

ANNUAL REPORT

2018-2019



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LETTER OF TRANSMITTAL

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

September 20, 2019

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, 2019.

Respectfully submitted,

Mitchell Holash, QC
Chair, Saskatchewan Polytechnic Board of Directors

MESSAGE FROM CHAIR

As one of the province's largest post-secondary institutions, Saskatchewan Polytechnic places great emphasis on experiential learning, applied research, and strong partnerships with business & industry. This annual report highlights many of these differentiators.

We are proud of the work that Saskatchewan Polytechnic has accomplished this past academic year, preparing today's students for good jobs and rewarding careers, which are critical to Saskatchewan's economic health and well-being. This, of course, would not be possible without the incredible dedication of our faculty and staff at each of our campuses in Moose Jaw, Prince Albert, Regina and Saskatoon. Their commitment to creating open and inclusive learning environments where respect, innovation and learning are embraced is commendable—as are their efforts to improve operational efficiencies. I would like to formally thank all faculty and staff for another successful year.

Ensuring that our graduates have the essential experience and critical thinking skills to thrive and prosper in an ever-changing world has been, and will continue to be, our number one priority in the years to come.

Mitchell Holash, QC
Board Chair

MESSAGE FROM PRESIDENT & CHIEF EXECUTIVE OFFICER

We are in the midst of unprecedented change. The nature of work is shifting rapidly due to advancements in technology, demographic swings, globalization, and a host of other reasons. Because of this, it is imperative that Saskatchewan Polytechnic remains focused on its mission to educate students and provide skilled and successful graduates.

In order to ensure that graduates have the skills to adapt to meet the challenges and opportunities ahead, Saskatchewan Polytechnic is continuously evolving. Our key relationships and interaction with industry have and continue to provide the groundwork that keeps our programming relevant, and current with ever-changing market and industry requirements. Additionally, we are instituting a new internationalization strategy, which is designed to build the cultural competencies of our students, faculty and staff. In the spirit of reconciliation, we remain deeply committed to Indigenous student success.

I am proud of the tremendous dedication our faculty and staff have toward ensuring that our students thrive during their time at Sask Polytech, and in their careers. Like me, they know that students are at the heart of everything we do, and I look forward to working hand-in-hand with them in the coming year to lay a strong foundation for Saskatchewan's future.

Sincerely,

Dr. Larry Rosia,
President & CEO

INSTITUTIONAL CONTEXT

Saskatchewan Polytechnic is Saskatchewan's only polytechnic and the province's primary institution for post-secondary applied education and research. The institution fuels provincial growth 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-centred and employer-responsive.

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

Saskatchewan Polytechnic's 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 literacy and adult education programming to provide foundational academic and vocational preparation. In Regina and Saskatoon, the Language Instruction for Newcomers to Canada (LINC) program supports newcomers in their development of English language skills.

Through the Prior Learning Assessment and Recognition (PLAR) 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, the institution offers transfer credit opportunities to provide students greater flexibility, return on 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 Program Advisory Committees. These committees are composed of approximately 700 experts, who let us know where labour markets are headed and what skills graduates need to help employers stay innovative.

Through applied research, Saskatchewan Polytechnic collaborates with employers to solve business challenges. Through testing and pursuing innovation, Saskatchewan Polytechnic enables employers to capture new opportunities. Saskatchewan Polytechnic offers applied research partners access to exceptional facilities, 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 in their sector and contribute to a healthy economy.

Approximately two-thirds 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 workplace skills back to the classroom.

Saskatchewan Polytechnic is known for its quality programming and graduates. Last year, 94 per cent of all graduates and 88 per cent of Indigenous graduates found employment. Saskatchewan Polytechnic students learn, earn and contribute to growing Saskatchewan.

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 processes in 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, all of which are integrated into every level of the institution. A balanced scorecard framework ensures the institution demonstrates accountability to its diverse stakeholders.

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 several foundational components that communicate, monitor and report progress:

COMMUNICATE

Strategic Plan – *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, mission, values and strategic goals. It also includes the strategy map.

Strategic Plan – *2020 and Beyond*

Saskatchewan Polytechnic is developing a new enterprise strategic plan. The new strategic plan will provide renewed direction and line of sight regarding Saskatchewan Polytechnic's vision and strategic objectives.

Strategic Execution Plan

The strategic execution plan sets out some of the key tactical elements and projects that will be implemented in order to achieve the strategic goals.

Multi-year Business Plan

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

MONITOR

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. It links institutional strategies with goals and initiatives.

REPORT

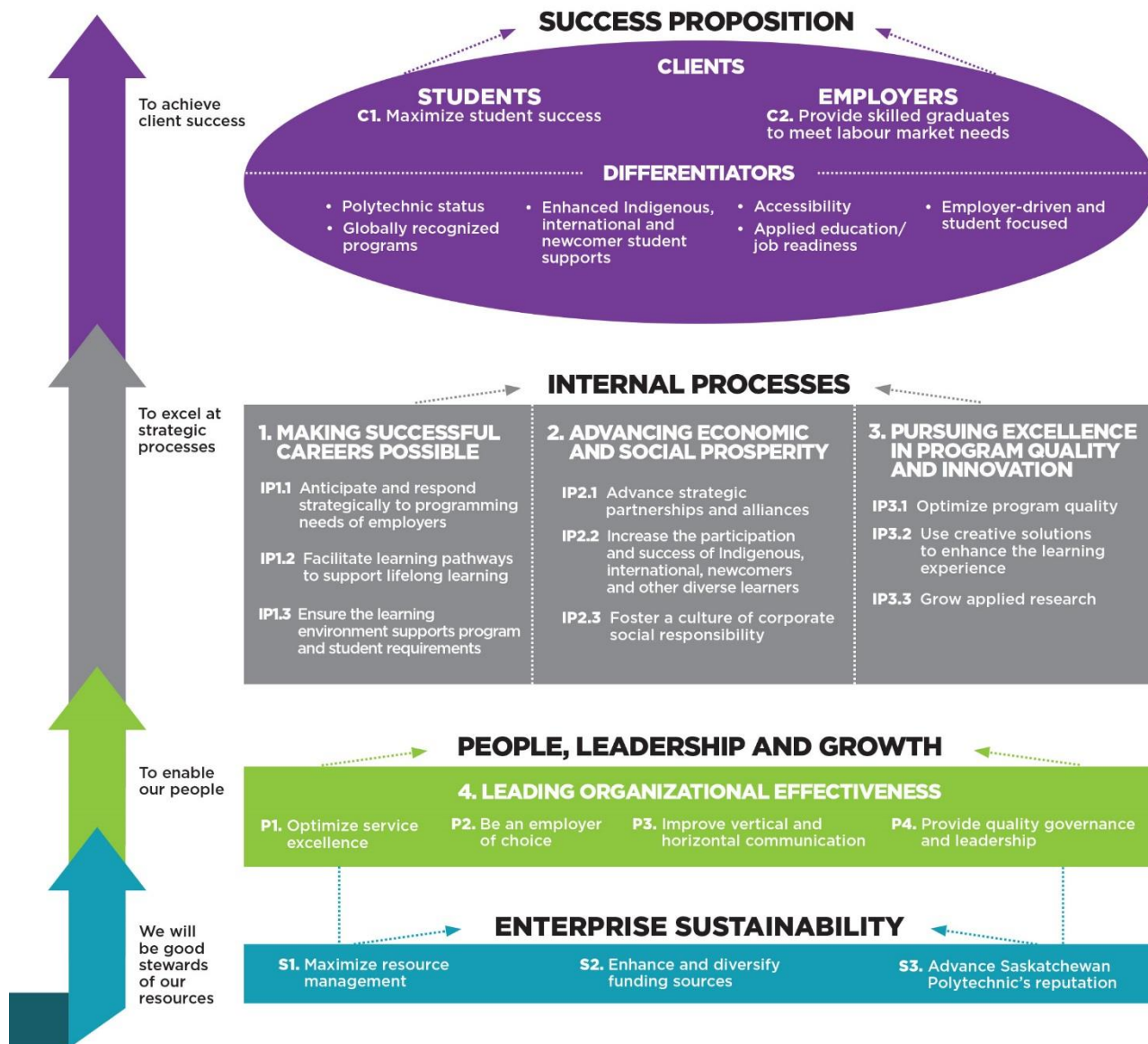
Annual Report

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

STRATEGY MAP

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

STRATEGY MAP



STATISTICS

ACADEMIC YEAR 2018-2019

STATISTICS

ACADEMIC YEAR 2018-2019

Note: Saskatchewan's regional colleges broker credentialed programs from Saskatchewan Polytechnic for delivery on their campuses.

GRADUATES

NUMBER OF GRADUATES*	SASK POLYTECH DELIVERED	BROKERED	TOTAL
Applied Certificate	422	203	625
Certificate	1,574	504	2,078
Advanced Certificate	155	-	155
Post-Grad Certificate	91	-	91
Diploma	985	135	1,120
Degree – standalone*	10	-	10
Certificate of Achievement	44	-	44
Total	3,281	842	4,123

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

PROGRAMMING

NUMBER OF POST-SECONDARY PROGRAMS*	SASK POLYTECH DELIVERED
Applied Certificate	36
Certificate	43
Advanced Certificate	11
Diploma	54
Degree	4
Post-Grad Certificate	3
Apprenticeship	26
Certificate of Achievement	3
Total	180

* All Saskatchewan Polytechnic programs offered have the opportunity to be brokered based on demand for programming (enrolment), qualified instructors, and proper facilities.

EMPLOYMENT OUTCOMES

EMPLOYMENT RATE BY SCHOOL*	
Business	95%
Construction	89%
Health Sciences	97%
Hospitality & Tourism	84%
Human Services & Community Safety	96%
Information & Communication Technology	89%
Mining, Energy & Manufacturing	92%
Natural Resources & Built Environment	90%
Nursing	99%
Transportation	96%

* Statistics regarding graduate employment outcomes are for Saskatchewan Polytechnic delivered programs only.

GRADUATE EMPLOYMENT RATE

94%

INDIGENOUS GRAD EMPLOYMENT RATE

88%

VISIBLE MINORITY EMPLOYMENT RATE

95%

GRADUATES EMPLOYED IN SASKATCHEWAN

93%

GRADUATE SATISFACTION RATE

92%

EMPLOYER SATISFACTION RATE

94%*

* Based on 2018 Employer Survey. The Employer Survey is conducted every two years.

GRADUATE AVERAGE ANNUAL SALARY

\$49,963

STUDENTS

INTERNATIONAL STUDENT HEADCOUNT BY COUNTRY OF ORIGIN

COUNTRY OF ORIGIN	SASK POLYTECH DELIVERED	BROKERED	TOTAL
India	629	32	661
Nigeria	71	1	72
China	39	1	40
Philippines	39	1	40
South Korea	23	-	23
Vietnam	20	-	20
Jamaica	17	-	17
Bangladesh	16	-	16
Other	65	70	135
Total	919	105	1,024

OVERSEAS ENROLMENT	SASK POLYTECH DELIVERED	BROKERED	TOTAL
India	6	-	6
Total	6	-	6

EQUITY ENROLMENT PARTICIPATION

DESIGNATED GROUP OF STUDENTS	SASK POLYTECH DELIVERED			
	ALL PROGRAMS		CERTIFICATE-DIPLOMA- DEGREE	
	#	%	#	%
Indigenous Enrolment	3,052	19%	1,210	15%
Disabled Enrolment	1,026	6%	624	8%
Visible Minorities Enrolment	1,033	6%	667	8%
Female Enrolment	7,170	45%	4,734	60%

EQUITY ENROLMENT PARTICIPATION (CONTINUED)

DESIGNATED GROUP OF STUDENTS	BROKERED			
	ALL PROGRAMS		CERTIFICATE-DIPLOMA-DEGREE	
	#	%	#	%
Indigenous Enrolment	637	40%	637	40%
Disabled Enrolment	38	2%	37	2%
Visible Minorities Enrolment	51	3%	49	3%
Female Enrolment	1,107	70%	1,107	70%

DESIGNATED GROUP OF STUDENTS	TOTAL			
	ALL PROGRAMS		CERTIFICATE-DIPLOMA-DEGREE	
	#	%	#	%
Indigenous Enrolment	3,689	21%	1,847	19%
Disabled Enrolment	1,064	6%	661	7%
Visible Minorities Enrolment	1,084	6%	716	8%
Female Enrolment	8,277	47%	5,841	62%

ENROLMENT BY CAMPUS

ENROLMENT BY CAMPUS*	SASK POLYTECH DELIVERED				
	SASKATOON	REGINA	MOOSE JAW	PRINCE ALBERT	TOTAL
Basic Education	1,752	1,526	221	413	3,912
Apprenticeship	2,255	81	1,225	626	4,177
Base Certificate/Diploma/Degree	2,505	1,946	1,344	844	6,639
Continuing Education Certificate/Diploma	528	413	1	328	1,270
Total	7,040	3,966	2,791	2,211	16,008

* Enrolments in Saskatchewan Polytechnic delivered programs only.

PROGRAM ENROLMENT

PROGRAM ENROLMENT	SASK POLYTECH DELIVERED				
	FULL-TIME	PART-TIME	UNKNOWN	TOTAL ENROLMENT	PROGRAM FLE ¹
Basic Education	2,661	1,240	11	3,912	2,043
Apprenticeship	4,045	142	-	4,187	1,474
Cert-Dip-Degree Base	6,112	511	16	6,639	6,193
• Sask Polytech delivery only	4,675	501	16	5,192	5,586
• Joint Degree ²	1,437	10	-	1,447	607
Cert-Dip-Degree Con Ed	558	700	12	1,270	628
All levels	13,376	2,593	39	16,008	10,339
Distinct students enrolled in programs	15,340				

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.

PROGRAM ENROLMENT	BROKERED				
	FULL-TIME	PART-TIME	UNKNOWN	TOTAL ENROLMENT	PROGRAM FLE
Apprenticeship	-	6	-	6	2
Cert-Dip-Degree Con Ed	1,208	369	3	1,580	1,343
All levels	1,208	375	3	1,586	1,345
Distinct students enrolled in programs	1,581				

PROGRAM ENROLMENT (CONTINUED)

PROGRAM ENROLMENT	TOTAL				
	FULL-TIME	PART-TIME	UNKNOWN	TOTAL ENROLMENT	PROGRAM FLE
Basic Education	2,661	1,240	11	3,912	2,043
Apprenticeship	4,045	148	-	4,193	1,476
Cert-Dip-Degree Base	6,112	511	16	6,639	6,193
• Sask Polytech delivery only	4,675	501	16	5,192	5,586
• Joint Degree	1,437	10	-	1,447	607
Cert-Dip-Degree Con Ed	1,766	1,069	15	2,850	1,972
All levels	14,584	2,968	42	17,594	11,684
Distinct students enrolled in programs	16,864				

FACULTY AND STAFF

WORKFORCE STATISTICS – FULL-TIME EQUIVALENT (FTE)* TOTALS


	ACADEMIC		PROFESSIONAL SERVICES		OUT-OF-SCOPE		TOTALS	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Moose Jaw	155	167	84	88	11	14	251	269
Prince Albert	99	118	56	60	13	14	168	191
Regina	254	275	141	135	30	30	425	440
Saskatoon	415	444	178	163	39	37	633	644
Admin. Office	1	1	65	71	55	57	121	129
Totals	925	1,005	524	517	148	152	1,597	1,674

* Full-time Equivalency (FTE) 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 extension service contract assignments, casual status employees, extension contracts or anyone on leave.

MANAGEMENT DISCUSSION AND ANALYSIS

The background of the slide 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. The institution worked closely with stakeholders to progress toward achieving its vision and aligning with the Government of Saskatchewan's long-term strategic direction.

While Saskatchewan Polytechnic has 18 goals and a broad suite of success measures, senior management adopted a focus-and-finish approach to respond effectively to the fiscal realities facing the institution. The following results move the institution toward its vision for 2020.

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

As an ongoing initiative, Saskatchewan Polytechnic continues to build a Strategic Enrolment Management (SEM) framework across the institution to focus on student success. SEM establishes clear goals for the number and types of students needed to fulfill the institution's mission. SEM's mission runs parallel to the institution's mission ("to educate students and provide skilled and successful graduates") and impacts the entire student lifecycle.

Several data analysis projects, including the admissions refusal dashboard, retention dashboard and SEM report card, are currently underway. The data analysis will be used to facilitate improvements in all aspects of the student lifecycle, through the ability to attract, enrol, retain and graduate students.

ACADEMIC MODEL

Saskatchewan Polytechnic introduced a new academic model: "Tomorrow's Learning in the Making," in 2016-2017. In the 2018-2019 academic year, efforts were devoted to completing foundational work to establish the Academic Council and to renew the current curriculum model.

Preliminary scoping work was conducted to renew the program design and the review and revision processes. The Academic Model's development and implementation will require continual refocusing in the coming years due to the emergence of new educational technologies and student learning requirements.

HEALTH, SAFETY AND WELL-BEING

Saskatchewan Polytechnic continues to prioritize the health, safety and well-being of its students, faculty and staff.

In 2018-2019, Student Services and Human Resources partnered to develop a holistic Wellness Model under the guidance of the Wellness Steering Committee. Recognizing that wellness is requisite to student success and workplace well-being, the model will launch in fall 2019 with new and continued programming covering the dimensions of life, mind, body and community.

Saskatchewan Polytechnic continues to invest in Violence Threat Risk Assessment (VTRA) training for hundreds of employees. VTRA training helps employees quickly and professionally respond to threats and worrisome behaviours demonstrated by students. When the risk of violence or worrisome behaviour is reported, a threat assessment process is initiated. Threats are taken seriously, investigated and responded to appropriately.

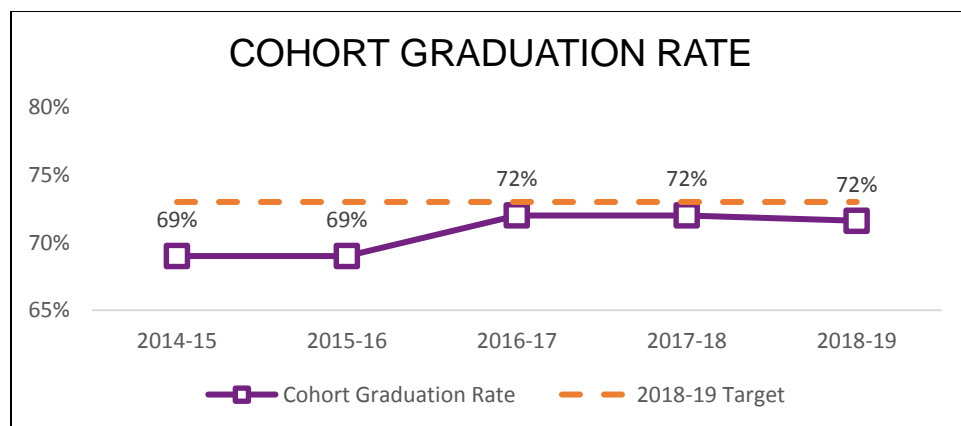
Mental health first aid training has been delivered to a few hundred front line employees to support students' mental health. The Working Mind workshop, facilitated by Human Resources and developed by the Mental Health Commission of Canada, has been delivered to over 400 faculty, staff and senior leadership, strengthening the network of mental health supports across the institution.

Saskatchewan Polytechnic participated in its first National College Health Assessment survey, which will provide valuable data and insights into student wellness. Additionally, the launch of the new Student Relations Office in fall 2018 brought enhanced student support.

BALANCED SCORECARD RESULT:

COHORT GRADUATION RATE

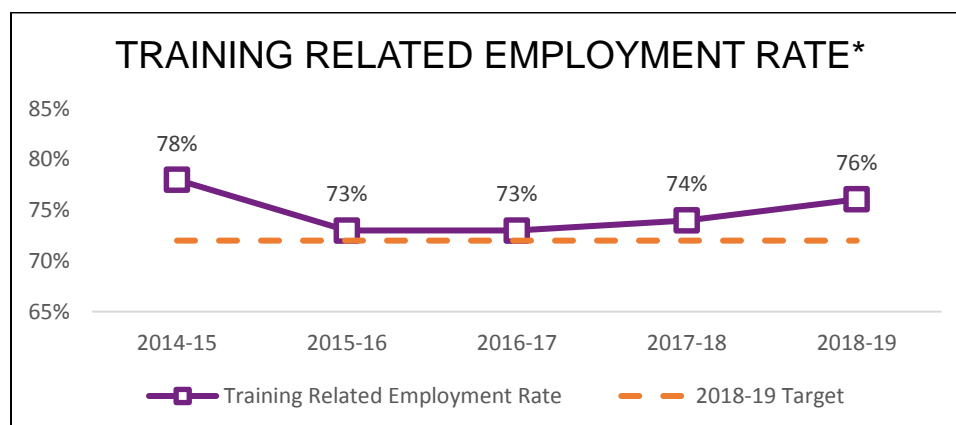
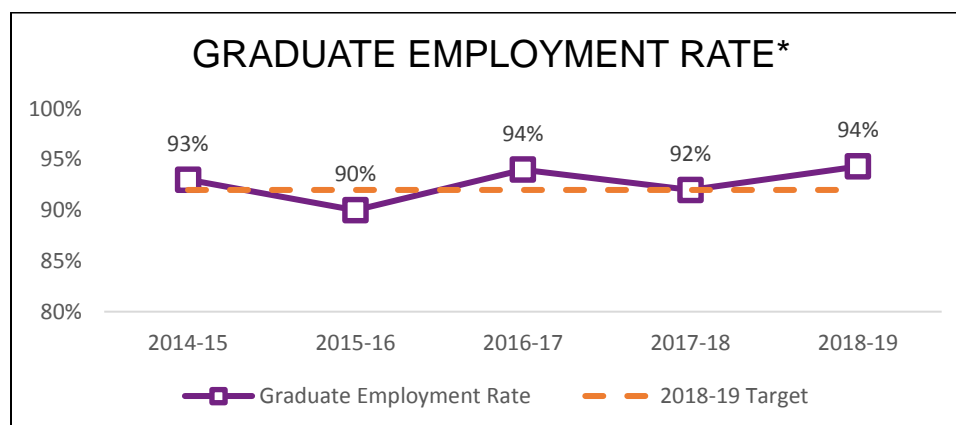
The cohort graduation rate measures the percentage of a group of first-time students at 1.5 years out from the expected completion of their studies. Saskatchewan Polytechnic's cohort graduation rate has remained steady over the past two years.



BALANCED SCORECARD RESULT:

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.



* Based on programs that were delivered by Saskatchewan Polytechnic only. Brokered programs are excluded.

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 current industry needs.

New programs launched in 2018-2019 include the following:

Bachelor of Construction Management

The Bachelor of Construction Management (BCM) degree program is unique in Saskatchewan. It offers students the opportunity to earn an after-diploma baccalaureate degree with an additional two years of study. The program was developed in response to industry need and global trends for trained professionals in the construction industry. The BCM program combines practical multi-faceted skills with theoretical knowledge and technical training. Graduates will have opportunities for employment in a variety of positions, including project managers, construction estimators, construction managers, construction superintendents, site managers, project superintendents, project coordinators, construction quality managers and construction supervisors.

Library Clerk

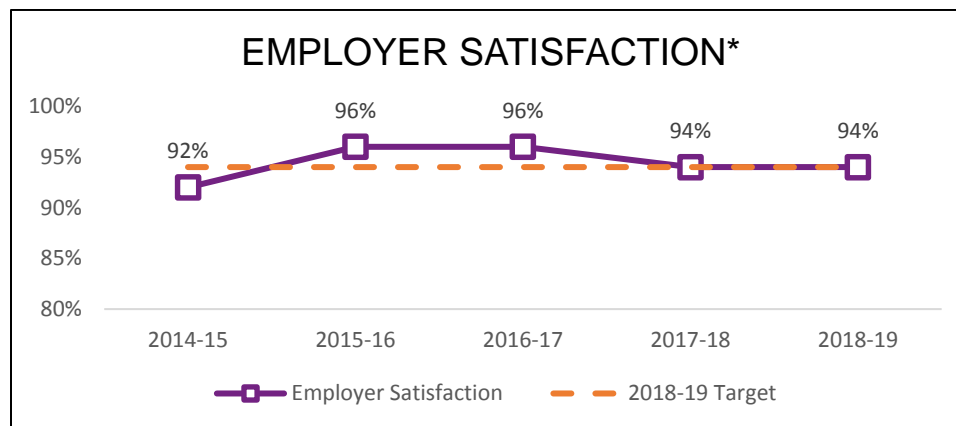
The Library Clerk applied certificate program prepares individuals for entry-level positions in local libraries, schools and/or industry. The program provides career laddering opportunities for pages or clerks, an orientation to libraries for degree-prepared employees and a credential for students in the Library and Information Technology program. The program is delivered online and was designed to meet the needs of industry and students in rural and small urban centres, as well as prospective students interested in careers in the library sector. Graduates from the program may qualify for employment as library circulation clerks, interlibrary loan clerks, library assistants, library pages, periodicals clerks, reference clerks and library shelving clerks.

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 period. 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 graduate satisfaction. The results from the 2018-2019 Graduate Follow-up Study revealed that 92 per cent of graduates were satisfied overall with their program, the educational experience and the instruction delivered.



* 2018-19 data based on 2018 Employer Survey. The Employer Survey is conducted every two years.

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 works to ensure its facilities provide an inviting and safe learning environment.

SASKATOON CAMPUS RENEWAL

Although all Saskatchewan Polytechnic campuses are important in delivering programming to students, the Saskatoon Campus Renewal project has long been identified as the institution's number one capital and facilities priority. The renewal project is based on the concept of an urban campus with a modern trades and technology complex as its focal point. In 2018-2019, Saskatchewan Polytechnic continued to work with government and SaskBuilds to advance this key 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 this diverse population of students.

INDIGENOUS STUDENT SUCCESS STRATEGY

Saskatchewan Polytechnic is committed to ensuring that all learners have an equal opportunity to succeed. In June 2018, the institution launched the Indigenous Student Success Strategy, which builds on the lessons and successes of the 2009 Aboriginal Student Achievement Plan. Saskatchewan Polytechnic will continue to refine the strategy through frequent, ongoing consultation with a wide variety of Indigenous stakeholders, integrating Indigenous philosophies, culture, knowledge and ways of learning into program curricula.

Some of the key functions and activities supporting the Indigenous Student Success Strategy in 2018-2019 were as follows:

Summer Transition Program

The Summer Transition Program is a week-long program available to all Indigenous students registered for Saskatchewan Polytechnic courses in the fall term. The program is designed to help students prepare and adapt to life at one of Saskatchewan Polytechnic's campus communities.

Access to Indigenous Student Centres and Elders

Saskatchewan Polytechnic established Indigenous Student Centres at each of its four main campus locations. The centres offer students a safe space to connect with Elders, knowledge keepers and cultural advisors who can provide academic, emotional and spiritual support.

Indigenous Student Advisors

Indigenous student success is fostered through the availability of dedicated student advisors. Indigenous student advisors cultivate relationships of support and can link students to services and supports as required.

Financial Support

Saskatchewan Polytechnic offers financial support to Indigenous students through a number of scholarships and bursaries.

Online Indigenous Studies Course

In June 2019, Saskatchewan Polytechnic launched a free online Indigenous studies course, its second Massive Open Online Course (MOOC). The course explores Indigenous culture and history in Canada, with particular emphasis on Saskatchewan's Indigenous peoples. Over 1,600 people enrolled in the course.

Smudging Policy

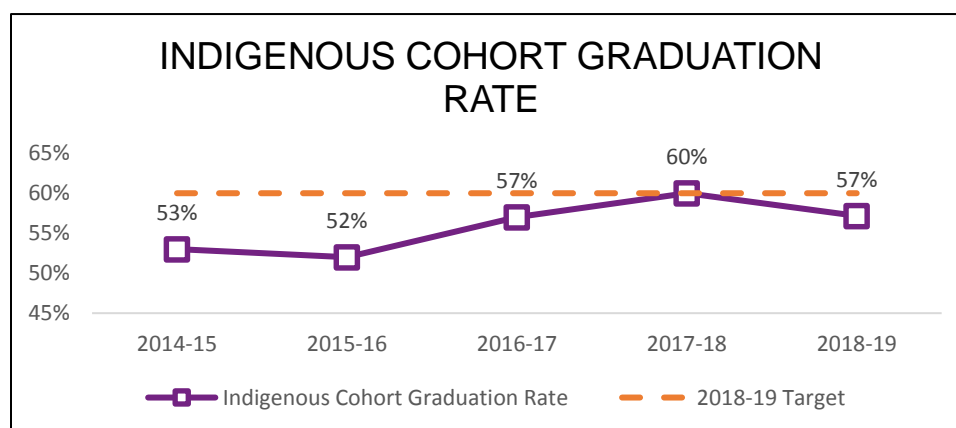
In March 2019, Saskatchewan Polytechnic launched a new policy and procedure for Smudging, Pipe Ceremonies and other Indigenous Ceremonial Use of Smoke. Smudging spaces honour Indigenous culture. The new policy promotes cultural safety and a welcoming, nurturing and empowering environment for Indigenous colleagues and students.

Through these actions, the institution will maintain its commitment to increasing the educational attainment of Indigenous students in alignment with the goals of the Ministry of Advanced Education.

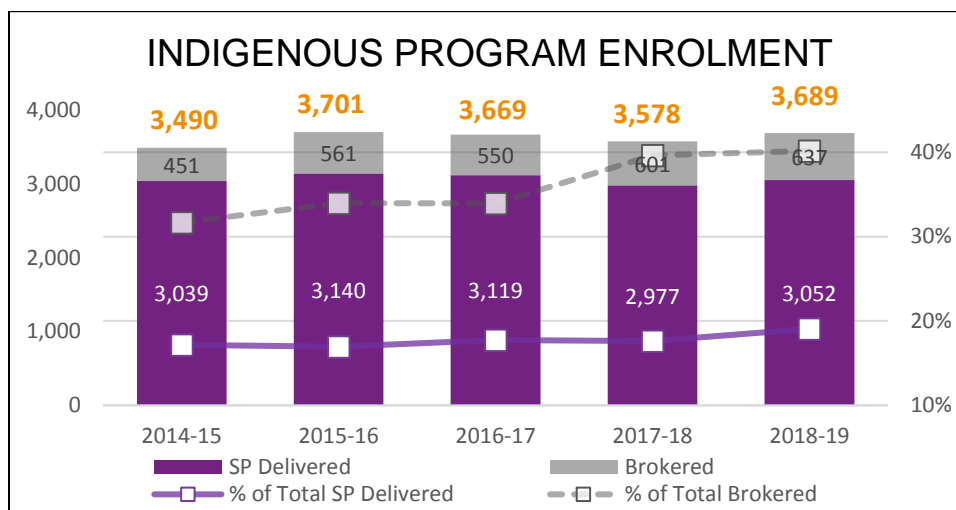
BALANCED SCORECARD RESULT:

INDIGENOUS COHORT GRADUATION RATE AND PROGRAM ENROLMENT

The Indigenous cohort graduation rate decreased three percentage points from 2017-2018.



In 2018-19, there were 3,052 Indigenous program enrolments. Indigenous student enrolments represent 19 per cent of all program enrolments at Saskatchewan Polytechnic.



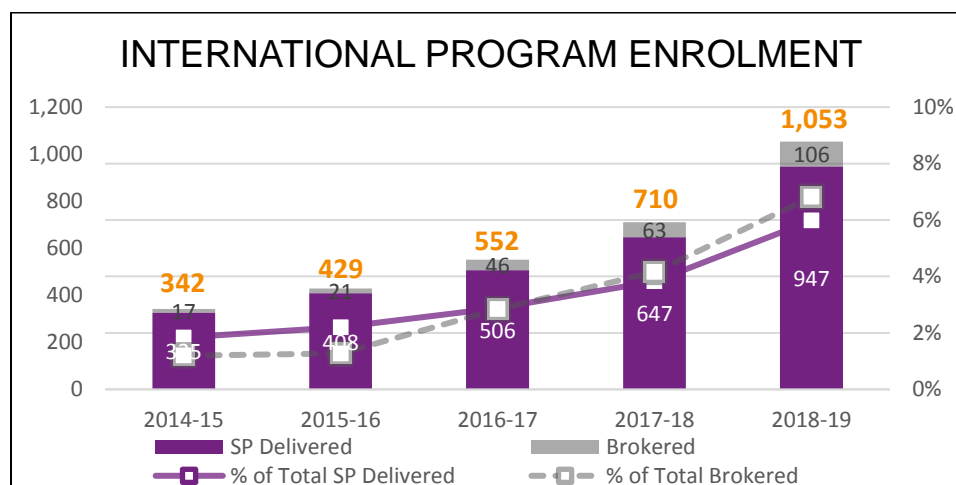
INTERNATIONAL STUDENT SUCCESS

Saskatchewan Polytechnic is developing an international model that will enrich students' learning, prepare them for an increasingly multicultural global workplace, enhance faculty and staff capabilities through collaborations, partnerships and experiences, meet the needs of industry and the province and generate revenue.

Aligning with both provincial and federal international education growth strategies, Saskatchewan Polytechnic focused on international student recruitment and retention as key priorities. Additional seats for international students were created and new supports were identified to increase student success and the overall student experience.

BALANCED SCORECARD RESULT: INTERNATIONAL STUDENT PROGRAM ENROLMENT

In 2018-2019, Saskatchewan Polytechnic saw 46 per cent growth in the number of international program enrolments compared to the prior academic year, an increase from 647 enrolments to 947 enrolments.



PURSuing EXCELLENCE IN PROGRAM QUALITY AND INNOVATION IP3.3 GROW APPLIED RESEARCH

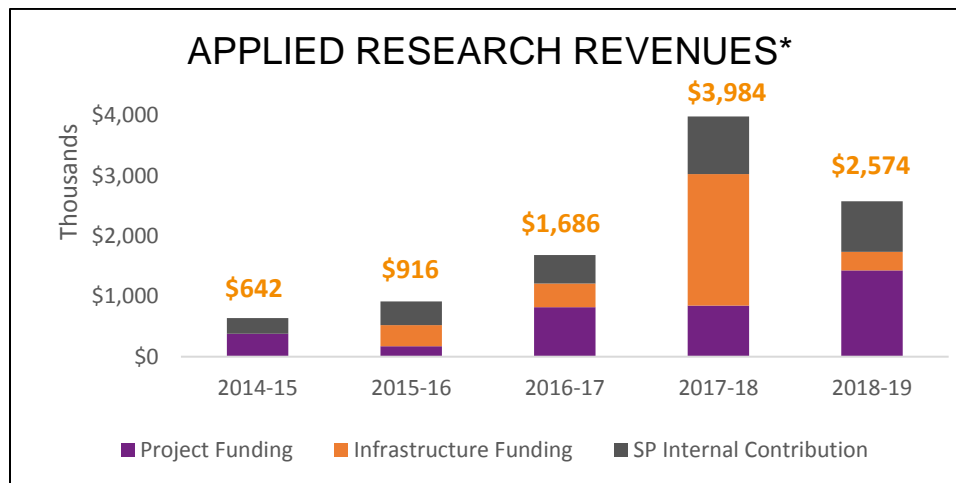
Saskatchewan Polytechnic's applied research projects are steered by industry, businesses and the community. Through a collaborative, applied research approach, Saskatchewan Polytechnic assists companies in developing products, embracing technologies and advancing the innovations needed for Saskatchewan to contribute to a stable economy.

Saskatchewan Polytechnic has the in-house capacity to conduct technical and product development, business validation and technology adoption. Saskatchewan Polytechnic provides the resource support that industry needs to innovate. Faculty and staff combine their expertise with a wide spectrum of leading-edge technology, such as drones, 3D printers, water and laser-jet cutters and other digital tools to assist research partners with the capital-intensive components of product development.

Some noteworthy results include:

- 68 external applied research projects were awarded in 2018-2019. An additional 76 internal projects were awarded through Saskatchewan Polytechnic's Seed Applied Research Projects Fund, the Sustainability Innovation Fund, the Centre for Health Research Improvement and Scholarship (CHRIS) and through student scholarships.
- External funding for research projects grew to \$1,430,450, more than double compared to the prior year.
- Total external research revenue reached \$1,735,450. This is a reduction from the previous year due to fewer capital grants being received. Three capital projects totalling \$2.4 million were funded in 2017-2018, and equipment/facility construction and upgrades are now being finalized with that funding.

BALANCED SCORECARD RESULT: APPLIED RESEARCH REVENUES



* Infrastructure funding can vary significantly from year-to-year due to factors beyond Saskatchewan Polytechnic's control. Infrastructure funding is almost exclusively provided by federal granting agencies and can be dependent on political and regional factors, together with institutional maximums that are set by those agencies.

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 toward building a representative workforce and attracting and retaining the best and the brightest.

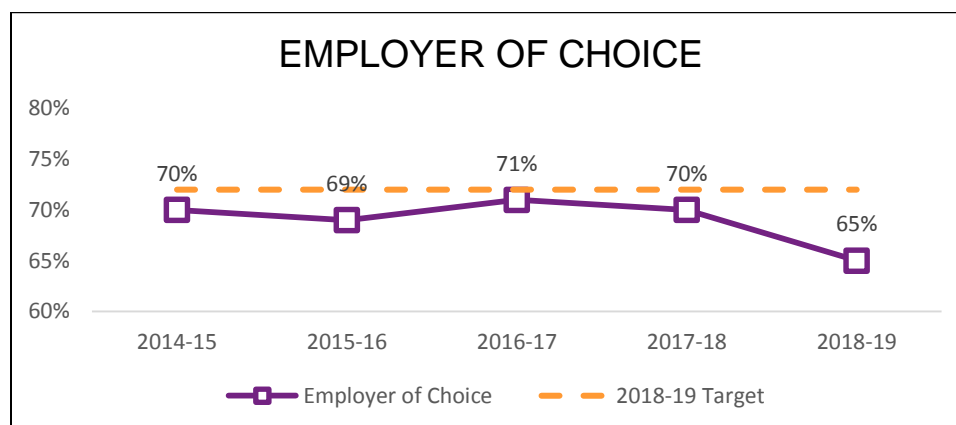
Saskatchewan Polytechnic invested in its employees through:

- Leadership Fundamentals: an internal program to build excellence in leadership practice through workshops, coaching, mentoring and applied learning;
- Increasing professional development funding;
- Maintaining a healthy and safe workplace; and
- Renewing its 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:

EMPLOYER OF CHOICE

Employee engagement scores have fluctuated between 65 and 71 per cent over the past five years. The survey identified three priority areas of focus: professional growth, senior management and institutional vision. These priority areas are the focus of Saskatchewan Polytechnic's planning efforts for employees.



LEADING ORGANIZATIONAL EFFECTIVENESS

S1. MAXIMIZE RESOURCE MANAGEMENT

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 pursuing alternate revenue sources to reduce reliance on public funding for core operations.

REVENUE PLAN

In 2018-2019, Saskatchewan Polytechnic continued to concentrate its efforts on diversifying revenue sources to grow its non-base grant revenue streams in 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 enrolment growth and enhancements to donor and alumni fundraising.

ADVANCEMENT

Advancement (formerly Donor and Alumni Relations) will look to enhance its institutional capacity in fundraising by promoting and securing philanthropic support. The newly created Advancement strategy outlines a new mission, vision and governing objectives, which will drive three essential strategic areas: Alumni Engagement, Giving (fund development) and Advancement Services.

Advancement will look to build on its momentum through a fundraising initiative called, "*It's Time*." This initiative is intended to build the institution's capacity and experience by adopting many components of a large-scale fundraising campaign. The goal of the two-

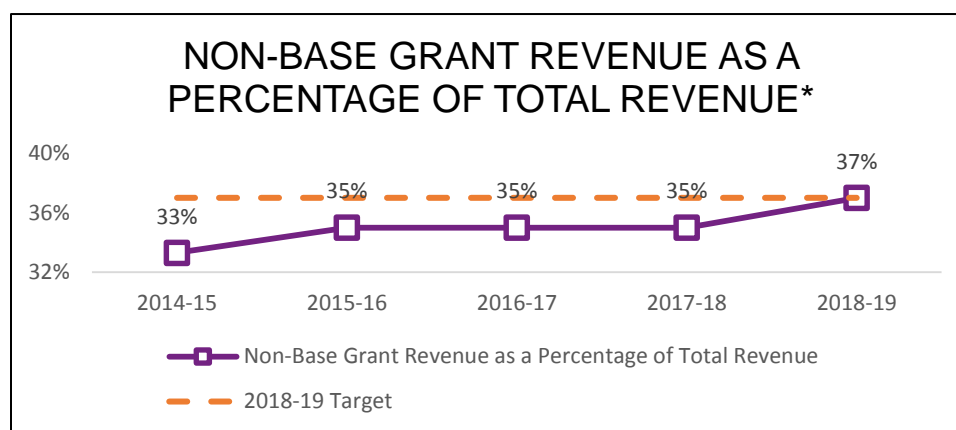
year initiative is to raise \$7 million, while improving donor engagement and fundraising activity.

Advancement is also promoting *Knowledge Networking Opportunities for the Workplace* (KNOW), enabling students to learn 'soft-skills' in preparation for the workplace, and providing a setting for alumni in business and industry to share their expertise and experience. KNOW promotes new essential skills, providing opportunities for students to learn what employers are seeking in new hires. This supports Saskatchewan Polytechnic's mission of an applied learning experience.

BALANCED SCORECARD RESULT:

NON-BASE GRANT REVENUE AS A PERCENTAGE OF TOTAL REVENUE

The non-base grant revenue percentage has modestly increased since 2014-2015, the result of efforts to diversify and expand non-grant revenue sources.



* Re-stated based on streamlined and simplified calculation that will be used going forward.

MANAGEMENT DISCUSSION AND ANALYSIS: FINANCIAL PERFORMANCE

(in thousands of dollars)

Saskatchewan Polytechnic has endured significant fiscal obstacles over the past several years and has been challenged to present a balanced budget despite these difficulties. A weakened economy, depletion of reserve balances, grant funding reductions, apprenticeship training reductions, collective bargaining agreement funding gaps, as well as aging facilities and equipment are all examples of the realities the institution has faced in recent years. Although Saskatchewan Polytechnic has achieved positive results for fiscal 2019, financial sustainability is becoming an increasing concern.

In fiscal 2019, Saskatchewan Polytechnic recorded an operating deficit of \$2,975 as presented on the statement of operations. Saskatchewan Polytechnic had budgeted for an operating deficit of \$5,028 for the year, resulting in a positive operating variance of \$2,053. The net capital budget was \$5,028, achieving a net balanced budget. Actual net capital results were \$4,972 for a combined operating and capital positive variance of \$1,997.

A common theme in the 2019 surplus was overall salary savings throughout many schools and divisions. As the year began, hiring restrictions due to fiscal restraints had just been lifted effective July 1, 2019, resulting in a delay in filling vacancies. Also, a cautious approach to hiring was taken as results for the year were analyzed and possible challenges were evaluated.

While many offsetting factors contributed to the overall surplus, the following factors were significant:

- Student Services contributed to the positive variance, primarily with salary savings as a result of vacancies. A portion of the vacancies were the result of positions not yet being filled following restructuring.
- The Schools of Nursing and Health Sciences also contributed positively to the variance from budget, both through a favourable tuition variance as well as salary savings.
- The results for the Schools of Construction and Transportation exceeded budget, partially due to these schools securing a number of contracts for external training which contributed positively. Apprenticeship activity also exceeded budgeted levels, primarily for the School of Construction.
- Partially offsetting these positive contributors, the Schools of Mining, Energy and Manufacturing as well as Natural Resources and Built Environment experienced significant negative variances, primarily due to shortfalls in tuition and fees as enrolment did not meet budgeted expectations. Apprenticeship activity also did not meet budgeted expectations for the School of Mining, Energy and Manufacturing.
- Ancillary Services profits have been declining, particularly in the bookstores; however, cafeterias and print shops have also declined. Significant factors contributing to this include international students not consistently purchasing resource materials, the decline in apprenticeship students, increased external options for class materials and the availability of electronic options for course materials.

- Shortfalls were experienced within Learning and Teaching, most significantly within the library due to Testing Services not meeting targets. The Simulation Learning Centres also experienced negative variances due to higher than expected activity levels.
- As in previous years, it was again determined that voluntary separation and severance payments in excess of the budgeted amounts were required to ensure fiscal stability in upcoming years.
- The capital policy was revised this year to increase the capitalization limit. While this did not have an overall net impact on results, it led to a negative variance in operating results that was offset by capital expenditures being less than budgeted.
- Capital results completing the year close to budget is the net result of the revised capital policy, offset with additional expenditures related to emergent needs approved during the year.

Saskatchewan Polytechnic has discretion in determining the future use of funds in the Unrestricted Operating Surplus (UOS). The UOS 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 \$1,680 to a balance of \$3,200 at June 30, 2019, which is \$1,520 greater than budgeted.

Although the UOS has increased, a number of specific capital and operating projects included in the fiscal 2019 budget remained in progress at June 30, 2019, leading to requests to use these unspent funds in fiscal 2020. While a balanced budget has again been projected for fiscal 2020, any unspent funds from fiscal 2019 that Senior Management Council approves for use in fiscal 2020 will draw on the unrestricted operating surplus. Note 13 provides further detail on the unrestricted operating surplus calculation.

HIGHLIGHTS: ACTUAL 2019 COMPARED TO 2018

The operating deficit for fiscal 2019 was \$2,975 compared to a deficit of \$4,278 for fiscal 2018. A discussion of the variances by main revenue category and expenses by function follows:

- Grant and contractual services revenues decreased by \$1,212 or 0.6 per cent from 2018.
 - Revenue from the Government of Saskatchewan is a significant contributor, with decreases seen in apprenticeship revenue as well as contracts secured through the Office of Applied Research and Innovation (OARI). These decreases were partially offset with an increase to the accommodation grant, as well as literacy and adult education funding related to Essential Skills for the Workplace.
 - Funding from the Government of Canada also decreased, primarily due to a reduction in revenue from the Language Instruction for Newcomers to Canada (LINC) program, as well as a reduction in contracts generated from the OARI. These reductions were partially offset by increased contractual revenue from the federal government secured through the Schools of Construction and Transportation.
 - Revenue from other governments increased largely due to a Continuing Care Assistant contract with Mistawasis First Nation, with the sale of curriculum also contributing.
- Tuition and fees increased by \$5,719 or 13.8 per cent, primarily due to an increased focus on the recruitment and retention of international students, with growth seen in almost all schools in fiscal 2019. An approved core tuition increase of 3.99 per cent, as well as a

continued focus on fee-paying courses within extension, have also contributed to this increase.

- Sales decreased by \$744 or 6.6 per cent, primarily in the bookstores but also in cafeterias and print shops. As previously discussed, significant factors include international students not consistently purchasing resource materials, decline of apprenticeship students, increased external options for class materials and availability of electronic options for course materials.
- Administration expense increased by \$2,379 or 7.4 per cent. A contributing factor was the revised capital policy, which increased the capitalization limit, resulting in increased expenditures being classified as material and supplies. Also contributing are increased consulting fees, primarily in regard to activity based costing, Strategic Procurement and Information Technology Services. Information Technology Services also experienced increased software acquisition costs, primarily related to service management as well as virtual desktop software purchases.
- Student Services expenses decreased by \$503 or 3.0 per cent. There were budgeted savings as a result of the restructure of recreation services, partially offset by increased expenditures related to supports put in place to sustain the increased growth of international students.
- Strategy and Business Development expenditures increased by \$542 or 5.8 per cent, primarily as a result of a number of positions held vacant in the previous year now being filled, as well as severance expense incurred during 2019.
- Ancillary Services expenses decreased by \$640 or 7.1 per cent, primarily related to the decrease in sales activity throughout Saskatchewan Polytechnic, as noted above.

HIGHLIGHTS: ACTUAL 2019 COMPARED TO PLAN 2019

The operating deficit of \$2,975 in fiscal 2019 compares to a planned operating deficit of \$5,028. A discussion of the variances by main revenue category and expenses by function follows:

- Grant and contractual services revenues were greater than budget by \$233 or 0.1 per cent. This relatively small variance is the result of significant offsetting factors, which are broken down as follows:
 - Increased revenue from the Government of Saskatchewan was primarily the result of extension activity exceeding the budget in this classification; overall extension grants and contractual revenue is falling short of budget with the negative variance occurring in the non-government classification. Also contributing to the positive variance in provincial revenues are increases in basic education funding related to Essential Skills for the Workplace, an increase to the accommodation grant effective April 1, as well as additional funds provided during the year for Strategic Preventative Maintenance and Renewal.
 - The positive variance within Government of Canada revenue was the net result of the OARI, as well the Schools of Construction and Transportation securing contracts. LINC program revenue was less than budgeted, partially offsetting these positive variances.
 - Revenue from other governments exceeded the budget, primarily due to a Continuing Care Assistant contract with Mistawasis First Nation, as well as the sale of curriculum.
 - Non-government revenues were less than expected primarily due to extension contractual activity not meeting targets, although this is partially offset with extension

revenue from the Government of Saskatchewan. Also, the revenue secured from international projects was significantly less than budgeted.

- Sales are less than budget by \$1,196 or 10.2 per cent, primarily in bookstores but also in cafeterias and print shops. As previously discussed, significant factors include international students not consistently purchasing resource materials, decline of apprenticeship students, increased external options for class materials and availability of electronic options for course materials.
- Academic program expenditures exceeded budget by \$2,112 or 1.5 per cent. Expenses exceeded budget throughout most categories, with the largest variance realized in salary expenses. As discussed previously, Saskatchewan Polytechnic experienced significant overall salary savings; however, academic was the only functional area that experienced a negative variance. This was primarily the result of incurring voluntary separation and severance expense, as well as centrally held savings targets being in place in the budget.
- While the overall positive variance within administration is only \$30 or 0.1 per cent, this is the net result of significant offsetting factors. Administration experienced a significant positive variance in salaries, primarily due to a severance budget that is held within Human Resources, while the actual expenditures primarily occur outside of administration. Offsetting this positive variance is a significant overage in operational supplies and expenses as a result of the revised capital policy with a higher capitalization limit.
- Student Services expenditures were less than budget by \$1,522 or 8.5 per cent, primarily due to salary savings. This was due to vacancies, a portion of which were the result of positions not yet being filled following restructuring.
- Strategy and Business Development expenditures were less than budget by \$1,728 or 14.9 per cent, largely due to international project activity not reaching budgeted levels.
- Ancillary expenditures were \$850 or 9.2% less than budget due to sales not meeting budgeted expectations.

HIGHLIGHTS: PLAN 2020

Saskatchewan Polytechnic is again presenting a balanced budget for fiscal 2020, consisting of an operating deficit of \$4,335 and a net capital budget of \$4,335.

Collective bargaining is currently underway for both of Saskatchewan Polytechnic's bargaining units. The agreement with the Saskatchewan Polytechnic Faculty Association expired June 30, 2015 and the Professional Services Bargaining Unit agreement expired June 30, 2016. Given the wide scope of the agreements, Saskatchewan Polytechnic is currently in communication with the Ministry of Advanced Education in regards to potential funding. Contingency planning has also been undertaken and will be a key consideration as Saskatchewan Polytechnic moves in to fiscal 2020.

The most significant areas of anticipated change from the fiscal 2019 budget to the fiscal 2020 budget are:

- Grant revenue and contractual services are budgeted to decrease by \$2,807 or 1.5 per cent. The majority of the decrease is due to declining contractual services revenue as a result of an additional reduction in apprenticeship activity. Also, as there has been a consistent shortfall in activity experienced in international projects over the last few years, budgeted revenue has been adjusted to reflect more realistic levels of activity.
- Tuition and fees are anticipated to increase by \$12,937 or 27.4 per cent due to a continued focus on international student enrolment growth. International tuition projections and associated application fees account for the majority of the increase in fiscal 2020, occurring

across most schools. The budget has also been adjusted to reflect the shift of extension activity from contractual services to tuition and fees. Increased domestic enrolment projections in Nursing and Health Sciences and an approved core tuition increase of 3.99 per cent also contributed to the projected increase.

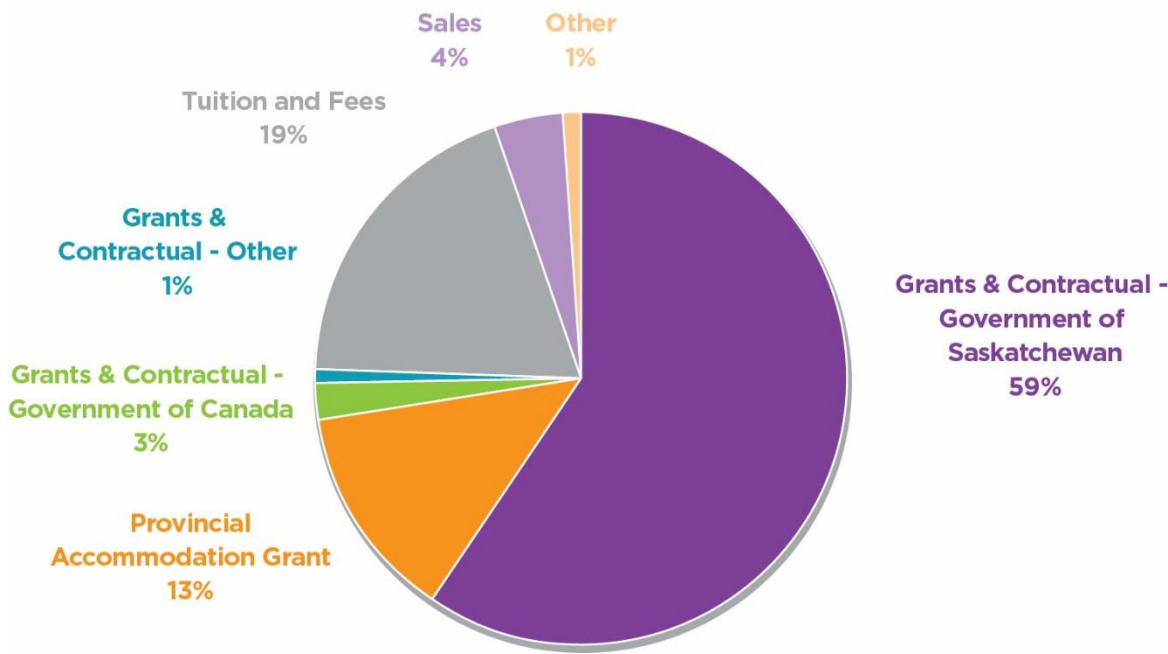
- Academic Programs and Student Services are expected to increase by \$6,906 or 4.74 per cent and by \$1,594 or 8.92 per cent respectively, largely as a result of new instructor positions and enhanced supports required to ensure sustainable international student growth.

CAPITAL SPENDING SUMMARY

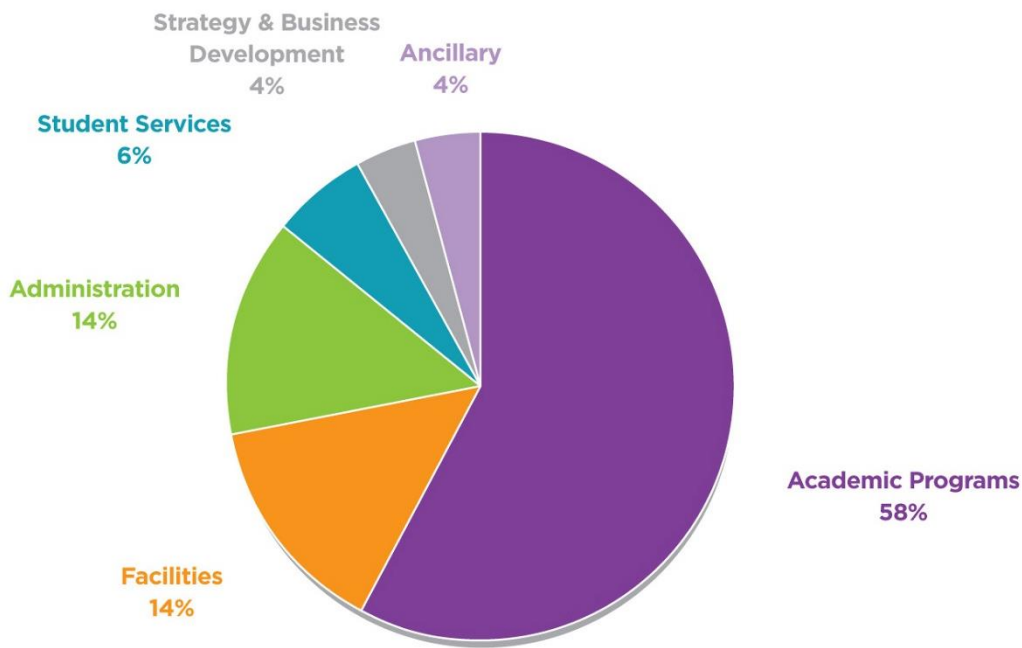
As discussed above, Saskatchewan Polytechnic planned for a net capital budget of \$5,028, the result of budgeted amortization of \$10,565, less planned capital expenditures of \$5,537. The actual net capital result was \$4,972, completing the year with a negative variance of \$56. Although the overall variance is not significant, there are significant offsetting factors. Capital expenditures in excess of the budget were made as the result of funding secured through the OARI, with the related external funding reflected in increased grant and contractual services revenue. Also, emergent capital needs were identified during the year requiring additional spending to be approved during the year. Offsetting these additional purchases was a new capital policy that increased the capitalization limit, resulting in purchases that were budgeted as capital to be expended as operating.

The majority of the capital expenditures were incurred to replace technology and equipment, along with some leasehold improvements.

2019 OPERATING REVENUE



2019 OPERATING EXPENSES



KEY FINANCIAL RESULTS AND DATA

(Dollars in thousands)

	2018 Actual	2019 Plan	2019 Actual	2020 Plan ¹
Operations				
Annual deficit	\$ (4,278)	\$ (5,028)	\$ (2,975)	\$ (4,335)
<u>Revenue:</u>				
Grants and contractual services	188,285	186,840	187,073	184,033
Tuition and fees	41,498	47,208	47,217	60,145
Sales	11,241	11,693	10,497	11,421
Other revenue	3,295	2,425	3,055	2,568
<u>Expenses:</u>				
Academic programs	147,295	145,611	147,723	152,517
Facilities	34,188	34,561	34,202	34,868
Administration	31,938	34,347	34,317	34,846
Student Services	16,849	17,868	16,346	19,462
Strategy and Business Development	9,316	11,586	9,858	11,632
Ancillary	9,011	9,221	8,371	9,177
Financial Position²				
Unrestricted operating surplus	\$ 1,680	\$ 1,680	\$ 3,200	\$ 3,200
Financial assets	32,646	30,051	41,956	38,976
Liabilities	34,295	31,093	42,930	38,346
Net assets/(debt)	(1,649)	(1,042)	(974)	630
Tangible capital assets	62,210	56,952	57,537	52,997
Accumulated surplus	61,798	56,770	58,823	54,487

¹ 2020 Plan is based on the 2019-2022 Multi-year Business Plan, adjusted for 2019 year end results.

² There were a number of specific capital and operating projects included in the fiscal 2019 budget that were in progress at June 30, 2019, leading to requests to utilize these unspent funds in fiscal 2020. The 2020 figures do not include an anticipated draw down of \$935 on the unrestricted operating surplus to fund the costs related to these carry forward requests.

FINANCIAL STATEMENTS

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 REPORT

September 20, 2019

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

Sean Engemoen
Associate Vice President, Financial Services

INDEPENDENT AUDITORS' REPORT



PROVINCIAL AUDITOR
of Saskatchewan

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

Opinion

We have audited the financial statements of Saskatchewan Polytechnic (the “Polytechnic”), which comprise:

- the statement of financial position as at June 30, 2019
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Polytechnic as at June 30, 2019, 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.

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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Polytechnic 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors’ report thereon, included in the Annual Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is



materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information other than the financial statements and the auditors' report thereon, included in Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Polytechnic's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Polytechnic or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Polytechnic's financial reporting process.

Auditors' 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 auditors' 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 the 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.



PROVINCIAL AUDITOR
of Saskatchewan

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 Polytechnic'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 Polytechnic's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Polytechnic 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.
- 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 that we identify during our audit.

Chartered Professional Accountants
Saskatoon, Canada
September 20, 2019

Judy Ferguson, FCPA, FCA
Provincial Auditor
Regina, Saskatchewan
September 20, 2019

STATEMENT OF FINANCIAL POSITION

As of June 30, 2019
(in thousands of dollars)

	Note	2019	2018
Financial assets			
Cash and cash equivalents	3	\$ 29,280	\$ 17,651
Accounts receivable	4	5,268	7,330
Inventories for resale	5	3,129	3,641
Portfolio investments	6	4,279	4,024
		41,956	32,646
Financial liabilities			
Accounts payable and accrued liabilities		3,918	3,598
Salaries and benefits payable		11,856	12,265
Obligation under capital leases	7	913	518
Employee future benefits	8	2,555	2,836
Debt	10	873	969
Deferred revenue	11	22,815	14,109
		42,930	34,295
Net debt		(974)	(1,649)
Non-financial assets			
Tangible capital assets	12	57,537	62,210
Prepaid expenses		2,260	1,237
		59,797	63,447
Accumulated surplus	13	\$ 58,823	\$ 61,798
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, 2019
(in thousands of dollars)

	Budget (Note 18)	2019	2018
Revenue			
Grants and contractual services:			
Government of Saskatchewan	\$ 174,647	\$ 176,548	\$ 177,555
Government of Canada	6,708	8,242	9,007
Other governments	142	727	173
Non-government	5,343	1,556	1,550
Tuition and fees	47,208	47,217	41,498
Sales	11,693	10,497	11,241
Donations	1,038	1,482	1,951
Investment income	659	829	553
Other income	728	744	791
	248,166	247,842	244,319
Expense (Note 16)			
Academic programs	145,611	147,723	147,295
Facilities	34,561	34,202	34,188
Administration	34,347	34,317	31,938
Student services	17,868	16,346	16,849
Strategy and business development	11,586	9,858	9,316
Ancillary	9,221	8,371	9,011
	253,194	250,817	248,597
Annual deficit	(5,028)	(2,975)	(4,278)
Accumulated surplus, beginning of year	61,798	61,798	66,076
Accumulated surplus, end of year	\$ 56,770	\$ 58,823	\$ 61,798

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

STATEMENT OF CHANGE IN NET DEBT

For the year ended June 30, 2019
(in thousands of dollars)

	Budget (Note 18)	2019	2018
Net debt, beginning of year	\$ (1,649)	\$ (1,649)	\$ (1,131)
Changes during the year:			
Annual deficit	(5,028)	(2,975)	(4,278)
Acquisition of tangible capital assets	(5,434)	(5,758)	(6,382)
Tangible capital asset donations received	-	(68)	(155)
Proceeds on disposal of tangible capital assets	-	6	30
Loss on disposal of tangible capital assets	-	33	65
Amortization of tangible capital assets	10,565	10,460	10,581
Increase in prepaid expenses, net	-	(1,023)	(379)
	103	675	(518)
Net debt, end of year	\$ (1,546)	\$ (974)	\$ (1,649)

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

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019
(in thousands of dollars)

	Note	2019	2018
Operating transactions			
Annual deficit		\$ (2,975)	\$ (4,278)
Items not affecting cash:			
Amortization of tangible capital assets		10,460	10,581
Tangible capital asset donations received	12	(68)	(155)
Loss on disposal of tangible capital assets		33	65
Unrealized gain on portfolio investments		(111)	(177)
Decrease in employee future benefits liability	8	(281)	(77)
Net increase (decrease) in non-cash operating balances	17	10,168	(636)
		17,226	5,383
Capital transactions			
Acquisition of tangible capital assets		(5,758)	(6,382)
Proceeds on disposal of tangible capital assets		6	30
		(5,752)	(6,352)
Investing transactions			
Proceeds on disposition of portfolio investments		1,417	323
Acquisition of portfolio investments		(1,561)	(417)
		(144)	(94)
Financing transactions			
Increase in capital lease obligation		395	518
Debt repayments		(96)	(104)
		299	414
Net decrease in cash and cash equivalents		11,629	(649)
Cash and cash equivalents, beginning of year		17,651	18,300
Cash and cash equivalents, end of year		\$ 29,280	\$ 17,651

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019 (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 and operates 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.

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.

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.

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.

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:

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.

g. Tangible capital assets (continued)

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.

3. Cash and cash equivalents

	2019	2018
Cash	\$ 27,215	\$ 13,436
Cash equivalents	2,065	4,215
	<u>\$ 29,280</u>	<u>\$ 17,651</u>

4. Accounts receivable

	2019	2018
Corporate	\$ 957	\$ 954
Federal government	1,990	3,520
Provincial government	1,431	2,131
Student	996	679
Other	112	166
Less provision for doubtful accounts	(218)	(120)
	<u>\$ 5,268</u>	<u>\$ 7,330</u>

5. Inventories for resale

	2019	2018
Bookstores	\$ 2,976	\$ 3,494
Food services	58	56
Shop and service supplies	95	91
	\$ 3,129	\$ 3,641

The cost of inventory sold and recognized as an expense during 2019 was \$6,067 (2018 – \$6,494) and includes inventory write-downs of \$54 (2018 – \$43). There were no reversals of write-downs of inventory made in prior periods. As of June 30, 2019, there was no inventory pledged as security for liabilities.

6. Portfolio investments

Portfolio investments consist of bond and equity mutual funds, 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.

	2019	2018
Equities and equity mutual funds	\$ 2,656	\$ 2,467
Bonds and bond mutual funds	1,623	1,557
	\$ 4,279	\$ 4,024

The portfolio investments had a return of 4.43% in 2019 (2018 – 5.46%).

At June 30, 2019, no individual bonds were held. At June 30, 2018, the individual bond portfolio had a weighted average effective yield of 0.94% with maturity dates ranging from less than two years to five 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, 2019 and 2018.

7. Obligation under capital leases

	2019	2018
Balance, beginning of year	\$ 518	\$ -
Additions during the year	551	534
Lease payments	(156)	(16)
Balance, end of year	\$ 913	\$ 518

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

2020	\$ 242
2021	242
2022	242
2023	241
2024	83
Less amount representing interest	(137)
Present value of minimum lease payments	\$ 913

7. Obligation under capital leases (continued)

Interest rates on the leases range from 4.88% to 5.20% (2018 – 4.88%). Interest expensed during the year amounted to \$49 (2018 – \$5). The minimum lease payment value includes amounts for residual guarantees at the conclusion of lease terms.

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:

	2019	2018
Actuarial valuation date	May 31, 2018	May 31, 2018
Extrapolation date	June 30, 2019	June 30, 2018
Significant long-term assumptions used:		
Salary escalation (excluding step increases)	2.00%	2.00%
Discount rate	2.50%	2.90%
Estimated average remaining service life	9 years	9 years
Liability for employee future benefits:		
Accrued benefit obligation, beginning of year	\$ 3,340	\$ 3,008
Current period benefit cost	213	231
Interest cost	94	76
Benefit payments	(663)	(411)
Actuarial loss	82	436
Accrued benefit obligation, end of year	3,066	3,340
Unamortized net actuarial loss	(511)	(504)
Liability for employee future benefits	\$ 2,555	\$ 2,836
Employee future benefits expense:		
Current service cost	\$ 213	\$ 231
Interest cost on benefits	93	76
Amortization of net actuarial loss	76	27
Total employee future benefits expense	\$ 382	\$ 334

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 \$9,897 (2018 - \$10,072) were expensed during the year. Employer obligations associated with the defined benefits plans, with the

9. Pension plans (continued)

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 15,131 active members, of which three are employees of Saskatchewan Polytechnic.

10. Debt

	2019	2018
RBC revolving bankers' acceptance loan	\$ 873	\$ 969

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, 2019 was 1.97% (annualized) and included a 0.30% stamping fee (2018 – 1.70% and 0.30%). Interest expense on the BAs for the year was \$22 (2018 – \$15).

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 (2018 – nil).

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

2020	\$ 104
2021	104
2022	104
2023	104
2024	104
Thereafter	353
	<u>\$ 873</u>

11. Deferred revenue

	Opening balance	Receipts during year	Recognized as revenue	Ending balance 2019
Grants and contractual services:				
Government of Saskatchewan	\$ 126	\$ 176,543	\$ (176,548)	\$ 121
Government of Canada	295	8,681	(8,242)	734
Other governments	-	727	(727)	-
Non-government	16	1,602	(1,556)	62
Tuition and fees	7,648	55,440	(47,217)	15,871
Donations	6,024	1,485	(1,482)	6,027
	<u>\$ 14,109</u>	<u>\$ 244,478</u>	<u>\$ (235,772)</u>	<u>\$ 22,815</u>

Deferred revenue balances relate to the following:

11. Deferred revenue (continued)

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	2019 Total
Cost:							
Opening balance	\$ 6,212	\$ 9,549	\$ 70,753	\$ 76,865	\$ 19,093	\$ 6,724	\$189,196
Additions	-	-	833	2,210	2,628	155	5,826
Disposals	-	-	-	(1,098)	(538)	-	(1,636)
Closing balance	6,212	9,549	71,586	77,977	21,183	6,879	193,386
Accumulated amortization:							
Opening balance	-	2,443	43,637	59,133	15,852	5,921	126,986
Amortization	-	338	3,640	4,255	1,921	306	10,460
Disposals	-	-	-	(1,058)	(539)	-	(1,597)
Closing balance	-	2,781	47,277	62,330	17,234	6,227	135,849
Net book value	\$ 6,212	\$ 6,768	\$ 24,309	\$ 15,647	\$ 3,949	\$ 652	\$ 57,537

	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

12. Tangible capital assets (continued)

At June 30, 2019, the tangible capital asset balance included capital assets under development of \$468 (2018 – \$735).

At June 30, 2019, the tangible capital asset balance included equipment under capital leases with a cost of \$1,086 (2018 – \$518) and accumulated amortization of \$184 (2018 – \$16).

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 \$68 (2018 – \$155).

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

	2019	2018
Investment in tangible capital assets	\$ 55,751	\$ 60,723
Student housing reserve	740	741
Unfunded employee future benefits	(2,555)	(2,836)
Restricted government transfers	1,687	1,490
Unrestricted operating surplus	3,200	1,680
Accumulated surplus	\$ 58,823	\$ 61,798

b. Investment in tangible capital assets

	2019	2018
Tangible capital assets	\$ 57,537	\$ 62,210
Obligation under capital leases	(913)	(518)
Debt	(873)	(969)
Investment in tangible capital assets	\$ 55,751	\$ 60,723

c. Change in unrestricted operating surplus

	2019	2018
Unrestricted operating surplus, beginning of year	\$ 1,680	\$ 1,253
Annual deficit	(2,975)	(4,278)
Decrease in investment in tangible capital assets	4,972	4,553
Decrease (increase) in student housing reserve	1	(19)
Decrease in employee future benefits liability	(281)	(77)
Decrease (increase) in restricted government transfers	(197)	248
Unrestricted operating surplus, end of year	\$ 3,200	\$ 1,680

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, 2019, the Polytechnic had the following significant contractual rights with the federal government and the Saskatchewan Apprenticeship and Trade Certification Commission (SATCC):

		2020	2021	Thereafter	Total
Federal	Language instruction services	\$ 4,528	\$ -	\$ -	\$ 4,528
Federal	Promote skilled trades opportunities	217	553	303	1,073
SATCC	Apprenticeship training services	14,228	-	-	14,228
		\$ 18,973	\$ 553	\$ 303	\$ 19,829

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 are as follows:

	Facilities	Equipment & services	Total
2020	\$ 32,437	\$ 2,875	\$ 35,312
2021	33,086	1,331	34,417
2022	33,748	589	34,337
2023	34,423	532	34,955
2024	35,111	230	35,341

b. Capital projects

The estimated cost to complete major capital projects in progress at June 30, 2019 is approximately \$527 (2018 – \$241).

c. Outstanding legal claims

The nature of Saskatchewan Polytechnic's activities is such that there may be litigation pending at any time. Saskatchewan Polytechnic records a liability, on a case-by-case basis, if the expected loss is both probable and can be reasonably estimated. As at June 30, 2019, no amount has been accrued (2018 - \$0) for outstanding legal claims that management has determined meet the criteria for recording a liability under PSAS.

16. Expense by object

	Budget 2019	2019	2018
Salaries and benefits (Notes 8 and 9)	\$ 174,058	\$ 170,481	\$ 172,483
Facilities	33,034	32,519	32,226
Operational supplies and expenses	22,133	23,861	19,599
Cost of goods sold	6,341	6,067	6,494
Amortization (Note 12)	10,565	10,460	10,581
Travel and professional development	4,046	3,736	3,389
Equipment rental and repairs	1,517	1,872	1,928
Scholarships and awards	1,500	1,788	1,832
Loss on disposal of capital assets	-	33	65
	\$ 253,194	\$ 250,817	\$ 248,597

17. Net change in non-cash operating balances

	2019	2018
Accounts receivable	\$ 2,062	\$ (557)
Inventories for resale	512	(22)
Accounts payable and accrued liabilities	320	(955)
Salaries and benefits payable	(409)	(1,279)
Deferred revenue	8,706	2,556
Prepaid expenses	(1,023)	(1,023)
	\$ 10,168	\$ (636)

18. Budgeted figures

Budgeted figures have been provided for comparison purposes and reflect the 2018-21 Multi-year Business Plan, approved by the Board of Directors on May 24, 2018. The budget for 2020 was approved by the Board of Directors on April 26, 2019 as part of the 2019-22 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, 2019, are guaranteed by a federal or provincial government. The cash balance represents deposits with Canadian chartered banks.

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. Related parties of the Polytechnic also include its key management personnel, close family members of its key management personnel, and entities controlled by, or under shared control of any of these individuals.

During the year, grant and contractual services revenue of \$176,548 (2018 – \$177,555) was recognized from related parties, the majority of which was provided by the Ministry of Advanced Education.

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

	2019	2018
Accounts receivable	\$ 1,431	\$ 2,131
Accounts payable and accrued liabilities	722	773
Acquisition of tangible capital assets	1,425	1,436
Non-grant and contractual services revenue	4,201	4,280
Expenses	37,801	37,810

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

20. Comparative figures

Certain 2018 figures have been reclassified to conform to the presentation adopted in the 2019 financial statements.

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