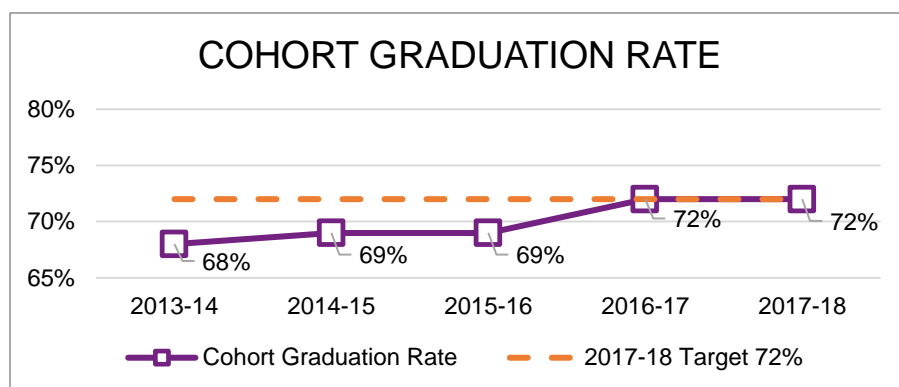
In 2016-2017, Saskatchewan Polytechnic introduced a new academic model: *Tomorrow's Learning in the Making* and has made significant advancements in its implementation. In the 2017-2018 academic year, efforts have been dedicated to completing foundational work to establish the Academic Council and to renew the curriculum model. Preliminary scoping work has also been conducted to review and renew the program design, review and revision processes.

STUDENT HEALTH, SAFETY AND WELL-BEING

Saskatchewan Polytechnic continues to prioritize the health, safety and well-being of its students. Saskatchewan Polytechnic has invested in Violence Threat Risk Assessment training for hundreds of employees and continues to provide this important training. In partnership with the Canadian Mental Health Association, Saskatchewan

Polytechnic has prioritized and trained dozens of front-line employees in Mental Health First Aid to support students' mental health. Saskatchewan Polytechnic is enhancing supports for non-academic misconduct by reassigning responsibility to subject matter experts in Student Services. This will result in improved student support and student risk management.

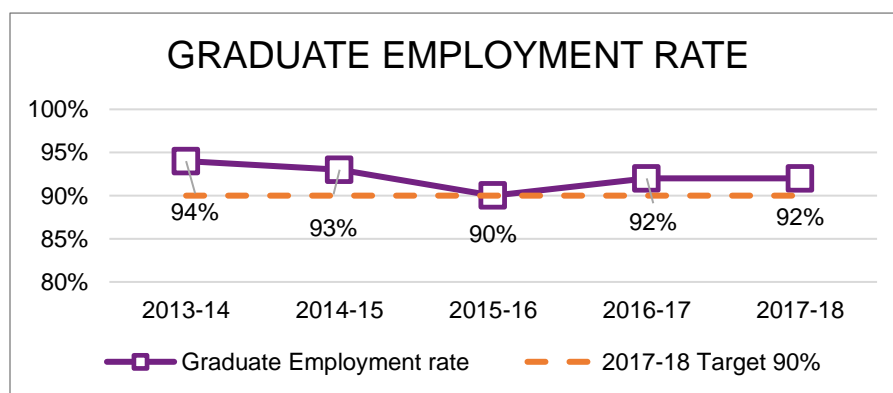
BALANCED SCORECARD RESULT: COHORT GRADUATION RATE

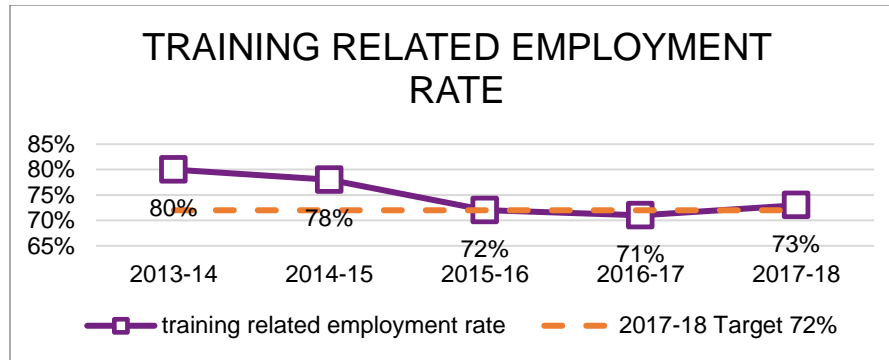


The cohort graduation rate measures the percentage of a group of first-time students at 1.5 years out from the expected time to complete their studies. Saskatchewan Polytechnic's cohort graduation rate has remained steady over the past two years.

GRADUATE EMPLOYMENT RATE AND TRAINING RELATED EMPLOYMENT RATE

Saskatchewan Polytechnic is committed to providing skilled graduates to meet labour market needs. This is demonstrated by consistently high graduate employment rates. The two key indicators look at overall graduate employment and self-identified, training related employment rates.





MAKING SUCCESSFUL CAREERS POSSIBLE

IP1.1 ANTICIPATE AND RESPOND STRATEGICALLY TO PROGRAMMING NEEDS OF EMPLOYERS

Saskatchewan Polytechnic's program mix and scale are aligned to meet employers' current and future needs.

NEW PROGRAMS

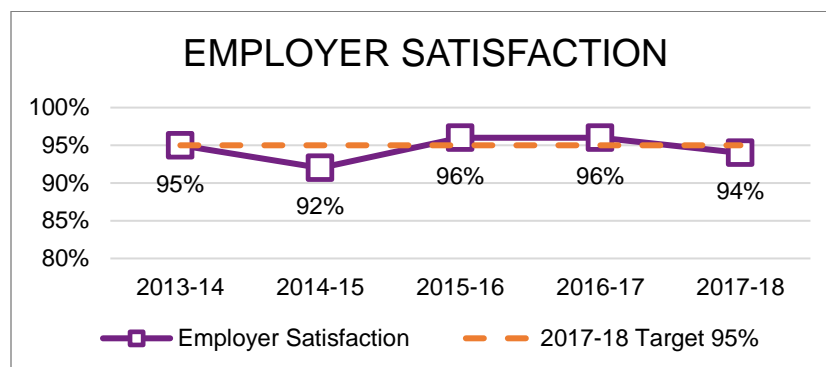
Saskatchewan Polytechnic's high graduate employment rates are partially attributed to its ability to keep programming relevant. Using labour market demand studies and the expertise of over 700 Program Advisory Committee industry members, Saskatchewan Polytechnic ensures students receive training based on the most current industry needs.

In 2017-2018 new programs introduced at Saskatchewan Polytechnic include the Business Accountancy post-graduate certificate and the Innovative Manufacturing diploma.

The Business Accountancy post-graduate certificate is a new program that has been well received by international students. This post-graduate certificate program is designed to help students prepare for the Chartered Professional Accountants (CPA) designation. The program was developed from the CPA competency map that provides graduates with the opportunity to fill current and ongoing demands for accountants.

The Innovative Manufacturing diploma offers a wide range of skill-based training in all aspects of the manufacturing industry, including design, CAD/CAM, computer numerical control (CNC) machining, welding, fabrication, robotics, 3D printing and project management.

BALANCED SCORECARD RESULT: EMPLOYER SATISFACTION WITH OVERALL PREPARATION OF GRADUATE



Employer satisfaction with overall preparation of graduates for employment has been consistently high over the five-year trend presented. The most current survey shows that 94 per cent of employers are satisfied with the overall preparation of graduates they hire. Saskatchewan Polytechnic also tracks its graduate satisfaction. The results from the 2018 Graduate Follow-up Study revealed that 93 per cent of graduates were satisfied overall with their program, the educational experience and with the instruction delivered.

MAKING SUCCESSFUL CAREERS POSSIBLE IP1.3 ENSURE THE LEARNING ENVIRONMENT SUPPORTS PROGRAM AND STUDENT REQUIREMENTS

Acknowledging the student experience is enhanced by the learning environment, Saskatchewan Polytechnic maintains the goal that its facilities provide an inviting and safe learning environment.

MASTER PLANNING

Saskatchewan Polytechnic completed its master plan for Regina Campus. Master plan development is informed through extensive stakeholder consultations that discuss enrolment growth, space deficiencies and needs. The plan provides an overview of planning scenarios and a model for campus-wide improvements. The document also addresses the need for general student-life space and specific-use space that supports our Indigenous, international, transgender and gender-neutral students.

Saskatchewan Polytechnic intends to complete a long-range plan for each of its four campus locations, ultimately tying the four master plans into a provincial plan.

SASKATOON CAMPUS RENEWAL

Saskatoon Campus Renewal has long been identified as Saskatchewan Polytechnic's number one capital and facilities priority. The Saskatoon Campus renewal revolves around the concept of a contemporary urban campus with a modern trades and technology complex as its focal point. A business case, including financing details, was developed and presented to the board of directors and government officials. Saskatchewan Polytechnic will continue to work with government to advance this priority.

ADVANCING ECONOMIC AND SOCIAL PROSPERITY

IP2.2 INCREASE PARTICIPATION AND SUCCESS OF INDIGENOUS, INTERNATIONAL, NEWCOMER AND OTHER DIVERSE LEARNERS

Saskatchewan Polytechnic helps build the province's workforce by partnering with government, employers and other educational institutions to attract, retain and support Indigenous, international, newcomer and other diverse learners. Programs and services are offered to address the unique needs and requirements of these diverse student populations.

INDIGENOUS STUDENT SUCCESS STRATEGY

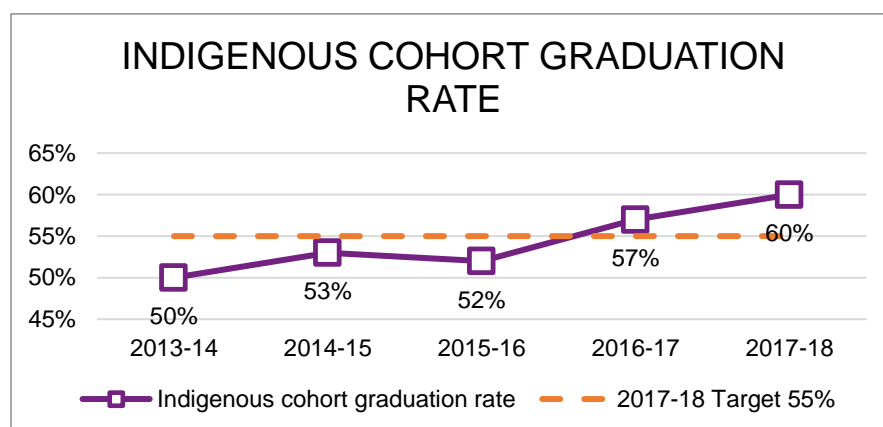
Saskatchewan Polytechnic launched its newly updated Indigenous Student Success Strategy on June 19, 2018 with the support of employees, students and community leaders. The Indigenous Student Success Strategy was developed after months of research and consultation. It builds on the successes and lessons learned from the 2009 Aboriginal Student Achievement Plan. The strategy is a roadmap that reflects the needs of Indigenous students and is designed to maximize student success.

INTERNATIONAL STUDENT SUCCESS

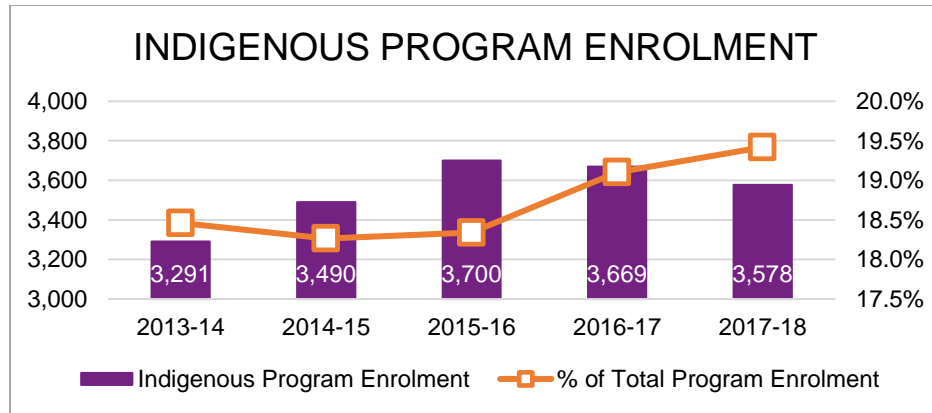
In alignment with both the provincial and federal international education growth strategies, Saskatchewan Polytechnic has focused on international student recruitment and retention. Saskatchewan Polytechnic conducted an international market study to identify enrolment growth potential and provide a growth model for enrollments. Additional seats for international students were created and new supports were identified to be implemented in the 2018-2019 academic year to increase student success and the overall student experience.

BALANCED SCORECARD RESULT:

INDIGENOUS COHORT GRADUATION RATE AND PROGRAM ENROLMENT

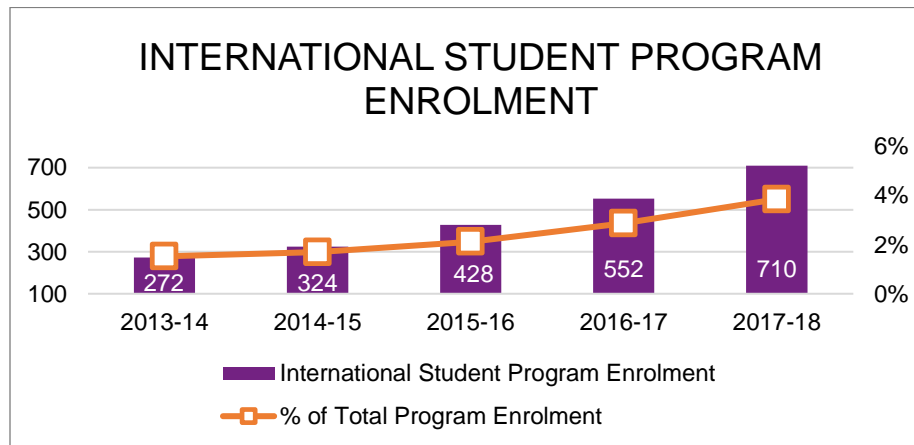


The Indigenous cohort graduation rate increased three percentage points from 2016-2017.



In 2017-2018, there were 3,578 Indigenous program enrolments. Indigenous student enrolments represent 19.4 per cent of all program enrolments at Saskatchewan Polytechnic.

INTERNATIONAL STUDENT PROGRAM ENROLMENT



In 2017-2018, Saskatchewan Polytechnic saw a 29 per cent growth in the number of international program enrolments from the previous academic year. There were 710 International student program enrolments. This represents 3.9 per cent of all program enrolments at Saskatchewan Polytechnic.

PURSUING EXCELLENCE IN PROGRAM QUALITY AND INNOVATION

IP3.3 GROW APPLIED RESEARCH

Applied research projects at Saskatchewan Polytechnic are steered by industry, business and the community. Through a collaborative applied research approach, Saskatchewan Polytechnic can help industry adapt to technological advancements, respond to changing needs and contribute to creating a stable economy.

Saskatchewan Polytechnic has the in-house capacity to conduct experiential development, business validation and technology adoption and provides the resources industry needs to innovate. Faculty and staff combine their expertise with a wide spectrum of leading-edge technology such as 3D printers, water and laser-jet cutters and computer numerical control

(CNC) machines to assist research partners with the capital-intensive components of the product development process.

In 2017-2018 49 external applied research projects were awarded and over 60 applications and industry contracts were undertaken. An additional 81 internal projects were awarded through Saskatchewan Polytechnic's Seed Applied Research Projects Fund, the Sustainability Innovation Fund and the Center for Research and Scholarship in Health and through student scholarships. The total external research funding awarded exceeded three million dollars. This represents growth of over 80 per cent in external research funding awarded over the previous year.

LEADING ORGANIZATIONAL EFFECTIVENESS

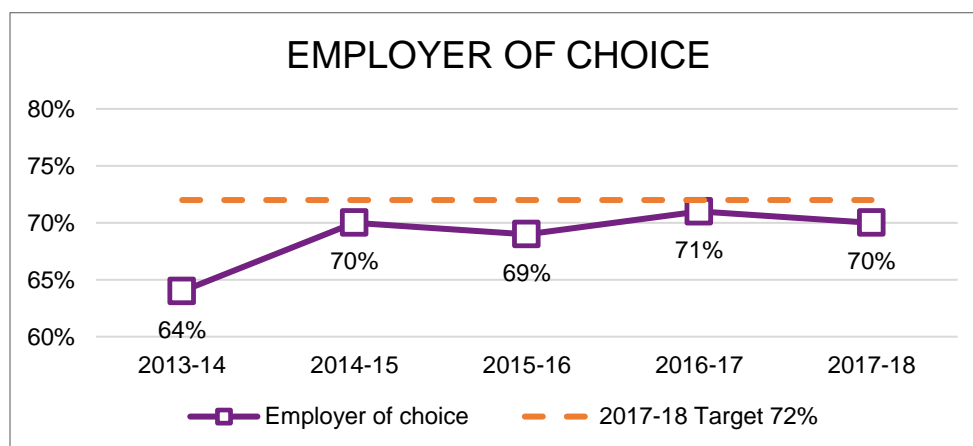
P2. BE AN EMPLOYER OF CHOICE

Saskatchewan Polytechnic is a vibrant, healthy and safe workplace where our employees thrive. The institution is working towards building a representative workforce and attracting and retaining the best and the brightest.

Saskatchewan Polytechnic invested in its employees through:

- Leadership Fundamentals: an internal program to build excellence in leadership practice through workshops, coaching, mentoring and applied learning;
- increased professional development funding;
- maintaining a healthy and safe workplace; and
- commitment to building a representative workforce. Representative workforce initiatives include Indigenous Awareness Training, a self-declaration process and creation of a Diversity and Inclusion Leadership Committee.

BALANCED SCORECARD RESULT:



The 2017 employee engagement survey results are consistent with the four year trend. The survey identified three priority areas to focus on: professional growth, senior management and institutional vision. These priority areas are the focus of the institution's planning efforts for its employees.

LEADING ORGANIZATIONAL EFFECTIVENESS

S1. MAXIMIZE RESOURCE MANAGEMENT AND

S2. ENHANCE AND DIVERSIFY FUNDING SOURCES

Saskatchewan Polytechnic is committed to using its resources in the most efficient and effective way possible. Programs and services are continually reviewed to make sure they are providing value, meeting the institution's mandate and achieving strategic outcomes. Saskatchewan Polytechnic is also working to expand the resources available and is pursuing alternate revenue sources to reduce reliance on public funding for core operations.

REVENUE PLAN

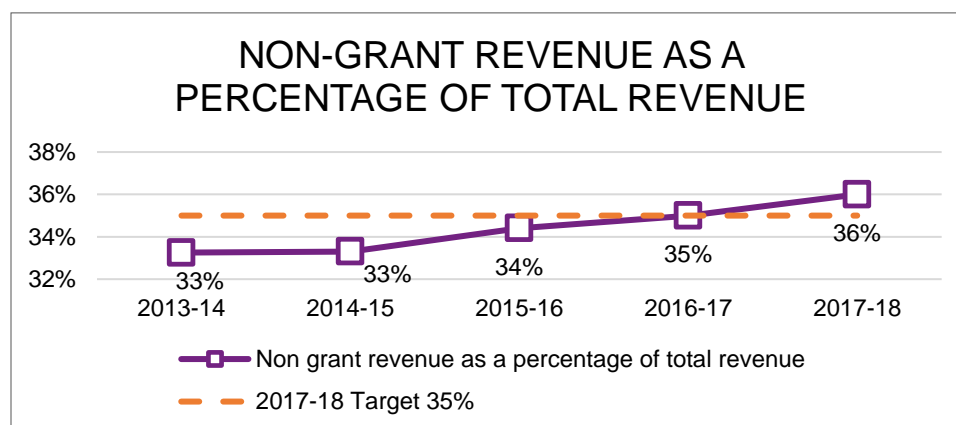
In 2017-2018, Saskatchewan Polytechnic embarked on the development and completion of an overall revenue plan for the institution. The plan included recommendations for the areas with the highest probability of success for Saskatchewan Polytechnic to grow its non-grant revenue streams and identified the three priority areas: international student enrolment growth, international projects and donor and alumni fundraising. Saskatchewan Polytechnic made progress in all three areas including exploring potential partnerships with Chinese educational institutions, market analysis for international enrollment growth and enhancements to donor and alumni fundraising.

DONOR AND ALUMNI RELATIONS

Research and consultation were conducted to create a report to inform the Donor and Alumni Relations strategy moving forward.

Saskatchewan Polytechnic hired an associate vice-president of Advancement. This newly created position will help the institution meet fundraising and alumni goals.

BALANCED SCORECARD RESULT:



The non-grant revenue percentage of total has been modestly increasing since 2013-2014 and is the result of efforts to diversify and expand non-grant revenue sources.

MANAGEMENT DISCUSSION AND ANALYSIS: FINANCIAL PERFORMANCE

(in thousands of dollars)

Saskatchewan Polytechnic, like Saskatchewan's other post-secondary institutions, received a five per cent reduction to its operating grant in the provincial government's 2017-2018 budget. While a number of difficult decisions were required in order to manage the grant reduction a priority was placed on finding options that would minimize the impact to students and employees. Saskatchewan Polytechnic was able to find alternate revenues and sufficient savings to present a balanced budget for the 2018 fiscal year with no anticipated draws from reserves.

In fiscal 2018 Saskatchewan Polytechnic recorded an operating deficit of \$4,278 as presented on the statement of operations. Saskatchewan Polytechnic had budgeted for an operating deficit of \$4,500 for the year resulting in a positive operating variance of \$222. The net capital budget was \$4,500 achieving a net balanced budget. Actual net capital results were \$4,553 for a combined operating and capital positive variance of \$275.

As Saskatchewan Polytechnic entered the second quarter of fiscal 2018 the risk of a significant deficit was identified based on the following emerging factors:

- The Saskatchewan Apprenticeship and Trade Certification Commission (SATCC) significantly reduced the amount of training they intended to purchase from Saskatchewan Polytechnic during the year. While training for SATCC is performed on a cost-recovery basis, Saskatchewan Polytechnic has limited ability to reduce salary expenditures mid-year to mitigate the revenue loss and the reduction represented.
- It was determined that voluntary separation and severance payments would again be required to ensure fiscal stability in the upcoming years.
- Extension activity was not expected to meet revenue generation targets. While early forecasts were indicating a significant shortfall the actual year-end negative variance was less than initially expected.
- There were other savings targets, primarily related to salaries, that were not anticipated to be achieved in the current year.

In late fall 2017 Saskatchewan Polytechnic began the implementation of a series of mitigation measures to ensure sufficient savings were realized to offset the potential deficit. Examples of the measures taken include a freeze on all capital expenditures not impacting health and safety, curtailment of all non-critical hiring, eliminating all non-essential travel and reducing all other purchases to the extent feasible without impacting operations. These deficit mitigation measures were successful, with the net year-end results being very close to the original budget. Additionally, the negative factors that led to the concerns in early 2018 were considered and addressed during fiscal 2019 budget planning to ensure next year will proceed as planned without the need for intervention.

As discussed above, Saskatchewan Polytechnic planned for a net capital budget of \$4,500. The net capital budget was the result of budgeted amortization of \$10,339 less planned capital expenditures of \$5,839. The actual net capital result was \$4,553 completing the year with a positive variance of \$53. Significant reductions in capital expenditures resulting from the capital

freeze implemented during the year were largely offset by capital purchases supported by external funding, such as applied research grants and donations. The related external funding is reflected in increased grant and contractual services revenue.

Saskatchewan Polytechnic's Unrestricted Operating Surplus (UOS) balance represents funds where Saskatchewan Polytechnic has discretion in determining their future use. It is the accumulation of prior years' net surpluses adjusted for funds that have external restrictions on their use. During the year, Saskatchewan Polytechnic's UOS increased from an opening balance of \$1,253 to a balance of \$1,680 at June 30, 2018. This is \$427 greater than budgeted resulting from the deficit mitigation factors discussed above, more than offsetting the expected negative factors. Note 13 provides further detail on the unrestricted operating surplus calculation.

A balanced budget has again been projected for fiscal 2019.

HIGHLIGHTS: ACTUAL 2018 COMPARED TO 2017

(in thousands of dollars)

The operating deficit for fiscal 2018 was \$4,278 compared to a deficit of \$9,742 for fiscal 2017. A discussion of the variances by main revenue category and expenses by function follows:

- Grant and contractual services revenues decreased by \$4,728 or 2.4 per cent from 2017. The primary factor is a decrease in funding from the Government of Saskatchewan. Effective April 1, 2017 there was a five per cent reduction to the base operating grant, as well as reductions to the Adult Basic Education funding. Although this affected the last quarter of 2017 the full impact was felt in 2018.
- Also contributing to the decrease in revenue from the Government of Saskatchewan was a decrease in apprenticeship revenue; however, partially offsetting this revenue decrease is an increase in grants from the Government of Canada primarily related to applied research activity. Applied research activity at Saskatchewan Polytechnic has increased significantly to more than four times the previous three-year average.
- Tuition and fees increased by \$3,762 or 10 per cent. An approved core tuition increase of 3.96 per cent contributed to this increase, as well as an increase in international enrolments. Also contributing is an increased focus on fee-paying courses within extension.
- Sales decreased by \$594 or five per cent in ancillary operations, including the bookstores, cafeterias and print shops. These decreases were mainly a result of noted decreases in apprenticeship enrolments.
- Ancillary services expenses decreased by \$652 or 6.7 per cent primarily related to the decrease in sales activity throughout Saskatchewan Polytechnic, as noted above.
- Academic program expenses decreased by \$5,034 or 3.3 per cent. This was primarily due to budgeted decreases in positions which were required to mitigate the five per cent decrease in grant revenue from the Government of Saskatchewan. Also, a portion of the decrease in apprenticeship activity was budgeted with related decreases in expenditures planned. Additionally, in-year deficit mitigation measures resulted in decreases in most expense categories.

HIGHLIGHTS: ACTUAL 2018 COMPARED TO PLAN 2018

(in thousands of dollars)

The operating deficit of \$4,278 in fiscal 2018 compares to a planned operating deficit of \$4,500. While the overall variance is not significant, it is a result of negative factors being offset with deficit mitigation actions. A discussion of the variances by main revenue category and expenses by function follows:

- Grant and contractual services revenues were less than budget by \$2,902 or 1.5 per cent and is broken down as follows:
 - The reduced revenue from the Government of Saskatchewan was a result of apprenticeship revenue being less than budgeted, partially offset by unbudgeted applied research grants.
 - The small negative variance within Government of Canada revenue was the net result of less than anticipated revenue, primarily due to receiving fewer contracts for international projects through the federal government than planned and partially offset with applied research grants which were not included in the budget.
 - Non-government revenues were less than expected primarily due to extension contractual activity not meeting targets. As well, a portion of the budgeted revenue was actually earned as tuition revenue.
- Tuition and fees exceeded the budget by \$995 or 2.5 per cent primarily due to international enrolment exceeding expectations. A portion of the positive variance was also due to extension activity budgeted as contractual services that actually occurred as tuition revenue.
- Donation revenue was greater than budget by \$611 or 45.6 per cent. The majority of this positive variance was due to funds targeted for capital purchases and the donation of capital assets both with an offsetting impact on the net capital result.
- Academic program expenditures exceeded budget by \$1,678 or 1.2 per cent primarily in salaries as a result of voluntary separation and severance expenses incurred.
- Strategy and business development expenditures were less than budget by \$2,799 or 23.1 per cent, primarily due to international project activity not reaching budgeted levels. There were additional savings, predominantly in salaries, due to deficit mitigation measures resulting in vacant positions not being filled during the year.

HIGHLIGHTS: PLAN 2019

(in thousands of dollars)

Saskatchewan Polytechnic is again presenting a balanced budget for fiscal 2019, consisting of an operating deficit of \$5,028 and a net capital budget of \$5,028.

The most significant areas of anticipated change from the fiscal 2018 budget to fiscal 2019 budget are:

- Grant revenue and contractual services are budgeted to decrease by \$4,347 or 2.3 per cent. The majority of the decrease is due to a reduction in contractual services revenue as a result of a projected reduction in apprenticeship activity. There is also a projected decrease in extension activity across multiple schools as the budgeted ratio of revenue between contractual services and tuition and fees has shifted. Additionally, the budgeted revenue for international projects has been reduced to reflect recent activity levels.

- Tuition and fees are anticipated to increase by \$6,705 or 16.6 per cent due to an increased focus on the recruitment and retention of international students. Enrolment projections for international students are indicating growth across most schools in 2019. Additionally, as mentioned above, the budget has been adjusted to reflect the shift of extension activity from contractual services to tuition and fees. The approved tuition increase of 3.99 per cent also contributes to the projected increase.
- Administration expense is expected to increase by \$1,824 or 5.7 per cent as budgeted market stipend savings were moved from Human Resources to academic programs, resulting in an increase to the administration expenses in fiscal 2019. Also contributing to the increase are allowances budgeted for severances. These were not included in 2018 but have been added for fiscal 2019.

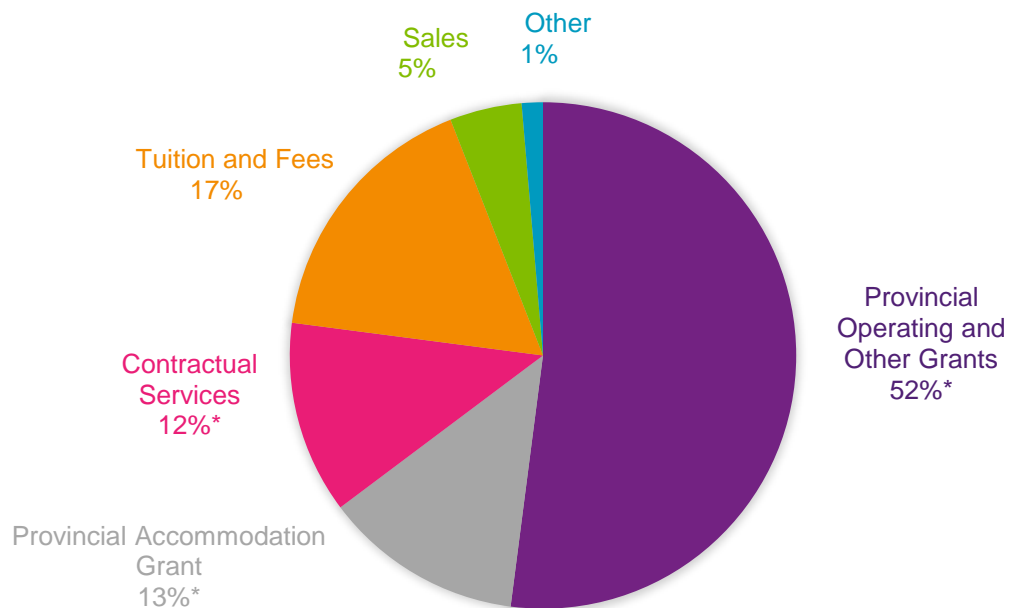
CAPITAL SPENDING SUMMARY

(in thousands of dollars)

In fiscal 2018 Saskatchewan Polytechnic acquired capital assets totaling \$6,537, compared to a budget of \$5,839 for capital expenditures. While there was a freeze on capital expenditures mid-year resulting in budgeted capital not being fully expended, external funding was received through applied research and donations that allowed for increased capital expenditures. The majority of the capital expenditures were incurred to replace equipment and technology and leasehold improvements.

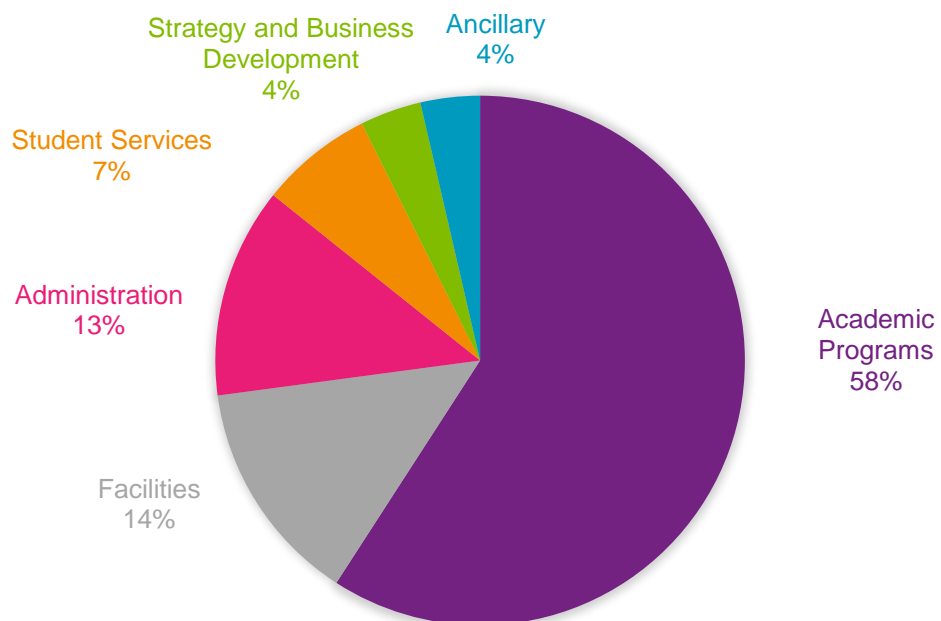
HIGHLIGHTS: 2018 OPERATING REVENUE AND OPERATING EXPENSES

2018 OPERATING REVENUE



*The total \$188,285 grants and contractual services revenue identified in the financial statements is comprised of Contractual Services, Provincial Accommodations Grant and Provincial Operating and Other Grants.

2018 OPERATING EXPENSES



KEY FINANCIAL RESULTS AND DATA

(in thousands of dollars)

	2017 Actual	2018 Plan	2018 Actual	2019 Plan ¹
Operations				
Annual deficit	\$ (9,742)	\$ (4,500)	\$ (4,278)	\$ (5,028)
<u>Revenue:</u>				
Grants and contractual services	193,013	191,187	188,285	186,840
Tuition and fees	37,736	40,503	41,498	47,208
Sales	11,835	11,620	11,241	11,693
Other revenue	2,563	2,873	3,295	2,425
<u>Expenses:</u>				
Academic programs	152,035	145,323	147,001	145,400
Facilities	34,393	34,682	34,188	34,561
Administration	32,103	32,167	31,938	33,991
Student services	17,303	17,520	17,143	17,710
Strategy and business development	9,392	12,115	9,316	11,926
Ancillary	9,663	8,876	9,011	9,606
Financial Position¹				
Unrestricted operating surplus	\$ 1,253	\$ 753	\$ 1,680	\$ 1,680
Financial assets	32,505	21,814	32,646	30,051
Liabilities	33,636	23,471	34,295	31,093
Net debt	(1,131)	(1,657)	(1,649)	(1,042)
Tangible capital assets	66,349	62,246	62,210	56,952
Accumulated surplus	66,076	61,576	61,798	56,770

¹ 2019 Plan is based on the 2018-2021 Multi-year Business Plan, adjusted for 2018 year-end results.

FINANCIAL STATEMENTS

The background of the page is an abstract composition of overlapping geometric shapes. The top half is a solid medium purple. The bottom half features a series of overlapping triangles and polygons in various shades of purple, from deep indigo to light lavender, as well as some grey and white shapes, creating a dynamic, layered effect.

MANAGEMENT REPORT

September 21, 2018

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise because they include certain amounts based on estimates and judgments. Management has ensured that the financial statements are presented fairly in all material respects. The financial information presented elsewhere in the annual report is consistent with that in the financial statements.

Management has ensured that the organization is in compliance with the provisions of legislation and related authorities.

Management maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that assets are appropriately accounted for and adequately safeguarded.

The board of directors of Saskatchewan Polytechnic is responsible for reviewing and approving the financial statements and, primarily through its audit committee, ensures management fulfills its responsibilities for financial reporting.

The audit committee is appointed by the board and is composed of directors who are not employees of Saskatchewan Polytechnic. The audit committee meets periodically with management and with external auditors to discuss internal controls, auditing matters and financial and reporting issues to satisfy itself that each party is properly discharging its responsibilities. The audit committee reviews the financial statements and the external auditors' report and also considers, for approval by the board, the engagement or reappointment of the external auditors. The audit committee reports its findings to the board for its consideration when approving the financial statements for issuance.

The financial statements have been audited by KPMG LLP and the Provincial Auditor of Saskatchewan in accordance with Canadian generally accepted auditing standards. KPMG LLP and the Provincial Auditor of Saskatchewan have full and free access to the audit committee.

Dr. Larry Rosia
President & CEO

Cheryl Schmitz
CFO & Vice President, Administrative Services (acting)

Sean Engemoen
Associate Vice President, Financial Services (acting)

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly and the Board of Directors of Saskatchewan Polytechnic

We have audited the accompanying financial statements of Saskatchewan Polytechnic, which comprise the statement of financial position as at June 30, 2018, the statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY 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, 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Polytechnic as at June 30, 2018, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Saskatoon, Canada
September 21, 2018

Judy Ferguson, FCPA, FCA
Provincial Auditor
Regina, Saskatchewan
September 21, 2018



STATEMENT OF FINANCIAL POSITION

As at June 30, 2018
(in thousands of dollars)

	Note	2018	2017
Financial assets			
Cash and cash equivalents	3	\$ 17,651	\$ 18,300
Accounts receivable	4	7,330	6,773
Inventories for resale	5	3,641	3,619
Portfolio investments	6	4,024	3,813
		32,646	32,505
Financial liabilities			
Accounts payable and accrued liabilities		3,598	4,553
Salaries and benefits payable		12,265	13,544
Obligation under capital leases	7	518	-
Employee future benefits	8	2,836	2,913
Debt	10	969	1,073
Deferred revenue	11	14,109	11,553
		34,295	33,636
Net debt		(1,649)	(1,131)
Non-financial assets			
Tangible capital assets	12	62,210	66,349
Prepaid expenses		1,237	858
		63,447	67,207
Accumulated surplus	13	\$ 61,798	\$ 66,076
Contractual rights	14		
Contractual obligations and contingencies	15		

Approved on behalf of the Board of Directors:

Mitchell J. Holash, QC, Board Chair

Garry Benning, Audit Committee Chair

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

For the year ended June 30, 2018
(in thousands of dollars)

	Budget (Note 18)	2018	2017
Revenue			
Grants and contractual services:			
Government of Saskatchewan	\$ 178,345	\$ 177,555	\$ 183,512
Government of Canada	9,519	9,007	7,502
Other governments	25	173	348
Non-government	3,298	1,550	1,651
Tuition and fees	40,503	41,498	37,736
Sales	11,620	11,241	11,835
Donations	1,340	1,951	1,649
Investment income	599	553	400
Other income	934	791	514
	246,183	244,319	245,147
Expense (Note 16)			
Academic programs	145,323	147,001	152,035
Facilities	34,682	34,188	34,393
Administration	32,167	31,938	32,103
Student services	17,520	17,143	17,303
Strategy and business development	12,115	9,316	9,392
Ancillary	8,876	9,011	9,663
	250,683	248,597	254,889
Annual deficit	(4,500)	(4,278)	(9,742)
Accumulated surplus, beginning of year	66,076	66,076	75,818
Accumulated surplus, end of year	\$ 61,576	\$ 61,798	\$ 66,076

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGE IN NET DEBT

For the year ended June 30, 2018
(in thousands of dollars)

	Budget (Note 18)	2018	2017
Net debt, beginning of year	\$ (1,131)	\$ (1,131)	\$ 5,526
Changes during the year:			
Annual deficit	(4,500)	(4,278)	(9,742)
Acquisition of tangible capital assets	(5,735)	(6,382)	(7,551)
Tangible capital asset donations received	-	(155)	(289)
Proceeds on disposal of tangible capital assets	-	30	86
Loss on disposal of tangible capital assets	-	65	50
Amortization of tangible capital assets	10,339	10,581	10,783
Utilization of prepaid expenses, net	-	(379)	6
	104	(518)	(6,657)
Net debt, end of year	\$ (1,027)	\$ (1,649)	\$ (1,131)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018
(in thousands of dollars)

	Note	2018	2017
Operating transactions			
Annual deficit		\$ (4,278)	\$ (9,742)
Items not affecting cash:			
Amortization of tangible capital assets		10,581	10,783
Tangible capital asset donations received	12	(155)	(289)
Loss on disposal of tangible capital assets		65	50
Unrealized gain on portfolio investments		(117)	(178)
Decrease in employee future benefits liability	8	(77)	(89)
Net (decrease) increase in non-cash operating balances	17	(636)	4,812
		5,383	5,347
Capital transactions			
Acquisition of tangible capital assets		(6,382)	(7,551)
Proceeds on disposal of tangible capital assets		30	86
		(6,352)	(7,465)
Investing transactions			
Proceeds on disposition of portfolio investments		323	602
Acquisition of portfolio investments		(417)	(1,262)
		(94)	(660)
Financing transactions			
Increase in capital lease obligation		518	-
Debt repayments		(104)	(104)
		414	(104)
Net decrease in cash and cash equivalents		(649)	(2,882)
Cash and cash equivalents, beginning of year		18,300	21,182
Cash and cash equivalents, end of year		\$ 17,651	\$ 18,300

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018
(in thousands of dollars)

1. Authority and purpose

Saskatchewan Polytechnic ("the Polytechnic") was established as a public educational corporation by the Legislative Assembly of Saskatchewan under *The Institute Act* and is continued under *The Saskatchewan Polytechnic Act*. The Polytechnic is Saskatchewan's primary provider of post-secondary technical education and skills training operating at campuses in Moose Jaw, Prince Albert, Regina and Saskatoon.

The Polytechnic is a registered charity and is exempt from the payment of income tax.

2. Summary of significant accounting policies

a. Basis of accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS").

b. Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (grants and contracts) are recognized as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Tuition and student fees and sales of inventory are reported as revenue at the time the services are provided or the products are delivered. Funds received in advance of the fees being earned or the service performed are deferred and recognized when the fee is earned or service performed.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specified purpose.

Unrestricted contributions and pledges are recognized as revenue when received. Gifts-in-kind are recorded at the fair market value on the date of their donation if they meet the Polytechnic's criteria for capitalization. Other in-kind donations of materials and services are not recognized in these financial statements if a reasonable estimate cannot be made.

2. Summary of significant accounting policies (continued)

b. Revenue recognition (continued)

Investment income includes interest recorded on an accrual basis, declared dividends, and realized gains and losses on portfolio investments. Unrealized gains and losses on portfolio investments not funded from restricted contributions are recognized in the statement of remeasurement gains and losses until the related investments are sold¹. Once realized, these gains or losses are recognized as revenue in the statement of operations. Investment income on externally restricted investment assets is deferred and recognized in the statement of operations when the related stipulations are met.

c. Financial instruments

Financial instruments of the Polytechnic consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities, salaries and benefits payable and debt. All financial instruments are measured at cost or amortized cost except portfolio investments.

Portfolio investments include equities and equity mutual funds quoted in an active market, which are required to be measured at fair value. The Polytechnic has elected to measure the bond component of the portfolio investments at fair value to correspond with how it is evaluated and managed.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses, except for those related to restricted assets, which are recorded as deferred revenue until used for the purpose stipulated by the contributor¹. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Sales and purchases of investments are recorded on the trade date. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

¹ During the periods presented, there were no unrestricted investment assets measured at fair value and therefore no unrealized gains or losses on unrestricted investment assets. Accordingly, no statement of remeasurement gains and losses has been presented.

2. Summary of significant accounting policies (continued)

d. Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid securities with original terms to maturity of three months or less when purchased.

e. Inventories for resale

Inventories consist of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Cost for inventories is calculated using the weighted average cost method. Administrative and program supplies and library periodicals are not inventoried.

f. Employee future benefits

The employee future benefits liability represents the value of the accumulating non-vesting sick leave benefits provided to employees of the Polytechnic. A liability and expense is recognized in the period employees render services to the Polytechnic in return for the benefits. The value of the liability and expense of the sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

Actuarial valuations are performed every three years by an independent actuary. Amounts are extrapolated in fiscal years in which a full actuarial valuation has not been performed.

The Polytechnic's contributions to employee pension plans are expensed in the period in which employees' services have been rendered.

g. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, installation, design, construction, improvement or betterment of the assets.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs. The discount rate used to determine the present value of the lease payments is the lower of the Polytechnic's rate for incremental borrowing or the interest rate implicit in the lease. A schedule of future payments, including interest, is presented in Note 7.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

2. Summary of significant accounting policies (continued)

g. Tangible capital assets (continued)

Buildings	40 years
Leasehold improvements:	
Properties owned by the Government of Saskatchewan	15 years
Other properties	Lease term
Furniture and equipment	5 to 10 years
Computers and software	3 to 5 years
Library	5 years

Assets under construction are not amortized until completed and placed into service for use.

Donated capital assets are recorded at their fair market value upon receipt except in situations where fair value cannot be reasonably determined.

Works of art which have cultural, aesthetic or historical value are not included in tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Information on works of art held by the Polytechnic is disclosed in Note 12.

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

h. Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring such estimates relate to the determination of useful lives of tangible capital assets for amortization, the assumptions underlying the calculation of employee future benefits and provisions for contingencies. Actual results may ultimately differ from these estimates.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available.

2. Summary of significant accounting policies (continued)

i. Adoption of Public Sector Accounting Standards

On July 1, 2017, the Polytechnic adopted the following standards as issued by the Public Sector Accounting Standards Board (PSAB):

- i. PS 2200 *Related Party Disclosures*, defining related parties and establishing guidance on disclosure requirements for related party transactions.
- ii. PS 3210 *Assets*, providing guidance for applying the definition of assets and establishing disclosure requirements for assets.
- iii. PS 3320 *Contingent Assets*, defining and establishing guidance on disclosure requirements for contingent assets.
- iv. PS 3380 *Contractual Rights*, defining and establishing guidance on disclosure requirements for contractual rights.
- v. PS 3420 *Inter-Entity Transactions*, establishing guidance on accounting for and reporting on transactions between organizations in the Government reporting entity.
- vi. PS 3430 *Restructuring Transactions*, defining restructuring transactions and establishing guidance on recognition and measurement of assets and liabilities transferred in a restructuring transaction.

Adoption of these standards has not resulted in any changes to the financial statements or notes except for the additional information on contractual rights provided in Note 14.

3. Cash and cash equivalents

	2018	2017
Cash	\$ 13,436	\$ 18,158
Cash equivalents	4,215	142
	\$ 17,651	\$ 18,300

4. Accounts receivable

	2018	2017
Corporate	\$ 954	\$ 743
Federal government	3,520	4,593
Provincial government	2,131	1,022
Student	679	367
Other	166	150
Less provision for doubtful accounts	(120)	(102)
	\$ 7,330	\$ 6,773

5. Inventories for resale

	2018	2017
Bookstores	\$ 3,494	\$ 3,450
Food services	56	73
Shop and service supplies	91	96
	\$ 3,641	\$ 3,619

The cost of inventory sold and recognized as an expense during 2018 was \$6,494 (2017 – \$6,928) and includes inventory write-downs of \$43 (2017 – \$63). There were no reversals of write-downs of inventory made in prior periods. As of June 30, 2018, there was no inventory pledged as security for liabilities.

6. Portfolio investments

Portfolio investments consist of bond and equity mutual funds, individual bonds and individual equities. The portfolio is entirely funded from long-term gifts with the related investment income externally restricted for the provision of student scholarships. Information on deferred donation revenue is included in Note 11.

	2018	2017
Equities and equity mutual funds	\$ 2,467	\$ 2,354
Bonds and bond mutual funds	1,557	1,459
	\$ 4,024	\$ 3,813

The portfolio investments had a return of 5.46% in 2018 (2017 – 8.11%).

At June 30, 2018, the individual bond portfolio had a weighted average effective yield of 0.94% (2017 – 0.96%) with maturity dates ranging from less than two years to five years (2017 – less than two years to four years).

The Polytechnic's portfolio investments are classified as Level 1 financial instruments for which the fair value is determined based on quoted prices in active markets for identical assets. There were no transfers among levels for the years ended June 30, 2018 and 2017.

7. Obligation under capital leases

	2018	2017
Balance, beginning of year	\$ -	\$ -
Additions during the year	534	-
Lease payments	(16)	-
Balance, end of year	\$ 518	\$ -

7. Obligation under capital leases (continued)

Minimum lease payments, including principal and interest, are as follows:

2019	\$ 127
2020	127
2021	127
2022	127
2023	106
Less amount representing interest	(96)
Present value of minimum lease payments	\$ 518

Interest rate on the lease is 4.88% (2017 – nil). Interest expensed during the year amounted to \$5 (2017 - nil). At the conclusion of the lease term, the Polytechnic has the option to purchase the equipment for \$124.

8. Employee future benefits

Benefits available to employees of the Polytechnic include accumulating non-vesting sick leave. Employees are credited up to 15 days per year for use as paid absences due to illness or injury. Employees are allowed to accumulate unused sick day credits each year and accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. For accounting purposes, the Polytechnic measures the accrued benefit obligations and calculates the annual expense for the fiscal period through actuarial valuations and extrapolations. Information about the obligation for employee future benefits is as follows:

	2018	2017
Actuarial valuation date	May 31, 2018	June 30, 2014
Extrapolation date	June 30, 2018	June 30, 2017
Significant long-term assumptions used:		
Salary escalation (excluding step increases)	2.00%	2.00%
Discount rate	2.90%	2.50%
Estimated average remaining service life	9 years	9 years
Liability for employee future benefits:		
Accrued benefit obligation, beginning of year	\$ 3,008	\$ 3,238
Current period benefit cost	231	237
Interest cost	76	65
Benefit payments	(411)	(430)
Actuarial (gain) loss	436	(102)
Accrued benefit obligation, end of year	3,340	3,008
Unamortized net actuarial loss	(504)	(95)
Liability for employee future benefits	\$ 2,836	\$ 2,913
Employee future benefits expense:		
Current service cost	\$ 231	\$ 237
Interest cost on benefits	76	65
Amortization of net actuarial loss	27	39
Total employee future benefits expense	\$ 334	\$ 341

9. Pension plans

Saskatchewan Polytechnic employees participate in various multi-employer defined benefits and defined contribution pension plans. The majority of these are administered by the Ministry of Finance. Employer contributions of \$10,072 (2017 - \$10,134) were expensed during the year. Employer obligations associated with the defined benefits plans, with the exception of the Municipal Employee Pension Plan (MEPP), are the responsibility of the General Revenue Fund of the Government of Saskatchewan. MEPP is a multi-employer defined benefit plan, covering approximately 15,000 active members, of which three are employees of Saskatchewan Polytechnic.

10. Debt

	2018	2017
RBC revolving bankers' acceptance loan	\$ 969	\$ 1,073

The Polytechnic has a credit facility utilizing revolving bankers' acceptance (BA) loans. The loans mature and are reissued for periods from one to three months at progressively smaller amounts based on a 15-year amortization period. The interest rate on the BA at June 30, 2018 was 1.69% (annualized) and included a 0.30% stamping fee (2017 – 1.30% and 0.30%). Interest expense on the BAs for the year was \$15 (2017 - \$14).

The Polytechnic has access to a revolving line of credit with RBC up to a limit of \$10,000. Interest is charged on these borrowings at the RBC prime rate less 0.45%. Interest expense for the year on line of credit debt was nil (2017 – nil).

Annual principal repayments over the next five years and thereafter on the BA are as follows:

2019	\$ 104
2020	104
2021	104
2022	104
2023	104
Thereafter	449
	\$ 969

11. Deferred revenue

	Opening balance 2017	Receipts during year	Recognized as revenue	Ending balance 2018
Grants and contractual services:				
Government of Saskatchewan	\$ 7	\$ 177,674	\$ (177,555)	\$ 126
Government of Canada	156	9,146	(9,007)	295
Other governments	-	173	(173)	-
Non-government	40	1,526	(1,550)	16
Tuition and fees	5,376	43,770	(41,498)	7,648
Donations	5,974	2,001	(1,951)	6,024
	\$ 11,553	\$ 234,290	\$ (231,734)	\$ 14,109

11. Deferred revenue (continued)

Deferred revenue balances relate to the following:

Deferred grants and contractual services revenue provided by governments consists of unspent amounts where the funding has stipulations that create liabilities for the Polytechnic. Non-government grants and contractual services revenue is deferred to the extent that the agreed upon service remains to be completed.

Deferred tuition and fees represent amounts received for academic services to be provided in future periods.

The deferred donations balance represents unspent contributions subject to external restrictions and the related unspent restricted investment income.

12. Tangible capital assets

	Land	Buildings	Leasehold improvements	Furniture & equipment	Computers & software	Library	2018 Total
Cost:							
Opening balance	\$ 6,212	\$ 9,549	\$ 68,839	\$ 76,106	\$ 19,270	\$ 6,414	\$186,390
Additions	-	-	1,917	3,091	1,219	310	6,537
Disposals	-	-	(3)	(2,332)	(1,396)	-	(3,731)
Closing balance	6,212	9,549	70,753	76,865	19,093	6,724	189,196
Accumulated amortization:							
Opening balance	-	2,105	40,052	57,132	15,167	5,585	120,041
Amortization	-	338	3,586	4,242	2,079	336	10,581
Disposals	-	-	(1)	(2,241)	(1,394)	-	(3,636)
Closing balance	-	2,443	43,637	59,133	15,852	5,921	126,986
Net book value	\$ 6,212	\$ 7,106	\$ 27,116	\$ 17,732	\$ 3,241	\$ 803	\$ 62,210

	Land	Buildings	Leasehold improvements	Furniture & equipment	Computers & software	Library	2017 Total
Cost:							
Opening balance	\$ 6,212	\$ 9,549	\$ 68,430	\$ 72,394	\$ 18,554	\$ 6,136	\$181,275
Additions	-	-	409	4,762	2,391	278	7,840
Disposals	-	-	-	(1,050)	(1,675)	-	(2,725)
Closing balance	6,212	9,549	68,839	76,106	19,270	6,414	186,390
Accumulated amortization:							
Opening balance	-	1,767	36,346	53,717	14,792	5,225	111,847
Amortization	-	338	3,706	4,342	2,037	360	10,783
Disposals	-	-	-	(927)	(1,662)	-	(2,589)
Closing balance	-	2,105	40,052	57,132	15,167	5,585	120,041
Net book value	\$ 6,212	\$ 7,444	\$ 28,787	\$ 18,974	\$ 4,103	\$ 829	\$ 66,349

At June 30, 2018, the tangible capital asset balance included capital assets under development of \$735 (2017 - \$84).

12. Tangible capital assets (continued)

At June 30, 2018, the tangible capital asset balance included equipment under capital leases with a cost of \$518 (2017 – nil) and accumulated amortization of \$16 (2017 – nil).

Donated tangible capital assets have been recognized at fair market value at the date of their receipt. The value of donated tangible capital assets received during the year was \$155 (2017 - \$289).

The Polytechnic owns works of art including paintings and prints displayed at various locations. These collections are not recorded as tangible capital assets.

There were no write-downs of tangible capital assets in the years presented.

13. Accumulated surplus

a. Composition of accumulated surplus

	2018	2017
Investment in tangible capital assets	\$ 60,723	\$ 65,276
Prince Albert Campus student housing reserve	741	723
Unfunded employee future benefits	(2,836)	(2,913)
Restricted government transfers	1,490	1,737
Unrestricted operating surplus	1,680	1,253
Accumulated surplus	\$ 61,798	\$ 66,076

b. Investment in tangible capital assets

	2018	2017
Tangible capital assets	\$ 62,210	\$ 66,349
Obligation under capital leases	(518)	-
Debt	(969)	(1,073)
Investment in tangible capital assets	\$ 60,723	\$ 65,276

c. Change in unrestricted operating surplus

	2018	2017
Unrestricted operating surplus, beginning of year	\$ 1,253	\$ 8,121
Annual deficit	(4,278)	(9,742)
Decrease in investment in tangible capital assets	4,553	2,975
Increase in Prince Albert Campus student housing reserve	(19)	(30)
Decrease in employee future benefits liability	(77)	(89)
Decrease in restricted government transfers	248	18
Unrestricted operating surplus, end of year	\$ 1,680	\$ 1,253

14. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. At June 30, 2018, the Polytechnic had the following significant contractual rights with the federal government and the Saskatchewan Apprenticeship and Trade Certification Commission (SATCC):

		2019	2020	Thereafter	Total
Federal government	Language instruction services	\$ 6,360	\$ 4,528	\$ -	\$ 10,888
Federal government	Cost-sharing agreement to establish biomaterial testing facility	673	-	-	673
SATCC	Apprenticeship training services	14,500	-	-	14,500
		\$21,533	\$ 4,528	\$ -	\$ 26,061

15. Contractual obligations and contingent liabilities

a. Operating leases

The Polytechnic has entered into multiple-year contracts for leases of facilities and equipment and the delivery of services. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

The majority of the facilities are leased on a continuing basis from the Ministry of Central Services. The equipment leases and service contracts are with various private companies. The future minimum annual payments over the next five years as follows:

	Facilities	Equipment & services	Total
2019	\$ 31,803	\$ 2,600	\$ 34,403
2020	32,439	660	33,099
2021	33,088	607	33,695
2022	33,749	13	33,762
2023	34,424	9	34,433

b. Capital projects

The estimated cost to complete major capital projects in progress at June 30, 2018 is approximately \$241 (2017 - \$416).

c. Outstanding legal claims

The nature of the Polytechnic's activities is such that there may be litigation pending at any time. A liability is recorded, on a case-by-case basis, if the expected loss is both probable and can be reasonably estimated. As at June 30, 2018, no amount has been accrued (2017 - nil) for outstanding legal claims that management has determined meet the criteria for recording a liability under PSAS.

16. Expense by object

	Budget 2018	2018	2017
Salaries and benefits (Notes 8 and 9)	\$ 172,111	\$ 172,524	\$ 176,719
Facilities	32,741	32,226	32,574
Services	15,650	14,172	14,630
Materials and supplies	6,795	5,283	6,068
Cost of goods sold	6,156	6,494	6,928
Amortization (Note 12)	10,339	10,581	10,783
Travel and professional development	4,138	3,642	3,668
Equipment rental and repairs	1,249	1,778	1,659
Scholarships and awards	1,504	1,832	1,810
Loss on disposal of capital assets	-	65	50
	\$ 250,683	\$ 248,597	\$ 254,889

17. Net change in non-cash operating balances

	2018	2017
Accounts receivable	\$ (557)	\$ (695)
Inventories for resale	(22)	239
Accounts payable and accrued liabilities	(955)	1,241
Salaries and benefits payable	(1,279)	3,170
Deferred revenue	2,556	851
Prepaid expenses	(379)	6
	\$ (636)	\$ 4,812

18. Budgeted figures

Budgeted figures have been provided for comparison purposes and reflect the 2017-20 Multi-year Business Plan, approved by the Board of Directors on April 28, 2017. The budget for 2019 was approved by the Board of Directors on May 24, 2018 as part of the 2018-21 Multi-year Business Plan.

19. Financial instrument risk

The Polytechnic's financial instruments include cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities, salaries and benefits payable and debt. Management has determined that the Polytechnic has exposure to the following risks from its use of financial instruments.

a. Credit risk

The Polytechnic is exposed to the risk resulting from the possibility that parties may default on their financial obligations. The Polytechnic's credit risk is largely attributable to corporate and student receivables. This risk is mitigated by proactive credit and collections management.

Credit risk related to other financial instruments is not significant. Other receivables are primarily due from governments and bonds held at June 30, 2018, are guaranteed by a federal or provincial government. The cash balance represents deposits with Canadian chartered banks.

19. Financial instrument risk (continued)

b. Market risk

There is a risk that fluctuations in market prices will affect the value of holdings in the Polytechnic's portfolio investments. This risk is mitigated by having professional investment managers build and maintain a well-diversified portfolio of securities that complies with the Polytechnic's investment policy.

c. Interest rate risk

The Polytechnic is exposed to interest rate price risk on the fixed income component of its investment portfolio and interest rate cash flow risk on the income earned on its cash and cash equivalents balance. Interest rate cash flow risk also exists on the debt carried by the Polytechnic. The impact of changes in interest rates is mitigated by the relatively small percentage of financial assets with fixed interest rates and the contribution of investment income to the Polytechnic's overall revenue. The exposure to interest rate risk related to debt is mitigated by its relatively small size and its small size as compared to the cash and cash equivalents balance.

d. Liquidity risk

Liquidity risk is the risk that the Polytechnic will not be able to meet a demand for cash or fund its obligations as they come due. The Polytechnic manages its liquidity risk by holding assets that can be readily converted into cash and preparing annual operating and capital budgets that are monitored and updated as necessary. A revolving line of credit (note 10) is also available to provide additional funds to meet short-term current and forecasted financial requirements.

20. Related parties

These financial statements include transactions with related parties. The Polytechnic is related to all Saskatchewan Crown corporations, ministries, boards, and commissions under the common control of the Government of Saskatchewan. The Polytechnic is also related to non-Crown enterprises subject to the shared control of the Government of Saskatchewan.

During the year, grant and contractual services revenue of \$177,555 (2017 - \$183,512) was recognized from related parties, the majority of which was provided by the Ministry of Advanced Education.

20. Related parties (continued)

Routine operating transactions with related parties are settled at exchange amounts. Transactions during the year, and amounts outstanding at year end, are as follows:

	2018	2017
Accounts receivable	\$ 2,131	\$ 1,022
Accounts payable and accrued liabilities	773	487
Acquisition of tangible capital assets	1,436	604
Non-grant and non-contractual services revenue	4,280	4,399
Expenses	37,810	35,552

In addition, the Polytechnic pays provincial sales tax on all its taxable purchases.

21. Comparative figures

Certain 2017 figures have been reclassified to conform to the presentation adopted in the 2018 financial statements.

**MOOSE JAW**

Saskatchewan St and 6th Ave NW
PO Box 1420
Moose Jaw SK S6H 4R4

PRINCE ALBERT

1100-15TH ST E
Prince Albert SK S6V 7S4

REGINA

4500 Wascana Pky
PO Box 556
Regina SK S4P 3A3

SASKATOON

1130 Idylwyld Dr N
PO Box 1520
Saskatoon SK S7K 3R5

Administrative Offices

400-119 4th Ave S
Saskatoon SK S7K 5X2
1-866-467-4278

saskpolytech.ca/reports