



2019-20 Highlights

**\$350
MILLION**

CIC Payments
to the GRF

61.1%

Consolidated
Debt Ratio

**\$1.3
BILLION**

Capital
Expenditures

**\$212.5
MILLION**

Separate Net
Earnings

**\$435.4
MILLION**

Consolidated
Net Earnings

7.6%

Consolidated
Return on Equity

CIC



In the 2019-20 academic year, the **Indian Teacher Education Program (ITEP)** at the University of Saskatchewan and **Think Indigenous Events Inc.** began offering professional development in cultural skills. An Elders Advisory Council stressed the importance of including Indigenous languages in the training of teacher-candidates, taught by Knowledge Keepers and Elders fluent in languages and culture.

In January 2020, CIC committed funding for a four-year term to enable Elders and Knowledge Keepers to lead the cultural sessions. Teacher-candidates were exposed to Dakota, Nakota, Lakota, Cree, Dine and Dene and learned the languages by using it in practice with the cultural skills being presented.

"One of the most beneficial things for me was taking a deeper dive into knowing more about my culture, and learning things that I didn't get a chance to learn about before. As someone who went to a public school in the city, I didn't learn a whole lot about my culture from school or at home throughout my adolescence. Also, learning about different Indigenous nations throughout Canada and even the States was super interesting." Kaishayla Acoose, 1st year ITEP

"I really enjoyed the land-based PD's. Not only was it hands on, but ITEP staff was helpful as well when it came to guiding us on what to consider for our classroom environment and how to go about including land-based education." Cresida Masson, 3rd year ITEP



Table of Contents

Letter of Transmittal	1
Minister's Message	2
President's Message	3
Corporate Information	
Corporate Overview	5
Crown Sector Alignment	8
Operating Context	10
Corporate Performance	21
Organizational Overview	
Governance	29
CIC Board Members	30
Board Tenure	31
Organizational Structure	32
CIC Executive	33
Executive Compensation	34
Employee Conduct and Development	37
CIC Consolidated	
CIC Consolidated Management Discussion & Analysis	39
CIC Consolidated Financial Statements	70
Notes to Consolidated Financial Statements	78
CIC Separate	
CIC Separate Management Discussion & Analysis	145
CIC Separate Financial Statements	153
Notes to Separate Financial Statements	160

Letter of Transmittal



Government
— of —
Saskatchewan

Regina, Saskatchewan
July 10, 2020

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

Your Honour:

I have the honour to submit herewith the forty-second annual report of the Crown Investments Corporation of Saskatchewan for the twelve months ended March 31, 2020, in accordance with *The Crown Corporations Act, 1993*. The Consolidated and Separate Financial Statements included in this annual report are in the form approved by Crown Investments Corporation of Saskatchewan as required by *The Financial Administration Act, 1993* and have been reported on by the auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe Hargrave".

Joe Hargrave
Minister of Crown Investments

Minister's Message



2019-20 brought successes and challenges no one could have anticipated. At a glance, the Crown sector financial results for this fiscal year were strong and they continued to provide safe, reliable services while generating an acceptable return for the Shareholder. Their performance belied the true obstacles the province faced. Maintaining that focus in the face of issues that included a labour disruption, global impacts of economic shocks due to volatile markets, energy price wars and a pandemic is a story that continues to unfold.

Despite these challenges, the Crown sector recorded strong financial results. In 2019-20, net earnings totaling \$435.4 million and contributions totaling \$350 million to the General Revenue Fund (GRF) reflect the continued stability of the sector. Since 2015, the Crown sector has contributed \$1.2 billion in dividends to the Province. These results support the Province's priorities and contribute to *the right balance* for Saskatchewan people.

In November 2019, the government released *Saskatchewan's Growth Plan: The Next Decade of Growth*. The Plan outlines 20 actions for 2020 and 30 goals for 2030 that serve as a roadmap to keep the sector focused on long-term gains needed for a recovering economy. The Crown sector is guided by the government's priorities and focuses on achieving strong revenues, while seeking efficiencies and managing expenses through continued collaboration. The Crowns support Saskatchewan's private sector to encourage economic growth and strengthen global competitiveness; encourage and support innovation; and strive for continuous improvement through knowledgeable, resourceful and dedicated teamwork.

The Crown sector is committed to implementing the government's *Prairie Resilience: A Climate Change Strategy* focusing on greenhouse gas reductions through renewable power generation, environmental conservation practices, and day to day operating efficiencies. Sustaining the environment for families and communities – the people of Saskatchewan – helps achieve essential environmental goals.

Across Canada, Saskatchewan's Crown sector has no equal. The sector produces solid results year after year delivering not just financially, but with excellent customer service, affordable and safe utilities, cost-effective insurance programs, support for innovative tech start-ups, and first-class entertainment opportunities. Regardless of the circumstances, the Crowns provide support to customers through high quality services, financial programs, and will do their part to aid the province's economic recovery. Crown corporations are an integral part of government's commitment to achieving *the right balance* in Saskatchewan.

Thank you to Crown sector employees – from the front line to the senior leadership – ensuring Saskatchewan people receive the services they rely on, no matter what the challenge.

A handwritten signature in dark ink, appearing to read 'Joe Hargrave', written in a cursive style.

Joe Hargrave
Minister of Crown Investments

President's Message

CIC oversees Saskatchewan's Crown corporations ensuring a return for the Shareholder and Saskatchewan people while supporting government's priorities. Financially sound corporations provide excellent customer service and deliver high-quality products while improving infrastructure to meet customers' needs. Crown sector strategic plans align with the *Saskatchewan Growth Plan – The Next Decade of Growth* providing direction through its 20 actions and 30 goals.

In 2019-20, Crown sector earnings totalled \$435.4 million – \$105.2 million lower than 2018-19. This was the result of volatile markets affecting investment returns and low commodity prices causing reduced customer demand. In March 2020, an economic shut down due to the pandemic hit Saskatchewan. Despite these obstacles, the sector delivered \$350 million to the General Revenue Fund (GRF), maintained the debt ratio to 61.1 per cent and achieved a 7.6 per cent return on equity.

The sector successfully managed significant challenges in 2019-20. A labour disruption involving four Crown corporations – a first for the sector – was settled. The federal government's carbon tax was applied in April, adding to customer bills and increasing costs to produce electricity and deliver natural gas. SaskTel awaits a decision by the federal government regarding the use of Huawei technology in its cellular network, potentially impacting the timing of 5G technology in the province. And finally, while the pandemic impacted all Crowns, SGC casinos were closed completely resulting in reduced earnings and the temporary layoff of 549 employees.

The Crown sector continues to give back to the people of the province and is committed to playing an integral part in aiding economic recovery. To help customers weather the financial impact of the pandemic, the Crown Utility Interest Waiver Program was launched and offered customers a six-month payment deferral and interest waiver program, followed by a 12-month repayment plan option. Additional support initiatives included waived data overage fees and free programming via SaskTel *maxTV*, a rent deferral program for SOCO tenants, assistance with vehicle and license renewals through SGI, and support for Saskatchewan Food Banks and community charity organizations by a number of Crowns.

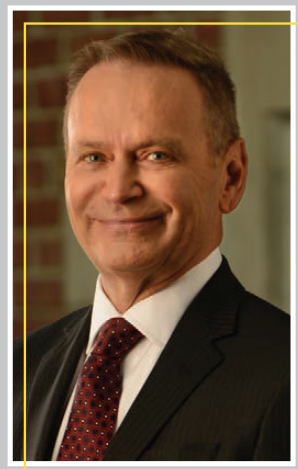
The year also saw significant customer service and policy achievements. The Saskatchewan Auto Fund saw positive results from their campaign to reduce the number of deaths and injuries caused by impaired drivers, reporting 2019 numbers as the lowest on record. SaskPower continues towards its goal of reducing GHG emissions by 2030, expanding wind and solar, and proactively preparing for a net-zero emissions world with innovative energy production through small nuclear reactors and other clean energy options. SaskTel continues its initiative to provide rural communities with enhanced access to reliable cellular and high speed internet services. SGC embarked on a multi-year update to its Casino Regina facility with a continued focus on providing a first-class entertainment service.

The Crowns invested \$1.3 billion in capital to ensure Saskatchewan maintains safe and reliable utility services, supports a developing provincial technology sector, and offers quality entertainment options. These areas will continue to be a major focus for an average capital investment of \$1.6 billion annually over the next five years. They also support the government's Building a Strong Saskatchewan plan to help the province stimulate economic activity and create more jobs. As we look forward to 2020-21, the Crown sector will continue to support the private sector through local procurement to promote economic recovery.

I want to thank Crown staff and leadership for providing excellent service and support during a time of unprecedented challenges. These positive results would not be possible without your commitment.



Blair Swystun, CFA
President & CEO



Corporate Information



CIC sponsored the **Prince's Operation Entrepreneur Bootcamp** through **Enactus Regina**, an entrepreneurship and social innovation club at the University of Regina. A program of Prince's Trust Canada, Operation Entrepreneur provides training for still-serving members of Canadian Armed Forces and law enforcement, veterans, and their families to successfully transition from service, explore second career options, and build the community necessary to start and grow successful businesses.



Corporate Overview

Crown Investments Corporation of Saskatchewan (CIC) is the financially self-sufficient holding company for seven subsidiary commercial Crown corporations and four wholly-owned subsidiaries. In its oversight role of the Crown sector, CIC is responsible for the development and oversight of broad policy initiatives, directing investment and providing dividends to the provincial government's General Revenue Fund (GRF).

CIC oversees and manages a comprehensive framework designed to strengthen governance, performance and accountability of subsidiary Crowns. It also assists subsidiary Crown boards to carry out their responsibilities of directing and overseeing the management of the Crowns.

The corporation implements governance, enterprise risk management, and reporting and disclosure practices consistent with those of publicly-traded companies, where such practices can reasonably be applied to the public sector. Specifically, CIC provides oversight on behalf of the government by:

- providing strategic Shareholder direction and managing Crown sector performance;
- promoting best practices in Crown sector governance and disclosure; and
- developing broad policy initiatives and administering select government programs.

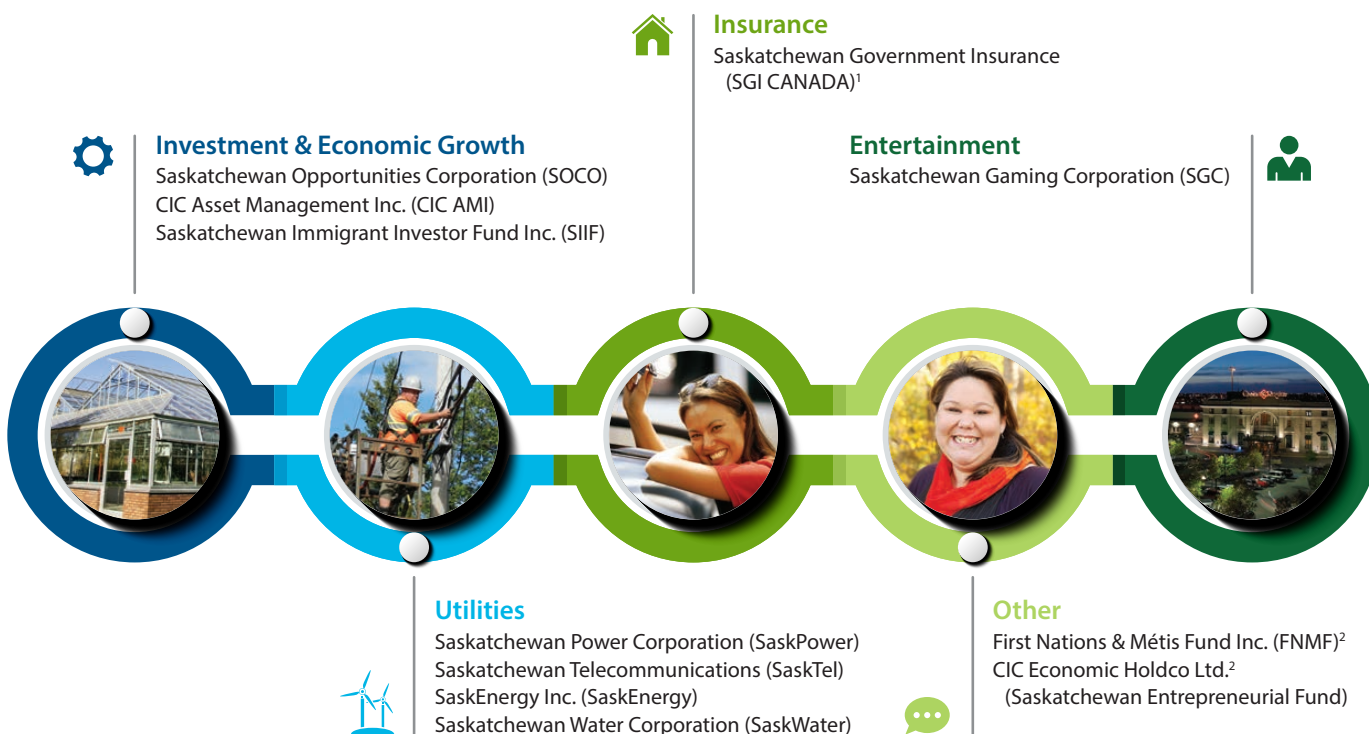
Corporate Mandate

CIC's governing legislation and mandate are defined by *The Crown Corporations Act, 1993*:

- It is the holding company for all subsidiary Crown corporations, exercising supervisory powers granted in the interest of all Saskatchewan residents; and
- It is the agency responsible for making and administering investments on behalf of the Government of Saskatchewan.

Holdings

CIC exercises supervisory responsibilities over its subsidiary Crown corporations in addition to operating as a Crown corporation itself. As of March 31, 2020, the subsidiary Crown corporations and wholly-owned subsidiaries included:



¹ SGI CANADA administers the Saskatchewan Auto Fund, which is not a subsidiary Crown corporation; however, summarized operating results are provided in CIC's Consolidated Management Discussion & Analysis.

² FNMF and CIC Economic Holdco Ltd. are in a wind-down phase.

OUR VISION

To develop a more efficient, responsive and financially sustainable Crown sector that addresses the challenges of a growing Saskatchewan.



OUR MISSION

As the holding company, we provide leadership and support that enables our Crown corporations to contribute to Saskatchewan's economic success and improved quality of life.

OUR VALUES

INTEGRITY

We are trustworthy, respectful of others, and hold each other accountable. We honour our commitments and conduct our business in the most ethical manner.



LEADERSHIP

We provide guidance and inspiration for the Crown sector to effectively and efficiently fulfill its mandate. We develop leaders at all levels and value the commitment and contributions of our employees and partners.

EXCELLENCE

We continuously challenge ourselves to improve and innovate, striving to achieve our highest potential in all areas of our business. Our stakeholders should expect only the highest business standards.



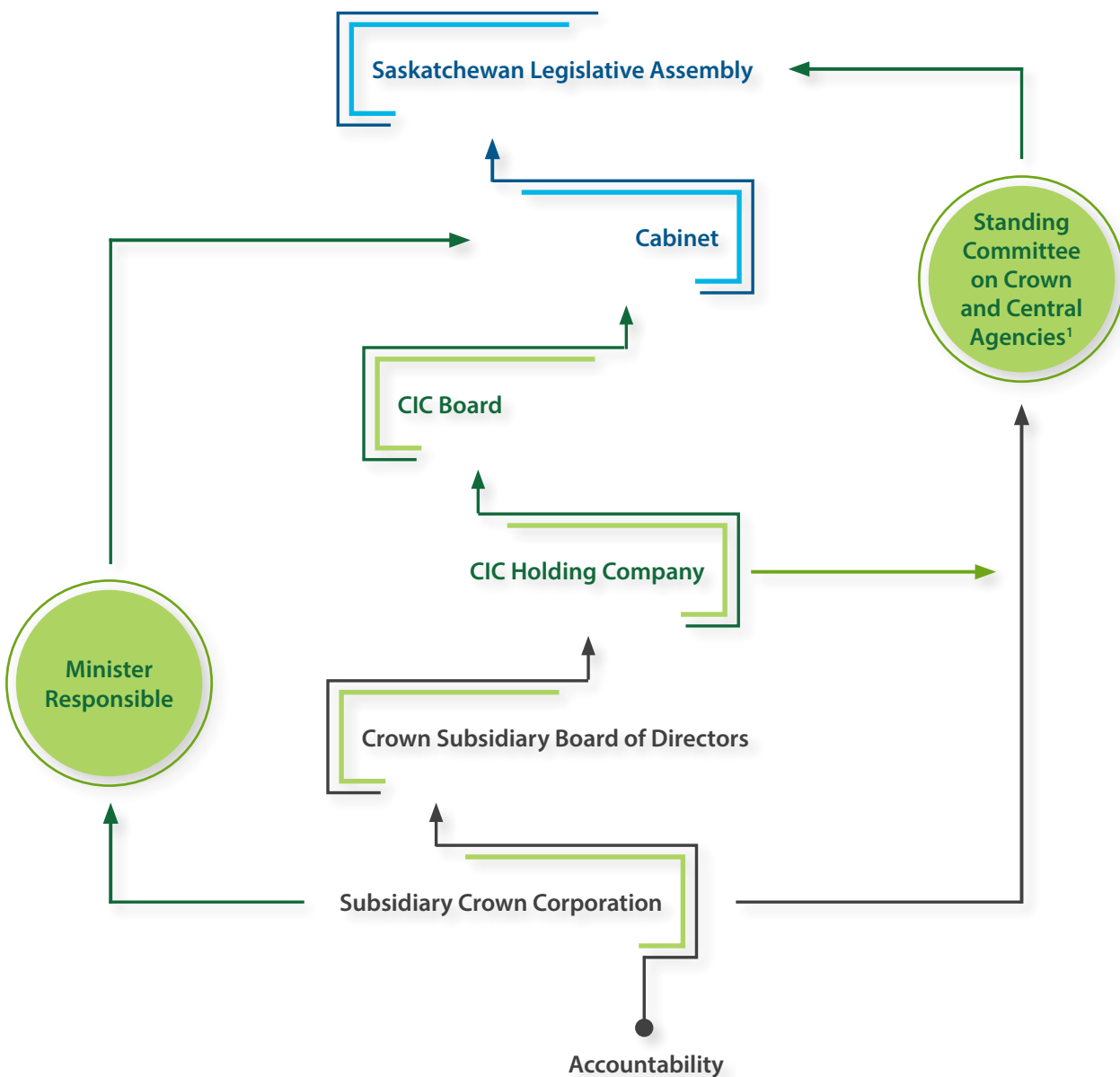
TEAMWORK

We work as a team, and collaborate with the government, our Board, Crown corporations and our partners. We all play a vital role in achieving our common objectives.

Financial & Public Accountability

The following chart depicts the accountability structure of CIC Crown corporations to both the government and the Standing Committee on Crown and Central Agencies, an all-party committee of the legislative assembly. It illustrates the flow of the reporting structure for decision items and performance management as well as the oversight responsibilities of:

- the government (as the Shareholder and mandating body for the Crown corporations);
- the CIC Board (as the representative of the Shareholder to ensure mandates and activities are consistent with the interest and intent of government); and
- each Crown corporation's board of directors (as the stewardship body with fiduciary duty for the Crown's operations).



¹ The Standing Committee on Crown and Central Agencies considers matters related to CIC and its subsidiaries. Reports of the Provincial Auditor, as they relate to CIC and its subsidiaries, are permanently referred to the Standing Committee on Crown and Central Agencies.

Crown Sector Alignment

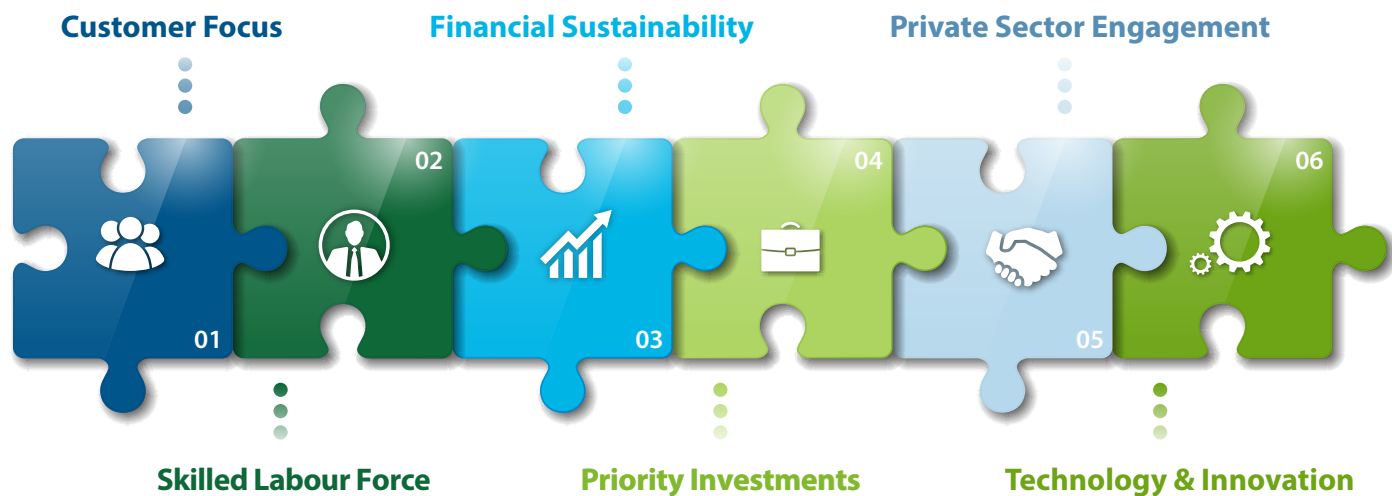
Government's Vision and Goals

The CIC Crown sector plays an important role in achieving government's direction for the province. The government's vision and goals are the foundation for the Crown Sector Strategic Priorities that serves as the road map to achieve government's direction. These four goals are:

1. Sustaining growth and opportunities for Saskatchewan people.
2. Meeting the challenges of growth.
3. Securing a better quality of life for all Saskatchewan people.
4. Delivering responsive and responsible government.

Crown Sector Strategic Priorities (CSSP)

Consistent with the government's direction and the 2019-20 Budget that focused on "The Right Balance" for Saskatchewan, the CSSP balanced managing expenses with ensuring Saskatchewan people continue to have safe and affordable services and needed infrastructure. While the COVID-19 pandemic began in late 2019-20 and significantly impacted operations across the Crown sector, the Crown corporations continued to deliver high-quality services and support economic activity that aligns with provincial goals. The system through which CIC provides this direction and monitors performance is discussed on page 10.



Included below are the focus areas in the CSSP:

Customer Focus

- Remain committed to providing timely, safe and reliable, high-quality products and services to the people of Saskatchewan.
- Through continuous improvements, identify innovative ways to deliver services more efficiently while keeping service levels high and rates as low as possible.
- Through collaborative efforts, meet increasing customer expectations and implement solutions to make it easier to do business in Saskatchewan.

Skilled Labour Force

- Build an inclusive workforce that promotes a culture of creativity, innovation and continuous improvement by attracting, retaining and developing skilled employees.
- Apply best practices in human resource strategies that reduce costs, promote collaboration and achieve effective performance at all levels within the organization.
- Operating as one-team, recognize and leverage the expertise available throughout the public sector in order to achieve strong outcomes for the Province.

Financial Sustainability

- Continue to identify and implement effective cost management opportunities while maintaining revenue growth and strong earnings to ensure reasonable returns to the Shareholder in the form of earnings and dividends.
- Maintain sustainable financial health, achieve strong operational outcomes and continue to manage compensation costs consistent with government direction.
- Focus Crown operations and investments within Saskatchewan.

**\$1.2
BILLION**
Dividends
paid to the GRF
over five years

Priority Investments

- Focusing on core business areas, target investment to enhance customer service and ensure financial sustainability, while stimulating economic growth and enhancing the quality of life for the people of Saskatchewan.
- Prudently manage infrastructure spending by prioritizing capital plans to ensure safety and reliability, financial flexibility and sustainability.
- Support investments that meet public policy objectives of the Shareholder, such as enhancing wireless connectivity in rural and remote areas.

Private Sector Engagement

- Continue to form partnerships and joint ventures with the private sector by leveraging expertise, innovation and investment capital to promote economic growth and strengthen the quality of life for Saskatchewan people.
- Through best value procurement practices and a focus on supplier development, promote Saskatchewan's economy while maximizing returns to the Province.

Technology & Innovation

- Continue to focus on Saskatchewan's environmental commitments by reducing emissions and climate change effects using innovative strategies that strengthen the resilience of the Province.
- Through innovative solutions, optimize service delivery and reduce costs for the people and businesses of Saskatchewan.
- Focus on security enhancements (e.g. cyber, physical and personnel) to protect the integrity of Crown operations while meeting the growing demands of customers.

The Right Balance

Throughout 2019-20, CIC has continued to challenge the Crown sector to redefine how services are delivered to the people of Saskatchewan. Through prudent fiscal management, prioritizing investments and collaboration efforts, the Crown sector supported the Province in achieving the right balance. Through targeted infrastructure investments that ensure safe, sustainable, high-quality services, the Crown sector continued to focus on meeting the needs of Saskatchewan people. Going forward, *Saskatchewan's Growth Plan: The Next Decade of Growth* will play a large role in defining the road map for the Crown sector, ensuring its alignment to government's priorities. The Crown sector will remain committed to the government's vision of building a strong Saskatchewan and will support the economic response and recovery of the province from the COVID-19 pandemic.

Operating Context

Providing Shareholder Direction & Performance Management

CIC communicates Shareholder direction to its subsidiary Crown corporations and monitors their performance against targets and measures approved by the CIC Board. The strategic and performance management framework ("the framework") demonstrates how strategic direction is relayed and performance is managed in the Crown sector.

Strategic Shareholder Direction

The first stage in the framework is the development of the CSSP. The CIC Board is responsible for establishing the CSSP and CIC leads the annual development. The CSSP articulate Shareholder expectations and provide medium- to long-term direction to the Crown sector. That direction is derived from the broader government vision, the annual provincial budget, consultation with government officials, and from key government documents, such as *Saskatchewan's Growth Plan: The Next Decade of Growth*. CIC ensures that the Crowns are working towards achieving the CSSP outlined on page 8.

Subsidiary Crown Corporation Plans

The second stage is the development of the subsidiary Crowns' corporate strategic plans, demonstrating alignment with Shareholder direction contained within the CSSP. Each subsidiary Crown prepares a comprehensive performance management plan that includes a balanced scorecard with measures and targets that link to the broad strategic directions established in the CSSP and its corporate strategic plan. Performance management plans are prepared by Crown management and reviewed by subsidiary Crown boards.

Performance Management Approval & Reporting

The third stage is consideration and approval of subsidiary Crown performance management plans by the CIC Board. Every year, the CIC Board evaluates each Crown's performance management plan for the upcoming year. In addition to approving the performance objectives and targets, the CIC Board also determines the capital allocation among Crown corporations for reinvestment, debt management and dividends. The CIC Board may provide further direction to a Crown prior to approving the final plan. Throughout the year, CIC monitors progress toward achieving each Crown's goals, with quarterly reviews and reports submitted to the CIC Board.

CIC's Strategic & Performance Management Framework

CIC Board Oversight

Strategic Shareholder Direction

- Crown Sector Strategic Priorities
- Public policy initiatives

Performance Management and Capital Allocation

- Alignment with Shareholder expectations
- Approval of performance management plans, including balanced scorecards and capital allocation

Subsidiary Crown Board Oversight

Crown Corporation Strategic Priorities

- Demonstrate alignment with Shareholder direction

Crown Corporation Performance Management Plans

- Development of performance management plans, including balanced scorecards and capital allocation plans

Crown Corporation Actions

- Business plan supporting balanced scorecard targets
- Execution of activities
- Distribution of capital within the Crown corporation

Quarterly Measurement & Reporting

Promoting Best Practices in Crown Sector Governance

CIC assists its subsidiary Crown corporation boards of directors in adapting and implementing leading corporate governance practices and standards as applicable to a public enterprise. In doing so, CIC:

- delivers centralized corporate secretarial and governance advisory services to the Crown boards;
- supports boards in identifying director skill sets required to function effectively;
- develops and implements assessment tools to assist Crown boards to improve performance; and
- sponsors a professional development training program leading to a director designation and general governance training to enhance overall board skills.

Communication of Shareholder Expectations

Open, timely and reliable communication between the Shareholder and each Crown board is essential to a successful governance framework and sound decision-making. CIC and its subsidiary Crown corporations have initiated several effective communication channels, including:

- regular meetings between the chairs of the Crown boards and senior CIC officials to discuss Shareholder priorities and share information regarding matters of mutual interest;
- annual meetings with the chairs of committees of the Crown boards to discuss initiatives and emerging trends that will impact the committee's area of responsibility;
- regular reports from the Crown board chairs to the CIC Board highlighting items of significance considered at the board level, major Crown initiatives and significant corporate risks;
- meetings between the CIC President & CEO and the board chairs and presidents of subsidiary Crown corporations; and
- on request, attendance by CIC senior officials at Crown board meetings to discuss matters of mutual interest.

Management Certification of Financial Statements

CIC and its subsidiary Crown corporations complete the CEO/CFO certification of financial statements. Crown sector CEO/CFO certification is similar to the certification policies implemented by the Canadian Securities Administrators for publicly listed companies. CIC works to ensure that the Crown sector follows best practices for publicly accountable companies.

Accountability & Transparency

CIC has developed a comprehensive performance assessment system applicable to each of its subsidiary Crown boards. Evaluations are conducted on a three-year cycle, with some aspects of performance evaluated annually. In 2019-20, all Crown boards administered board and board chair evaluations. Evaluations are conducted by online surveys, and follow-up interviews are done with individual directors where necessary to clarify responses. Each Crown board is responsible for developing an action plan to address the results of the performance evaluations. The evaluation results are maintained at CIC.

Conference Board of Canada Governance Rating

The Conference Board of Canada (CBoC) maintains a database that allows boards to benchmark their performance and governance practices against those of selected leading comparator boards in the public and private sectors in Canada (the "Index"). The Index rates organizations on a scale of 1 to 100, where an organization scoring 75 or above is considered to have a high level of governance performance. CIC Crown boards have consistently scored as high performing organizations over the 20 years that these assessments have been undertaken. CIC has used the Index to gain an external perspective on the governance practices of its subsidiary Crown boards. The next survey will be conducted in 2021-22.

Board Professional Development

CIC is committed to providing the members of its subsidiary Crown boards with the education necessary to effectively discharge their responsibilities. CIC has sponsored governance training programs for members of the subsidiary Crown boards beginning in 1998. From 2009 to 2016, CIC offered The Directors College Chartered Director Certification Program to directors, which led to designation as a chartered director for those who completed all of the modules and passed the qualifying exam. In 2017, CIC partnered with the Institute of Corporate Directors (ICD) to enable eligible directors to take the ICD's Director Education Program and receive an ICD.D designation. The ICD program was offered in Saskatchewan in 2019-20 and 12 Crown directors enrolled. CIC also sponsored one educational opportunity available to all directors on Indigenous Cultural Awareness. The next Saskatchewan ICD program will be offered in 2021-22. CIC will sponsor governance sessions in 2020-21 to assist directors who have obtained a professional designation to help satisfy their continuing education requirements and to provide new directors with knowledge of good governance principles and practices.

Diversity and Subsidiary Crown Corporation Board Appointments

The government remains committed to enhancing diversity and achieving gender equity on CIC subsidiary Crown boards of directors. As at March 31, 2020, Crown boards are comprised of 50 per cent female representation, with five boards having 50 per cent or more women. There are three female chairs and four female vice chairs, including the first Indigenous female appointed to a vice chair position. Indigenous representation has doubled from 5 per cent to 10 per cent since 2016-17, and, in 2016-17, the Shareholder appointed the first Indigenous person to serve as chair of a CIC subsidiary Crown board. The representation of visible minorities on Crown boards has doubled from 5 per cent to 10 per cent since 2016-17.

50% of CIC subsidiary Crown board members are women.

10% are Indigenous.

10% are members of a visible minority.

Enterprise Risk Management (ERM)

CIC and its subsidiary Crown corporations follow the Enterprise Risk Management (ERM) Minimum Standards Policy that either meets or exceeds corporate governance best practices and public sector accountability and transparency requirements. ERM involves:

- identifying risks and opportunities;
- analyzing and quantifying risk impact;
- assessing and prioritizing risks;
- establishing strategies for controlling risk and/or capitalizing on opportunities; and
- monitoring and reporting.

The ERM process focuses attention on the risks that are most important to the achievement of Crown sector objectives. It also identifies opportunities and innovations leading to redundancy eliminations, internal control and operational process efficiency improvements, and the effective use of limited human and financial resources.

In compliance with the sector-wide minimum standards policy, the management and board of directors of each subsidiary Crown corporation, together with CIC, are independently responsible for ERM processes specific to their operations.

Risk tolerance is determined independently by Crown management and approved by the board of each Crown corporation. In assessing risk tolerance, consideration is mainly given to mandate, financial, legal/regulatory, reputational and operational impacts and likelihoods. In order to address overall risk tolerance limits, a risk assessment rating is established above which specific actions are required to be taken, thereby ensuring that the highest-ranked risks are sufficiently managed.

Each subsidiary Crown corporation demonstrates alignment of ERM results with strategic business planning through the annual performance management process. Performance management plans are approved by both the subsidiary Crown corporation board and the CIC Board. Progress against the plan is reviewed and approved by the subsidiary Crown corporation board and the CIC Board through quarterly reporting.

A detailed discussion of ERM results specific to each subsidiary Crown corporation is included in the respective Crown annual report that is released to the public. Summarized results are included in the subsidiary profiles on pages 54 to 69 in the Consolidated MD&A section of this report.

CIC's Risk Assessment Strategy

Successful execution of CIC's corporate strategy and achievement of the business plan requires an understanding of the associated risks within the environment in which the corporation operates. In order to understand risks associated with the corporation, CIC risk management staff work with senior management to identify business risks inherent to the corporation and establish what, if any, mitigating processes and controls exist to reduce the inherent risk.

After identification of risks and establishment of the controls and mitigating factors, risk registers are updated. The registers rank risks based on likelihood of occurrence and severity of the occurrence once mitigating controls or processes are taken into account. Once established, the executive determines the risk tolerance and decides whether to accept, further mitigate, transfer, or avoid the risk. This can lead to identification of opportunities and strategies to either close gaps or to reallocate resources from areas that are considered over mitigated. CIC reports annually to its Board on its ERM.



Risk Overview

CIC ranks the ten most significant risks on its risk register and has determined the following three risks are the most significant:

1. Inability of the Crown sector and CIC to achieve financial stability, sustainability and provide sufficient returns.

CIC provides dividends to the GRF. There is a risk that exists from policy and financial decisions made by CIC and/or its subsidiary corporations which could impact CIC's ability to provide dividends to the GRF. This risk is mitigated through the approval of subsidiary performance management and capital allocation plans, regular quarterly reporting, forecasting, policies over investing activities, and oversight of subsidiary corporations by highly qualified, independent boards.

2. Changes in the external environment (political, weather, economic) result in financial or human capacity issues, ineffective sector communications, and ineffective advice to the CIC Board.

The Crowns incorporate Shareholder priorities in each individual performance management and resource management plan. Changes in the external environment and government direction could result in insufficient financial and human capacity. This risk is mitigated by incorporating the CSSP into annual performance management and capital allocation plans, which are approved by the CIC Board. CIC officials meet regularly with government, Crown board chairs and Crown officials to ensure direction from government is well understood and implemented.

3. Operational delays or loss of information as a result of cyber security breaches.

Businesses throughout the world are having to address the rising risk of cyber security breaches that can cause operational delays or loss of information. To mitigate this risk, CIC implemented a disaster recovery plan with offsite continuous back-up at the third party IT service provider that has industry leading security and firewall protection. Disaster recovery is tested annually to ensure information is accessible in the event of a disaster. Daily, weekly, monthly and annual back-ups are completed. CIC's third party IT service provider regularly updates anti-virus and anti-spam software.

Promoting Best Practices in Crown Sector Disclosure

Conference Board of Canada Reporting & Disclosure Review

CIC engages the CBoC to conduct reviews of the reporting and disclosure practices of CIC and its subsidiary Crown corporations. These reviews:

- update a best practices model to reflect the latest standards of reporting, accountability and governance of corporations in both the private and public sectors;
- evaluate the reporting and disclosure practices of Saskatchewan's Crown corporations through a review of their annual reports against the best practices model; and
- provide CIC with performance reports of each Crown corporation in comparison to the best practices model and relative to benchmarked comparable private companies and Crown corporations.

The CBoC review takes place on a biennial basis and results are reflected in CIC's balanced scorecard. The most recent CBoC review was conducted in the fall of 2018 on CIC's and the subsidiary Crown corporations' 2017-18 annual reports. This review resulted in the Crown sector receiving a rating of "A-".

Policy & Programming on Behalf of the Shareholder

CIC's role includes centralized administration of select government initiatives and programs, including:

- Saskatchewan Immigrant Investor Fund Inc. (SIIF), a corporation established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF used IIP funds to deliver the HeadStart on a Home program that assisted municipalities, builders and developers in building affordable entry-level housing in Saskatchewan communities. The Government of Canada announced it will no longer be accepting IIP funds. Therefore, the HeadStart on a Home program is in a wind-down phase;
- First Nations and Métis Fund Inc. (FNMF), a venture capital fund focused on Indigenous businesses. FNMF is in a wind-down phase;
- Indigenous Bursary Program, provides financial assistance to Indigenous post-secondary students to support building a skilled and inclusive labour force;
- Indigenous Cultural Awareness Program, provides training for Crown employees covering Indigenous history, reconciliation and relationship building techniques; and
- CIC is the plan sponsor of the Capital Pension Plan, a registered pension plan that includes private and public members.

Saskatchewan Rate Review Panel

The Saskatchewan Rate Review Panel (Panel) advises the Government of Saskatchewan on rate applications proposed by SaskEnergy, SaskPower and the Saskatchewan Auto Fund. The Panel reviews each rate application and provides an independent public report on its assessment about the fairness and reasonableness of the rate change, while balancing the interests of the customer, the Crown corporation and the public. The provincial Cabinet makes the final decision on rate change requests. CIC acts as a liaison between the Panel and the government as required. In this role, CIC may provide the Panel with assistance, guidance and oversight to fulfill its mandate. The members of the Panel during 2019-20 included:

- Albert Johnston, Chair
 - Delaine Barber, Vice Chair
 - Glenn Dutchak, Member
 - Daryl Hasein, Member
- Kim Hartl, Member
 - Duane Hayunga, Member
 - Steve Kemp, Member

For more information, visit the Panel’s website at www.saskratereview.ca.

Achieving a Balanced Approach to Shareholder Return

CIC is focused on providing a reasonable return to the Province. This priority must be balanced with its public policy initiatives, reinvestment in sustaining infrastructure, and providing high quality public services for the lowest possible cost.

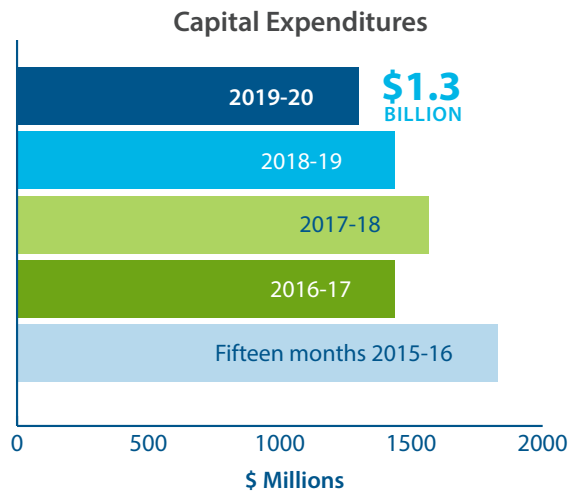
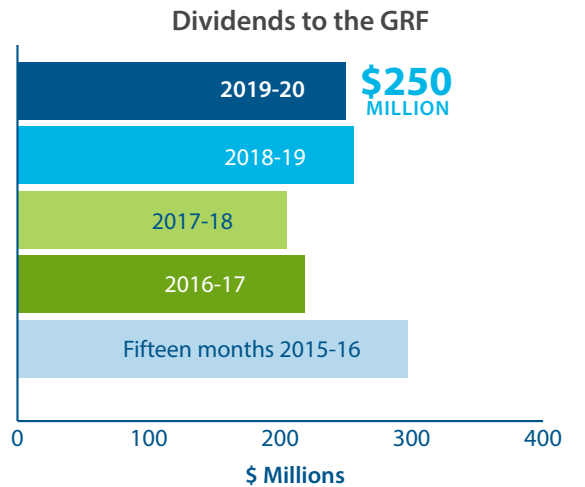
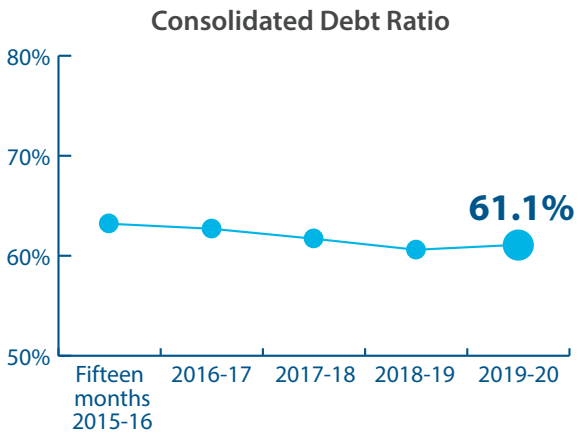
CIC monitors the financial performance of the CIC Crown sector to ensure that financial targets are achieved in the current year and that the financial sustainability of the CIC Crown sector is maintained for the future. This includes important functions such as:

- providing analysis and recommendations on Crown sector earnings;
- ensuring CIC Crown corporations have sufficient capital available to maintain and/or expand existing infrastructure;
- examining capital structures of CIC Crown corporations (generally consisting of debt and equity) to maintain financial health; and
- forecasting available cash flows over the planning horizon to analyze and advise on future dividend payments and equity repayments to the General Revenue Fund (GRF).

All decisions that impact financial resources, such as dividends from the CIC Crown sector, dividends and equity repayment to the GRF, or funding of a public policy initiative, are assessed within the context of financial self-sufficiency, while contributing to the government’s priorities for the CIC Crown sector.

CIC continues to prioritize maintaining sustainable debt levels while re-investing in infrastructure, as well as providing a return to the Shareholder. During 2019-20, CIC’s allocation of financial resources included the following:

- support of public policy initiatives;
- declaration and payment of dividends to the GRF of \$250 million;
- an equity repayment to the GRF of \$100 million; and
- authorizing capital spending plans of subsidiary Crown corporations that resulted in capital expenditures of \$1.3 billion to meet the reinvestment requirements of a growing province.



Help stop bullying.

Be Kind Online is an initiative to bring awareness and education to cyberbullying and cyber safety. It is also a reminder that everyone has an obligation to monitor their online behaviour and share in the opportunity to spread positivity.

The Ministry of Education has partnered with **SaskTel Be Kind Online** to provide grants of up to \$1,000 for youth-led initiatives to address bullying and cyberbullying within the Province of Saskatchewan. The goal is to empower youth to take action in their communities to spread kindness, positivity, and connectedness. The grant provides youth the opportunity to collaborate with others to find solutions to stop bullying and inspire others to do the same.



SaskTel
Be kind
online

Managing Capital Resources

CIC has a diverse range of holdings. A key priority for CIC is to manage the capital resources employed within the consolidated group of entities to optimize value in the Crown sector and provide a return to the Province's GRF.

CIC manages this priority through its capital allocation framework, which is based on two integrated policies: the CIC Subsidiary Dividend Policy and the CIC Dividend Policy. These policies are based on the principle that there are three potential uses for cash flows:

- **Reinvestment** – to sustain infrastructure and operations, to grow and diversify revenues, and support public policy initiatives and economic development;
- **Debt reduction** – to support financial flexibility; and
- **Dividends to the holding company** – to be used in accordance with the CIC Subsidiary Dividend Policy.

An additional potential use for cash flow is **equity repayments**. Equity repayments are a return of the government's investment in the Crowns. Unlike dividends, they occur infrequently, generally following asset sales or during times of stable or lower capital needs. These payments are used to support public policy needs. Crowns do not have share capital structures, and when Crowns were established, cash injections (called equity advances) were provided through CIC. Equity advances were also provided to the Crowns to support capital investment.

CIC Subsidiary Dividend Policy

The CIC Subsidiary Dividend Policy focuses on managing capital resources to support the investment needs and business viability of the various business segments over the medium term. The policy ensures that the investments provide a return to Saskatchewan residents in support of programs paid for from the GRF. Each commercial Crown's ability to pay dividends is determined after the CIC Board allocates a portion of cash profits to reinvestment and debt reduction, if required. The CIC Board has approved debt and capital structure targets for CIC's subsidiaries based on industry benchmarks. Therefore, for subsidiaries that pay dividends, the amount paid is determined in relation to the target capital structure compared to the actual capital structure.

Capital Structures of Subsidiary Corporations

The following table summarizes the target capital structure of CIC's subsidiary corporations that declared dividends to CIC in 2019-20. Capital structure targets are based on industry benchmarks where possible and are approved by the CIC Board.

	Capital Structure Measure	Capital Structure Target	2019-20 Actual Capital Structure	2019-20 Dividend Payout Rate ¹
SaskPower	Debt Ratio	60.0% - 75.0%	72.6%	10%
SaskTel	Debt Ratio	<55.0%	47.8%	90%
SaskEnergy	Debt Ratio	58.0% - 63.0%	57.7%	35%
SGI CANADA ²	Minimum Capital Test	242.0%	242.0%	N/A
SGC	Debt/Equity	TBD ³	16.7%	66% ⁴
SOCO	Debt Ratio	60.0%	22.7%	90%
SaskWater	Debt Ratio	60.0%	50.0%	50%

¹ Dividend payout rates are approved by the CIC Board annually. While payout rates are typically based on a percentage of earnings from operations, various factors may lead to an amount being set on an alternative basis. Where a percentage payout has not been established ("N/A"), the CIC Board has approved a specific dollar amount. In 2019-20, the SGI CANADA dividend was set at \$48 million, subject to alignment with the minimum capital test (MCT) target.

² MCT is an indicator of financial flexibility used in the insurance industry.

³ Previous to 2017-18, SGC's capital structure target was a Debt to EBITDA of 25 per cent. In line with other subsidiary Crown corporations, this will be changed to a debt ratio with the long-term target to be determined (TBD) and approved by the CIC Board in 2020-21.

⁴ On the advice of Saskatchewan Health Authority and the Chief Medical Health Officer, SGC suspended operations on March 16, 2020 until further notice. As a result of the casino closures, the CIC Board authorized cancelling SGC's fourth quarter dividend payment.

CIC Dividend Policy

In a similar way, cash paid by subsidiary Crown corporations is used by CIC for reinvestment and dividends to the GRF. CIC, as the holding company, does not have any debt. As well, CIC uses cash from Crown dividends to support public policy initiatives. In 2019-20, CIC allocated \$100 million in cash from Crown dividends to the GRF in the form of an equity repayment and \$257.6 million of capital per the CIC Dividend Policy as follows:

Reinvestment and Public Policy Expenditures:

- \$80,000 to INROADS;
- \$535,000 to the Indigenous Bursary Program; and
- \$7.0 million to SIIF.

Debt Reduction:

- No funds were used for debt repayment. CIC (separate) does not carry debt.

Dividend:

- GRF dividend of \$250.0 million.

\$535,000

Invested into the
Indigenous Bursary
Program in 2019-20.

CIC's ability to pay dividends to the GRF depends mainly on the level of Crown dividends paid to CIC, less CIC's grants for public policy programs and operating costs (see page 147 in the CIC Separate MD&A section of this report for more detail on CIC's operating costs). Crown dividend levels depend on earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings (a company's retained earnings are the aggregate amount of undistributed earnings since its inception). CIC's earnings, and hence dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown earnings forecasts.

Liquidity

CIC and its subsidiary Crown corporations borrow from the GRF, which in turn, borrows in the capital markets. With strong credit ratings, the GRF has ample access to capital for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings (as at March 31, 2020)

Moody's Investor Service (Moody's)	Aaa
Standard & Poor's (S&P)	AA
Dominion Bond Rating Service (DBRS)	AA

There are three credit rating agencies in Canada that evaluate and rate the credit worthiness of the Province's sovereign debt. Credit worthiness affects the interest rate at which the Province, including the CIC Crown sector, can borrow. As the credit ratings improve, the interest rates at which the Province can borrow decrease; thereby, reducing the cost of borrowing.

Enhancing Accountability

CIC continues to advance its financial reporting practices in support of transparency and accountability. Examples of current practices to facilitate accountability include:

- quarterly reports for CIC (Consolidated and Separate) and its subsidiary Crown corporations, available to the public via CIC and Crown corporation websites;
 - quarterly reporting on CIC and subsidiary Crown corporation performance, provided to the CIC Board;
 - disclosure of budget information in the government's Summary Financial Plan;
 - detailed disclosure of CIC and its subsidiary Crowns' payments via Payee Disclosure Reports on CIC's website;
 - within the annual reports, comparisons of subsidiary Crown corporation results to business plan targets;
 - providing internal audit services to certain subsidiary Crown corporations;
 - requiring CEO/CFO certification of internal controls over financial reporting; and,
 - ensuring appropriate and consistent risk management frameworks for all CIC subsidiary Crown corporations.
- CIC continuously evaluates new standards and leading practices for financial reporting and corporate governance.

Financial reports are available on CIC's website at https://www.cicorp.sk.ca/publications/cic_corporate.

Corporate Social Responsibility

CIC has long been committed to giving back to the community and the people of Saskatchewan. CIC's Corporate Sponsorship Policy supports organizations, events, programs, activities and projects across Saskatchewan that:

- align with CIC's business, policies, programs and/or services;
- support education, emerging health or social needs, or cultural education and reconciliation; and/or
- support programs aimed at bettering life opportunities for disadvantaged people, children and youth, Indigenous people, visible minorities or women in non-traditional roles.

Although cost restraint impacted CIC's ability to provide sponsorships in 2019-20, the Corporation provided approximately \$27,000 in direct sponsorship to support organizations across the province.

In addition to direct sponsorships, CIC continues to fund the Indigenous Bursary Program. CIC remains committed to its community and will continue to support opportunities that enable a high quality of life for Saskatchewan people. In 2017, CIC and the four large subsidiary Crowns renewed their commitment to STARS Saskatchewan for \$10 million over five years (\$2 million per year). This follows the original commitment made in 2012 for \$10 million.

Crown Social Responsibility

Social responsibility is a core priority for the Crown sector. The Crown corporations deliver safe and reliable services, focus on investments that meet public policy objectives, and build and maintain infrastructure to ensure a high quality of life for Saskatchewan people today and into the future.

In CIC's role of oversight, it also monitors subsidiary Crown spending in the area of sponsorships and donations to ensure that financial and in-kind support is being distributed and used appropriately in a coordinated and equitable fashion.

Environmental Sustainability

In 2019-20, CIC started an initiative to reduce its environmental footprint and demonstrate corporate environmental leadership. This initiative, led by the Eco-Impact Team comprised of CIC staff volunteers, began by reviewing CIC's existing efforts, promoted environmental awareness, implemented new battery and pen recycling stations, and ensured recycling stations were well labeled. The Eco-Impact Team encourages staff to continue doing their part for the planet including reducing the use of plastics and chemicals, reconsidering consumption of certain goods and services, re-using and re-purposing wherever possible, and recycling. Even small changes have an impact in the long-term.

The Eco-Impact Team helps CIC staff to not only become more mindful of the corporation's environmental footprint, but also the footprint caused by similar habits at home.

On a provincial scale, the Crown sector is committed to the government's environmental goals as outlined in *Prairie Resilience: A Made-in- Saskatchewan Climate Change Strategy*. To reinforce this commitment, the CSSP direct the Crown sector to prioritize research and development related to innovative and renewable technologies to help protect the environment, reduce emissions and climate change effects, and monitor achievement of regulatory standards. By implementing renewable energy power generation, maximizing the use of clean fuels and continuing carbon sequestration, the Crown sector will contribute to reducing overall greenhouse gas emissions. Where subsidiary Crown corporation operations have a large impact on the environment, particularly through greenhouse gas emissions, CIC Board approved targets for emissions reductions are included on balanced scorecards.

CIC's Eco-Impact Team

was created in 2019-20 to reduce the organization's environmental footprint and demonstrate corporate environmental leadership across the Crown sector.

Since 2012, STARS has flown
6,000 Saskatchewan missions.



*CIC, SaskPower, SaskTel, SGI and SaskEnergy are in their 2nd year of a five-year commitment to **STARS** (Shock Trauma Air Ambulance Services). This is the 2nd multi-year term for CIC and the large subsidiary Crowns providing support to STARS.*

We are proud to contribute to the over 880 missions flown from STARS Saskatchewan bases in 2019-20 to provide life-saving services to the people of the province.



Photo © Roy Antal, Lyle Aspinall |
STARS Air Ambulance





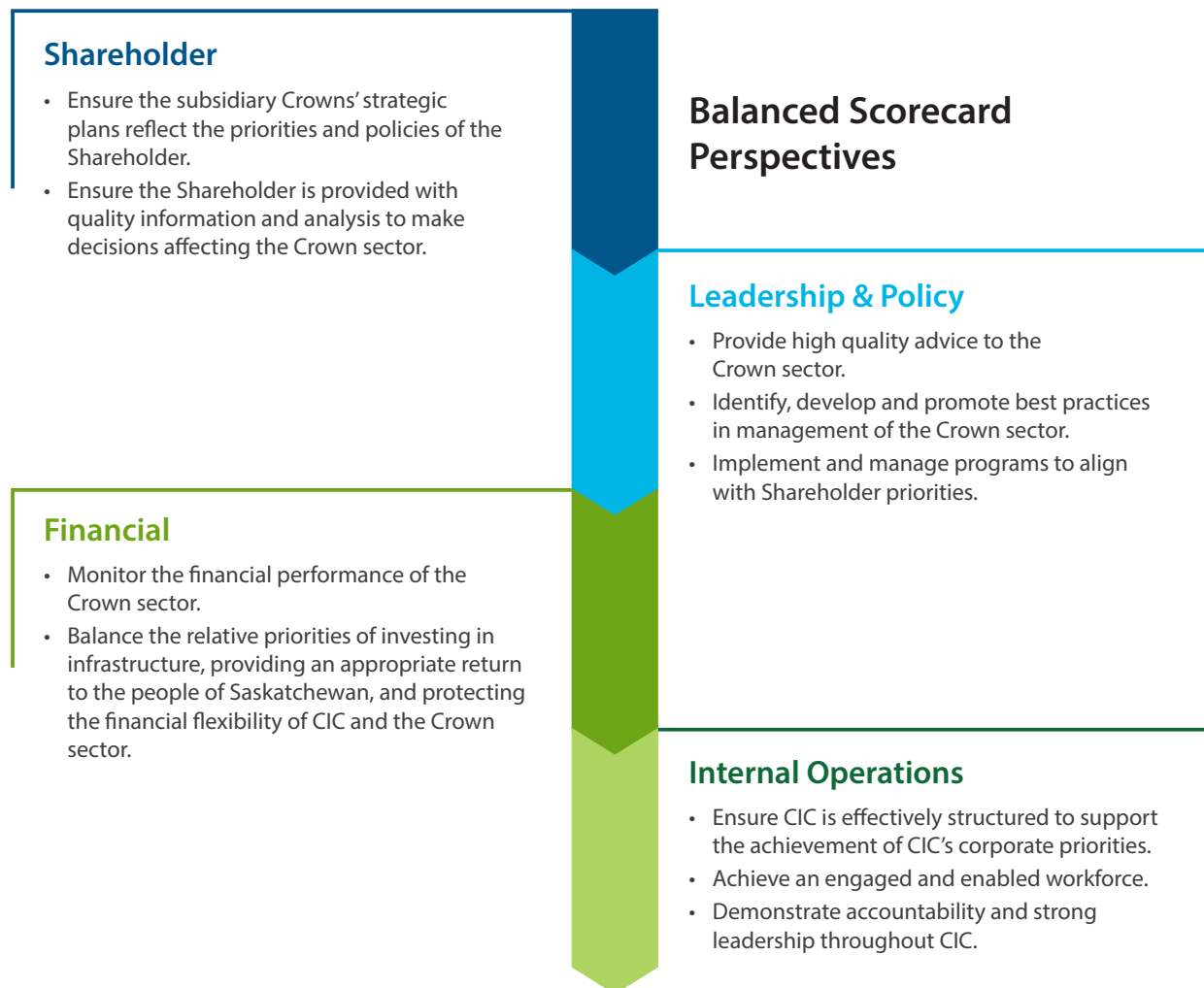
Saskatchewan Opportunities Corporation (SOCO) remains committed to good corporate citizenship while helping grow Saskatchewan's technology sector. Business decisions and activities are guided by three corporate social responsibility principles.

***Economic sustainability** is reflected in efficient internal operations and supportive business relationships with tenants and partners. **Environmental sustainability** is showcased in our exceptional building design, eco-friendly landscapes and responsible business practices. **Social responsibility** is demonstrated in our sponsorships and support of tenant, technology and community activities.*

Corporate Performance

2019-20 Balanced Scorecard & Performance Discussion

CIC uses a widely accepted performance measurement system known as the balanced scorecard. This system is used to establish, communicate and report on key corporate performance targets in a standardized and concise format. The CIC Board is provided with quarterly progress reports on the corporation's performance relative to targets. CIC's 2019-20 scorecard contains four perspectives: Shareholder, Leadership & Policy, Financial, and Internal Operations. Through the performance management system, CIC monitors its success in achieving its strategic objectives and implementation of the Crown Sector Strategic Priorities (discussed on pages 8 and 9) throughout the Crown sector. Performance results for 2019-20 are for the twelve-month period ended March 31, 2020.



Statement of Reliability

I, Blair Swystun, President and Chief Executive Officer of Crown Investments Corporation of Saskatchewan, and I, Cindy Ogilvie, Vice President and Chief Financial Officer of Crown Investments Corporation of Saskatchewan, certify that we have reviewed the balanced scorecard performance results included in the annual report of Crown Investments Corporation of Saskatchewan. Based on our knowledge, having exercised reasonable diligence, the performance results included in the annual report, fairly represent, in all material respects, CIC's performance results as of March 31, 2020.

Blair Swystun, CFA
President & CEO

Cindy Ogilvie, CPA, CA
Vice President & CFO

Shareholder

Balanced Scorecard¹

Strategic Objective	Performance Measure		2018-19 Results	2019-20 Target	2019-20 Results
Provide expertise and guidance to support the Shareholder	S1	Performance assessment by CIC Board ²	● 4.0	≥4.2	● 3.6
Effectively provide Shareholder direction to the Crown sector	S2	Performance assessment by CIC Board ²	● 3.7	≥4.0	● 3.2
	S3	Performance assessment by Crown Boards ²	● NRY ³	≥4.3	● 4.1

¹ Forward looking performance targets are typically included in CIC's annual reports. 2020-21 performance targets are not available due to the uncertainty created by the COVID-19 pandemic, which impacted the ability to finalize targets for inclusion in this report.

² Based on a five-point rating scale.

³ Non-reporting year.

Performance Indicator Key:

● Exceeds Target >120% | ● On Target 95% - 120% | ● Slightly Off Target <95% | ● Off Target <80% | ● Not Reported This Period













2019-20 Performance Discussion

CIC's balanced scorecard includes a performance assessment by the CIC Board, which is conducted through a survey of all Board members. The survey provides important feedback to CIC on the quality and effectiveness of CIC's services to the CIC Board. These stretch targets were set to maintain strong performance during particularly challenging economic and fiscal times. The results of the CIC Board survey were not as high as in past years, and below targets, indicating some opportunity for review and improvement. CIC will continue to work with its Board to meet the expectations and needs such that the Board can effectively execute its role in overseeing the Crown sector.

CIC provides strategic Shareholder direction to the Crowns primarily through the CSSP which are incorporated into strategic and operational plans. This is further enhanced by regular communication with Crown boards and management groups. The performance assessment by Crown corporation boards is typically conducted through an annual survey. The survey provides confirmation where CIC is performing well and identifies opportunities where improvements can be made. A new survey provider administered the survey in 2019-20. The results indicate that CIC rates highly in providing Shareholder direction to the Crown sector. CIC will conduct a refresh of the survey questions in 2020-21 to further enhance the quality of information received, thereby enhancing CIC's ability to put actions in place to address feedback.

Leadership and Policy

Balanced Scorecard

Strategic Objective	Performance Measure		2018-19 Results	2019-20 Target	2019-20 Results
Implement key strategic public policy and programs aligning with Shareholder priorities	LP1	Crown sector efficiency initiatives – EBITDA/Revenue ¹	 32.7%	35.1%	 33.4%
	LP2	Oversight of public policy programs and initiatives	 80%	Achieve 100% of program deliverables	 106%
Provide an effective performance management process to the Crown sector	LP3	Performance assessment by Crown executives ²	 NRY	≥3.8	 3.4
Effectively provide policy and procedural advice and support to the Crown sector	LP4	Performance assessment by Crown executives ²	 NRY	≥4.0	 3.8
Advance best practice standards within the Crown sector	LP5	Governance rating: Benchmarking by the Conference Board of Canada (CBoC) ³	 76	NRY	 NRY
	LP6	Reporting and disclosure rating of Crown sector Annual Reports – Benchmarking by the CBoC	 A-	NRY	 NRY

¹ EBITDA/Revenue=earnings before interest, taxes, depreciation, and amortization/total revenue.

² Based on a five-point rating scale.

³ Based on a 100-point rating scale.

Performance Indicator Key:

 Exceeds Target >120% |  On Target 95% - 120% |  Slightly Off Target <95% |  Off Target <80% |  Not Reported This Period

2019-20 Performance Discussion

CIC Crown corporations operate in a challenging environment that includes economic and competitive pressures, as well as the emergence of the COVID-19 pandemic in 2019-20 and its economic and business impacts. This operating environment has contributed to a heightened focus on efficiency and collaboration in the Crown sector. Efforts on cost restraint continue to focus on controllable spending while ensuring resources remain available for continued investment in growth opportunities. Significant effort is also being put into identifying and acting on opportunities for Crown corporations to collaborate and work with executive government to enhance processes and services across government. These efforts contribute to Crown sector EBITDA/ revenue being largely in line with target in 2019-20 and improved from 2018-19, indicating that the Crown sector is continuing to manage the amount of operating expenses required to generate revenue. A detailed discussion of consolidated financial performance is provided in the Consolidated Management Discussion and Analysis (MD&A) beginning on page 39.

Public policy programs and initiatives were successful. Throughout the year, the targeted 20 INROADS placements took place, and the Indigenous Bursary Program awarded 77.5 bursaries, exceeding the target of 65. Three of the four scheduled Indigenous Cultural Awareness Program workshops hosted by CIC for the Crown sector employees took place, with the fourth session being cancelled due to the COVID-19 public health restrictions.

Crown executives evaluate CIC on effectiveness, quality and value in areas related to the performance management system, provision of Shareholder direction, and consultation and support in areas such as human resources, legal, communications, and finance. The 2019-20 results indicate Crown executives generally hold a positive perception of CIC in the provision of policy and procedural advice; however, softening was noted in feedback on the performance management process. The feedback received from the Crowns was considered and some recommended improvements were integrated into CIC's business plan, including meeting earlier and more frequently with Crowns to discuss annual business plan development, ensuring sufficient time for collaboration on documentation finalization and enhancing performance management forums to be more valuable to attendees.

CIC uses benchmarking to gain expertise and an external perspective on its application of best practice standards in governance, reporting and accountability. 2019-20 was a non-reporting year for the CBoC governance review and reporting and disclosure review of Crown sector annual reports.

Financial

Balanced Scorecard

Strategic Objective	Performance Measure		2018-19 Results	2019-20 Target	2019-20 Results
Ensure that the Crown sector is financially sustainable and provides an appropriate return to the people of Saskatchewan	F1	CIC dividend and equity repayments to the General Revenue Fund	● \$256.0M	\$350.0M	● \$350.0M
	F2	Consolidated return on equity (ROE) target	● 9.9%	9.5%	● 7.6%
	F3	Consolidated debt ratio	● 60.6%	61.8%	● 61.1%

Performance Indicator Key:

● Exceeds Target >120% | ● On Target 95% - 120% | ● Slightly Off Target <95% | ● Off Target <80% | ● Not Reported This Period

2019-20 Performance Discussion

CIC measures and monitors the Crown sector's financial health to ensure sufficient financial capacity to provide the infrastructure and high quality services that Saskatchewan people demand. These elements are present in the CSSP. A detailed discussion of consolidated financial performance is provided in the MD&A beginning on page 39, with a summary overview provided below.

In 2019-20, CIC provided \$250.0 million in dividends and \$100 million in equity repayments to the Shareholder. Dividends and equity repayments from CIC directly contribute to government priorities such as health care, education and provincial infrastructure.

Crown sector consolidated earnings were \$435.4 million, resulting in an ROE of 7.6 per cent. The decrease in ROE was primarily due to reduced earnings at SaskPower, SaskTel, SaskEnergy, SGI CANADA and SaskGaming, driven in large part by weaker economic conditions. This was partially offset by higher earnings at SaskWater, driven in large part by lower than planned capital expenditures and overall lower expenses.

Despite the softened economy, the continued demand for Crown services, combined with rapidly changing technology and aging infrastructure, required borrowing to fund the Crown corporations' capital programs. The consolidated debt ratio finished the year in line with target. Subsidiary Crown debt ratios are comparable to industry levels and are monitored to ensure sustainability.

Internal Operations

Balanced Scorecard

Strategic Objective	Performance Measure		2018-19 Results	2019-20 Target	2019-20 Results
Advance best practices in CIC's reporting and disclosure	IO1	Meet financial and performance reporting requirements	● Quarterly and annual reports released on time	Quarterly and annual reports released on time	● Achieved
	IO2	Reporting and disclosure rating of CIC's Annual Report: Benchmarking by the CBoC	● "A" rating on CIC 2017-18 Annual Report	NRY	● NRY
Prudent management of corporate resources	IO3	CIC operating expenditures	● 15.1% below budget	Within budget	● 9.8% below budget
Promote employee effectiveness and corporate success	IO4	Employee engagement	● Deferred due to fiscal restraint	NRY	● NRY
	IO5	Employee enablement	● Deferred due to fiscal restraint	NRY	● NRY

Performance Indicator Key:

● Exceeds Target >120% | ● On Target 95% - 120% | ● Slightly Off Target <95% | ● Off Target <80% | ● Not Reported This Period

2019-20 Performance Discussion

2019-20 was a non-reporting year for the CBoC reporting and disclosure review of CIC's Annual Report. CIC continues to work to achieve best practice in financial reporting and on the implementation of areas identified for improvement in the previous review. Over the past two years, these improvements have included enhanced discussion in the annual report on environmental sustainability and actions undertaken within the year to ensure employee understanding of the policies.

CIC operating expenditures were 9.8 per cent below budget in 2019-20, consistent with government priorities on efficiency and cost management. Operating expenditures for 2019-20 were \$11.3 million, \$1.2 million below budget. This was primarily due to cost restraint activities and reduced salary and benefit costs from staff vacancies.

2019-20 was a non-reporting year of a two-year cycle for CIC's employee survey. However, during the year, CIC continued to focus on the areas identified through prior year results and feedback for improvement, implementing new strategies where appropriate to support strong employee engagement and enablement. CIC will conduct an employee survey in 2020-21.

Rationale for Selection of Performance Measures

Strategic Objective	PM Code	Rationale for Selection of Performance Measures (PM)
Provide expertise and guidance to support the Shareholder	S1	Provides for direct assessment by the CIC Board on the relative performance of the holding company in providing expertise and guidance to support the Shareholder.
Effectively provide Shareholder direction to the Crown sector	S2	Provides for direct assessment by the CIC Board on the relative performance of the holding company in providing Shareholder direction to the Crown sector.
	S3	Provides for direct assessment by the Crown boards on the relative performance of the holding company in providing Shareholder direction to the Crown sector.
Implement key strategic public policy and programs aligning with Shareholder priorities	LP1	To monitor Crown progress towards achieving government's priority on efficiency. Measures the efficiency of revenues in generating profit in the Crown sector.
	LP2	Focuses on CIC's role in the leadership and oversight of public policy programs and initiatives, aligning with Shareholder priorities.
Provide an effective performance management process to the Crown sector	LP3	Provides for direct assessment by Crown sector executives on the relative performance of the holding company in providing an effective performance management system.
Effectively provide policy and procedural advice and support to the Crown sector	LP4	Provides for direct assessment by Crown sector executives on the relative performance of the holding company in providing effective policy and procedural advice and support to the Crown sector.
Advance best practice standards within the Crown sector	LP5	Benchmarking Crown sector governance to industry standards or best practices by an independent 3 rd party.
	LP6	Benchmarking Crown sector reporting and disclosure to industry standards or best practices by an independent 3 rd party.
Ensure that the Crown sector is financially sustainable and provides an appropriate return to the people of Saskatchewan	F1	Provide an appropriate return to the Shareholder in an amount directed by the Shareholder.
	F2	Indicates the level of profitability across the Crown sector by measuring Crown sector returns as a percentage of the average equity in the Crown sector. Although the measure cannot be benchmarked to industry on a consolidated basis, results can be compared year over year.
	F3	Indicates the level of financial flexibility in the Crown sector by measuring Crown sector debt as a percentage of capital (debt plus equity) in the Crown sector. Higher ratios indicate increased debt burden which may impair the Crown sector's ability to withstand downturns in revenues and still meet fixed payment obligations. Although the measure cannot be benchmarked to industry on a consolidated basis, results can be compared year over year.
Advance best practices in CIC's reporting and disclosure	IO1	Release of financial and performance reporting is governed by policy, and in some cases, such as CIC's Annual Report, by legislation.
	IO2	Benchmarking CIC reporting and disclosure to industry standards or best practices by an independent 3 rd party.
Prudent management and control of corporate resources	IO3	CIC is given the authority to make expenditures within the operating budget as approved annually by the CIC Board.
Promote employee effectiveness and corporate success	IO4	CIC employee engagement is benchmarked against other corporate entities and is monitored through surveys conducted by an independent 3 rd party.
	IO5	CIC employee enablement is benchmarked against other corporate entities and is monitored through surveys conducted by an independent 3 rd party.

Stakeholder Feedback Process

To maintain and improve the value it provides its stakeholders, CIC undertakes a stakeholder feedback process. Each stakeholder group is surveyed regarding the value of the functions performed by CIC. The key strategic stakeholder groups for CIC include:

- CIC Board of Directors (as the representative of the Shareholder to ensure mandates and activities are consistent with the interest and intent of government);
- subsidiary Crown boards of directors (as the stewardship body with fiduciary duty to the Crowns' operations); and
- subsidiary Crown executives (as the corporations' management bodies to conduct operations under the boards' stewardship and direction).

The subsidiary Crown board and Crown executive surveys are administered by an independent agency to ensure confidential disclosure and unbiased interpretation of results. In the case of the CIC Board, to which CIC has direct responsibility, CIC administers the survey. Each stakeholder group is surveyed on the following criteria:

Assessed Criteria	CIC Board of Directors	Crown Subsidiary Board of Directors	Crown Subsidiary Executives
Fulfilling its Mission	✓		
Direct Board Services & Support	✓		
Governance & Strategic Direction	✓ ¹	✓	✓
Performance Management	✓ ¹	✓	✓
Capital Allocation	✓ ¹	✓	✓
Preparation of Board / Cabinet Materials	✓	✓	✓
Strategic Human Resources	✓ ¹	✓	✓
Information Sharing		✓	✓
Corporate Secretariat Services		✓	
Financial & Reporting Policies			✓
Communications Coordination & Strategy	✓ ¹		✓
Legal, Procedural & Legislative Advice	✓	✓	✓
Financial Management	✓		
Oversight of Government Initiatives	✓		
CIC's Operations & Administration	✓		

¹ Oversight on a Crown sector-wide basis.

Organizational Overview



Governance

Board of Directors

The CIC Board of Directors consists of elected government officials appointed by the Lieutenant Governor in Council pursuant to *The Crown Corporations Act, 1993*. The Board makes decisions in its own right, provides advice and recommendations to the provincial Cabinet, and functions as a key committee to Cabinet.

The CIC Board oversees the strategic direction and risk management of the CIC Crown sector. The Board is guided in this role by overall government direction provided in the annual provincial budget. In 2019-20, the government's strategic vision, "The Right Balance", focused on achieving a balanced budget for Saskatchewan while still investing in health, education, support for seniors and vulnerable families, and infrastructure to help improve the lives of Saskatchewan people. The Board's key responsibility is to ensure that all direction provided to the Crown sector is aligned with the government's vision.

Board Responsibilities

The CIC Board is committed to the government's vision and to ensuring alignment of the CIC Crown sector through the following activities:

- setting strategic priorities for the Crown sector;
- overseeing and ensuring that risks are properly managed and appropriate authorities and controls are in place;
- providing strategic oversight to subsidiary Crown corporations by reviewing annual business plans, setting performance expectations, allocating capital within the sector, as well as monitoring and evaluating performance; and
- providing strategic oversight to CIC management by setting corporate strategic direction, identifying risks and opportunities, approving CIC's business plans and budgets, and monitoring and evaluating corporate performance.

Board Committees

The CIC Board does not have separate nominating, compensation or audit and finance committees.

- CIC Board members are appointed by the Lieutenant Governor in Council; therefore, there is no nominating committee.
- The CIC Board acts as a compensation committee by approving an executive compensation framework (pg. 34) that applies to the executives of CIC and all subsidiary Crown corporations. The Board Chair provides oversight of and evaluates the annual performance of the CIC CEO.
- The CIC Board acts as an audit and finance committee by approving CIC's financial statements and by meeting with external auditors and the Provincial Auditor without management present.

Board Appointments & Renewal

The appointment and removal of members of the CIC Board, as well as the designation of the Chair and Vice Chair, are the prerogative of the Lieutenant Governor in Council. The Minister of Crown Investments must be a member of the CIC Board and is appointed as the CIC Board Chair. Pursuant to *The Crown Corporations Act, 1993*, members hold office for a term not greater than three years or until a successor is appointed. Member appointments can be renewed at expiry. There are seven members on the CIC Board as at March 31, 2020. The Board members are non-independent directors.

CIC Board Members



Honourable Joe Hargrave, Chair



Honourable Dustin Duncan, Vice Chair



Honourable Gordon Wyant, Q.C.



Honourable Don Morgan, Q.C.



Honourable Bronwyn Eyre



Don McMorris



Lyle Stewart

Honourable Joe Hargrave, Chair

Minister of Crown Investments (CIC)

Minister Responsible for Saskatchewan Government Insurance (SGI)

Minister Responsible for Saskatchewan Opportunities Corporation (SOCO)

Mr. Hargrave was originally elected to the Saskatchewan Legislature in 2016 in the constituency of Prince Albert Carlton.

In August 2016, Mr. Hargrave was appointed Minister of Crown Investments and Minister Responsible for SGI and SOCO. He is currently the Vice Chair for the Sub-Committee on Public Sector Bargaining. He has previously served as Minister Responsible for SaskEnergy and SaskTel, and as Vice Chair of the SaskBuilds Corporation Board of Directors.

Mr. Hargrave was an owner/operator of Riverside Auto Group for 14 years. He was also a manager with the Bank of Montreal for 20 years. His community involvement has included the Rotary Club, Board of Police Commissioners for Prince Albert and Community Futures.

Honourable Dustin Duncan, Vice Chair

Minister of Environment

Minister Responsible for Saskatchewan Power Corporation (SaskPower)

Minister Responsible for Saskatchewan Water Security Agency

Mr. Duncan was first elected as the MLA for Weyburn-Big Muddy constituency in a by-election in June 2006. He was re-elected in the 2007, 2011 and 2016 provincial elections.

In August 2017, Mr. Duncan was appointed Minister of Environment, Minister Responsible for SaskPower, and the Saskatchewan Water Security Agency, and member of SaskBuilds Corporation Board of Directors. He was first appointed to Cabinet in May 2009 as Minister of Tourism, Parks, Culture and Sport.

Mr. Duncan previously served as Minister of Health, Minister of Energy and Resources, and Minister Responsible for SaskEnergy, SaskTel, SaskWater, and the Global Transportation Hub.

Honourable Gordon Wyant, Q.C.

Deputy Premier

Minister of Education

Minister Responsible for SaskBuilds

Minister Responsible for Priority Saskatchewan

Mr. Wyant was first elected as MLA for Saskatoon Northwest in a 2010 by-election. He was re-elected in the 2011 and 2016 provincial elections.

In February 2018, Mr. Wyant was appointed Deputy Premier and Minister of Education, Minister Responsible for SaskBuilds and Minister Responsible for Priority Saskatchewan. He previously served as Minister of Justice and Attorney General, Minister Responsible for SaskPower, and the Deputy Government House Leader.

Mr. Wyant practiced law with the firm of McKercher LLP as a partner until his appointment to Attorney General. He received his Queen's Counsel designation in 2009. He was elected trustee for the Saskatoon Public School Board in 2000 and served as chair for two years. He was elected to Saskatoon City Council in 2003 and was re-elected in 2006 and 2009. He is also a recipient of the Sterling Writing Award for non-fiction, awarded in 1999.

Honourable Don Morgan, Q.C.

Minister of Justice and Attorney General
Minister of Labour Relations and Workplace Safety
Minister Responsible for Saskatchewan Telecommunications (SaskTel)
Minister Responsible for Saskatchewan Workers' Compensation Board
Minister Responsible for the Global Transportation Hub

Mr. Morgan was first elected in 2003 as the MLA for Saskatoon Southeast constituency. He was re-elected in the 2007, 2011 and 2016 provincial elections.

In August 2017, Mr. Morgan was appointed Minister of Justice and Attorney General; he also serves as Minister of Labour Relations and Workplace Safety, Minister Responsible for the Workers' Compensation Board, the Global Transportation Hub, SaskTel, and Chair of the Caucus Legislation and Regulation Review Committee. The former Deputy Premier has also served as Minister of Education, and Minister of Advanced Education.

Mr. Morgan practiced law in Saskatoon from 1979 to 1988 and 1992 until 2007. From 1988 to 1992 he was Chair and CEO of the Saskatchewan Legal Aid Commission and was appointed Queen's Counsel in 1990. Mr. Morgan served on the Saskatoon Public School Board from 1999 to 2003, including a term as Board Chair. He was Board Chair of the Mendel Art Gallery, as well as volunteering with numerous other charitable organizations.

Honourable Bronwyn Eyre

Minister of Energy and Resources
Minister Responsible for SaskEnergy Inc. (SaskEnergy)
Minister Responsible for Saskatchewan Water Corporation (SaskWater)

Ms. Eyre was elected MLA for Saskatoon Stonebridge-Dakota in the 2016 provincial election.

A former radio broadcaster and columnist, Ms. Eyre also served as a Saskatoon public school board trustee. Previously, she was a senior writer/editor for UK-based legal publications Commercial Lawyer and European Lawyer. She attended McGill University and the University of Saskatchewan, where she graduated in Law in 1996, and speaks French, German, and Italian.

Ms. Eyre has served Saskatchewan as Minister of Education, Minister of Advanced Education, Minister Responsible for the Status of Women and Vice-Chair of Treasury Board.

On February 2, 2018, she was appointed Minister of Energy and Resources and Minister Responsible for SaskWater and SaskEnergy.

Don McMorris

Mr. McMorris was first elected in 1999, and was re-elected in the 2003, 2007, 2011 and 2016 provincial elections as the MLA for Indian Head-Milestone.

Mr. McMorris has served as Minister of Health, Minister of Highways and Infrastructure, Minister of Crown Investments, Minister Responsible for SGI, Saskatchewan Liquor and Gaming Authority, the Public Service Commission, and the Lean Initiative. He also served as Deputy Premier.

Mr. McMorris has previously worked for the Saskatchewan Safety Council, the Prairie View School Division, and managed the family farm.

Lyle Stewart

Mr. Stewart was first elected as MLA for Thunder Creek in 1999, and was re-elected in the 2003, 2007, 2011 and 2016 provincial elections. He has served as Minister of Agriculture, Minister Responsible for the Crop Insurance Corporation, Minister of Enterprise and Innovation, Chair of the legislature's Standing Committee on the Economy, member of the caucus' policy committee on the economy, and member of the Treasury Board. Mr. Stewart is a farmer and rancher in southern Saskatchewan.

Board Tenure

During 2019-20, a total of 14 meetings were held by the CIC Board. For most meetings, the Board members are provided with meeting material in advance. As a standing agenda item, the Board has the option to hold in-camera sessions without management present where all CIC Board members can participate. Board members do not receive remuneration (retainers or per diems) for their participation on the CIC Board.

Board Member	Position	Term on the CIC Board
Honourable Joe Hargrave	Chair	August 23, 2016 to March 31, 2020 ¹
Honourable Dustin Duncan	Vice Chair	August 23, 2016 to March 31, 2020 ¹
Honourable Gordon Wyant, Q.C.	Member	August 15, 2018 to March 31, 2020 ¹
Honourable Don Morgan, Q.C.	Member	February 2, 2018 to March 31, 2020 ¹
Honourable Bronwyn Eyre	Member	February 2, 2018 to March 31, 2020 ¹
Don McMorris	Member	August 30, 2017 to March 31, 2020 ¹
Lyle Stewart	Member	August 13, 2019 to March 31, 2020 ¹
Muhammad Fiaz	Member	August 23, 2016 to August 13, 2019

¹ To the end of the reporting period.

Organizational Structure

Operating Divisions

CIC's team included 44 positions as at March 31, 2020 within three divisions. Each division's responsibilities are summarized below:

President's Office <ul style="list-style-type: none"> • President • Communications • Human Resources 	<p>The President's Office is responsible for the overall direction of CIC. It also includes the Communications and Human Resources units. The division:</p> <ul style="list-style-type: none"> • provides support and leadership in Crown communications through delivering policy advice and information sharing; • facilitates internal communications at CIC; • supports a high functioning organization by delivering human resource support and leadership; and • undertakes strategic initiatives related to the Crown sector.
Finance & Administration <ul style="list-style-type: none"> • Accounting • Internal Audit • Performance Management & Financial Analysis 	<p>The Finance & Administration division provides financial reporting and analysis and recommendations to the CIC Board on a wide range of Crown sector business issues. Specifically, the division provides support through:</p> <ul style="list-style-type: none"> • strategic Shareholder direction to the Crown sector; • internal corporate planning; • oversight of Crown corporation performance management and capital allocation plans; • sector-wide financial reporting and forecasting; • management of CIC's budget and financial transactions; • internal audit services to CIC and the smaller subsidiary Crown corporations; • corporate administration services and information management; • management and divestment of existing CIC AMI investments; and • oversight of SaskBuilds Investing in Canada Infrastructure Plan.
Crown Services <ul style="list-style-type: none"> • Legal • Crown Governance • Crown Sector Human Resources • Strategic Policy & Stakeholder Engagement 	<p>The Crown Services division provides advice and guidance to CIC, the CIC Board and the Crown corporations and their boards on a wide range of policy issues. Specifically, the division provides support through:</p> <ul style="list-style-type: none"> • legal advisory services to CIC and the CIC Board; • oversight of Crown sector human resource policies and programs; • development and management of leading practices in corporate governance, including corporate secretarial and governance advisory services to the Crown corporation boards, and professional director development opportunities; • oversight of public policy initiatives, including SIIF and the Saskatchewan Rate Review Panel; and • leadership, engagement and support of strategic policies, programs and Indigenous initiatives.

Management Organization

President's Division

- Blair Swystun, President & CEO
- Joanne Johnson, Executive Director, Communications

Crown Services

- Brian Gyoerick, Vice President, Crown Services¹
- Alan Fern, General Counsel & Corporate Secretary
- Dale Bloom, Executive Director, Crown Governance
- JoAnn Buhr, Director, Strategic Policy & Stakeholder Engagement

Finance & Administration Division

- Cindy Ogilvie, Vice President & Chief Financial Officer
- Travis Massier, Corporate Controller
- Kyla Hillmer, Executive Director, Performance Management & Financial Analysis
- Michael McClare, Executive Director, Performance Management & Financial Analysis
- Bina Bilkhu, Director, Internal Audit

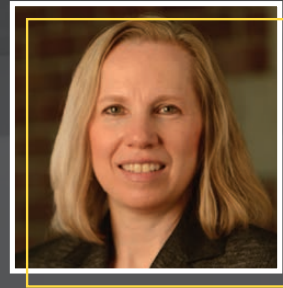
¹ Doug Kosloski served as Senior Vice President & General Counsel, Crown Services until December 31, 2019. Wendy Dean was appointed Acting Vice President & Corporate Secretary, Crown Services effective January 2, 2020 to June 1, 2020. Prior to her appointment, Ms. Dean was the Executive Director, Crown Governance. Effective June 1, 2020, Brian Gyoerick was appointed Vice President, Crown Services. Prior to his appointment, Mr. Gyoerick was the Executive Director, Crown Sector Human Resources.

CIC Executive



Blair Swystun, CFA
President & CEO

Blair is a Chartered Financial Analyst charter holder and has a Masters in Business Administration. He has more than 38 years of government experience and has been at CIC since 1996, most recently in the position of Senior Vice President and Chief Financial Officer before assuming the role of President & CEO in 2014. Blair's public service career also includes various positions at Ministry of Finance.



Cindy Ogilvie, CPA, CA
Vice President & CFO
Finance & Administration

Cindy is a Chartered Professional Accountant and Chartered Accountant. She has over 26 years of service with the Government of Saskatchewan, joining CIC in 2001. Cindy became the Vice President and Chief Financial Officer, CIC in 2015. She is the Chair of the CIC AMI and SIIF Boards on behalf of CIC.



Joanne Johnson, MAdm Leadership

Executive Director, Communications

Joanne has a Masters of Administration Leadership and two certificates in Business Administration. She has over 35 years of service with the Government of Saskatchewan in both executive government and the Crown sector. Joanne joined CIC in 2016 and is a member of the SIIF and FNMf boards on behalf of CIC.



Brian Gyoerick

Vice President, Crown Services

Brian has a B.A. Advanced in Public Administration. He has 22 years of public and private sector human resource experience, joining CIC in 2011. Brian serves as member of the Conference Board of Canada's Compensation Research Centre. Brian's public sector experience includes various positions with CIC, Public Service Commission, Ministry of Finance and Farm Credit Canada.

Outstanding Service & Dedication

CIC would like to recognize two dedicated CIC executive members who have moved on to new pursuits.

Doug Kosloski, Q.C. provided excellent leadership and legal expertise for 21 years at CIC. Wendy Dean provided governance expertise and leadership for CIC and Crown sector Boards for 23 years.

Thank you for your many years of service and dedication!

CIC Annual Report 2019-20



Doug Kosloski, Q.C.
Senior Vice President &
General Counsel, Crown Services



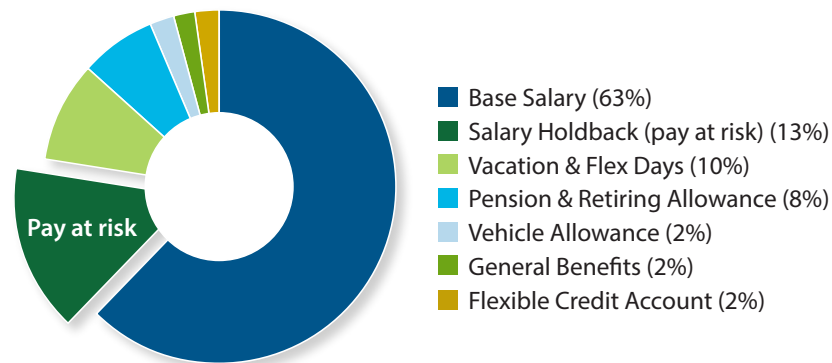
Wendy Dean
Acting Vice President,
Crown Services

Executive Compensation

Independent & Objective

A Crown sector executive compensation framework (the “framework”) was implemented in 2006 at the direction of the CIC Board. To maintain competitiveness with the external market, the CIC Board occasionally undertakes reviews of the framework. External consultants are engaged to conduct these reviews to assess the degree to which Crown executive compensation aligns with the framework’s stated philosophy and the external market.

2019-20 Executive Compensation



Framework

CIC has designed and administers executive compensation consistent with the CIC Board and Cabinet’s Crown sector executive compensation framework and is committed to a “total compensation” (e.g. base salary, pay at risk/salary holdback, benefits and pension) perspective. Crown sector compensation maintains a meaningful degree of competitiveness with the relevant external labour markets, targeting to achieve +/- 10 per cent of the 50th percentile of market comparators (i.e. the middle of the market).

Compensation

Each of CIC’s senior executives receives a comprehensive group benefits package and a salary that consists of two main components: base salary and salary holdback. As required by *The Crown Employment Contracts Act*, the CEO and direct reports of the CEO report the details of their compensation and benefits to the clerk of Executive Council. These filings are available for public review.

Consistent with CIC Board and Cabinet-approved ranges, the CIC senior executive base salary ranges for 2019-20 were:

Position	Base Salary Range
CEO	\$349,904 - \$437,379
Senior Executive 1	\$241,308 - \$301,634
Senior Executive 2	\$201,061 - \$251,326

The Standing Committee on Crown and Central Agencies requires all Crown corporations to file an annual payee list, which includes remuneration information for the executive members. Payee Disclosure Reports are available on CIC’s website at www.cicorp.sk.ca. The CIC Board reviews the details of these expenditure reports annually.

Eligibility for Payment of Salary Holdback

Senior executive salary holdbacks are a portion of pay that is withheld, or placed at risk, subject to performance. It is based on both corporate and individual objectives and is determined by demonstrated results against those objectives.

CIC's corporate targets for the payment of salary holdbacks are directly linked to all, versus a subset of, CIC balanced scorecard targets. Key areas of balanced scorecard responsibility specific to each senior executive member are weighted more heavily than other areas for determining the amount of pay at risk that will be paid. Linking each senior executive to all balanced scorecard targets incents a collaborative team approach to achieving corporate targets. The financial component is separately measured to focus CIC senior executive on protecting CIC and Crown sector financial sustainability and on providing an appropriate return to the people of Saskatchewan.

The CIC Board receives quarterly progress reports regarding performance against balanced

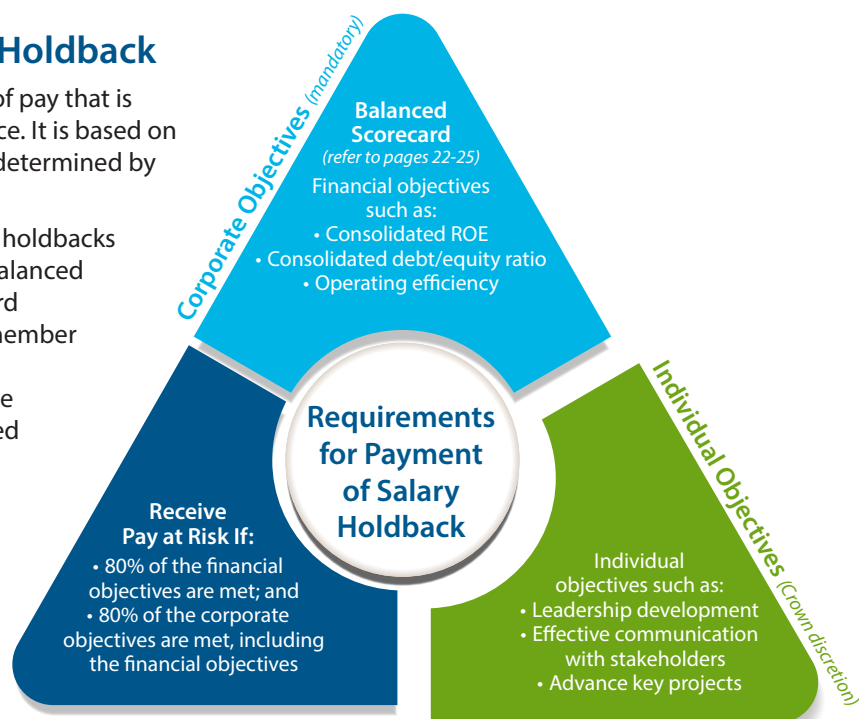
scorecard targets. The targets established for payment of salary holdbacks are directly linked to stretch goals that are objective, quantifiable and within the span of control and/or influence of management. For the corporate component, the measures and targets are established equivalent to the annual balanced scorecard measures and targets. For payment of salary holdbacks to occur, targets may be more challenging than the CIC Board approved balanced scorecard targets, but cannot be less challenging than those balanced scorecard targets.

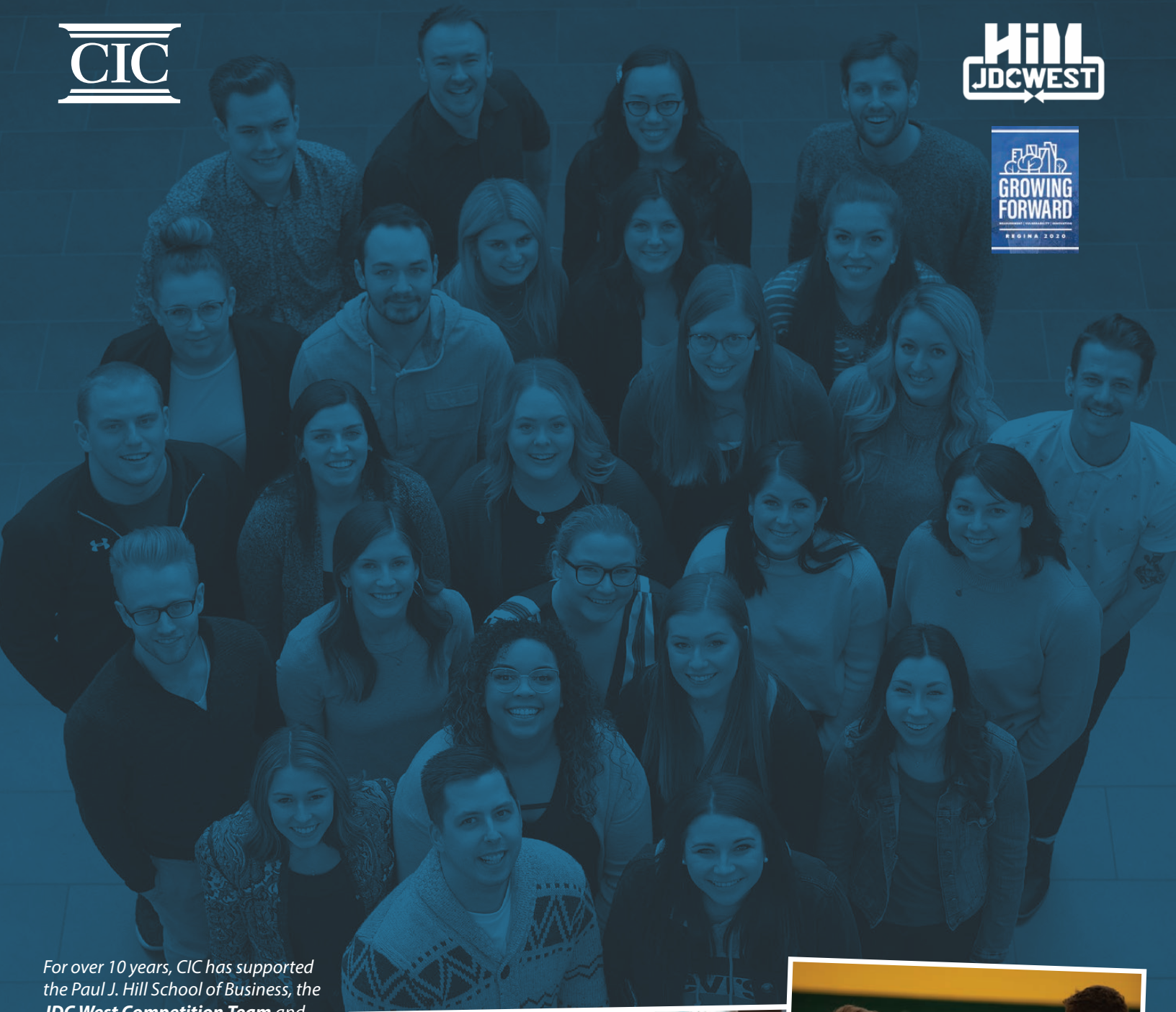
Following the end of the fiscal year, each senior executive summarizes his/her performance for the year against the pre-set objectives and targets. A discussion between the CEO and each vice president occurs regarding demonstrated results on both a corporate and individual basis. The CEO determines a final performance score for each vice president. Similarly, the CIC Board chair reviews and discusses the CEO's annual performance results. The CIC Board annually reviews and approves CIC's executive performance, including targets for the payment of salary holdbacks.

The weighting ranges for each component are:

Position	Corporate Weighting	Individual Weighting
CEO	90 - 80%	10 - 20%
Executive 1 and Executive 2	85 - 70%	15 - 30%

Salary Holdback Requirements *(mandatory)*





For over 10 years, CIC has supported the Paul J. Hill School of Business, the **JDC West Competition Team** and was pleased to be the Volunteer sponsor for the 15th anniversary **JDC West Competition** held in Regina in January 2020.

Jeux du Commerce West (JDC West) is a three-day annual competition that welcomes teams from 12 Western Canadian Universities. These teams compete in academics, athletics, debate and social competitions, and includes a charity and community involvement theme.

The Hill JDC West team are strong competitors, consistently finishing in the top three with 12 top three placements in the 15-year history of the competition, winning "School of the Year" four times and "Academic School of the Year" twice!

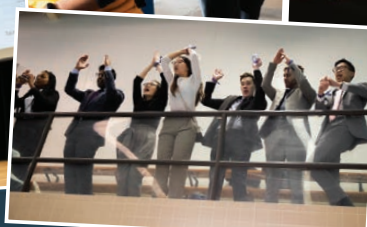


Photo © JDC West

Employee Conduct and Development

Corporate Policies

CIC strives to maintain the highest legal and ethical standards in all its business practices. Each employee is expected to act responsibly, with integrity and honesty, and to comply with CIC's code of conduct and its underlying policies and objectives. CIC operates under a complete, regularly updated and approved set of corporate policies and procedures. CIC requires all employees, including new employees at time of hire, to annually confirm in writing that they have read, understand, and agree to comply with the policies relating to employee conduct:

- Employee Conduct Policy
- Personal Information Privacy Policy
- Acceptable Use of Computing Resources Policy
- Anti-Harassment Policy

CIC is committed to ensuring the safety of its employees and their families as well as doing its part to flatten the curve of the COVID-19 pandemic. In March 2020, CIC implemented preventative measures aligned to direction released by the Government of Saskatchewan's State of Emergency declaration on March 18, 2020. CIC's Executive Committee approved *Remote Work (Temporary) Arrangement Guidelines: COVID-19 Pandemic*, communicated these guidelines to staff and, effective March 23, 2020, 100 per cent of CIC employees began working remotely from home. Strong security procedures and processes were in place prior to the pandemic as part of CIC's ongoing efforts to stay ahead of cyber security developments. These security processes ensure CIC can continue critical operations in the event of an incident or disruption. Also prior to the pandemic, CIC began updating its corporate Business Continuity Plan and that work continues while operating in the current remote work environment.

Professional Development

CIC provides opportunities for professional development at all levels. CIC's corporate programs, policies and practices form a solid foundation for ensuring the corporation is well positioned to retain the knowledge and competencies required to carry out its mandated responsibilities. They include:

- leadership development for executive and management team members;
- budgeted resources for employee development;
- the requirement for a training and development objective in the annual work plan of all team members as well as documentation of career goals and objectives;
- a formal succession plan, updated annually, to manage the risk associated with the departure of employees in positions critical to CIC from a strategic and operational perspective; and
- a Phased Retirement Policy to facilitate knowledge transfer from senior employees planning to retire to those employees who will take on their responsibilities.

CIC Consolidated



CIC Consolidated Management Discussion & Analysis

Preface

The purpose of the following discussion is to provide the users of CIC's financial statements with an overview of the corporation's financial performance and the various measures CIC uses to evaluate its financial health. The following analysis of CIC's consolidated 2019-20 financial results should be read in conjunction with the audited consolidated financial statements. For purposes of CIC's consolidated MD&A, "CIC" and "Corporation" refer to the consolidated entity. The Corporation's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and, as such, consolidate the results of all of the Corporation's subsidiary corporations.

Producing two different views of CIC's operations and results, with consolidated and separate financial statements, is the cornerstone of our commitment to accountability and transparency. Explanations of the differing purposes of these statements are provided in the following pages.

In addition to the information on CIC's 2019-20 results, the following discussion also provides detailed information regarding performance relative to the business plan, and how it affects the CIC Crown sector in the future.

In 2015, the Corporation was directed by the provincial government to change its fiscal year end from December 31 to March 31 to coincide with that of the Province of Saskatchewan. Therefore, 2015-16 information included in the consolidated MD&A is for the fifteen months ended March 31, 2016.

Forward-Looking Information

Throughout the annual report, and particularly in the following discussion, forward-looking statements are made. These statements can be recognized by terms such as "outlook," "expect," "anticipate," "project," "continue," or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary Crown corporations.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Factors that can influence performance include, but are not limited to: global pandemics, weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance, competition and regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

A Closer View of CIC's Holdings

The Corporation is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are joint ventures and partnerships held through CIC's wholly-owned subsidiaries.

Investment	Major Business Line
	Utilities:
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Information and communications technology
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Water Corporation (SaskWater)	Water and wastewater management
	Insurance:
Saskatchewan Government Insurance (SGI CANADA)	Property and casualty
	Entertainment:
Saskatchewan Gaming Corporation (SGC)	Gaming
	Investment and Economic Growth:
CIC Asset Management Inc. (CIC AMI)	Investments
Saskatchewan Opportunities Corporation (SOCO)	Research Parks
Saskatchewan Immigrant Investor Fund (SIIF)	Construction loans

Profiles of material subsidiary corporations are included in this section. Each subsidiary Crown corporation prepares an annual report, which is tabled in the legislative assembly.

The data on the following page illustrates the importance of the utility and insurance business segments to the financial results of the Corporation. Of these corporations, SaskPower, SaskTel, SaskEnergy and SGI CANADA are the most significant in terms of assets, liabilities, and operating earnings generated.



DRESS FOR SUCCESS®
REGINA

Going Places. Going Strong.



Dress for Success is a volunteer-led, not-for-profit organization that give women in our community the chance to realize their full potential, achieve financial independence and break the cycle of poverty. CIC supports Dress for Success's annual fundraising gala, as well as through volunteer contributions from staff.



SaskEnergy's Tune-Up Assistance Program (TAP)

promotes the importance of annual home heating equipment maintenance and carbon monoxide detection. In 2019-20, TAP completed its third year of providing qualifying low-income homeowners with free furnace maintenance, a carbon monoxide alarm, two free furnace filters, and up to \$100 in repairs. Through TAP, SaskEnergy and its Network of plumbing and heating contractors have helped 400 customers in 31 communities across the province achieve greater energy efficiency in their homes while also reducing their environmental impact.

Above: SaskEnergy Customer Solutions Leader Sam Gross (left) hands a customer her natural gas and carbon monoxide detector, which was provided through the Tune-Up Assistance Program.

Understanding CIC's Financial Statements

CIC prepares two sets of financial statements: consolidated financial statements and separate financial statements.

CIC Consolidated Financial Statements

These statements illustrate CIC's results consolidated with the results of its subsidiary corporations. The financial statements are prepared in accordance with IFRS and include:

- financial results of subsidiary Crown corporations (SaskPower, SaskTel, SaskEnergy, SGI CANADA, SGC, SaskWater, and SOCO);
- financial results for CIC's wholly-owned subsidiaries (SIIF, CIC AMI, First Nations and Métis Fund Inc., and CIC Economic Holdco Ltd.);
- dividends and equity repayments paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating results and public policy expenditures.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-entity transactions (i.e. revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

CIC Separate Financial Statements

These statements represent CIC's earnings as the shareholder of the Saskatchewan commercial Crown sector. They assist CIC in determining its capacity to pay dividends and equity repayments to the GRF. The separate statements have been prepared in accordance with IFRS. These statements are intended to isolate the holding company's cash flow, capital support for certain subsidiary corporations, and certain public policy expenditures. These financial statements include:

- dividends from subsidiary corporations and investments;
- dividends and equity repayments paid by CIC to the GRF;
- grants by CIC to subsidiaries; and
- CIC's operating results and public policy expenditures.



In January 2020, SGI signed the Saskatchewan Chamber of Commerce's Indigenous Engagement Charter. Vicky Cullen, VP of Human Resources, sat in the middle of the table, surrounded by other business leaders as she signed the charter on behalf of SGI. A drum circle also performed at the event.



**Indigenous
Engagement
Charter**

Signatory

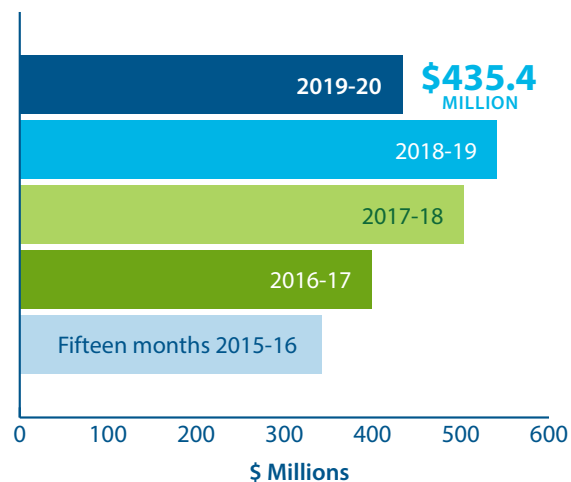


CIC's 2019-20 Financial Highlights

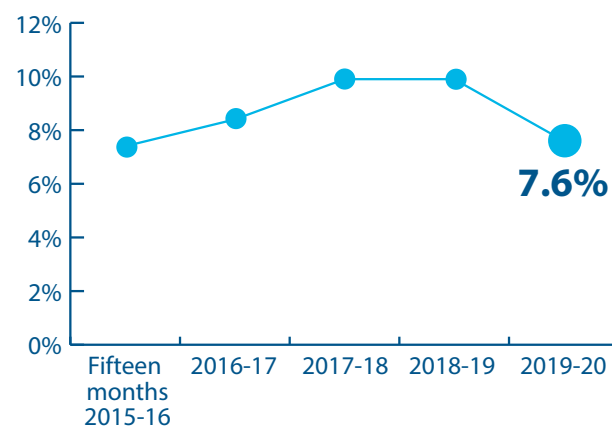
(millions of dollars)		2018-19 (Restated)	2017-18	2016-17	Fifteen months 2015-16
	2019-20				
CIC Consolidated					
Net earnings	\$ 435.4	\$ 540.6	\$ 503.0	\$ 398.6	\$ 342.0
Assets	20,625.5	19,793.6	18,965.4	18,065.3	17,402.4
Debt ¹	10,342.2	9,795.3	9,416.8	9,037.5	8,671.3
Dividend to the GRF	250.0	256.0	205.0	219.0	297.2
Debt ratio	61.1%	60.6%	61.7%	62.7%	63.2%
Return on equity	7.6%	9.9%	9.9%	8.4%	7.4%
CIC Separate					
Dividend revenue	\$ 230.2	\$ 243.1	\$ 233.5	\$ 157.4	\$ 184.4
Net earnings	212.5	235.3	213.1	132.1	153.5
Cash return on equity	20.6%	19.8%	15.8%	16.4%	20.5%

¹ Consolidated debt includes long-term debt, long-term debt due within one year, and notes payable.

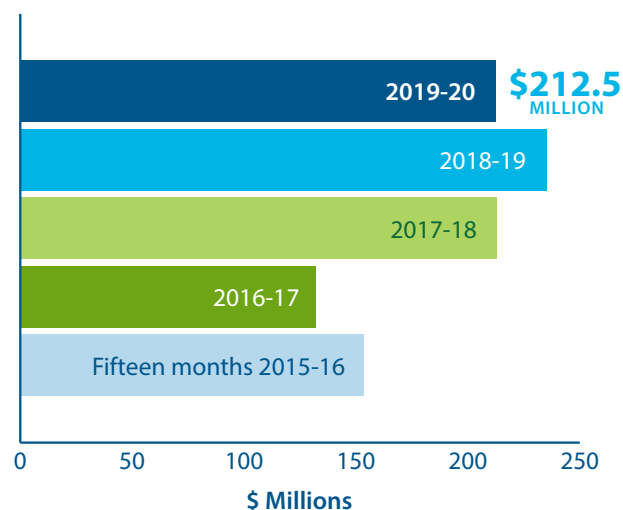
Consolidated Net Earnings



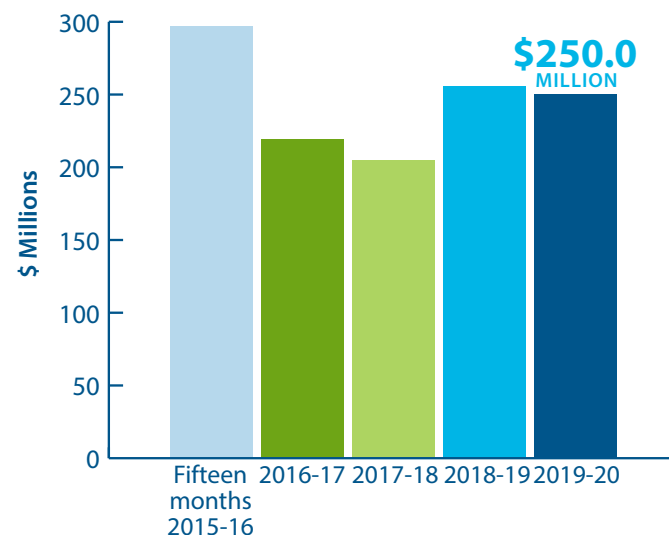
Consolidated Return on Equity



Separate Net Earnings



Dividends to the GRF



Significant Events Impacting 2019-20 Consolidated Results

During 2019-20, the following significant events impacted the Corporation's consolidated results:

1. Adoption of IFRS 16, *Leases*

Effective April 1, 2019, the Corporation adopted IFRS 16, *Leases* which provides principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the distinction between operating and finance leases and introduced a single, on-balance sheet accounting model requiring lessees to recognize right-of-use assets and lease liabilities. The Corporation elected to adopt IFRS 16 using the modified retrospective approach on transition. Comparative information has not been restated and continues to be reported under IAS 17. Adoption of IFRS 16 resulted in an increase to assets and liabilities of \$86.2 million; however, it did not result in any material impact to net earnings for the year ended March 31, 2020.

**\$435.4
MILLION**

Consolidated net
earnings in 2019-20

2. Capital Expenditures

During 2019-20, the Corporation spent \$1,325.4 million on capital expenditures related to investing in aging infrastructure and meeting the demand for growth. Additional debt of \$546.9 million was incurred in 2019-20 primarily to fund a portion of the capital expenditures. The remainder of capital expenditures are funded primarily through cash from operations.

3. COVID-19

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce and potential asset impairment.

Two identifiable factors that impacted the current year as a result of the COVID-19 pandemic were Crown corporations incurring higher than normal expenses based on estimated receivables that will be uncollectible and an impairment loss incurred by DirectWest on declining market services revenue and the related future cash flows.

Accounting Policy Developments Impacting Future Consolidated Results

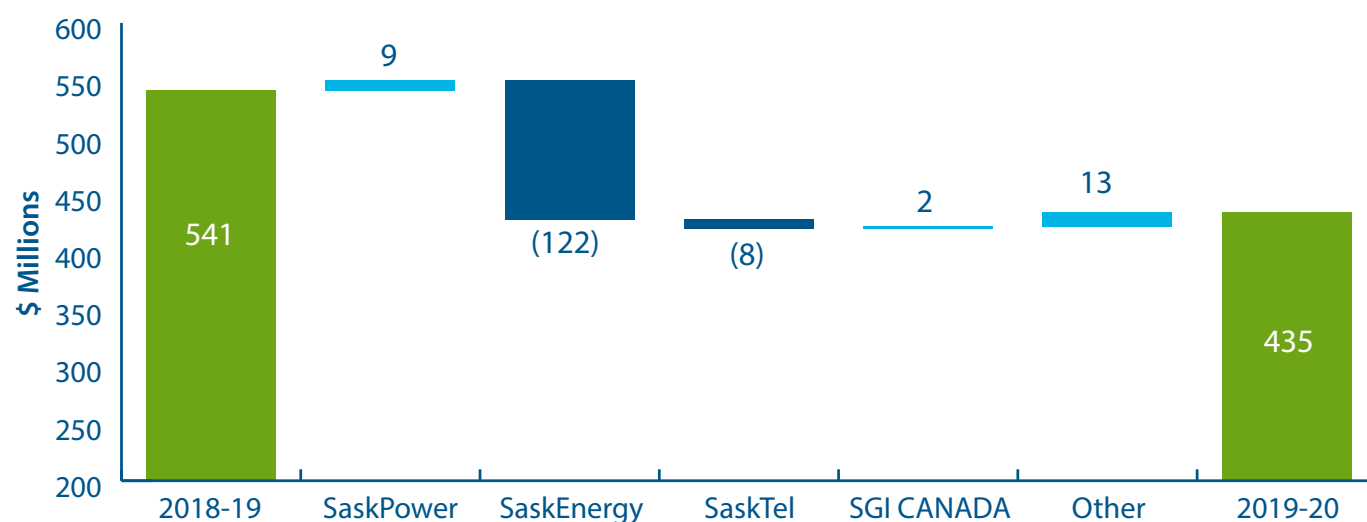
As disclosed in Note 4(t) in the consolidated financial statements, a number of new accounting standards and amendments to standards and interpretations are not yet effective for the period ended March 31, 2020 and have not been applied in preparing the consolidated financial statements. Note 4(t) includes management's assessment of the potential impacts on the consolidated financial statements known at this time.

Analysis of Consolidated Net Earnings

(millions of dollars)					
	2019-20	2018-19	2017-18	2016-17	Fifteen months 2015-16
SaskPower	\$ 205.8	\$ 197.0	\$ 145.5	\$ 56.3	\$ 25.9
SaskTel	119.8	127.4	121.0	134.8	126.7
SGI CANADA	49.9	48.0	59.4	65.2	84.5
SaskEnergy	43.5	165.7	143.5	145.6	110.9
SGC	20.1	22.5	23.2	24.4	32.7
SaskWater	8.4	7.5	8.1	6.5	7.3
SOCO	3.0	3.5	5.6	0.5	1.6
STC	-	-	26.6	(5.3)	0.3
SIIF	7.1	(2.2)	(1.1)	(1.4)	(2.4)
CIC AMI	2.2	(6.0)	(2.6)	(3.0)	4.6
CIC (Separate)	212.5	235.3	213.1	132.1	153.5
Other ¹	(236.9)	(258.1)	(239.3)	(157.1)	(203.6)
Consolidated net earnings	\$ 435.4	\$ 540.6	\$ 503.0	\$ 398.6	\$ 342.0

¹ Includes First Nations and Métis Fund, CIC Economic Holdco Ltd., and consolidation adjustments. Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown corporations, revenues and expenses between Crown corporations, and dividends paid by Crown corporations to CIC.

Changes in Consolidated Net Earnings



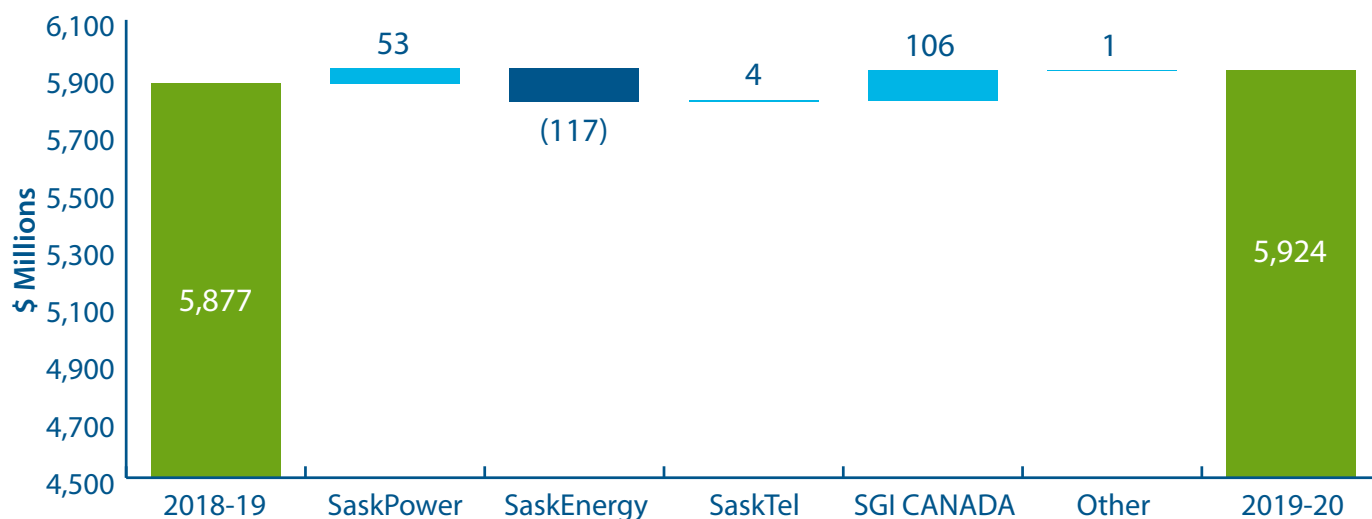
Consolidated net earnings for 2019-20 were \$435.4 million (2018-19 - \$540.6 million) or \$105.2 million lower than the same period in 2018-19. The decrease was primarily related to decreased earnings at SaskEnergy.

Analysis of Consolidated Revenues and Expenses

Revenue

Revenue was \$5,924.0 million for 2019-20 (2018-19 - \$5,877.3 million), an increase of \$46.7 million. This was primarily a result of increased revenues at SaskPower and SGI CANADA partially offset by decreased revenues at SaskEnergy.

Changes in Revenue



SaskPower revenue increased by \$52.7 million primarily due to an increase in Saskatchewan electricity sales as a result of the implementation of the federal carbon charge effective April 1, 2019 and increased customer contributions for the cost of service extensions. This was partially offset by lower sales volumes (down 2.1 per cent from the prior year) and decreased export sales due to decreased opportunities to sell into Alberta as a result of a Saskatchewan-Alberta tie-line outage from June through August.

SaskEnergy revenue decreased by \$116.9 million primarily due to a commodity rate decrease effective April 1, 2019 and decreased gas marketing activity due to unfavourable market conditions. This was partially offset by increased transportation revenue as a result of growth in the province driven by expansion in the oil and power generation sectors.

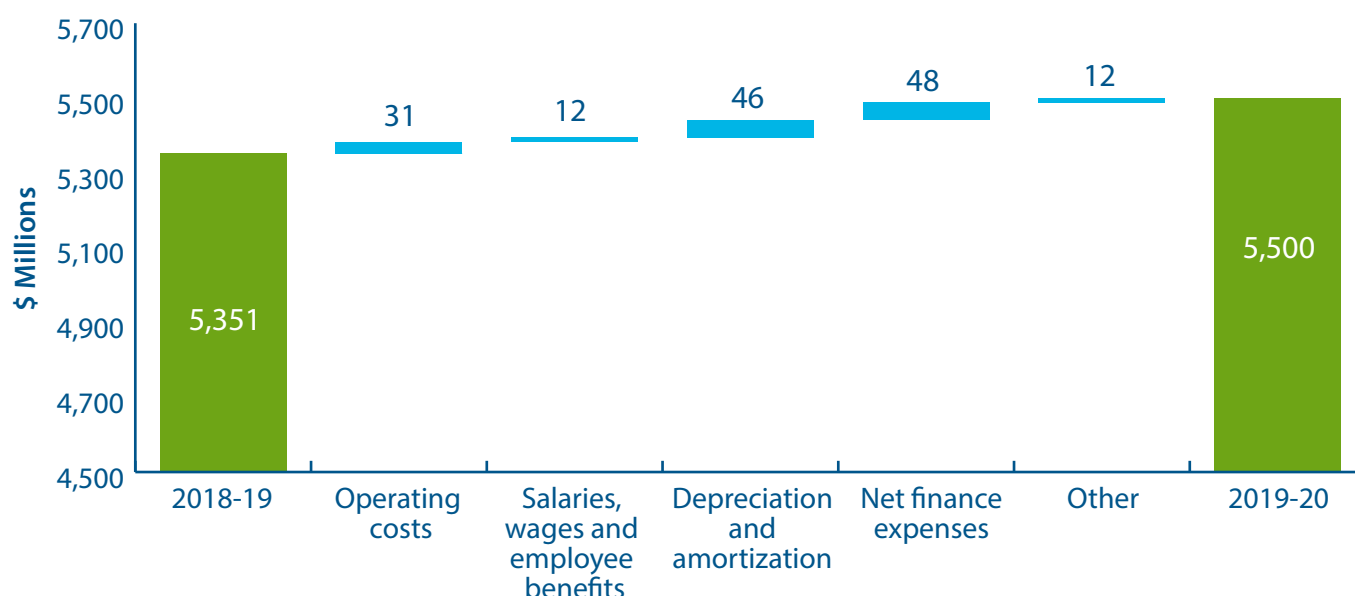
SGI CANADA revenue increased by \$106.2 million primarily due to increased premiums in Saskatchewan, Ontario, and British Columbia. Saskatchewan experienced rate increases to offset increased claim costs and inflation. Ontario experienced growth in personal lines and personal auto policies written. British Columbia premiums written increased due to new broker partnerships.

Operating and Net Finance Expenses

Total operating and net finance expenses (including discontinued operations) for 2019-20 were \$5,500.0 million (2018-19 - \$5,351.3 million), an increase of \$148.7 million from the same period in 2018-19. This was primarily due to increased operating costs, depreciation and amortization, and net finance expenses.

Analysis of Consolidated Revenues and Expenses *(continued)*

Changes in Total Operating and Net Finance Expenses



Operating Costs

Operating costs increased by \$31.0 million to \$2,872.9 million for 2019-20 (2018-19 - \$2,841.9 million) primarily due to increases at SaskPower and SGI CANADA which was partially offset by a decrease at SaskEnergy.

SaskPower operating costs increased primarily due to increased fuel and purchased power costs as a result of the introduction of the federal carbon charge. This was somewhat offset by increased use of lower-cost fuel sources and reduced demand.

SGI CANADA operating costs increased primarily as a result of customer growth in all jurisdictions which is reflected by the increase in revenue. This growth led to higher commissions, increased claims, and higher administrative expenses.

SaskEnergy operating costs decreased primarily due to lower commodity purchases as a result of warmer weather than in 2018-19 and lower asset optimization purchases as a result of limited market opportunities.

Depreciation and Amortization

Depreciation and amortization increased by \$46.4 million to \$927.6 million for 2019-20 (2018-19 - \$881.2 million) primarily due to additional investments in property, plant and equipment at SaskPower, SaskTel and SaskEnergy as well as adjustments to the estimated useful lives of certain asset components at SaskPower.

Net Finance Expense

Net finance expense increased by \$48.2 million to \$501.0 million for 2019-20 (2018-19 - \$452.8 million) primarily due to increases at SaskPower and SGI CANADA.

SaskPower net finance expense increased as a result of the repayment of non-recourse debt and penalties associated with the Cory Cogeneration Station and higher interest due to additional long-term borrowing required to finance capital expenditures.

SGI CANADA net finance income decreased as a result of increased volatility in the last quarter due to COVID-19, causing significant negative equity returns.

Analysis of Consolidated Capital Resources

Consolidated Debt

The Corporation closely monitors the debt levels of its subsidiaries, utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a corporation's capital structure. Too high a ratio relative to target, which is determined according to industry standards, indicates a debt burden that may impair a corporation's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

The Corporation reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure comparability with industry standards. This review includes subsidiary Crown corporations' plans for capital spending over the medium term. The target debt ratios for subsidiary Crown corporations are benchmarked to industry and reviewed and approved by the CIC Board of Directors. The Corporation uses targeted debt ratios to compile a weighted average debt ratio for the Crown sector. The target ratio for 2019-20 was 61.8 per cent.

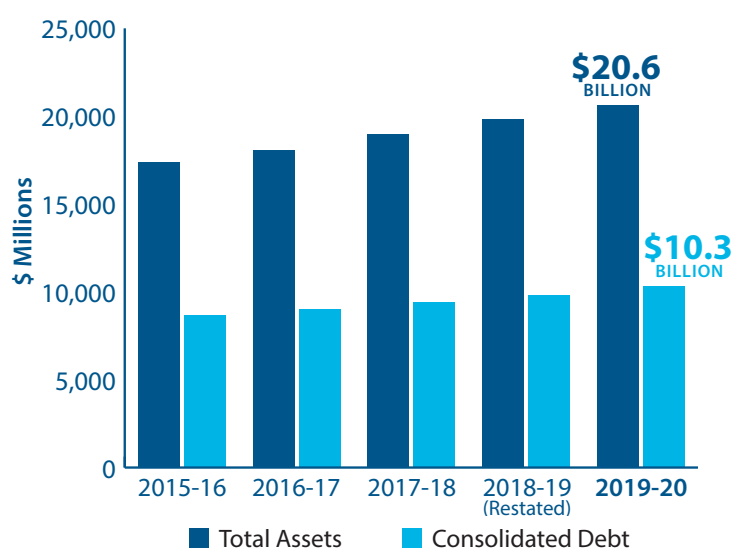
For further information on the Corporation's approach to capital management, refer to Note 25 of the audited consolidated financial statements.

The following table shows the Corporation's consolidated debt level and debt ratio:

	2019-20	2018-19	2017-18	2016-17	2015-16
Consolidated debt	\$10,342.2M	\$9,795.3M	\$9,416.8M	\$9,037.5M	\$8,671.3M
Consolidated debt ratio	61.1%	60.6%	61.7%	62.7%	63.2%
Consolidated debt ratio target	61.8%	62.1%	62.8%	62.7%	61.6%

Debt on a consolidated basis was \$10,342.2 million at March 31, 2020 (2018-19 - \$9,795.3 million) or an increase of \$546.9 million from March 31, 2019. The increase is primarily attributed to higher debt at SaskPower (\$254.1 million), SaskTel (\$101.8 million), and SaskEnergy (\$197.5 million). The increase in debt was primarily required to fund a portion of the \$1,325.4 million in 2019-20 capital expenditures needed to sustain infrastructure and meet the demand for growth. Debt decreased by \$21.4 million at SIIF due to principal loan repayments to the Government of Canada pursuant to the Immigrant Investor Program (IIP).

Over the last five periods, consolidated debt has increased \$1,670.9 million in support of increased assets of \$3,223.1 million.



Capital Spending

Capital spending (property, plant and equipment, investment property and intangible asset purchases) decreased \$110.5 million to \$1,325.4 million for 2019-20 (2018-19 - \$1,435.9 million). Major capital expenditures included:

- \$695.7 million at SaskPower related to generation, transmission and distribution projects including the E.B. Campbell Life Extension, completion of the Chinook Power Station, increasing grid capacity, connecting customers to the electric system, and sustaining infrastructure;
- \$258.7 million at SaskTel for Fibre to the Premises, wireless network enhancements, basic network growth and enhancements;
- \$328.1 million at SaskEnergy primarily related to customer connections, system expansions to meet customer growth, and spending to ensure the safety and integrity of its extensive distribution and transmissions systems; and
- \$24.0 million at SaskWater primarily related to new customer assets (including the substantial completion of the Melville water treatment plant and the purchase of the Meadow Lake water treatment plant assets), system upgrades, and infrastructure replacement programs.



***SaskWater's
operations team***

holds diverse levels of certification for water and wastewater systems. This expertise supports SaskWater's customers across the province by helping to optimize infrastructure design and operations.



SaskWater



SGI CANADA was proud to support the 2019 Great Big Pumpkin Drop. Proceeds went to Muscular Dystrophy Canada.

A colourful troop of SGI employees and their families took part in the 2019 Queen City Pride Parade.



SGI held a celebration of Chinese New Year for employees, celebrating our diversity.



An Indigenous "Be a Good Wingman" sign at the Kamsack Curling Club.

Business Development Account Manager, Paul Stannard – from our Edmonton office – was in the Valentine's Day spirit. He sold popcorn to raise funds for Edmonton's Food Bank.



A group of children with Bucklebot, SGI's latest car seat safety ambassador.

Sponsored By:

SASKATOON



SGI CANADA sponsored the Saskatoon Fireworks Festival.



"Be a Good Wingman" ads encouraged a safe ride home from Saskatchewan Rush games.

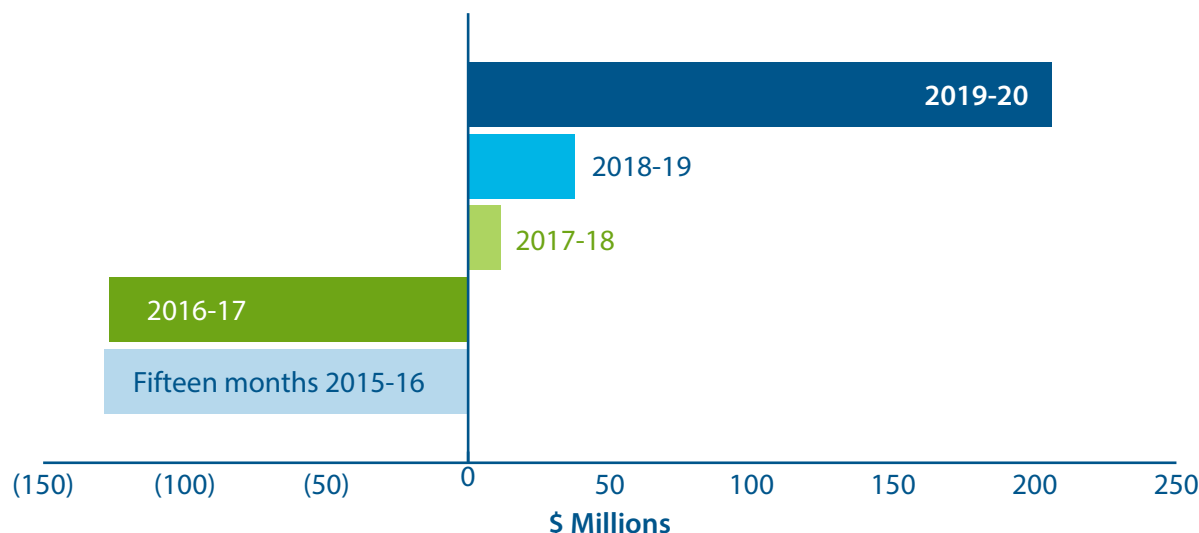


SGI employees took part in Orange Shirt Day, a designated day to increase awareness about the individual, family, and community inter-generational impacts of Indian Residential Schools.

Operating, Investing and Financing Activities

Cash and cash equivalents for 2019-20 increased \$206.1 million (2018-19 - \$37.7 million) primarily due to increased cash from operating activities, which was somewhat offset by cash used in investing and financing activities. A more detailed discussion of cash flows from operating, investing and financing activities is included below.

Net Change in Cash and Cash Equivalents



Cash Flow Highlights (millions of dollars)	2019-20	2018-19
Net cash from operations	\$ 1,544.4	\$ 1,354.1
Net cash used in investing activities	(1,316.2)	(1,335.9)
Net cash (used in) from financing activities	(22.1)	19.5
Change in cash and cash equivalents	\$ 206.1	\$ 37.7

Operating Activities

Cash from operations increased by \$190.3 million to \$1,544.4 million for 2019-20 (2018-19 - \$1,354.1 million). The increase is due to increased operating earnings excluding non-cash items and favourable changes in non-cash working capital balances.

Investing Activities

Cash used in investing activities decreased \$19.7 million to \$1,316.2 million for 2019-20 (2018-19 - \$1,335.9 million) primarily due to a decrease in capital expenditures.

Financing Activities

Net cash used in financing activities was \$22.1 million in 2019-20, which was a decrease in cash of \$41.6 million in comparison to 2018-19 (2018-19 - \$19.5 million from financing activities). The decrease was primarily due to decreases in other liabilities (mainly attributable to SaskPower), principal repayments of lease liabilities and a repayment of equity advances to the GRF. These decreases were somewhat offset by increases in long-term debt proceeds and notes payable.

Comparison of Results with Budget

(millions of dollars)	2019-20 Earnings		2019-20 CIC Dividends	
	Budget	Actual	Budget	Actual
SaskPower	\$ 255.2	\$ 205.8	\$ 25.5	\$ 20.6
SaskTel	129.5	119.8	116.6	107.8
SaskEnergy	63.8	43.5	22.4	23.1
SGI CANADA	59.1	49.9	48.0	54.2
SGC	21.8	20.1	27.5	13.3
CIC AMI	1.0	2.2	-	-
SaskWater	6.7	8.4	3.3	4.2
SOCO	2.8	3.0	2.5	2.7
SIIF	5.4	7.1	-	-
CIC (Separate)	232.2	212.5	-	-
Other ¹	(245.8)	(236.9)	4.3	4.3
Totals	\$ 531.7	\$ 435.4	\$ 250.1	\$ 230.2

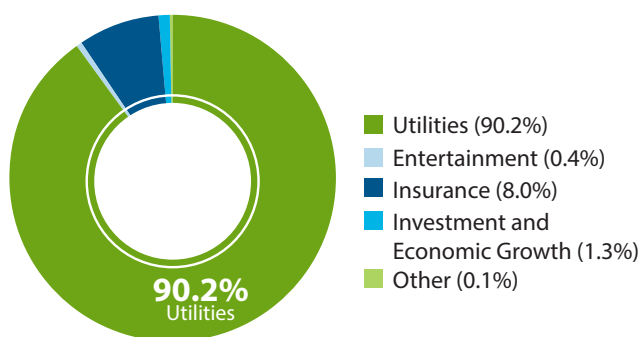
¹ Includes First Nations and Métis Fund, CIC Economic Holdco Ltd., and consolidation adjustments. Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown corporations, revenues and expenses between Crown corporations, and dividends paid by Crown corporations to CIC.

The preceding table shows results for the commercial Crown corporations in 2019-20 in comparison to business plan targets. Consolidated earnings for 2019-20 of \$435.4 million were \$96.3 million lower than budgeted earnings of \$531.7 million. Dividends to CIC in 2019-20 of \$230.2 million were \$19.9 million below budgeted dividends of \$250.1 million. Dividend revenue is typically proportionate to the operating earnings of the dividend paying Crown corporations, or in some cases, set on an alternative basis such as cash availability. Accordingly, the dividend variances reported for all subsidiaries primarily relate to earnings fluctuations. Significant earnings variances are explained as follows:

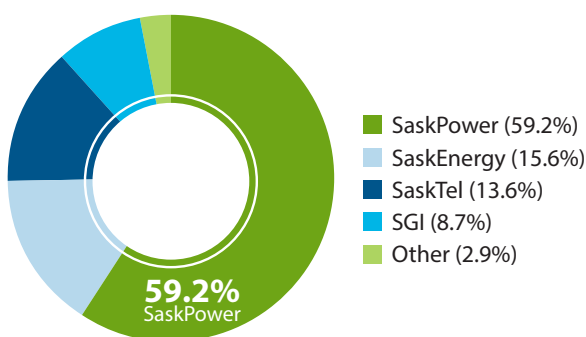
- SaskPower earnings were \$49.4 million lower than budget primarily due to a decline in Saskatchewan electricity sales volumes due to reductions in the potash, pulp, pipeline and steel sectors as well as moderate weather conditions during the year and general declines in economic conditions.
- SaskEnergy earnings were \$20.3 million lower than budget primarily due to negative market value adjustments on natural gas contracts. Operating earnings (excluding market value adjustments) were \$66.1 million, consistent with budget.
- CIC Separate earnings were \$19.7 million lower than budget primarily due to lower than expected dividend revenue from subsidiary corporations.
- SGC's earnings were \$1.7 million lower than budget primarily due to the closure of both casinos in March 2020 due to the COVID-19 pandemic. As a result, SGC dividends were not declared at the end of the year and were \$14.2 million lower than budget.

Segmented Information

Total Assets by Business Segment



Total Assets by Corporation



(millions of dollars)

	Utilities		Entertainment		Insurance		Investment & Economic		Other ¹		Total	
	2019-20	2018-19 (Restated)	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19 (Restated)
Statement of Income												
Total revenue	4,949	5,007	114	119	963	857	41	41	(137)	(141)	5,930	5,883
Operating expenses	(4,048)	(4,012)	(93)	(96)	(936)	(862)	(28)	(40)	106	112	(4,999)	(4,898)
Net finance (expenses) income	(523)	(501)	(1)	(1)	22	53	-	(7)	1	3	(501)	(453)
Earnings (loss) from operations	378	494	20	22	49	48	13	(6)	(30)	(26)	430	532
Share of net earnings from equity accounted investees	(1)	3	-	-	-	-	-	-	6	6	5	9
Net earnings (loss)	377	497	20	22	49	48	13	(6)	(24)	(20)	435	541
Statement of Financial Position												
Current assets	1,593	1,309	21	20	664	676	76	38	(12)	49	2,342	2,092
Investments & other	1,834	1,170	5	-	984	892	18	63	73	85	2,914	2,210
Capital assets ²	15,177	15,292	58	59	17	19	170	177	(52)	(55)	15,370	15,492
	18,604	17,771	84	79	1,665	1,587	264	278	9	79	20,626	19,794
Current liabilities	3,003	2,667	19	21	867	807	38	59	(81)	(124)	3,846	3,430
Long-term debt	8,413	8,216	-	-	-	-	38	40	-	-	8,451	8,256
Lease liabilities	1,027	1,087	5	5	10	-	1	1	-	-	1,043	1,093
Other	1,056	947	-	-	368	356	60	59	(13)	(13)	1,471	1,349
	13,499	12,917	24	26	1,245	1,163	137	159	(94)	(137)	14,811	14,128
Province's equity	5,105	4,854	60	53	420	424	127	119	103	216	5,815	5,666
	18,604	17,771	84	79	1,665	1,587	264	278	9	79	20,626	19,794
Statement of Cash Flows												
Operating activities												
Ongoing operations	1,405	1,227	26	29	107	73	21	9	(15)	(4)	1,544	1,334
Operating activities	1,405	1,227	26	29	107	73	21	9	(15)	(4)	1,544	1,334
Investing activities												
Capital asset purchases ³	(1,306)	(1,412)	(11)	(9)	(4)	(7)	(4)	(8)	-	-	(1,325)	(1,436)
Other	32	36	-	-	(45)	10	18	71	4	3	9	120
	(1,274)	(1,376)	(11)	(9)	(49)	3	14	63	4	3	(1,316)	(1,316)
Financing activities												
Debt proceeds	714	597	-	-	-	-	-	-	-	-	714	597
Debt repayments	(131)	(76)	-	-	-	-	(22)	(71)	-	-	(153)	(147)
Dividends paid	(212)	(158)	(18)	(19)	(41)	(30)	(3)	(4)	24	(45)	(250)	(256)
Equity (repaid) received	(33)	(47)	-	-	-	-	(1)	(1)	(66)	48	(100)	-
Other	(236)	(173)	5	-	(1)	-	(1)	(1)	-	-	(233)	(174)
	102	143	(13)	(19)	(42)	(30)	(27)	(77)	(42)	3	(22)	20
Change in Cash	233	(6)	2	1	16	46	8	(5)	(53)	2	206	38

¹ Other includes the operations of CIC (Separate), discontinued operations (see Note 10 of the consolidated financial statements) and consolidation adjustments.

² Capital assets include property, plant and equipment, right-of-use assets, investment property and intangible assets.

³ Capital asset purchases include property, plant and equipment, investment property and intangible assets.

A photograph of four men standing in front of several flags, including the Canadian flag and the Saskatchewan flag. The man on the far left is wearing a blue and white patterned shirt and holding a wooden staff. The man next to him is wearing a blue suit and tie. The man in the center is wearing a pink shirt with a patterned vest. The man on the far right is wearing a red shirt with a white infinity symbol. They are all smiling.

SaskPower becomes a founding sponsor of the Saskatchewan Chamber of Commerce Indigenous Engagement Charter.

Utilities



2019-20 Financial Results

Net earnings of \$205.8 million increased \$8.8 million from the \$197.0 million recorded in 2018-19. Excluding the impacts of the federal carbon charge, income was impacted by lower Saskatchewan electricity sales and higher capital-related expenses. This was partially offset by a reduction in fuel costs as a result of increased use of lower-cost fuel sources.

Revenue of \$2,786.7 million (2018-19 - \$2,734.1 million) increased largely due to the implementation of the federal carbon charge rate rider effective April 1, 2019. The revenue associated with the federal carbon charge rate rider is being set aside and will be used to fund SaskPower's federal carbon tax payments. This increase was partially offset by lower sales volumes. Electricity sales volumes to Saskatchewan customers were 23,072 GWh, down 487 GWh or 2.1 per cent compared to the prior year as a result of reduced activity in the residential, potash, pulp, pipeline and steel sectors and moderate weather conditions.

Expenses of \$2,579.8 million (2018-19 - \$2,540.0 million) increased mainly due to higher fuel and purchased power costs as a result of the implementation of the federal carbon charge, offset by reduced demand from lower generation volumes as well as increased use of lower-cost fuel sources as more hydro was available for use. Capital-related expenses, including depreciation, finance charges and taxes, increased as a result of SaskPower's capital program which is focused on generation, customer connections and sustaining transmission and distribution infrastructure. Other expenses decreased as a result of a prior year adjustment to the environmental remediation provision based on estimated settlement costs for past activities. Operating expenses decreased compared to 2018-19 due to lower material and contract service costs related to transmission and distribution infrastructure as a result of less storm activity during the period. This was partially offset by additional overhaul activity at generation facilities.

Gross long-term debt, short-term debt, and finance leases of \$8,262.9 million (March 31, 2019 - \$8,105.8 million) increased due to additional borrowings during the year to finance capital expenditures. SaskPower invested \$695.7 million (2018-19 - \$825.6 million) in various capital projects, including new generation such as the Chinook Power Station, customer connects, and sustaining transmission and distribution infrastructure.

In 2019-20, SaskPower became one of only nine Canadian electric utilities to earn the Canadian Electricity Association (CEA) Sustainable Electricity Company™ Designation.

2020-21 Outlook

SaskPower has assessed and continues to monitor the impact of COVID-19 on its operations. The Corporation is anticipating lower than expected revenues in the first quarter. Projections in future months depend largely on the progress made in re-opening the Saskatchewan economy. Despite an expected decrease in revenue, SaskPower is continuing with its capital program, with significant spending planned on sustaining existing infrastructure, developing new generation and connecting customers to the grid.

SaskPower joined other Saskatchewan Crown utilities to provide financial relief to customers by waiving late payment charges and suspending collection activities for six months. As cashflows are expected to be negatively impacted over the duration of this program, debt levels will increase to compensate for the deferred receipt of revenues. Increased finance charges as a result of higher debt levels and an increase in bad debts are the only significant expenses anticipated to be attributed directly to COVID-19.

Key Enterprise Risks, Mitigations and Action Plans

SaskPower business operations rely on information and operational technologies which need to be maintained, supported, protected and secured while enabling appropriate access and ensuring reliability, confidentiality, integrity and availability of associated systems and information. Demand for security capabilities will increase as security threats evolve at an exponentially rapid rate. SaskPower has established physical and cyber security controls to defend the servers, networks and data from attack, damage or unauthorized use.

SaskPower operations can inherently impact the safety of employees, contractors, customers, and the general public. There are considerable hazards and risks associated with working on high voltage equipment, on equipment operated at a high temperature or pressure, at heights, with chemicals, and around large machines.

SaskPower mitigation strategies include the integration of leadership competencies to foster and reinforce safe work practices. The Standard Protection Code and Standard Operating Procedures have been embedded in SaskPower's safety culture and operations. Contractors and employees are provided with safety orientations and learning opportunities for compliance with legislation and corporate safety requirements. Safety goals are incorporated into SaskPower's performance management process. New partnerships have been built to raise awareness of public safety that will reduce farming and construction-related incidents.

SaskPower interacts with a variety of stakeholders within the scope of its operations, including Indigenous communities, customers, business partners, employees, shareholders, governments, regulatory bodies and contractors. Stakeholder expectations are changing, with greater transparency, involvement and stewardship expected. SaskPower mitigation strategies include positive stakeholder engagement through effective communication of SaskPower's needs and strategic direction. Stakeholder engagement helps SaskPower to achieve its objectives and deal with adversity or significant change when it impacts the organization and its stakeholders. In addition, the First Nations Power Authority has agreed to partner with SaskPower to facilitate Indigenous engagement related to plans for a sustainable power system in Saskatchewan.

As the global spread of COVID-19 evolves, it continues to impact SaskPower's business functions, financial condition, cash flows and results from operations. SaskPower's risk management responses to COVID-19 are focused on the health and safety of the workforce and customers, while ensuring business continuity. The controls put in place include, but are not limited to, restricting physical site access, restricting travel, following social distancing guidelines, sustaining adequate cash flows, adjusting demand forecasts and minimizing supply chain interruptions.

Corporate Social Responsibility

In 2019-20, SaskPower became one of only nine Canadian electric utilities to earn the Canadian Electricity Association (CEA) Sustainable Electricity Company™ Designation. It demonstrates the scope of the Corporation's commitment to an environmental, social, and governance focus. The CEA designation is primarily based on the ISO 26000 Guidance on Social Responsibility and recognizes SaskPower's conformance to the ISO 14001 Environmental Management Standard.

Additionally, SaskPower signed a First Nations Opportunity Agreement to advance a 20-MW solar commitment. It includes the potential for a 10-MW project through the George Gordon and Starblanket First Nations, as well as a 10-MW project led by the Cowessess First Nation. SaskPower also signed a 25-year Power Purchase Agreement with Meadow Lake Tribal Council to develop up to 8-MW of biomass-generated electricity from a facility adjacent to the Norsask Sawmill, located near Meadow Lake.

During the year, SaskPower continued its operation of the Boundary Dam Power Station Unit #3 Carbon Capture and Storage Facility. It reached a milestone of capturing a total of over 3 million tonnes of CO₂ since start-up. Meanwhile, SaskPower remains an active partner in Saskatchewan communities. In 2019-20, the Corporation invested almost \$1.7 million in educational programming and community initiatives. An additional \$3 million was directed to post-secondary education funding that focuses on student development to support the workforce, as well as research and programming that aligns with SaskPower's priorities and goals.

Key Financial Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net earnings	\$ 205.8M	\$ 197.0M	\$ 145.5M	\$ 56.3M	\$ 25.9M
Operating earnings	\$ 205.8M	\$ 197.0M	\$ 146.5M	\$ 46.2M	\$ 123.4M
Dividend declared to CIC	\$ 20.6M	\$ 19.7M	Nil	Nil	Nil
Total assets	\$ 12,203.0M	\$ 11,811.7M	\$ 11,456.2M	\$ 10,908.4M	\$ 10,433.8M
ROE	7.8%	7.9%	6.2%	2.5%	1.2%
Debt ratio	72.6%	74.1%	74.9%	75.5%	75.2%

Key Operational Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Total customer accounts	540,727	537,714	532,719	528,059	521,745
Gross electricity supplied (gigawatt hours)	25,033	25,777	25,317	24,374	30,174
Available generating capacity (net megawatts)	4,893	4,531	4,493	4,491	4,437
Annual peak load (net megawatts)	3,722	3,723	3,792	3,747	3,640
Power lines (kilometres)	157,129	156,747	157,562	158,723	156,984
Full-time equivalents	3,602	3,668	3,608	3,643	3,777



Utilities



2019-20 Financial Results

Earnings were \$119.8 million (2018-19 - \$127.4 million), down \$7.6 million from 2018-19 primarily due to an impairment loss of \$10.7 million related to the impact of COVID-19 on certain legacy revenue resulting in a decline in value of the related assets and goodwill. Revenues remained strong and SaskTel continues to focus on controlled spending.

Total operating revenue increased to \$1,283.7 million (2018-19 - \$1,277.9 million), up \$5.8 million or 0.5 per cent from 2018-19, primarily due to continued wireless adoption and increased revenue from wireline growth services. This growth was partially offset by ongoing declines in legacy wireline services. Growth in wireless revenue reflects a growing subscriber base and increased Average Billing per User (ABPU), and increased revenue in wireline growth services is a result of a higher internet and *maxTV* revenue per customer, as customers opt for higher internet speeds and more services delivered over SaskTel's fibre network. The remaining growth in wireline is a result of strong growth in managed and emerging services portfolio.

Total operating expenses were \$1,132.1 million (2018-19 - \$1,124.7 million), up \$7.4 million from 2018-19 primarily due to an impairment loss of \$10.7 million related to the impact of COVID-19 on certain legacy revenue resulting in a decline in value of the related assets and goodwill. This is slightly offset by fewer one-time business grade equipment sales, reduced wireless device volumes and decreased salaries and benefits due to workforce efficiencies. The remainder of the decrease is a result of SaskTel's focus on controlled spending, slightly offset by increased depreciation due to growth in capital assets.

Capital expenditures for the fiscal year were \$258.7 million (2018-19 - \$262.3 million), down \$3.6 million from 2018-19. SaskTel's capital spending was related to: Fibre to the Premises; capacity improvements to wireline and wireless networks; improvements to rural transport infrastructure to accommodate rural growth of fixed and mobile voice, video and data services; expansion of northern fibre facilities which will bring high speed bandwidth services to northern residents and businesses; access infrastructure expansion for new neighbourhoods and enhancements for existing neighbourhoods; and significant facilities upgrades to ensure continued functionality of core facilities.

Debt increased to \$1,298.4 million (2018-19 - \$1,196.6 million) to support the capital program described above. The debt ratio of 47.8 per cent (2018-19 - 46.6 per cent) increased as a result of the increase in debt compared to a relatively stable level of equity, year over year.

2020-21 Outlook

SaskTel is experiencing changes in customer demands, rapidly evolving technology, increasing competition, and regulatory instability that are contributing to pressures on its revenue, costs, and profit margins.

SaskTel plans significant investment in new network technologies and infrastructure, systems, processes, and workforce skills that will ensure it is well positioned for these challenges. SaskTel is focused on delivering an exceptional customer experience and will continue to invest in customer self-serve capabilities.

Throughout 2020-21, SaskTel will continue evolving its product and service offerings in the business and consumer markets in order to meet customer needs and grow revenue. Broadband access is SaskTel's core service and primary focus area. Fixed and wireless broadband network investments will facilitate providing customers with expanded and enhanced services. Revenue from growth initiatives including internet, cellular, and *maxTV* services are projected to increase, while revenue from local and long-distance services are projected to decline.

SaskTel will continue to maintain a focus on operational efficiencies and controlled spending, while ensuring the provision of essential services.

SaskTel provided support to nearly 1,000 non-profit and charitable organizations, community associations, venues, events and partnerships in more than 233 communities.

Key Financial Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net earnings	\$ 119.8M	\$ 127.4M	\$ 121.0M	\$ 134.8M	\$ 126.7M
Operating revenue	\$ 1,283.7M	\$ 1,279.6M	\$ 1,253.2M	\$ 1,282.8M	\$ 1,569.6M
Dividend declared to CIC	\$ 107.8M	\$ 114.7M	\$ 108.9M	\$ 30.0M	\$ 37.5M
Total assets	\$ 2,807.3M	\$ 2,662.1M	\$ 2,489.9M	\$ 2,394.5M	\$ 2,253.1M
ROE	10.2%	11.0%	11.9%	15.4%	16.8%
Debt ratio	47.8%	46.6%	46.2%	47.9%	51.9%

Key Enterprise Risks, Mitigations and Action Plans

SaskTel's networks and systems are core to delivering services and if they became unavailable for an extended period, it could cause significant customer impacts. To help mitigate this risk, networks and systems are designed and built to be highly available, are regularly maintained and updated, key components are alarmed, legacy technology is replaced, and change control processes are established. Should an outage occur, business continuity and disaster recovery plans are in place to minimize impacts.

The telecom industry is experiencing major disruption, making it challenging to increase revenue and profit margins. Several factors contribute to this including commoditization of legacy products, intense competition in the wireless market, entry of non-traditional competitors, and emerging advanced technologies. SaskTel manages this risk by expanding its Broadband network, offering competitive services, placing a strong focus on customer experience, and simplifying and automating the operating environment.

SaskTel, like any company, is subject to cyber attacks or data breaches which could impact its reputation and net earnings. This threat will only increase with the movement toward digitalization, automation, and the increased number of connected devices. SaskTel has extensive controls in place to protect customer, employee and corporate information and mitigate against service disruption. Incident management processes and response plans are prepared should an event occur.

Full impacts of the COVID-19 pandemic are still unknown, but there is a risk that SaskTel will experience significant revenue loss due to reduced customer spending and its ability to deliver services. SaskTel is working to stay connected to customers through advertising campaigns, promotions and finding solutions to support their needs.

Corporate Social Responsibility

Throughout 2019-20, SaskTel continued its tradition of giving back. SaskTel provided support to nearly 1,000 non-profit and charitable organizations, community associations, venues, events and partnerships in more than 233 communities. With 3,942 members across the province, the SaskTel Pioneers contribute financial donations and completed more than 42,000 hours of volunteer time to support worthwhile community initiatives in 2019-20. SaskTel employees in nine districts raised funds through SaskTel TelCare in 2019-20. Along with SaskTel's commitment to match 50 per cent of each donation, the funds are allocated to 70 charitable and non-profit organizations operating across Saskatchewan.

As one of Canada's Top Diversity Companies, SaskTel participates in the '4to40' program, an initiative that aims to connect people experiencing disability with forward-thinking employers who embrace a flexible 4 to 40-hour work week.

Due to SaskTel's longstanding environmental conservation efforts, it was named one of Canada's Greenest Employers for the eleventh consecutive year by Mediacorp Canada.

Key Operational Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Wireless accesses	618,188	609,951	607,448	615,882	614,221
Wireline accesses	314,739	338,779	361,351	388,519	413,052
Internet (includes <i>maxTV</i>)	276,460	282,710	278,977	275,356	264,196
<i>maxTV</i> subscribers	111,382	112,583	110,881	110,591	107,321
Security monitoring subscribers	85,948	76,692	72,467	73,722	67,173
Full-time equivalents	3,415	3,719	3,880	3,916	3,956

SaskEnergy's commitment to environmental stewardship incorporates its Environment & Sustainability department using satellite imagery, wildlife and wildlife habitat, heritage and archaeological site reviews to conduct environmental screenings for distribution projects. This helps protect customer property from unnecessary damage or the introduction of invasive species.

Utilities



2019-20 Financial Results

In 2019-20 operating earnings before market value adjustments were \$66.1 million (2018-19 - \$133.3 million). The unfavourable result was primarily due to lower commodity margins, lower delivery revenues due to warmer weather, and losses recorded in 2019-20 compared to gains in 2018-19, as SaskEnergy wrote off storage cavern exploration costs and natural gas inventory at one of its storage facilities. This compares to the realized gains in the prior fiscal year on the sale of natural gas liquid extraction plant assets. These unfavourable results were partially offset by increased transportation revenues compared to prior year. Transmission load growth resulting from continued economic growth in the province contributed to SaskEnergy's highest level of transportation and storage revenue in its history.

On April 1, 2019, in its continual efforts to support its customers, SaskEnergy decreased its commodity rate to \$2.57 per Gigajoule (GJ) as the low natural gas price environment continued. The low natural gas price environment also decreased the commodity cost of gas sold and allowed SaskEnergy to realize favourable natural gas contract settlements, both of which helped to offset the decreasing commodity margin.

At March 31, 2020, the market value adjustments on natural gas contracts resulted in decreases to net earnings. The market price of natural gas was \$0.20 per GJ lower than the natural gas price on purchase contracts outstanding at March 31, 2020. This was partially offset by positive market value adjustments on natural gas in storage at March 31, 2020. Through much of 2019-20, SaskEnergy was able to purchase lower priced natural gas and place it into storage, which reduced the average cost of natural gas in storage under the market rate.

Capital investments totaled \$328.1 million (2018-19 - \$299.7 million). Increases in customer growth and increased spending on system expansion projects have increased the level of capital expenditures. The multi-year initiative to address growth in and around the city of Saskatoon was completed in 2019-20. Expenditures on system integrity and reliability have slightly increased compared to the prior year. These increases were counteracted by a year over year decrease in capital due to the prior year purchase of a new service centre building near White City. SaskEnergy required an additional \$212.0 million in long-term debt in 2019-20 to fund a portion of its capital expenditures, resulting in a debt ratio of 57.7 per cent (2018-19 - 54.9 per cent).

2020-21 Outlook

In the final quarter of the 2019-20 fiscal year two extremely impactful situations unfolded. The emergence of COVID-19 and its declaration as a global pandemic occurred in parallel with a collapse of global oil prices. These two factors have caused uncertainty for producers and consumers of natural gas. Almost 60 per cent of the production of natural gas is associated with oil production; hence, as oil producers are forced to shut-in wells due to record low oil prices, associated natural gas production is inadvertently also shut-in. The reduction in Saskatchewan gas supply will require more natural gas to be imported from Alberta. Restrictions imposed to contain the pandemic and market uncertainty have resulted in an economic slowdown with the potential for reduced industrial and commercial gas demand.

Key Financial Data

	Twelve months 2019-20	Twelve months 2018-19 (Restated)	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net earnings	\$ 43.5M	\$ 165.7M	\$ 143.5M	\$ 145.6M	\$ 110.9M
Operating earnings	\$ 66.1M	\$ 133.3M	\$ 110.9M	\$ 69.9M	\$ 134.7M
Dividend declared to CIC	\$ 23.1M	\$ 60.0M	\$ 38.8M	\$ 28.9M	\$ 64.7M
Total assets	\$ 3,221.7M	\$ 2,937.7M	\$ 2,687.6M	\$ 2,505.4M	\$ 2,450.6M
Operating ROE	6.1%	12.9%	12.2%	8.8%	18.8%
Debt ratio	57.7%	54.9%	56.1%	58.6%	61.0%

Residential heating load is unlikely to change significantly. Local and global business closures, global supply chain disruptions, and social-distancing requirements will cause challenges and delays to system improvements, but are unlikely to impact SaskEnergy's ability to transport or market natural gas. SaskEnergy will continue to monitor and manage the impact of both COVID-19 and the collapse in oil prices on its business strategies as the situation evolves.

Key Enterprise Risks, Mitigations and Action Plans

New regulations can create greater transparency requirements, enhanced protection for stakeholders and the environment, and additional oversight for the industry. SaskEnergy is confident in its adaptability to the evolving regulatory environment, with continuing efforts toward improving efficiency and enhancing service.

Natural gas line, facility or operational failure could disrupt the effective operation of SaskEnergy's infrastructure, negatively impacting public safety, the environment and customers. Some of the primary processes used to mitigate this risk include system integrity programs, public awareness and safety programs, employee and operator training, and environmental policies and procedures. The financial impacts of these risks are also mitigated, where possible and appropriate, through insurance.

Cyber security comprises technologies, processes and controls that are designed to protect systems, networks and data from cyber-attacks. Effective cyber security reduces the risk of cyber-attacks and protects organizations and individuals from the unauthorized exploitation of systems, networks and technologies.

As a provincial operator of critical energy infrastructure, SaskEnergy operates a number of both manned and unmanned locations. Physical security measures are designed to deny unauthorized access to facilities, equipment and resources and to protect personnel and property from damage or harm. This includes protection from fire, flood, natural disasters, burglary, theft, vandalism and terrorism.

Strategic initiatives undertaken to mitigate cyber, physical and operational risks include business continuity and disaster recovery plans, information technology security processes and a security threat response plan.

COVID-19 and the collapse of global oil prices have also increased previously lower risk concerns including employee health and safety, credit risk, and customer demand. There is no recent precedence to rely on to provide an accurate forecast for the impact of the current situation. However, as it evolves, the organization is continuing to react and address the risks as they arise.

Corporate Social Responsibility

SaskEnergy is positioning itself for the future by making investments in its infrastructure, processes and people. One of these investments was the Customer Connect Constellation Initiative, which improved SaskEnergy's ability to fulfill customer requests for natural gas service, from the initial project quote to the date the service is activated. As part of this initiative, SaskEnergy also introduced an online tool for rural residential customers to apply and receive an estimate to install a new natural gas line on their property.

SaskEnergy's commitment to environmental stewardship is integral in its operations, including when new customers are connected to the system. In 2019-20, a number of process improvements were implemented that resulted in a significant increase in secondary environmental and heritage screenings for distribution projects. When certain environmental or heritage concerns are flagged during initial project screening, the projects are referred to SaskEnergy's Environment & Sustainability department for secondary screening. A detailed review is then completed to look at satellite imagery, wildlife and wildlife habitat, heritage and archaeological sites, project impacts to water resources, as well as any potential for high risk invasive species. Environmental screenings help protect customer property from unnecessary damage or the introduction of invasive species and assist in ensuring customer projects are completed on time and on budget.

Key Operational Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Total distribution customers	399,826	397,367	394,592	390,886	386,886
Residential average usage (m ³)	2,631	2,681	2,736	2,543	3,579
Distribution gas lines (km)	70,996	70,703	70,180	69,870	69,547
Transmission gas lines (km)	15,169	15,090	15,127	15,228	15,156
Compressor horsepower (HP)	95,308	88,588	89,141	86,065	82,615
Peak day gas flows (petajoules)	1.55	1.50	1.50	1.36	1.35
Full-time equivalents	1,056	1,017	1,028	1,059	1,138

SaskWater employees support community initiatives throughout the year, including Habitat for Humanity and the 2019 Moose Jaw Health Foundation Radiothon.

Utilities



SaskWater

2019-20 Financial Results

SaskWater continued to have strong financial results in 2019-20, with revenues increasing over 2018-19 in core lines of business including all water sales and treatment lines and certified operation and maintenance. The increased revenues were a result of the addition of new water service customers and contract negotiations with existing customers to pace with cost increases.

SaskWater generated earnings of \$8.4 million in 2019-20 (2018-19 - \$7.5 million). Water sales and treatment revenue increased by 5.1 per cent. Total revenues increased 3.8 per cent, which included a decrease in project management services. Project management is an on-demand service line, with significant focus on the potash industry, and there was very little demand for the service this past year. Overall potable water volumes were down due to more moisture in the summer months than in the previous year. This was offset by the addition of a new potable water customer in the last quarter of 2019-20, along with contractual and discretionary rate increases that kept revenues on par with expense increases for bulk water. Non-potable water sales were up 1.6 per cent for the year, primarily from very strong results in the first quarter, while demand slowed for the remainder of the year in line with the potash market conditions.

Operational expenses have increased 3.4 per cent from 2018-19. Salaries and benefits are up 1.3 per cent with the addition of the new potable water customer and the results of the newly negotiated collective bargaining agreement. Bulk water purchases are up 7.8 per cent due to rate increases from suppliers. Partially offsetting these increases is a reduction in operations, maintenance and administration costs mainly resulting from the decreased level of project management work.

Total debt at March 31, 2020, was \$87.4 million (March 31, 2019 - \$76.4 million), an increase of \$11.0 million. The increase in debt is used to fund a portion of SaskWater's capital spending during project construction. Additional interest costs of \$0.1 million were more than offset by realized gains on sinking fund redemptions and increased sinking fund earnings.

Total capital spending was at similar levels to the previous year at \$24.0 million (2018-19 - \$24.2 million). SaskWater's investment in capital spending, net of customer contributions, was \$20.4 million of which the majority, \$15.4 million, was on the acquisition of new customer assets including the substantial completion of the Melville water treatment plant and the purchase of the Meadow Lake water treatment plant assets. System upgrades and infrastructure replacement programs account for the remaining \$5.0 million.

Key Financial Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net earnings	\$ 8.4M	\$ 7.5M	\$ 8.1M	\$ 6.5M	\$ 7.4M
Total assets	\$ 372.0M	\$ 359.7M	\$ 351.9M	\$ 388.1M	\$ 328.9M
ROE	11.3%	10.7%	12.5%	11.0%	13.7%
Debt ratio	50.0%	46.1%	46.6%	44.7%	45.7%

2020-21 Outlook

For 2020-21, SaskWater will continue its focus on growing the core lines of business, with the majority of the effort in continuing to pursue regional opportunities to leverage economies of scale and achieve a lower life cycle cost for potential communities. Continued effort in maximizing cost efficiencies and exploring collaboration opportunities will also be a priority.

Additional strategic projects for the coming year will include effort towards the implementation of new Enterprise Resource Planning software, as well as an updated strategic plan, a brand project and executing a capital plan that will help ensure services continue to be provided and address growth opportunities.

While SaskWater is anticipating another productive and successful year operationally, the effects and impacts of the COVID-19 pandemic create some uncertainties for the coming year. SaskWater has assessed and continues to monitor the current impact of COVID-19 on its operations. The magnitude and duration of COVID-19 remains uncertain and, if it causes significant disruption for an extended period of time, the impacts to SaskWater will likely increase. Potential impacts include loss of revenue, potential supply chain disruption, challenges associated with a remote workforce and potential asset impairment.

Key Enterprise Risks, Mitigations and Action Plans

SaskWater's growth strategy is dependent on the acquisition and operation of municipal, regional and industrial water and wastewater systems in Saskatchewan. Increased competition by municipalities may result in the loss of new business opportunities or non-renewal of existing services. Mitigation strategies include a targeted marketing strategy and growth plan, participating in customer engagement activities and working with larger municipalities to collaborate on the development of regional systems.

Brand is essential to organizations, as it defines how they are unique and influences how programs are delivered to customers. SaskWater has been developing its brand strategy and will be implementing it in 2020-21.

SaskWater's customer base is concentrated primarily in the industrial sector. Changes in market demand can lead to revenue instability resulting in production swings. Mitigation strategies in place include minimum purchase requirements, efficiency programs, and cost of service rates. SaskWater is continuing to pursue growth opportunities to diversify its business.

Corporate Social Responsibility

As a corporation, SaskWater contributes to the province's well-being by helping to build healthy, vibrant communities and a thriving Saskatchewan economy. Its efforts are based on three principles: economic prosperity, social responsibility and environmental stewardship. During the 2019-20 year, SaskWater's social responsibility and sustainability initiatives include:

- Delivering customer engagement sessions to nine customer groups in 2019-20;
- Sponsoring and/or providing promotional items for 98 events in 37 communities;
- SaskWater supports employee professional development;
- SaskWater was identified as a WorkSafe Saskatchewan Mission Zero Top 100 Company in 2019-20;
- Installing solar panels at the Wakaw-Humboldt water treatment plant and the regional water supply system in Melville to increase use of renewable energy and lower GHG emissions; and
- SaskWater takes an active approach to minimizing water loss on its water supply systems. The target is a water loss rate of 3.0 per cent or less.

Key Operational Data					
	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Total customer accounts	415	415	414	414	411
Total sales volumes (cubic metres)	45.6M	48.7M	44.7M	43.9M	57.4M
Kilometres of potable and non-potable pipeline	942	967	964	935	935
Full-time equivalents	129	130	127	124	120

SGI CANADA supports communities, clubs and associations across Saskatchewan including crime prevention initiatives like Crime Stoppers, Citizens on Patrol, special community events, Kidsport programs, and Red Cross emergency preparedness, awareness and recovery efforts.



Insurance



Key Financial Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net earnings	\$ 49.9M	\$ 48.0M	\$ 59.4M	\$ 65.2M	\$ 84.5M
Dividend declared to CIC	\$ 54.2M	\$ 12.5M	\$ 35.8M	\$ 43.0M	\$ 47.3M
Total assets	\$ 1,664.6M	\$ 1,580.5M	\$ 1,438.4M	\$ 1,335.6M	\$ 1,213.2M
ROE	11.8%	11.8%	15.8%	18.5%	21.0%
Minimum Capital Test ¹	242%	240%	242%	243%	249%

¹ The Minimum Capital Test (MCT) is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required.

2019-20 Financial Results

SGI CANADA generated \$49.9 million in earnings compared to \$48.0 million in 2018-19. The solid financial results were due to improvement in underwriting results partially offset by a decline in investment earnings. SGI CANADA operates in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

SGI CANADA continues to experience strong growth, the year over year increase of \$84.1 million of gross premiums written represents growth of 9.2 per cent over 2018-19. All jurisdictions saw growth, with the strongest growth coming from Ontario as SGI CANADA is a relatively new entrant into the standard auto market in that province. In other provinces, growth was from additional broker partnerships established that increased market share.

Net claims incurred increased by 4.7 per cent in the year, while the consolidated loss ratio decreased by 4.9 percentage points compared to the prior year. The decrease in the loss ratio was a result of fewer catastrophic losses throughout the country. Also, in Alberta and Ontario, approved premium rate increases helped lower the loss ratio.

SGI CANADA's investment earnings decreased to \$22.7 million (2018-19 - \$53.4 million), driven by negative equity returns in the last quarter of the year due to market volatility related to COVID-19.

SGI CANADA's consolidated Minimum Capital Test (MCT) of 242 per cent (2018-19 - 240 per cent) is consistent with the target and long-term goal of 242 per cent. SGI CANADA's dividend payout is set at an amount in alignment with achieving the company's MCT target of 242 per cent. As a result of having a higher MCT, SGI CANADA had capacity to pay a larger dividend than in the previous year.

2020-21 Outlook

The Canadian property and casualty (P&C) industry is highly competitive and continues to experience rapid change driven by technology and other innovations. Technology is leading the way for new and innovative production channels, mobile services, and data-driven processes that can better assess and respond to continuously changing customer expectations.

SGI CANADA has a corporate strategy aimed at addressing the most pressing needs of the organization, reducing the technology deficit and corporate transformation. To achieve this, SGI CANADA will focus on four key areas in 2020-21: empower employees; engage customers; optimize operations; and, transform products.

SGI CANADA is working on optimizing business processes and improving responsiveness through automation and digitization. In 2020-21, SGI CANADA will focus on achieving profitable growth, improving long-term efficiency through process redesign and modern technology implementations. SGI CANADA needs to use data, analytics and artificial intelligence to develop innovative products and services that deliver a tangible advantage. In 2020-21, SGI CANADA will focus on product structure redesign, establishing a framework for data governance and developing processes to leverage proof of concepts and corporate innovation.

The insurance industry, although deemed essential, is not isolated from the shockwaves affecting the Canadian economic landscape due to COVID-19. With fewer vehicles on the roads, insurance companies are expecting to see fewer auto claims and several have introduced a variety of COVID-19 discounts to reduce the financial burden to customers. SGI CANADA is working with customers to change payment plans, allowing payment deferrals and waiving returned payment fees. Regarding property claims, the impact is uncertain but restrictions on travel and work is resulting in customers being home throughout the day and could have a positive result on the number of large personal property claims (fire and water); however, businesses will be empty, providing more opportunity for theft.

Investment markets are recovering back to pre COVID-19 levels; however, this path will likely be volatile. Insurance companies have large investment portfolios and this volatility will impact the strength of the company's balance sheet and, in SGI CANADA's case, net earnings. SGI CANADA has a strong MCT, has temporarily suspended the securities lending program, and has increased the amount of cash on hand to provide flexibility in response to market volatility. Overall, the impact of COVID-19 on the insurance industry and SGI CANADA continues to be a significant unknown; however, SGI CANADA is maintaining focus on the above items and developing an understanding of the range of possible outcomes.

Key Enterprise Risks, Mitigations and Action Plans

SGI CANADA's top risks relate to: corporate transformation, competition, acquisition and development of expertise, employee change agility, system availability and recovery, responsiveness to business needs, distribution channel, system security, and product design and pricing. These risks represent key areas in SGI's strategic plan, and, as such, SGI CANADA has prioritized resources towards key business processes and corporate projects which will mitigate these risks. Three of the risks are discussed in more detail as follows.

First, a risk is that SGI CANADA fails to change its people, process and technology to become a digital insurer. SGI CANADA intends to use technology to empower its employees and business partners to add value with each customer interaction and has committed significant business and IT resources to imagine future states of its people, processes and technologies using a disciplined framework.

Second, large competitors pursue market share through aggressive pricing or the purchase of independent brokers, leading to a risk of reduced margins and/or loss of market share. The broker distribution channel shrinks as more insurers transition to selling products directly to consumers. SGI CANADA continues to provide superior service and support to brokers to attract new business and retain the existing book of business and has enhanced pricing with more sophisticated use of data. SGI CANADA monitors market developments closely and continues to introduce new products in the personal and commercial markets, and is developing online services to improve the speed, accuracy and ease.

Finally, SGI CANADA's business strategy involves risk around its significant corporate transformation efforts. Evolving to be a digital, customer centric insurer is required to meet customer demands, maintain strong public support in Saskatchewan and compete with other insurers across the country. SGI CANADA has initiated programs including expanded competency-based recruitment, movement towards modernized recruitment/staffing processes, expanded knowledge management solutions, succession planning, and monitoring engagement and enablement through employee surveys. A corporate learning strategy focused on growing talent and leaders at all levels has been developed and the Corporation continues to devote additional resources to training and development.

Corporate Social Responsibility

SGI CANADA supports communities, clubs and associations across Saskatchewan, through formal sponsorships totaling \$0.4 million in 2019-20. This included support for crime prevention initiatives like the Regina, Prince Albert and Saskatchewan Crime Stoppers programs, and Citizens on Patrol in Crooked Lake, Yorkton, Kindersley, Lakeland, and Meadow Lake. Support was also provided for special events like the Scotties Tournament of Hearts in Moose Jaw, the Fireworks Festival in Saskatoon, Summer Bash community outdoor movies for Families, the Family Zone at the Regina Exhibition, and safety-related activities organized by the Saskatchewan Trucking Association. To help promote and sustain youth sporting programs, SGI CANADA contributed to KidSport through our Christmas campaign, and provided sponsorship for Football Saskatchewan. SGI CANADA also continued its efforts to help the Red Cross improve the lives of vulnerable people, including those who have been affected by natural disasters. To help with ongoing Red Cross emergency preparedness, awareness and recovery efforts, a donation was provided in 2019-20.

Key Operational Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net premiums written	\$ 940.4M	\$ 860.9M	\$ 745.2M	\$ 693.6M	\$ 730.0M
Number of policies in force	891,973	846,490	696,635	671,119	639,486
Number of claims	109,387	110,891	116,301	108,122	122,028
Full-time equivalents	2,045	1,955	1,904	1,912	1,874

The Saskatchewan Auto Fund is not a subsidiary Crown corporation. Its results are included in this report because of SGI CANADA's administration of the Saskatchewan Auto Fund. The results of the Saskatchewan Auto Fund are not included in CIC's or SGI CANADA's consolidated financial statements.

2019-20 Financial Results

The Saskatchewan Auto Fund (the Auto Fund) had a net loss of \$46.7 million (2018-19 - net earnings of \$77.5 million). Operating results were negatively affected by the recent decline in investment returns related to COVID-19.

Gross premiums written totaled \$962.7 million representing an increase of 0.7 per cent over the prior year. The increase is the result of customers moving to vehicles with higher premiums as the exposures decreased overall during the year with the vehicle insured years decreasing slightly. Overall claims expenses decreased \$5.6 million from the prior year.

The Auto Fund generated investment earnings of \$2.5 million during the year. Increased volatility related to COVID-19 generated significant negative results in the last three months pushing overall results down for the year. Higher investment earnings in recent years have helped the Auto Fund maintain its capital base near target levels. The total portfolio's market-based return was 0.4 per cent, compared to a 5.6 per cent return in 2018-19.

2020-21 Outlook

The Auto Fund continues to be efficient and well-run, maintaining an administrative expense ratio below other Canadian public insurers and providing among the lowest auto insurance rates in Canada.

The Auto Fund achieved the primary objectives of the 2016 to 2020-21 corporate strategy per cent reduction in injury and fatalities on Saskatchewan roads, a Customer Experience Index that exceeds the property and casualty insurance industry average, and among the lowest personal auto insurance rates in Canada. As a result, the Auto Fund is bringing an end to the five-year plan a year early and introducing a new corporate strategy aimed at addressing the most pressing needs of the organization, reducing the technology deficit and corporate transformation. To achieve this, the Auto Fund will focus on four key areas in 2020-21: empower employees, engage customers, optimize operations, and transform products.

The Auto Fund needs to develop employee and partner relationships by promoting continuous learning and working effectively together to improve the experience of both employees and customers. In 2020-21, the Auto Fund will focus on continuing to develop its leadership culture and maintaining a disciplined approach to change management.

The Auto Fund is focused on providing customers with personalized experiences and delivery options, enabling them to make more informed decisions and positively influencing their behavior. In 2020-2021, the Auto Fund will focus on refreshing the corporate brand strategy, continuing to apply user-centered design principles, developing a claim handling strategy and continuing to improve traffic safety in Saskatchewan. The Auto Fund is working on optimizing business processes and improving responsiveness through automation and digitization.

In 2020-21, the Auto Fund will focus on maintaining low and stable rates, improving long-term efficiency through process redesign and modern technology implementations.

The insurance industry, although deemed essential, is not isolated from the shockwaves affecting the Canadian economic landscape due to COVID-19. With fewer vehicles on the roads, insurance companies are expecting to see fewer auto claims and several have introduced a variety of COVID-19 discounts to reduce the financial burden to customers. For the Auto Fund, favourable claim experience will be reflected in future rate adjustments as the Rate Stabilization Reserve (RSR) is moved to target levels. The Auto Fund is working with customers to change payment plans, allowing customers to change to short-term registrations to defer payments and waiving returned payment fees.

Investment markets are recovering back to pre-COVID-19 levels; however, this path will likely be volatile. Insurance companies have large investment portfolios and this volatility will impact the strength of the company's balance sheet and, in Auto Fund's case, the RSR. The Auto Fund has temporarily suspended the securities lending program, and has increased the amount of cash on hand to provide flexibility in response to market volatility. Overall, the impact of COVID-19 on the insurance industry and the Auto Fund continues to be a significant unknown; however, the Auto Fund is maintaining focus on the above items and developing an understanding of the range of possible outcomes.

Key Enterprise Risks, Mitigations and Action Plans

The Auto Fund's top risks relate to corporate transformation, acquisition and development of expertise, employee change agility, system availability and recovery, responsiveness to business needs, system security, and market value changes. Three of the risks are discussed in more detail as follows.

Key Financial Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net (loss) earnings	\$ (46.7)M	\$ 77.5M	\$ 210.1M	\$ 188.7M	\$ 159.1M
Total assets	\$ 3,056.7M	\$ 3,040.6M	\$ 2,865.0M	\$ 2,627.4M	\$ 2,369.6M
Minimum Capital Test ¹	156%	145%	141%	108%	95%
Rate Stabilization Reserve	\$ 806.7M	\$ 853.5M	\$ 776.0M	\$ 565.9M	\$ 377.2M

¹ The Minimum Capital Test (MCT) is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required. The Auto Fund target MCT is 140 per cent.

Key Operational Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net premiums written	\$ 952.2M	\$ 941.8M	\$ 927.6M	\$ 925.0M	\$ 1,111.3M
Number of licensed drivers	816,000	815,000	812,000	806,000	799,000
Number of claims	119,677	121,933	126,316	118,060	137,044
Number of injuries ²	3,850 ¹	4,244	4,619	5,768	5,574
Number of fatalities ²	71	129	100	125	121

¹ Injury data for 2019 is preliminary and may change as collision data continues to be reported.

² The number of injuries and fatalities are based on a calendar year.

First, a risk is that the Auto Fund fails to people, process and technology to become a digital insurer. The Auto Fund intends to use technology to empower its employees and business partners to add value with each customer interaction and has committed significant business and IT resources to imagine future states of its people, processes and technologies using a disciplined framework. The Auto Fund has also stopped all non-critical business enhancements to its current systems.

Second, the Auto Fund's business strategy involves risk around its significant corporate transformation efforts. Evolving to be a digital, customer centric insurer is required to meet customer demands and maintain strong public support in Saskatchewan. The Auto Fund has initiated programs including expanded competency-based recruitment, movement towards modernized recruitment/staffing processes, expanded knowledge management solutions, succession planning, and monitoring engagement and enablement through employee surveys. A corporate learning strategy focused on growing talent and leaders at all levels has been developed and the Auto Fund continues to devote additional resources to training and development.

Finally, a risk exists as a result of a rapidly changing environment causing the Auto Fund to require employees who have the willingness to embrace and adapt. The Auto Fund has a large number of initiatives dedicated to assisting employees in understanding and adapting to change, including significant efforts in Leadership Culture Development, the introduction of standardized education levels within career streams, expectations incorporated into new job descriptions/evaluations and the introduction of a tiered leadership framework that offers structured learning.

Corporate Social Responsibility

SGL supports youth community involvement, diversity, and works to make our province's roads safer. It does this through its traffic safety awareness campaigns, partnerships and sponsorships. In 2019-20, SGL's Be a Good Wingman campaign – a call to action to never let friends or family drive impaired – grew in reach and recognition through partnerships with First Nations, and hockey and curling rinks across the province. SGL also ran ads and distributed point-of-sale materials to cannabis retailers, emphasizing driver impacts and penalties. SGL continued to offer free rides home on New Year's Eve in major cities, as well as safe ride services from major events across the province. SGL also partnered with Mothers Against Drunk Driving, providing \$0.5 million to fund the SmartWheels bus, a mobile classroom educating students across Saskatchewan about the harmful driving risks associated with alcohol and drug use. And a new campaign, Distracted Driving Kills, emphasized the importance of driving distraction-free. SGL also provided more than \$0.4 million in sponsorships in 2019-20 which included support for a wide range of initiatives focusing on youth and cultural diversity. In January 2020, SGL signed the Saskatchewan Chamber of Commerce Indigenous Engagement Charter. The charter is a commitment to bring the Truth and Reconciliation Commission's Calls to Action into business decisions and practices, becoming an employer of choice that supports the community and reflects the people it serves.



Entertainment



Key Financial Data

	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net earnings	\$ 20.1M	\$ 22.5M	\$ 23.2M	\$ 24.4M	\$ 32.7M
Dividends declared to CIC	\$ 13.3M	\$ 18.0M	\$ 18.6M	\$ 29.5M	\$ 26.1M
Total assets	\$ 84.1M	\$ 78.7M	\$ 74.8M	\$ 79.5M	\$ 77.7M
Debt to equity ratio	16.7%	10.2%	11.9%	14.0%	15.7%

2019-20 Financial Results

SGC operates in a mature gaming market where there is significant competition from both land-based and online competitors, as well as competition for general entertainment dollars. In 2019-20, SGC focused on initiatives to support long-term sustainability, while improving guest experience. These initiatives included continued implementation of gaming modernization, developing incremental revenue opportunities and investing in facility modernization.

Net earnings were \$20.1 million (2018-19 - \$22.5 million), which was a decrease of \$2.4 million from 2018-19. The decrease in earnings was primarily due to decreased revenues of \$4.6 million. COVID-19 was declared a global pandemic and Saskatchewan declared a state of emergency on March 11, 2020. On the advice of the Saskatchewan Health Authority and the Chief Medical Officer, SGC suspended operations at the close of gaming day on March 16, 2020 until further notice. The temporary closure of Casinos Regina and Moose Jaw resulted in decreased revenues compared to the prior year. SGC estimates revenues lost due to the casino closures to be between \$5.2 million and \$5.8 million for 2019-20, based on actual results throughout the year.

The decrease in revenues was offset by a decrease in total operating expenses of \$2.1 million. This decrease was primarily due to decreased payments to the GRF and continued effective cost management. In 2019-20, SGC paid \$20.1 million (2018-19 - \$22.5 million) to the GRF to meet the provincial government's obligations under *The Saskatchewan Gaming Corporation Act*.

In 2019-20, SGC held debt consisting of a finance lease and short-term debt with the GRF. The finance lease was reduced to \$5.0 million (2019 - \$5.4 million). In 2019-2020, SGC obtained short-term debt from the GRF in the amount of \$5.0 million. This resulted in SGC's debt to equity ratio increasing to 16.7 per cent (2018-19 - 10.2 per cent). Finance charges for 2019-20 were \$0.5 million (2018-19 - \$0.6 million).

In support of SGC's strategic initiatives of gaming and facility modernization, capital expenditures were \$10.5 million (2018-19 - \$8.9 million). The increase of \$1.6 million was a result of gaming technology projects, facility refresh and equipment purchases.

Key Operational Data	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Guest count (thousands)	2,752	3,257	3,513	3,502	4,394
Full-time equivalents	567	577	583	606	599

2020-21 Outlook

As a result of the COVID-19 pandemic, Casinos Regina and Moose Jaw will remain closed until such time that the Government of Saskatchewan and Chief Medical Health Officer determine it is safe to reopen. The closure resulted in temporary layoffs of 549 SGC employees. Upon reopening, SGC believes that physical distancing will remain in effect, which will result in reduced capacity in facilities, as well as limited availability of gaming equipment and ancillary services. This is expected to impact revenues and operational results until such time that these measures are relaxed.

Key Enterprise Risks, Mitigations and Action Plans

SGC operates in a mature gaming market. While SGC has managed to maintain profitability due to expense reductions and new revenue initiatives, the corporation's long-term profitability relies on the development of new revenue sources. To address this risk, SGC is modernizing its business model and educating stakeholders on the need to take advantage of new opportunities.

Business interruption quickly became a critical risk due to the COVID-19 pandemic. To mitigate this risk, SGC maintains a business continuity plan with business impact assessments, critical suppliers and departmental action plans. Other mitigations include a pandemic management plan, a strike contingency plan and emergency measures procedures. It also has a corporate disaster recovery plan that is reviewed and tested on an annual basis, as well as a surveillance disaster recovery plan.

Providing an entertaining guest experience is at the core of SGC's business. Failure to consistently meet guest expectations with respect to facilities, safety and customer service could result in a loss of business, declining revenues and loss of market share. To mitigate this risk, SGC has developed a guest experience strategy to ensure it consistently meets its balanced scorecard targets. In 2019-20, this included training for employees in GameOn 2.0 – the corporation's updated customer service program. SGC also continued to rollout a multi-year plan to modernize products and services and refresh the casino properties to enhance the guest experience.

SGC supports the communities in which it operates, including providing endowments to 71 organizations, community projects and events.

Corporate Social Responsibility

SGC continues to offer casino entertainment in a socially responsible manner, while supporting the communities in which it operates. This included a myriad of new and exciting gaming options and an endowment of \$387,800 to 71 organizations, community projects and events in 2019-20.

SGC utilizes the internationally renowned GameSense responsible gambling program to promote informed choices and healthy game play among its guests. Thanks to this commitment, Casinos Regina and Moose Jaw earned reaccreditation through the Responsible Gambling Council's (RGC) RG Check Program. The RGC is an independent, non-profit organization dedicated to gambling prevention. Only casino properties dedicated to the highest level of responsible gambling programming obtain RG Check accreditation.

SGC introduced 24-hour operations on weekends at Casinos Regina and Moose Jaw. For the safety and well-being of its guests, SGC introduced a new fatigue impairment policy as part of its responsible gambling program to assist staff in responding to guests who exhibit signs of impairment due to fatigue – especially over the weekend during 24-hour operations.

SGC also developed a new whistleblower policy that details the reporting of actual or potential business misconduct such as theft, fraud, security concerns, harm to casino property, conflicts of interest or a violation of any other laws. This new policy also provides details on the protection provided to those employees who report such conduct.



Investment & Economic Growth



2019-20 Financial Results

SOCO helps grow Saskatchewan's technology sector. Through the development and operation of the research and technology parks in Saskatchewan, SOCO provides a unique environment that encourages collaboration, innovation and entrepreneurship. This environment is far more than a cluster of buildings and spaces. It is a carefully constructed framework of tenant clusters and technical, social, physical and business components.

During fiscal 2019-20, thirteen new startup technology companies located at Innovation Place, bringing the total to 185 since 1993. Of the 185 businesses which started operations at the parks, 123 (66 per cent) are still active in Saskatchewan, with 61 of these now operating at locations outside of Innovation Place.

Net earnings of \$3.0 million for the year ended March 31, 2020 are \$0.5 million lower than the prior fiscal year. Overall revenue remained relatively consistent at \$40.5 million (2018-19 - \$41.1 million). Similar to revenue, expenses remained relatively consistent at \$35.8 million (2018-19 - \$35.9 million). Vacancy at March 31, 2020 was 11.5 per cent reflecting an increase of 0.6 per cent when compared to the prior year. Although higher than the historical experience of 3.0 per cent to 5.0 per cent, the current vacancy level is consistent with commercial vacancy trends in Regina and Saskatoon.

Investment in capital assets was \$4.0 million (2018-19 - \$8.4 million), a decrease of \$4.4 million from 2018-19. Total debt outstanding at March 31, 2020 was \$56.3 million, \$1.1 million lower than at March 31, 2019.

SOCO provides support and in-kind contributions through partnerships, sponsorships, and donations to youth/diversity groups as well as the science education community.

2020-21 Outlook

SOCO has assessed and continues to monitor the impact of COVID-19. Potential impacts include loss of revenue, supply chain disruption, challenges with a remote or unavailable workforce and potential asset impairment. The uncertainty over the extent and duration of the COVID-19 disruption limits SOCO's ability to reasonably forecast results for 2020-21.

The projects that SOCO has planned for 2020-21 either address revenue generating opportunities associated with filling vacant space or capital reinvestments required to ensure SOCO's infrastructure is maintained in a way that supports long-term sustainability.

Key Financial Data					
	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Net earnings	\$ 3.0M	\$ 3.5M	\$ 5.6M	\$ 0.5M	\$ 1.6M
Dividends declared to CIC	\$ 2.7M	\$ 3.1M	\$ 3.1M	Nil	\$ 1.5M
Total assets	\$ 195.1M	\$ 195.8M	\$ 199.0M	\$ 188.0M	\$ 188.9M
Capital spending	\$ 4.0M	\$ 8.4M	\$ 18.8M	\$ 12.0M	\$ 5.1M
Debt ratio	22.7%	25.2%	23.3%	18.7%	14.0%

Key Enterprise Risks, Mitigations and Action Plans

The primary risk for SOCO is being unable, with a finite amount of space, to support the growth of existing tenants and the establishment of new tenants. SOCO has addressed this risk by reviewing all tenants from the perspective of their strategic relevance to the core technology clusters in order to determine whether any space can be made available through the relocation of non-core tenants to other space within the cities. SOCO and the Management Advisory Committees also evaluate potential new tenants according to their strategic fit in core technology clusters.

Closely associated with the primary risk is the risk of losing a significant tenant or several tenants in one industry, which will negatively impact financial results, an industry cluster, and/or the value for remaining tenants. As the likelihood and impact of this risk increases, it directly affects SOCO's ability to fulfill its mission and potentially decreases the value of the research parks by eroding existing clusters. SOCO continues to make special efforts to retain key strategic tenants.

The above two risks have a direct correlation on the risk of financial sustainability. As vacancy levels increase, as well as the expectation that start-up companies lacking the capacity to pay full lease rates will locate in the parks, profitability will decrease. SOCO prudently manages expenditures and have implemented several efficiency initiatives which have served to reduce expenditures in order to maintain financial sustainability.

Key Operational Data					
	Twelve months 2019-20	Twelve months 2018-19	Twelve months 2017-18	Twelve months 2016-17	Fifteen months 2015-16
Vacancy rates	11.5%	10.9%	9.7%	7.6%	10.0%
Number of new startup technology companies locating at Innovation Place	13	11	10	10	10
Full-time equivalents	94	95	93	100	99

Corporate Social Responsibility

SOCO uses its resources, through transparent and ethical behavior, to maximize the positive impact SOCO makes while achieving strategic objectives. Business practices and activities include the allocation of dollars and in-kind contributions to partnerships, sponsorships, and donations to youth/diversity groups and to the science and education community.

SOCO recognizes that the corporation and its employees are an integral part of the communities in which it operates. SOCO supports its community through contributions to employee selected causes, such as the United Way, as well as participating in food and toy drives.

A significant part of SOCO's efforts to assist with the development of its tenants is the extensive amount of programming delivered. The programming largely focuses on enhancing the business, technical and innovation skills of its tenants. Programming also plays a significant role in providing the social environment required to promote the interaction of tenants. In 2019-20, SOCO completed 177 programs, attended by 11,750 people, despite minimal programming taking place in March 2020 due to COVID-19.

Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan. They have been prepared in accordance with International Financial Reporting Standards, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the consolidated financial statements and other information contained in this annual report.

CIC's Board of Directors is responsible for overseeing the business affairs of the corporation and also has the responsibility for approving the financial statements. The Board of Directors is responsible for reviewing the annual financial statements and meeting with management, the corporation's external auditors KPMG LLP, and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. Management's attestation on the adequacy of financial controls appears on the opposite page. The Provincial Auditor of Saskatchewan has reported to the legislative assembly that financial controls are adequately functioning.

KPMG LLP has audited the consolidated financial statements. Their report to the members of the legislative assembly, stating the scope of their examination and opinion on the consolidated financial statements, appears on the following page.



Blair Swystun, CFA
President & CEO



Cindy Ogilvie, CPA, CA
Vice President & CFO

June 24, 2020

Annual Statement of Management Responsibility

I, Blair Swystun, President and Chief Executive Officer of Crown Investments Corporation of Saskatchewan, and I, Cindy Ogilvie, Vice President and Chief Financial Officer of Crown Investments Corporation of Saskatchewan, certify the following:

That we have reviewed the consolidated financial statements included in the Annual Report of Crown Investments Corporation of Saskatchewan. Based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the annual report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2020.

That based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report of Crown Investments Corporation of Saskatchewan do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

That Crown Investments Corporation of Saskatchewan is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Crown Investments Corporation of Saskatchewan has designed internal controls over financial reporting that are appropriate to the circumstances of Crown Investments Corporation of Saskatchewan.

That Crown Investments Corporation of Saskatchewan conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Crown Investments Corporation of Saskatchewan can provide reasonable assurance that internal controls over financial reporting as of March 31, 2020 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management:



Blair Swystun, CFA
President & CEO



Cindy Ogilvie, CPA, CA
Vice President & CFO

June 24, 2020

Independent Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the consolidated financial statements of Crown Investments Corporation of Saskatchewan ("the Entity") which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the Entity as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting 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 Entity 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 annual report.

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 the annual report 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 International Financial Reporting 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

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 Entity'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 Entity'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 Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
June 24, 2020
Regina, Canada

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Financial Position
As at March 31
(thousands of dollars)

	Note	2020	2019 (Restated – Note 36)
ASSETS			
Current			
Cash and cash equivalents	6	\$ 399,308	\$ 199,596
Short-term investments	7	311,405	145,912
Short-term investments under securities lending program	7	-	31,811
Accounts receivable	8(d)	1,033,040	1,092,955
Derivative financial assets	8	22,102	45,446
Restricted cash and cash equivalents		10	5
Inventories	9	255,854	276,995
Prepaid expenses		241,664	224,412
Assets held-for-sale	10	-	2,090
Contract assets	11	61,548	57,289
Contract costs	11	16,735	15,019
		2,341,666	2,091,530
Restricted cash and cash equivalents		4,557	4,587
Investments	7	2,032,800	1,795,356
Investments under securities lending program	7	-	204,353
Contract assets	11	22,341	20,878
Contract costs	11	58,349	44,598
Investments in equity accounted investees	12	73,412	123,634
Property, plant and equipment	13	14,785,672	14,909,377
Right-of-use assets	14	695,150	-
Investment property	15	169,240	174,023
Intangible assets	16	415,273	408,198
Other assets		27,050	17,021
		\$ 20,625,510	\$ 19,793,555
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Bank indebtedness		\$ -	\$ 6,426
Trade and other payables		892,964	825,639
Derivative financial liabilities	8	105,373	153,498
Notes payable	17	1,449,573	1,470,186
Deferred revenue	18	545,625	509,359
Provisions	19	267,303	263,693
Lease liabilities	20	44,444	27,490
Long-term debt due within one year	21	441,246	69,135
Contract liabilities	22	99,922	104,090
		3,846,450	3,429,516
Provisions	19	1,022,755	889,747
Lease liabilities	20	1,043,008	1,092,868
Long-term debt	21	8,451,387	8,255,954
Contract liabilities	22	169,950	173,879
Employee future benefits	23	241,650	249,930
Other liabilities	24	35,798	35,988
		14,810,998	14,127,882
Equity advances	25	808,889	908,889
Retained earnings		4,865,026	4,679,664
Accumulated other comprehensive income	26	140,597	77,120
		5,814,512	5,665,673
		\$ 20,625,510	\$ 19,793,555

Commitments and contingencies 27

(See accompanying notes)

On behalf of the Board:



Director



Director

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Comprehensive Income
For the Year Ended March 31
(thousands of dollars)

	Note	2020	2019
INCOME FROM OPERATIONS	28		
Revenue		\$ 5,924,007	\$ 5,877,282
Other income		6,150	5,944
		5,930,157	5,883,226
EXPENSES			
Operating		2,872,875	2,841,781
Salaries, wages and short-term employee benefits		881,562	870,934
Employee future benefits	23	69,925	69,173
Depreciation and amortization	29	927,607	881,206
Loss on disposal of property, plant and equipment		47,146	17,429
Impairment losses	30	22,669	10,237
Provision for decommissioning and environmental remediation liabilities	19	1,919	36,020
Saskatchewan taxes and fees	31	175,354	171,729
		4,999,057	4,898,509
RESULTS FROM OPERATING ACTIVITIES		931,100	984,717
Finance income	32	127,302	158,798
Finance expenses	32	(628,292)	(611,562)
NET FINANCE EXPENSES		(500,990)	(452,764)
Share of net earnings from equity accounted investees	12	5,252	8,660
EARNINGS FROM CONTINUING OPERATIONS		435,362	540,613
Loss from discontinued operations	10	-	(38)
NET EARNINGS		435,362	540,575
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to net earnings:			
Unrealized gains on sinking funds	7(a)	24,304	24,483
Unrealized gains on cash flow hedges		26,167	3,944
Amounts amortized to net earnings and included in finance income		75	459
Reclassification for realized gains on sale of investments included in operations		384	-
Items that will not be reclassified to net earnings:			
Impact of changes in actuarial assumptions on defined benefit pension plans	23	98,566	(42,002)
Impact of changes in actuarial assumptions on other defined benefit plans	23	619	593
(Loss) return on pension plan assets (excluding interest income)	23	(86,638)	38,087
OTHER COMPREHENSIVE INCOME		63,477	25,564
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		\$ 498,839	\$ 566,139

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Changes in Equity
For the Year Ended March 31
(thousands of dollars)

Attributable to the Province of Saskatchewan					
	Equity Advances	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Note 26)	Total Equity
Balance at April 1, 2018					
As previously reported	\$ 908,889	\$ 85	\$ 4,414,341	\$ 51,556	\$ 5,374,871
Restatement (Note 36)	-	-	(19,252)	-	(19,252)
As restated	908,889	85	4,395,089	51,556	5,355,619
Total comprehensive (loss) income	-	(85)	540,575	25,564	566,054
Dividends to the General Revenue Fund (GRF)	-	-	(256,000)	-	(256,000)
Balance at March 31, 2019	908,889	-	4,679,664	77,120	5,665,673
Balance at April 1, 2019	908,889	-	4,679,664	77,120	5,665,673
Total comprehensive income	-	-	435,362	63,477	498,839
Equity advances repaid to the GRF	(100,000)	-	-	-	(100,000)
Dividends to the GRF	-	-	(250,000)	-	(250,000)
Balance at March 31, 2020	\$ 808,889	\$ -	\$ 4,865,026	\$ 140,597	\$ 5,814,512

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Cash Flows
For the Year Ended March 31
(thousands of dollars)

	Note	2020	2019
OPERATING ACTIVITIES			
Net earnings		\$ 435,362	\$ 540,575
Adjustments to reconcile net earnings to cash from operating activities	33(a)	1,517,474	1,319,044
		1,952,836	1,859,619
Net change in non-cash working capital balances related to operations		161,561	49,532
Income taxes (paid) received		(460)	5,362
Interest paid		(569,561)	(560,330)
Net cash from operating activities		1,544,376	1,354,183
INVESTING ACTIVITIES			
Interest received		31,599	34,801
Dividends received		4,473	4,570
Purchase of investments		(1,190,804)	(1,020,069)
Proceeds from sale and collection of investments		1,178,203	1,027,175
Purchase of property, plant and equipment		(1,237,702)	(1,366,450)
(Costs) proceeds from sale of property, plant and equipment		(16,783)	23,501
Purchase of intangible assets		(83,846)	(61,113)
Purchase of investment property		(3,856)	(8,318)
Decrease in restricted cash and cash equivalents		25	30,286
Decrease (increase) in other assets		2,494	(323)
Net cash used in investing activities		(1,316,197)	(1,335,940)
FINANCING ACTIVITIES			
	33(b)		
Decrease in notes payable		(20,613)	(93,309)
Decrease in other liabilities		(98,484)	(49)
Debt proceeds from the GRF		671,340	597,090
Debt repayments to the GRF		(42,593)	(50,000)
Debt proceeds from other lenders		42,209	-
Debt repayments to other lenders		(110,053)	(97,702)
Principal repayment of lease liabilities		(37,926)	-
Sinking fund installments		(86,133)	(80,501)
Sinking fund redemptions		10,212	-
Equity advances repaid		(100,000)	-
Dividends paid to the GRF		(250,000)	(256,000)
Net cash (used in) from financing activities		(22,041)	19,529
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR		206,138	37,772
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		193,170	155,398
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 399,308	\$ 193,170
Cash and cash equivalents consists of:			
Cash and cash equivalents	6	\$ 399,308	\$ 199,596
Bank indebtedness		-	(6,426)
		\$ 399,308	\$ 193,170
(See accompanying notes)			

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled and incorporated in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. The consolidated financial statements of CIC comprise CIC and its subsidiaries (collectively referred to as "CIC" or "the Corporation") and the Corporation's interest in associates, joint ventures and joint operations with principal activities as described in Note 4(a).

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were authorized for issue by the Board of Directors on June 24, 2020.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Inventory at lower of cost and net realizable value (Note 4(c)).
- Financial instruments that are accounted for according to the categories defined in Note 4(i).
- Certain prepaid expenses for property and casualty insurance are discounted at expected future cash flows (Note 4(l)).
- Provisions discounted at expected future cash flows (Note 19).
- Employee future benefits are recognized at the fair value of plan assets less the present value of the accrued benefit obligation (Note 23).

c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment (Note 13, 29, and 30), right-of-use assets (Note 14), lease liabilities (Note 20), intangible assets (Note 16, 29 and 30), investment property (Note 15 and 29), provisions (Note 19), accounts receivable (Note 8(d)), inventories (Note 9), investments (Note 7 and 30), contract assets and costs (Note 11), contract liabilities (Note 22) and investments in equity accounted investees (Note 12), the underlying estimations of useful lives of depreciable assets (Note 29), the fair value of financial instruments (Note 8), the carrying amounts of employee future benefits including underlying actuarial assumptions (Note 23), and the measurement of commitments and contingencies (Note 27).

2. Basis of preparation *(continued)*

e) Use of judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies. Significant items subject to judgement are included in the accounting policies listed in Note 4.

f) COVID-19 impact assessment

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of revenue, disruption of supply chain, impairments of assets and challenges associated with a remote or unavailable workforce.

3. Application of new accounting standards

The following amendments to standards, effective for annual periods beginning on or after January 1, 2019, have been applied in preparing these consolidated financial statements:

IFRS 16, *Leases*

Effective April 1, 2019, the Corporation adopted IFRS 16, *Leases* which provides principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the distinction between operating and finance leases and introduced a single, on-balance sheet accounting model requiring lessees to recognize right-of-use assets and lease liabilities. Previously, at contract inception, the Corporation determined whether an arrangement was or contained a lease under IAS 17, *Leases* or IFRIC 4, *Determining whether an arrangement contains a lease*.

The Corporation elected to adopt IFRS 16 using the modified retrospective approach on transition. Comparative information has not been restated and continues to be reported under IAS 17. There was no impact to opening retained earnings upon adoption. Refer to the Corporation's most recent annual report for information on its prior accounting policies for leases. In adopting IFRS 16, the Corporation elected to apply the following practical expedients permitted by the standard:

- i. Electing to grandfather the assessment of which transactions are leases by applying the standard to contracts previously identified as leases and not reassessing contracts not previously identified as containing a lease under IAS 17 and IFRIC 4;
- ii. Exemption to not recognize right-of-use assets and lease liabilities for short-term leases that have a remaining lease term of less than 12 months as at April 1, 2019, and for low value leases;
- iii. Measuring the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application;
- iv. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);
- v. Using hindsight to determine the lease term where the contract contains options to extend or terminate the lease; and
- vi. Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

3. Application of new accounting standards *(continued)*

Adoption of IFRS 16 did not result in any material impact to net earnings for the year ended March 31, 2020.

Upon adoption of IFRS 16, the Corporation changed its accounting policy for leases, which is outlined in the following pages.

Impact of the new definition of a lease

The Corporation now assesses whether a contract is or contains a lease based on the new definition of a lease. The change in the definition mainly relates to the concept of control. Under IFRS 16, a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation applied the definition of a lease and related guidance under IFRS 16 to all existing lease contracts as at April 1, 2019.

Impact on lessor accounting

The accounting policies applicable to the Corporation as a lessor under IFRS 16 remain largely unchanged from those under IAS 17.

Impact on lessee accounting

IFRS 16 changes how the Corporation accounts for leases previously classified as operating leases under IAS 17 and IFRIC 4. For contracts meeting the definition of a lease under IFRS 16, but not meeting the exemption for short-term or low value leases, the Corporation:

- i. Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the remaining lease payments discounted at the Corporation's incremental borrowing rate or the rate implicit in the lease;
- ii. Recognizes depreciation on the right-of-use assets and interest expense on the lease liabilities in the statement of comprehensive income; and
- iii. Recognizes principal repayments on lease liabilities as financing activities and interest payments on lease liabilities as operating activities in the statement of cash flows.

For short-term and low value leases, the Corporation recognizes the lease payments as an operating expense. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset and are recognized as an expense in the period in which the event or condition that triggers the payment occurs. Short-term, low value and variable lease payments were determined to be immaterial for the year ended March 31, 2020.

For new leases beginning on or after April 1, 2019, a right-of-use asset and lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at an amount equal to the lease liability and is adjusted for any payments made at or before the commencement date, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at commencement and are discounted using the Corporation's incremental borrowing rate or the rate implicit in the lease.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A corresponding adjustment is made to the right-of-use asset or is recorded in the Consolidated Statement of Comprehensive Income if the carrying amount of the right-of-use asset has been reduced to zero.

3. Application of new accounting standards *(continued)*

Right-of-use assets are depreciated over the related lease term. The Corporation has applied judgment to determine the lease term for contracts that include renewal options. The assessment of whether the Corporation is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Impact on transition

The Corporation presents right-of-use assets and lease liabilities as separate line items on the Consolidated Statement of Financial Position. The impact on initial application of IFRS 16 on April 1, 2019, is shown below:

Consolidated Statement of Financial Position (thousands of dollars)	Notes	March 31, 2019	IFRS 16 adjustment	April 1, 2019
Property, plant and equipment (cost)	13	\$ 25,457,180	\$ (1,265,775)	\$ 24,191,405
Property, plant and equipment (accumulated depreciation)	13	(10,547,803)	526,064	(10,021,739)
Right-of-use assets (cost)	14	-	1,351,961	1,351,961
Right-of-use assets (accumulated depreciation)	14	-	(526,090)	(526,090)
Current portion of lease liabilities	20	(27,490)	(14,916)	(42,406)
Lease liabilities	20	(1,092,868)	(71,244)	(1,164,112)

Upon adoption of IFRS 16, the Corporation recognized additional right-of-use assets and lease liabilities. As at March 31, 2019, the Corporation's commitment to future lease payments, not including finance lease obligations, was \$69.7 million. The Corporation has recognized \$86.2 million of lease liabilities on the initial application of IFRS 16 on April 1, 2019 at a weighted average discount rate of 1.9 per cent - 4.0 per cent. The difference between operating lease commitments at March 31, 2019 and the lease liabilities at April 1, 2019 is mainly due to an increase of \$29.4 million related to renewal options reasonably certain to be exercised and a reduction of \$13.3 million related to discounting of future lease payments.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except as described in Note 3. The accounting policies have been consistently applied by CIC's subsidiaries.

a) Basis of consolidation

Subsidiaries

Saskatchewan provincial Crown corporations are either designated as subsidiary Crown corporations of CIC or created as CIC Crown corporations under *The Crown Corporations Act, 1993* (the Act). The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, the Corporation also consolidates the following wholly-owned share capital subsidiaries: CIC Asset Management Inc.; First Nations and Métis Fund Inc.; CIC Economic Holdco Ltd.; and Saskatchewan Immigrant Investor Fund Inc. (SIIF), all of which are domiciled in Canada.

Separate audited financial statements for CIC have been prepared to show the financial position and results of operations of the corporate entity. In addition, audited financial statements for each of the undernoted Crown corporations, which are consolidated in these financial statements, are prepared and released publicly:

Wholly-owned subsidiaries domiciled in Canada

SaskEnergy Incorporated (SaskEnergy)
Saskatchewan Gaming Corporation (SGC)
Saskatchewan Government Insurance (SGI CANADA)
Saskatchewan Opportunities Corporation (SOCO)
Saskatchewan Power Corporation (SaskPower)
Saskatchewan Telecommunications Holding Corporation and
Saskatchewan Telecommunications (collectively SaskTel)
Saskatchewan Transportation Company (STC) (Note 10)

Saskatchewan Water Corporation (SaskWater)

Principal Activity

Natural gas storage and delivery
Entertainment
Property and casualty insurance
Research parks
Electricity
Information and communications
technology
Passenger and freight
transportation
Water and wastewater management

Associates and joint ventures (investments in equity accounted investees)

Associates are those entities in which the Corporation has significant influence, but not control over strategic financial and operating decisions. Significant influence is presumed to exist when the Corporation holds between 20.0 and 50.0 per cent of the voting power of another entity.

Joint ventures are those entities over whose activities the Corporation has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, and provide the Corporation with rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The Corporation's investment includes any goodwill identified at acquisition, net of accumulated impairment losses.

4. Significant accounting policies *(continued)*

The consolidated financial statements include the Corporation's share of the total comprehensive income and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Corporation, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Corporation's share of losses exceeds its interest in equity accounted investees, the carrying amount of that interest is reduced to Nil and the recognition of further losses is discontinued except to the extent that the Corporation has an obligation or has made payments on behalf of the investee.

The Corporation signed an agreement to sell its 30.0 per cent ownership interest in the MRM Cogeneration Station with an effective date of December 31, 2019. As of March 31, 2020, the Corporation no longer holds its investment.

Joint operations

Joint operations are those entities over whose activities the Corporation has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions; and provide the Corporation with rights to the assets, and obligations for the liabilities, related to the arrangement. The consolidated financial statements include the Corporation's proportionate share of joint operation assets, incurred liabilities, income and expenses. The Corporation has classified the following as joint operations:

i) Totnes Natural Gas Storage Facility (Totnes)

The Corporation has a 50.0 per cent interest in Totnes, which operates natural gas storage facilities in Saskatchewan.

ii) Cory Cogeneration Station (Cory)

The Corporation had a 50.0 per cent interest in an unincorporated joint venture with ATCO Power Canada Ltd. The joint venture owned and operated a 249 megawatt (MW) natural gas-fired, cogeneration power plant (Cory) in Saskatchewan. The electricity generated by the facility is sold to the Corporation under the terms of a 25-year power purchase agreement.

Effective July 11, 2019, the Corporation purchased the remaining 50.0 per cent ownership interest in the Cory Cogeneration Station Joint Venture and the remaining 50.0 per cent ownership interest in Cory Cogeneration Funding Corporation, of which it was already part-owner with ATCO Power Canada Ltd. Upon purchase, the joint venture was dissolved and the power purchase agreement (PPA) between the Corporation and the joint venture was terminated.

iii) International CCS Knowledge Centre

The Corporation has a 50.0 per cent interest in the BHP Billiton SaskPower International Carbon Capture and Storage (CCS) Knowledge Centre. This not-for-profit corporation was established to advance the understanding and use of CCS as a means of managing greenhouse gas emissions and to further research projects as agreed upon by its members from time to time.

4. Significant accounting policies *(continued)*

Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investments in equity accounted investees are eliminated against the investment to the extent of the Corporation's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Cash and cash equivalents

Cash and cash equivalents include short-term investments that have a maturity date of ninety days or less. The Corporation classifies cash and cash equivalents as financial instruments at fair value through profit or loss.

c) Inventories

Inventories for resale, including natural gas in storage held-for-resale, are valued at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Net realizable value for natural gas inventory is determined using natural gas market prices based on anticipated delivery dates. Natural gas in storage held-for-resale is charged to inventory when purchased and expensed as sold.

Other supplies inventories are valued at the lower of weighted average cost and net realizable value. Replacement cost is used as management's best estimate of the net realizable value for other supplies inventory. In establishing the appropriate provision for supplies inventory obsolescence, management estimates the likelihood that supplies inventory on hand will become obsolete due to changes in technology. Other supplies are charged to inventory when purchased and expensed or capitalized when used.

d) Contract assets, costs and liabilities

A contract asset is recognized when the Corporation's right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to accounts receivable when the right to consideration becomes conditional only as to the passage of time. A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract liabilities are recognized in revenue upon satisfaction of the related performance obligations. Contract assets and liabilities relating to the same contract are presented on a net basis. Amortization is recognized in net earnings on a straight-line basis consistently with the pattern of revenue of the related contract if the cost of obtaining the contract is expected to be recovered, ranging from two to ten years.

Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions, and prepaid contract fulfillment costs, are recognized on the Consolidated Statement of Financial Position. Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

4. Significant accounting policies *(continued)*

e) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost of self-constructed assets includes materials, services, direct labour, directly attributable overheads, and other costs directly attributable to preparing the asset for its intended use. Interest costs associated with major capital and development projects are capitalized during the construction period at the weighted average cost of long-term borrowings. Assets under construction are recorded as in progress until operational and available for use, at which time they are transferred to property, plant and equipment.

Costs are recognized as an asset if it is probable that economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. Significant renewals and enhancements to existing assets are capitalized only if the useful life of the asset is increased, physical output, service capacity or quality is improved above original design standards, or operating costs are reduced by a substantial and quantifiable amount that can be reliably measured. The cost of maintenance, repairs, renewals or replacements which do not provide benefits into the future are charged to operating expense as incurred.

Significant parts of an item of property, plant and equipment that have different useful lives are accounted for as separate items of property, plant and equipment.

When property, plant and equipment is disposed of or retired, the related costs less accumulated depreciation and impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in net earnings in the period of disposal.

f) Depreciation of property, plant and equipment

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual amount. Depreciation is recorded primarily on the straight-line basis over the useful life of each asset as follows:

Machinery and equipment	3 - 110 years
Buildings and improvements	3 - 100 years
Coal properties and rights	20 years

The useful life and depreciation method are reviewed periodically to ensure consistency with the expected pattern of economic benefits from these assets. Right-of-use assets are depreciated over the lease term.

4. Significant accounting policies *(continued)*

g) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Corporation measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net earnings.

Subsequent to acquisition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

On disposal of a subsidiary or a joint operation, the attributed amount of goodwill is included in the determination of the gain or loss on disposal.

Finite-life intangibles

Finite-life intangible assets, acquired individually, with a group of other assets, or through the Corporation's authorized dealers are measured at cost of acquisition or development less accumulated amortization and accumulated impairment losses and may include direct development costs and overhead costs directly attributable to the development activity.

Capitalized software includes externally purchased software packages as well as external and internal direct labour costs related to internally developed programs. Software development costs are capitalized if it is probable that the asset developed will generate future economic benefits. Software is amortized on a straight-line basis over an estimated useful life of 1 to 10 years from the date of acquisition. Maintenance of existing software programs is expensed as incurred.

Estimated useful lives of finite-life intangible assets are reviewed annually with any changes applied prospectively.

Indefinite-life intangibles

Spectrum licences, for wireless telecommunication services, have been classified as indefinite-life intangible assets due to the current licensing terms, the most significant of which are minimal renewal fees and no regulatory precedent of material licence revocation. Should these factors change, the classification as indefinite life will be reassessed. The licences are not subject to amortization and are carried at cost less accumulated impairment losses.

4. Significant accounting policies *(continued)*

h) Investment property

Properties held for rental purposes are classified as investment properties and are measured at cost less accumulated amortization and impairment losses. Amortization is recorded on investment property on the straight-line basis over the estimated life of each asset as follows:

Buildings	20 - 80 years
Infrastructure	25 - 60 years
Leasehold improvements	Lease term

Depreciation commences when the asset is ready for its intended use. The useful life and depreciation method are reviewed periodically to ensure consistency with the expected pattern of economic benefits from these assets.

i) Financial instruments

The Corporation classifies its financial instruments into one of the following categories: fair value through profit or loss; amortized cost; and fair value through other comprehensive income.

Financial assets and liabilities are offset and the net amount reported on the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Classification and measurement

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments at fair value through profit or loss in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument (Note 8).

i) Financial instruments at fair value through profit or loss

The Corporation classifies cash and cash equivalents, derivative financial assets and liabilities that do not qualify as a hedge and are not designated as a hedge, restricted cash and cash equivalents, certain investments, and bank indebtedness as financial instruments at fair value through profit or loss. Financial instruments classified as fair value through profit or loss are subsequently measured at fair value with changes in fair value recognized in net earnings.

ii) Financial instruments at amortized cost

The Corporation classifies accounts receivable, certain investments, trade and other payables, notes payable and long-term debt as amortized cost. Amortized cost financial instruments are subsequently measured at amortized cost using the effective interest method, less any provision for impairment losses on financial assets.

4. Significant accounting policies *(continued)*

iii) Financial instruments at fair value through other comprehensive income

The Corporation classifies sinking funds as fair value through other comprehensive income. Financial instruments classified as fair value through other comprehensive income are subsequently measured at fair value with changes in fair value recognized in other comprehensive income.

Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the Consolidated Statement of Financial Position given that the risks and rewards of ownership are not transferred from the Corporation to the counterparties in the course of such transactions. The securities are included in the Consolidated Statement of Financial Position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities received from counterparties as collateral are not included in the Consolidated Statement of Financial Position given that the risks and rewards of ownership are not transferred from the counterparties to the Corporation in the course of such transactions.

Structured settlements

In the normal course of insurance claim adjudication, the Corporation settles certain long-term claims losses through the purchase of annuities under structured settlement arrangements with life insurance companies. As the Corporation does not retain any interest in the related insurance contract and obtains a legal release from the claimant, any gain or loss on the purchase of the annuity is recognized in the Consolidated Statement of Comprehensive Income at the date of the purchase and the related claims liabilities are derecognized.

However, the Corporation remains exposed to the credit risk that the life insurance companies may fail to fulfill their obligations (Note 8(f)(iii)).

Derivative instruments

The Corporation utilizes a variety of derivative instruments to manage its exposure to interest rate, electricity and natural gas price risk. The terms and conditions of certain financial and non-financial derivative financial instrument contracts require the Corporation to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of exposure limits granted. When posted, these collateral amounts are recognized as margin deposits on derivative contracts and are included with accounts receivable.

In order to qualify for hedge accounting, the Corporation designates derivatives as hedges through formal documentation of all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction. This process includes linking derivatives to specific assets and liabilities or to specific firm commitments or forecast transactions. The Corporation formally assesses both at the hedge's inception and on an ongoing basis, whether the derivatives used are highly effective in offsetting changes in cash flows of the hedged item and the timing of the cash flows is similar.

4. Significant accounting policies *(continued)*

The Corporation may enter into forward contracts to hedge exposures to anticipated changes in commodity prices on forecasted natural gas purchases related to the Corporation's power purchase agreements (PPAs) and bond forward agreements to hedge exposures to anticipated changes in interest rates on certain forecasted issuances of long-term debt. The Corporation has chosen to designate these contracts as cash flow hedges. The Corporation assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. The Corporation applies a hedge ratio of 1:1. As such, the effective portion of the changes in fair value related to the derivative financial instruments have been recognized in other comprehensive income, with the fair value being recognized as derivative financial assets or liabilities on the Consolidated Statement of Financial Position. Ineffective portions of hedges are recorded in profit or loss immediately. When the natural gas forward agreements are settled, the resulting gain or loss recorded in accumulated other comprehensive income is recognized in net earnings immediately. When the bond forward agreements expire upon the issuance of long-term debt, the resulting gain or loss recorded in accumulated other comprehensive loss is amortized to net earnings over the term of the debt. If no debt is issued, the gain or loss is recognized in net earnings immediately.

Derivative instruments not designated as a hedge are classified as fair value through profit or loss and are recorded at fair value in the Consolidated Statement of Financial Position in current assets or current liabilities, as described in Note 8, commencing on the trade date. The change in the fair value is recorded in net earnings and classified within the revenue or expense category to which it relates. The revenue and expense categories impacted are described in Note 8(b).

Certain commodity contracts for the physical purchase of natural gas qualify as own-use contracts. The Corporation entered into these contracts for the purpose of physical receipt of the natural gas in accordance with its own expected usage requirements for the generation of electricity and sales requirements for commodity customers. As such, these non-financial derivative contracts are not recorded at fair value on the Consolidated Statement of Financial Position; rather, the contracts are accounted for as a purchase at the time of delivery.

Derivatives may be embedded in hybrid contracts that also include a non-derivative host. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the entire contract is classified as a financial asset. If a hybrid contract contains a host that is not an asset with the scope of IFRS 9, an embedded derivative is treated as separate derivative when the economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not measured at fair value with changes in fair value recognized in profit or loss. These embedded derivatives are typically measured at fair value with subsequent changes recognized in net earnings.

The Corporation utilizes natural gas sales contracts with embedded derivatives for non-regulated contract sales to large end-use customers.

4. Significant accounting policies *(continued)*

j) Impairments

Financial assets

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost and debt instruments designated as fair value through other comprehensive income (FVOCI). The Corporation measures loss allowances for accounts receivables at an amount equal to lifetime ECL. Debt instruments and other receivables that are determined to have low credit risk at the reporting date are measured at 12-month ECL. The Corporation considers a debt instrument to have low credit risk when its credit risk rating is A or higher (investment grade).

When determining whether the credit risk of a financial asset has increased, the Corporation performs a quantitative and qualitative analysis based on the Corporation's historical experience and forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is between 30-120 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realizing security.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and recognized in net earnings. For debt instruments at FVOCI, the loss allowance is charged to net earnings and is recognized in other comprehensive income (OCI). The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

Non-financial assets

The carrying amounts of non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

4. Significant accounting policies *(continued)*

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

k) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation or at the best estimate to settle the obligation at the end of the reporting period. The unwinding of the discount on provisions is recognized as finance expenses.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions

A decommissioning provision is a legal or constructive obligation associated with the decommissioning of a long-lived asset. The Corporation recognizes decommissioning provisions in the period incurred if a reasonable estimate of fair value (net present value) can be determined. The Corporation recognizes provisions to decommission coal, natural gas, cogeneration and wind generation facilities in the period in which the facility is commissioned.

The fair value of estimated decommissioning costs is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment. Decommissioning provisions are increased periodically for the passage of time by calculating accretion expense on the provision. The offsetting capitalized costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows including the method and timing of decommissioning and an estimate of future inflation. Decommissioning provisions are periodically reviewed and any changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized as an increase or decrease in the carrying amount of the liability and the related asset. If the asset is fully depreciated, the changes are recognized in net earnings immediately.

4. Significant accounting policies *(continued)*

Environmental remediation

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. These estimates include costs for investigations and remediation at identified sites. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis. Changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized in net earnings immediately.

Unpaid insurance claims

The provision for unpaid claims represents an estimate of the total cost of outstanding claims. The estimate includes the cost of reported claims, claims incurred but not reported, an estimate of adjustment expenses to be incurred on these claims and a provision for adverse deviation in accordance with Canadian Institute of Actuaries' Standards. The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding losses plus paid losses is reported as claims incurred in the current period and is included in net earnings.

I) Revenue

Natural gas sales and delivery

Revenue from natural gas sales contracts with customers is recognized when the Corporation delivers natural gas to customers, who consume the natural gas to heat their homes or operate their businesses. Title to natural gas purchased from the Corporation, and all related risks, remain with the Corporation until the gas is transferred at a meter point. At the meter point, the customer takes ownership of the natural gas and the performance obligation is satisfied. The commodity charge is then billable to the customer as there are no future performance obligations outstanding.

The Corporation has the exclusive right to distribute natural gas within the province of Saskatchewan. A delivery service contract generates revenue from the transportation of natural gas to customers. Delivery revenue is recognized when natural gas is transferred to customers at their meter point and the performance obligation is satisfied.

The transaction price is allocated to natural gas sales and delivery service based on the applicable rates derived through the review process with the Saskatchewan Rate Review Panel. An estimate of natural gas delivered, but not billed, is included in net earnings.

Natural gas transportation and storage

In transportation and storage services, the performance obligation is satisfied when the transportation and storage services are complete and billed monthly. An estimate of transportation, storage and related services rendered, but not billed, is included in net earnings.

4. Significant accounting policies *(continued)*

Electricity

Revenues from contracts with customers are derived from the generation, transmission, distribution, purchase and sale of electricity and related products and services. Contracts are evaluated to determine if they meet the definition of a contract with a customer at the inception of the contract and on an ongoing basis if there is an indication of significant changes in facts and circumstances. Revenue is measured based on the transaction price specified in a contract with a customer. Revenue is also recognized when control over a promised good or service is transferred to the customer and the Corporation is entitled to consideration as a result of completion of the performance obligation.

A contract asset or contract liability is recognized for the contracts where either party has performed. A contract liability is recorded when the Corporation receives consideration before the performance obligations have been satisfied. A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation when that right is conditional on something other than the passage of time. The Corporation recognizes unconditional rights to consideration separately as a receivable. Contract assets and receivables are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

Significant judgment may be required to identify the number of distinct performance obligations within a contract and the allocation of the transaction price to multiple performance obligations in a contract, and to determine when performance obligations have been satisfied.

Electricity sales contracts are deemed to have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other obligations in the contracts and therefore not distinct. These performance obligations are satisfied over time as electricity is delivered because of the continuous transfer of control to the customer. The method of revenue recognition for the electricity is an output method, which is based on the volume delivered to the customer and includes an estimate of electricity deliveries not yet billed at year end. Electricity export sales are recognized upon delivery to the customer and include an estimate of electricity deliveries not yet billed at year end.

Electricity trading revenues are reported on a net basis upon delivery of electricity to the customers and receipt of electricity purchased from external parties. Electricity trading contracts are recorded at fair value.

Telecommunications

Telecommunications revenue is measured based on the value of the expected consideration in a contract with a customer and excludes sales taxes and other amounts collected on behalf of third parties. Revenue is recognized when control of a product or service is transferred to a customer. When the Corporation's right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, the Corporation recognizes revenue in the amount to which the Corporation has a right to invoice.

4. Significant accounting policies *(continued)*

For multiple element arrangements, the Corporation accounts for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. Stand-alone selling prices are generally determined based on the observable prices at which the Corporation sells products separately without a service contract and prices for non-bundled service offerings with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, the Corporation uses the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

Wireless revenue is principally generated from providing integrated digital wireless voice and data communications products and services to residential and business customers. For wireless products and services that are sold separately, customers usually pay in full at the point of sale for products and on a monthly basis for services. For wireless products and services sold in multiple element arrangements, customers pay monthly over a contract term of up to 24 months for residential customers and up to 36 months for business customers.

Revenue is also generated from providing data (including internet access and internet protocol television), local telephone, long distance and connectivity, security services and other communications services and products to residential and business customers. Revenue also includes amounts from the Corporation's wholesale business, which sells telecommunication services from or to resellers and other carriers.

Product revenue from the sale of equipment is recognized when a customer takes possession of the product. Service revenue is recognized over time, as the services are provided. Revenue on certain long-term contracts is recognized using output methods based on products delivered, performance completed to date, time elapsed or milestones met. For multiple element arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate, or the expected cost plus margin approach for customized business arrangements.

Property and casualty insurance

The Corporation's property and casualty insurance policies have all been classified upon inception as insurance contracts. An insurance contract is a contract that transfers significant insurance risk and, upon the occurrence of the insured event, causes the insurer to make a benefit payment to the insured party. The sale of policies generates premiums written and are recorded in revenue over the terms of the related policies, no longer than twelve months. The portion of the policy premiums relating to the unexpired term of each policy is recorded as an unearned insurance premium (Note 18).

At the end of each period, a liability adequacy test is performed to validate the adequacy of unearned insurance premiums (Note 18) and deferred policy acquisition costs (included in prepaid expenses on the Consolidated Statement of Financial Position). A premium deficiency would exist if unearned insurance premiums are deemed insufficient to cover the estimated future costs associated with the unexpired portion of written insurance policies. A premium deficiency would be recognized immediately as a reduction of prepaid expenses to the extent that unearned insurance premiums plus anticipated finance income is not considered adequate to cover all deferred policy acquisition costs and related insurance claims and expenses. If the premium deficiency is greater than the unamortized deferred policy acquisition costs, an unearned insurance premium liability is accrued for the excess deficiency.

4. Significant accounting policies *(continued)*

Gaming

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and the payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

Customer contributions

The Corporation obtains customer contributions related to the construction of new natural gas, electricity, water and wastewater service connections.

Customer contribution contracts for natural gas and electricity services are deemed to have a single performance obligation. These performance obligations are satisfied at a point in time and recognized in net earnings. The customer contributions are recognized initially as contract liabilities and are recognized into net earnings once the related property, plant and equipment is available for use. The transaction price is the estimated construction charge for the connection. These customer contributions are often subject to refunds over a specified period. An estimate of these refunds remains in deferred revenue until the eligible refund period expires.

Customer contributions received from water and wastewater customers are recognized initially as contract liabilities when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the customer contract. The contributions are then recognized into net earnings on a systematic basis over the life of the related customer contract. If there is no customer contract in place, the contributions are recognized into revenue on a systematic basis over the life of the related assets.

Other

Revenue from sales of other products is recognized when goods are shipped and title has passed to the customer or based on the right to revenue pursuant to contracts with customers, tenants and clients.

m) Government grants

Conditional government grants are initially measured at fair value and recognized as other liabilities provided that there is reasonable assurance that the grant will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in net earnings in the same period in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are capitalized and recognized in net earnings over the useful life of the asset.

n) Foreign currency transactions

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Canadian dollars at the exchange rate at that date. Non-monetary assets and liabilities are translated using the exchange rates on the date of the transactions. Foreign currency differences arising on translation are recognized in net earnings.

4. Significant accounting policies *(continued)*

o) Employee future benefits

The Corporation has three defined benefit pension plans, a defined contribution pension plan, and other plans that provide post-retirement benefits for its employees.

Defined contribution pension plan

A defined contribution plan is a post-employment benefit under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee future benefit expense in net earnings in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

A defined benefit pension plan is a post-employment benefit plan in which the Corporation's net obligation is calculated by estimating the discounted amount of future benefit that employees have earned in return for service in the current and prior periods and deducting the fair value of plan assets.

The calculation of the net defined benefit pension obligation or asset is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the defined benefit pension plans or reductions in future contributions to the pension plans. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit pension obligation or asset are comprised of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), and are recognized immediately in OCI. The net interest expense (income) on the net defined benefit pension plan obligation or asset is determined by applying the discount rate used to measure the defined benefit pension plan obligation or asset at the beginning of the period, to the net defined benefit pension plan obligation or asset, taking into account any changes in the net defined pension plan obligation or asset during the period as a result of contributions and benefit payments. Net interest expense related to the defined benefit pension plans is recognized immediately in net earnings as part of finance expenses.

When the benefits of the defined benefit pension plans are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in net earnings. The Corporation recognizes gains and losses on the settlement of defined benefit pension plans when the settlement occurs.

The discount rate used to determine the benefit obligation and the fair value of plan assets is determined by reference to market interest rates of high-quality debt instruments at the measurement date, with cash flows that match the timing and amount of expected benefit payments.

4. Significant accounting policies *(continued)*

Other defined benefit plans

The Corporation's obligation in respect of employee future benefits other than pension plans is the discounted estimated amount of future benefit that employees have earned in return for service in the current and prior periods. The discount rate used to determine the benefit obligation is determined by reference to market interest rates at the measurement date of high-quality debt instruments, with cash flows that match the timing and amount of expected benefit payments. The calculation is performed by a qualified actuary using the projected unit credit method. Remeasurements, consisting of actuarial gains and losses, are recognized immediately in OCI. Net interest expense on the other defined benefit obligation is recognized immediately in net earnings as part of finance expenses.

The Corporation has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants of these plans. Benefits are funded by the current operations of the Corporation.

p) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided.

q) Assets held-for-sale and discontinued operations

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale, rather than continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are re-measured in accordance with the Corporation's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of the carrying amount and the fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro-rata basis; except that no loss is allocated to inventories, employee future benefit assets, or investment property, which continue to be measured in accordance with the Corporation's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in net earnings. Gains are not recognized in excess of cumulative impairment losses.

A discontinued operation is a component of the Corporation's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held-for-sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Comprehensive Income is reclassified as if the operation had been discontinued from the start of the comparative year (Note 10).

r) Finance income and expenses

Finance income comprises sinking fund earnings, interest income on investments at fair value through profit or loss, gains on sale of investments at fair value through profit or loss, changes in fair value of financial assets at fair value through profit or loss, and interest income from defined benefit pension plans.

4. Significant accounting policies *(continued)*

Finance expenses comprise interest expense on financial liabilities measured at amortized cost, changes in the fair value of financial assets at fair value through profit or loss, accretion expense on provisions less interest capitalized, interest costs on defined benefit pension plans and other defined benefit plans, and amounts amortized to net earnings from accumulated other comprehensive loss. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset, with a corresponding decrease in financing expenses.

On the Consolidated Statement of Cash Flows, interest paid is classified as an operating activity, interest received is classified as an investing activity, dividends received are classified as an investing activity and dividends paid are classified as a financing activity.

s) Leases

A contract contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation has assessed its arrangements to determine whether they contain a lease.

Right-of-use assets are initially measured at an amount equal to the lease liability and are adjusted for any payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the related lease term. The Corporation has applied judgment to determine the lease term for contracts that include renewable options. The assessment of whether the Corporation is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized (Notes 14 and 20).

The corresponding lease liability is measured at the present value of the lease payments that are not paid at commencement and are discounted using the Corporation's incremental borrowing rate or the rate implicit in the lease. Each lease payment is allocated between the liability and interest to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A compensating adjustment is made to the right-of-use asset or is recorded in the Consolidated Statement of Comprehensive Income if the carrying amount of the right-of-use asset has been reduced to zero (Notes 14 and 20).

Payments for short-term and low value leases are recognized as an operating expense. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset and are recognized as an expense in the period in which the event or condition that triggers that payment occurs.

t) New accounting standards not yet adopted

Certain new standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee that are not yet effective for the year ended March 31, 2020. These include:

IFRS 17, *Insurance Contracts*

IFRS 17, *Insurance Contracts* was issued in May 2017 and will replace IFRS 4. The intent of the standard is to establish consistent recognition, measurement, presentation and disclosure principles to provide relevant and comparable reporting of insurance contracts across jurisdictions.

4. Significant accounting policies *(continued)*

The standard requires entities to measure insurance contract liabilities as the risk-adjusted present value of the cash flows plus the contractual service margin, which represents the unearned profit the entity will recognize as future service is provided. This is referred to as the general model. Expedients are specified, provided the insurance contracts meet certain conditions. If, at initial recognition or subsequently, the contractual service margin becomes negative, the contract is considered onerous and the excess is recognized immediately in net earnings. The standard also includes significant changes to the presentation and disclosure of insurance contracts within entities' financial statements.

IFRS 17 applies to annual periods beginning on or after January 1, 2023, with earlier application permitted if IFRS 15 and IFRS 9 are also adopted. The standard is to be applied retrospectively unless impracticable, in which case a modified retrospective approach or fair value approach is to be used for transition. While early adoption is permitted under the standard, the Office of the Superintendent of Financial Institutions (OSFI) has indicated that early adoption is not allowed. While the Corporation is not federally regulated, it generally follows OSFI's guidance in such matters. The standard represents a comprehensive IFRS accounting model for insurance contracts and is expected to have a significant impact on financial reporting on the Corporation's property and casualty insurance segment. The Corporation is evaluating the impact this standard will have on the consolidated financial statements.

5. Status of CIC

CIC was established by Order in Council 535/47 dated April 2, 1947 and is continued under the provisions of *The Crown Corporations Act, 1993*. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain associates, joint ventures, joint operations and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

Crown Investments Corporation of Saskatchewan
Notes to Consolidated Financial Statements
March 31, 2020

6. Cash and cash equivalents

(thousands of dollars)

	2020	2019
Cash	\$ 314,355	\$ 123,475
Short-term investments	84,953	76,121
	<u>\$ 399,308</u>	<u>\$ 199,596</u>

The weighted average interest rate for short-term investments included in cash and cash equivalents at March 31, 2020 was 1.5 per cent (2019 - 1.7 per cent).

7. Investments

(thousands of dollars)

	2020	2019
Short-term investments		
Short-term investments - at fair value through profit or loss	\$ 127,935	\$ 125,355
Loans receivable - amortized cost	1,853	17,064
Bonds and debentures - amortized cost	46,723	-
Sinking funds - at fair value through other comprehensive income (a)	134,894	3,493
	<u>\$ 311,405</u>	<u>\$ 145,912</u>
Portfolio investments		
Portfolio investments - at fair value through profit or loss	\$ 377,497	\$ 391,581
Bonds, debentures and loans receivable		
Bonds and debentures - at fair value through profit or loss	577,268	283,122
Bonds and debentures - amortized cost	6,024	53,040
Loans receivable - amortized cost	8,593	6,275
	<u>591,885</u>	<u>342,437</u>
Sinking funds - at fair value through other comprehensive income (a)	<u>1,063,418</u>	<u>1,061,338</u>
	<u>\$ 2,032,800</u>	<u>\$ 1,795,356</u>
Securities lending program (b)		
Short-term investments		
Short-term investments - at fair value through profit or loss	\$ -	\$ 31,811
Portfolio investments		
Portfolio investments - at fair value through profit or loss	\$ -	\$ 10,388
Bonds and debentures		
Bonds and debentures - at fair value through profit or loss	-	193,965
	<u>\$ -</u>	<u>\$ 204,353</u>

7. Investments *(continued)*

- a) Changes in the carrying amount of sinking funds are as follows (thousands of dollars):

	2020	2019
Sinking funds, beginning of year	\$ 1,064,831	\$ 935,587
Net installments	75,921	80,501
Earnings	33,256	24,260
Unrealized gains	24,304	24,483
Sinking funds, end of year	1,198,312	1,064,831
Less current portion	(134,894)	(3,493)
	\$ 1,063,418	\$ 1,061,338

Sinking fund installments due in each of the next five years are as follows (thousands of dollars):

2021	\$ 91,799
2022	86,356
2023	83,466
2024	80,882
2025	80,382

- b) Through its custodian, the Corporation participates in an investment securities lending program for the purpose of generating fee income. While in the possession of counterparties, the loaned securities may be resold or repledged by such counterparties.

At March 31, 2020, the Corporation held no collateral (2019 - \$248.0 million) for the loaned securities, as there were no securities on loan.

8. Financial and insurance risk management

Financial risk management

The Corporation is exposed to market risk (power generation, natural gas sales, equity prices, sinking funds, foreign exchange rates, and interest rates), credit risk, and liquidity risk. The Corporation utilizes a number of financial instruments to manage market risk. The Corporation mitigates these risks through policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk.

8. Financial and insurance risk management *(continued)*

Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

(thousands of dollars)		2020		2019	
Financial Instruments	Classification	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	FVTPL	\$ 399,308	\$ 399,308	\$ 199,596	\$ 199,596
Accounts receivable	AC	1,033,040	1,033,040	1,092,955	1,092,955
Derivative financial assets	FVTPL	22,102	22,102	45,446	45,446
Restricted cash and cash equivalents	FVTPL	4,567	4,567	4,592	4,592
Investments - fair value	FVTPL	1,082,700	1,082,700	1,036,222	1,036,222
Investments - sinking funds	FVOCI	1,198,312	1,198,312	1,064,831	1,064,831
Investments - amortized cost	AC	63,193	63,163	76,379	76,307
Financial Liabilities					
Bank indebtedness	FVTPL	-	-	6,426	6,426
Trade and other payables	AC	892,964	892,964	825,639	825,639
Derivative financial liabilities	FVTPL	105,373	105,373	153,498	153,498
Notes payable	AC	1,449,573	1,449,573	1,470,186	1,470,186
Long-term debt	AC	8,892,633	10,283,692	8,325,089	9,778,038
Derivative Instruments					
	Classification	2020		2019	
		Asset	(Liability)	Asset	(Liability)
Physical natural gas contracts	FVTPL	\$ 14,719	\$ (21,808)	\$ 40,915	\$ (16,688)
Natural gas price swaps	FVTPL	4,106	(83,565)	1,327	(136,810)
Physical electricity forwards	FVTPL	3,277	-	3,204	-
		\$ 22,102	\$ (105,373)	\$ 45,446	\$ (153,498)

Classification details are:

FVTPL - measured mandatorily at fair value through profit or loss
FVOCI - fair value through other comprehensive income
AC - amortized cost

8. Financial and insurance risk management *(continued)*

a) Fair value hierarchy

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Unadjusted quoted prices for identical assets or liabilities are readily available from an active market. The Corporation defines an active market based on the frequency of valuation, any restrictions or illiquidity on disposition of the underlying asset or liability, and trading volumes.

Level 2 - Inputs, other than quoted prices included in level 1, that are observable either directly or indirectly.

Level 3 - Inputs are not based on observable market data.

The Corporation's financial instruments are categorized within this hierarchy as follows (thousands of dollars):

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 399,308	\$ -	\$ -	\$ 399,308
Restricted cash and cash equivalents	4,567	-	-	4,567
Notes payable	1,449,573	-	-	1,449,573
Investments - FVTPL	182,047	705,020	195,633	1,082,700
Investments - FVOCI	-	1,198,312	-	1,198,312
Investments - AC	-	63,163	-	63,163
Long-term debt	-	10,283,692	-	10,283,692
Physical natural gas contracts - net	-	(7,089)	-	(7,089)
Natural gas price swaps - net	-	(79,459)	-	(79,459)
Physical electricity forwards - net	-	3,277	-	3,277
	2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 199,596	\$ -	\$ -	\$ 199,596
Restricted cash and cash equivalents	4,592	-	-	4,592
Bank indebtedness	6,426	-	-	6,426
Notes payable	1,470,186	-	-	1,470,186
Investments - FVTPL	225,785	633,714	176,723	1,036,222
Investments - FVOCI	-	1,064,831	-	1,064,831
Investments - AC	-	76,307	-	76,307
Long-term debt	-	9,778,038	-	9,778,038
Physical natural gas contracts - net	-	24,227	-	24,227
Natural gas price swaps - net	-	(135,483)	-	(135,483)
Physical electricity forwards - net	-	3,204	-	3,204

8. Financial and insurance risk management *(continued)*

The changes in level 3 investments carried at fair value are as follows (thousands of dollars):

	2020	2019
Balance, beginning of year	\$ 176,723	\$ 172,911
Unrealized gains attributable to assets held at the end of the year included in impairment losses	2,476	3,957
Purchases	32,444	12,191
Sales	(16,010)	(11,939)
Other	-	(397)
Balance, end of year	\$ 195,633	\$ 176,723

During the year, no investments were transferred between levels.

Investments carried at fair value through profit or loss

i) Categorized as level 2

Investments carried at fair value through profit and loss and categorized as level 2 in the hierarchy include sinking funds, bonds, and debentures.

The fair value of sinking funds is determined by the Saskatchewan Ministry of Finance, using a market approach, with information provided by investment dealers. To the extent possible, valuations reflect indicative secondary pricing for these securities. In all other circumstances, valuations are determined with reference to similar actively traded instruments.

The fair value of bonds and debentures is derived from market price data for same or similar instruments obtained from the investment custodian, investment managers or dealer markets.

ii) Categorized as level 3

Determining fair value for the Corporation's level 3 investments, which are not publicly traded and recorded at fair value through profit or loss, requires application of professional judgement and use of estimates. Significant assumptions used by the Corporation to estimate include the timing and amount of future cash flows, anticipated economic outlook for the investee's industry, impact of pending or potential regulation or legislation, forecast consumer tastes, emergence of substitute products, anticipated fluctuations in commodities prices, and macro-economic demand.

Significant aspects of professional judgement include selecting an appropriate valuation approach, determining a range of appropriate risk-adjusted rates of return for a series of cash flows, and assessing the risk inherent in cash flows, the probabilities of micro and macro-economic variables occurring, and probabilities of potentially significant company, industry, or economic factors occurring or failing to occur as the case may be.

8. Financial and insurance risk management *(continued)*

Level 3 includes a pooled mortgage fund and a real estate fund. The fair value of these investments is based on the Corporation's share of the net asset value of the respective fund, as determined by its investment manager, and used to value purchases and sales of units in the investments. The fair value for the pooled mortgage fund is determined based on market values of the underlying mortgage investments, calculated by discounting scheduled cash flows through to the estimated maturity of the mortgages (using spread-based pricing over Government of Canada bonds with a similar term to maturity), subject to adjustments for liquidity and credit risk. The fair value of the pooled real estate fund is determined based on the most recent appraisals of the underlying properties. Real estate properties are appraised semi-annually by external, independent professional real estate appraisers who are accredited through the Appraisals Institute of Canada. Real estate appraisals are performed in accordance with generally accepted appraisal standards and procedures and are based primarily on the discounted cash flow and income capitalization methods.

Where evidence of a recent arm's length transaction has occurred in the shares of an unlisted equity position held by the Corporation, the Corporation considers such a transaction to generally provide a good indication of fair value. Where a recent arm's length transaction has not occurred, or secondary indicators exist which would question the applicability of a recent transaction, the Corporation considers alternative valuation methodologies. These methods are primarily focused on the projected earnings or cash flows of the business, discounted to present value by applying a discount rate which appropriately reflects industry and company specific risk factors.

In circumstances where fair value cannot be estimated reliably, a level 3 investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired. All recorded values of investments are reviewed at each reporting date for any indication of impairment and adjusted accordingly.

Long-term debt

The fair value of long-term debt is determined using an income approach. Fair values are estimated using the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Derivative financial assets and liabilities

The fair value of electricity-related derivatives, physical natural gas contracts and natural gas price swaps is determined using a market approach. The Corporation obtains quoted market prices from sources such as the New York Mercantile Exchange, the Natural Gas Exchange, independent price publications, and over-the-counter broker quotes. The fair value of natural gas price options is determined using an industry-standard valuation model which requires the use of various assumptions, including quoted market values, interest rates, and volatility estimates for forward natural gas prices that are based on external market sources. Where contract prices are referenced to an index price that has been fixed, the market price has been used to estimate the contract price.

Bond forward fair values are determined using internal discounted cash flow models that rely on Government of Canada bond yields provided by independent reference dealers. The contracted cash flows are discounted using observable yield curves.

8. Financial and insurance risk management *(continued)*

Foreign exchange forward fair values are determined using quoted market prices in active markets for similar financial instruments or current rates offered for financial instruments of similar maturity, as well as discounted future cash flows determined using current rates for similar financial instruments of similar maturities subject to similar risks.

Other financial assets and liabilities

Other financial assets and liabilities including accounts receivable and trade and other payables have not been classified in the fair value hierarchy given that carrying value approximates fair value due to immediate or short-term maturity.

b) Unrealized (losses) gains on financial instruments

Depending on the nature of the derivative instrument and market conditions, the change in fair value of derivative financial assets and derivative financial liabilities is recorded in net earnings as either revenue or operating expenses. The impact of unrealized (losses) gains on net earnings is as follows (thousands of dollars):

	2020	2019
Revenue	\$ (594)	\$ (3,705)
Operating expenses	(31,044)	17,779
(Decrease) increase in net earnings	\$ (31,638)	\$ 14,074

c) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return. The Corporation manages the following market risks:

Power generation

The Corporation is exposed to natural gas price risk through natural gas purchased for its natural gas-fired power plants and through certain power purchase agreements that have a cost component based on the market price of natural gas. As at March 31, 2020, the Corporation had entered into financial and physical natural gas contracts to price manage the following approximate percentages of its budgeted power generations natural gas purchases:

2021	44.0%	2026	22.0%
2022	43.0%	2027	13.0%
2023	39.0%	2028	4.0%
2024	33.0%	2029	1.0%
2025	29.0%		

8. Financial and insurance risk management *(continued)*

As at March 31, 2020, the Corporation held the following instruments to hedge exposures to changes in natural gas price risk:

	1 year	1-5 years	More than 5 years
Natural gas hedges			
Net exposure (thousands)	\$ (22,362)	\$ (51,996)	\$ (5,101)
Total outstanding gigajoules (thousands)	13,375	40,178	7,550
Weighted average hedged price per gigajoule	\$ 3.43	\$ 3.46	\$ 3.00
Weighted average forward market price per gigajoule	\$ 1.87	\$ 2.13	\$ 2.26

Based on the Corporation's March 31, 2020 closing positions on its financial natural gas hedges, a \$1 per gigajoule (GJ) increase in the price of natural gas would have resulted in a \$59.0 million (2019 - \$70.0 million) improvement in unrealized market value adjustments recognized in net earnings in the year. This sensitivity analysis does not represent the underlying exposure to changes in the price of natural gas on the remaining forecasted power generation natural gas purchases which are unhedged as at March 31, 2020.

Natural gas sales

The Corporation purchases natural gas for resale to its customers. While natural gas is purchased at fluctuating market prices, the Corporation sells natural gas to customers at a fixed commodity rate that is reviewed semi-annually. As part of its natural gas price risk management, the Corporation uses derivative instruments to manage the price of the natural gas it buys. The Corporation's objective is to reduce the volatility of natural gas prices and to have natural gas rates that are competitive to other utilities. The Corporation also purchases and sells natural gas in the open market to generate incremental net earnings through its natural gas marketing activities.

The purchase or sale price of natural gas may be fixed within the contract or referenced to a floating index price. When the price is referenced to a floating index price, natural gas derivative instruments may be used to fix the settlement amount. The types of natural gas derivative instruments the Corporation may use for price risk management include natural gas price swaps, options, swaptions and forward contracts.

The Corporation's commodity price risk management strategy establishes specific hedging targets, which may differ depending on current market conditions, to guide natural gas risk management activities. Additionally, the Corporation uses mark-to-market value, VaR and net exposure to monitor natural gas price risk.

Based on the Corporation's year-end closing positions, a \$1 per GJ increase in natural gas prices would have increased net earnings, through an increase in the fair value of natural gas derivative instruments, by \$184.0 million (2019 - \$44.0 million). Conversely, a \$1 per GJ decrease would have decreased net earnings, through a decrease in the fair value of natural gas derivative instruments, by \$184.0 million (2019 - \$44.0 million).

8. Financial and insurance risk management *(continued)*

Equity price risk

Equity price risk represents the potential for loss from changes in the value of equity investments.

The Corporation is exposed to changes in equity prices in Canadian and global markets. The fair value of these equities at March 31, 2020 was \$181.9 million (2019 - \$228.8 million). Individual stock holdings are diversified by geography, industry type, and corporate entity. No one investee or related group of investees represents greater than 10.0 per cent of the market value of the Corporation's common share portfolio. As well, no one holding represents more than 10.0 per cent of the voting shares of any corporation.

The Corporation's equity price risk is assessed using VaR to measure the potential change in the value of an asset class. The VaR has been calculated based on volatility over a four-year period, using a 95.0 per cent confidence level. As such, it is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95.0 per cent of the time (19 times out of 20).

	2020		2019	
Asset Class				
(thousands of dollars)				
Canadian equities	+/-	\$ 7,458	+/-	\$ 10,857
Global equities	+/-	24,891	+/-	32,674
Global small cap equities	+/-	4,875	+/-	6,867

Interest rate risk

The Corporation is exposed to interest rate risk arising from fluctuations in interest rates on short-term and long-term debt. Interest rate risk is managed by having an appropriate mix of fixed and floating rate debt. When deemed appropriate, the Corporation may use derivative financial instruments to manage interest rate risk. A change in interest rates of 1.0 per cent would have a \$5.9 million impact on net earnings (2019 - \$4.1 million).

The Corporation has on deposit with the GRF, under the administration of the Saskatchewan Ministry of Finance, \$1,198.3 million (2019 - \$1,064.8 million) in sinking funds required for certain long-term debt issues. At March 31, 2020, the GRF has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and are managed based on this maturity profile and market conditions. The Corporation is exposed to interest rate risk on the sinking funds. Assuming all other variables remain constant at March 31, 2020, a change in interest rates of 1.0 per cent would have a \$91.6 million impact on net earnings (2019 - \$90.6 million).

The Corporation is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds, debentures, and pooled mortgage investments. It is estimated that a change in investment interest rates of 1.0 per cent would have a \$20.1 million impact on net earnings (2019 - \$18.5 million). The impact that a change in interest rates has on investment income would be partially offset by the impact the change in interest rates has on discounting of insurance claims incurred. It is estimated that a change in discounting interest rates of 1.0 per cent would have a \$16.1 million impact on net earnings (2019 - \$14.7 million).

8. Financial and insurance risk management *(continued)*

Foreign currency risk

The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign suppliers and short-term foreign commitments. The Corporation may use a combination of derivative financial instruments to manage these exposures when deemed appropriate. However, the Corporation has no material financial contracts in place to manage foreign currency risk as of March 31, 2020. A change in the Canadian dollar versus the U.S. dollar exchange rate would have a \$4.5 million impact on net earnings (2019 - \$7.3 million).

d) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Corporation does not have material concentrations of credit risk given that the majority of accounts receivable is diversified among many residential, farm and commercial customers primarily throughout Saskatchewan.

The Corporation has concentrations of credit risk on its loans receivable which are due from builders and developers located in Saskatchewan and therefore could be similarly impacted by changes in the Saskatchewan economy. However, the loans are diversified with companies and in communities throughout Saskatchewan and therefore may not be identically impacted by changes in the overall Saskatchewan economy. Credit risk on these loans is mitigated through the Corporation holding a security interest in the units financed and constructed with loan proceeds and the land upon which the units are constructed.

In addition, the Corporation maintains credit policies and limits to mitigate credit risk related to short-term investments, bonds, debentures, loans, notes receivable, leases receivable and counterparties to derivative instruments.

The carrying amount of financial assets represents the maximum credit exposure as follows (thousands of dollars):

	2020	2019
Cash and cash equivalents	\$ 399,308	\$ 199,596
Short-term investments	311,405	177,723
Accounts receivable	1,033,040	1,092,955
Derivative financial assets	22,102	45,446
Restricted cash and cash equivalents	4,567	4,592
Investments - FVTPL	954,765	879,056
Investments - FVOCI	1,063,418	1,061,338
Investments - AC	14,617	59,315
	\$ 3,803,222	\$ 3,520,021

8. Financial and insurance risk management *(continued)*

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed quarterly based on an analysis of the aging of accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible. Historically, the Corporation has not written off a significant portion of its accounts receivable balances.

The allowance for doubtful accounts and the aging of accounts receivable are detailed as follows (thousands of dollars):

	2020	2019
Allowance for doubtful accounts		
Opening balance	\$ 37,935	\$ 35,790
Less: Accounts written off and other	(23,860)	(19,008)
Recoveries	4,999	3,991
Provision for losses	30,916	17,162
Ending balance	\$ 49,990	\$ 37,935
	2020	2019
Accounts receivable		
Current	\$ 984,576	\$ 1,036,347
30-59 Days	32,943	30,336
60-89 Days	11,969	15,182
Greater than 90 Days	53,542	49,025
Gross accounts receivable	1,083,030	1,130,890
Allowance for doubtful accounts	(49,990)	(37,935)
Net accounts receivable	\$ 1,033,040	\$ 1,092,955

8. Financial and insurance risk management *(continued)*

e) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. CIC is a provincial Crown corporation and as such has access to capital markets through the GRF. The Corporation, through its diversified holdings and capital allocation and dividend policies, can allocate resources to ensure that all financial commitments made are met.

Where necessary, the Corporation can borrow funds from the GRF, adjust dividend rates, obtain or make grants, or be provided with or provide equity injections to manage liquidity issues.

The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2020 (thousands of dollars):

	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt ¹	\$ 8,892,633	\$ 15,657,004	\$ 318,333	\$ 447,275	\$ 367,598	\$ 1,608,659	\$ 12,915,139
Trade and other payables	892,964	892,964	891,813	208	677	266	-
Derivative financial liabilities ²	105,373	143,583	141,955	4,799	(3,050)	(121)	-
Other liabilities ³	2,112,892	2,075,071	1,659,806	86,552	87,235	135,016	106,462
	\$ 12,003,862	\$ 18,768,622	\$ 3,011,907	\$ 538,834	\$ 452,460	\$ 1,743,820	\$ 13,021,601

The Corporation anticipates generating sufficient cash flows through operations or credit facilities to support these contractual cash flows.

The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2019 (thousands of dollars):

	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt ¹	\$ 8,325,089	\$ 14,950,527	\$ 156,509	\$ 234,573	\$ 819,078	\$ 1,477,564	\$ 12,262,803
Trade and other payables	825,639	825,639	825,639	-	-	-	-
Derivative financial liabilities ²	153,498	178,846	146,333	3,577	14,729	14,207	-
Other liabilities ³	2,121,703	2,124,468	1,692,757	91,848	91,648	137,625	110,590
	\$ 11,425,929	\$ 18,079,480	\$ 2,821,238	\$ 329,998	\$ 925,455	\$ 1,629,396	\$ 12,373,393

¹ Contractual cash flows for long-term debt include principal and interest payments, but exclude sinking fund installments.

² The terms and conditions of certain derivative financial instrument contracts require the Corporation to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of credit limits granted. As at March 31, 2020 and March 31, 2019, the Corporation has provided no collateral for these contracts.

³ Other liabilities include: bank indebtedness, notes payable, provision for unpaid insurance claims (Note 19), amounts due to reinsurers (Note 18) and premium taxes payable (Note 18).

8. Financial and insurance risk management *(continued)*

Insurance risk management

Insurance risk arises with respect to the adequacy of the Corporation's insurance premium rates and provision for unpaid claims (consisting of underwriting and actuarial risks).

f) Underwriting risk

The Corporation manages its insurance risk through its underwriting and reinsurance strategies within an overall strategic planning process. Pricing is based on assumptions with regard to past experiences and trends. Exposures are managed by having documented underwriting limits and criteria, product and geographic diversification and reinsurance.

i) Diversification

The Corporation writes property, liability and motor risks over a twelve-month period. The most significant risks arise from weather-related events such as severe storms. The Corporation attempts to mitigate risk by conducting business in a number of provinces across Canada and by offering different lines of insurance products. The concentration of insurance risk by line of business and region is summarized below by reference to the provision for unpaid insurance claim liabilities (Note 19) (thousands of dollars):

	Gross		Reinsurance Recoverable		Net	
	2020	2019	2020	2019	2020	2019
Automobile	\$ 310,702	\$ 301,585	\$ 9,607	\$ 17,163	\$ 301,095	\$ 284,022
Property	171,089	176,913	13,747	22,567	157,342	154,346
Liability	81,488	87,371	925	2,439	80,563	84,932
Assumed	3,176	4,705	-	-	3,176	4,705
Discount	40,987	22,338	2,456	2,157	38,531	20,181
Other	13,277	10,454	-	-	13,277	10,854
	\$ 620,719	\$ 603,366	\$ 26,735	\$ 44,326	\$ 593,984	\$ 559,040

	Gross		Reinsurance Recoverable		Net	
	2020	2019	2020	2019	2020	2019
Saskatchewan	\$ 250,734	\$ 260,832	\$ 13,963	\$ 28,131	\$ 236,771	\$ 232,701
Ontario	166,009	165,225	9,776	13,045	156,233	152,180
Alberta	164,165	141,782	2,788	2,704	161,377	139,078
Manitoba	16,973	19,245	(47)	(298)	17,020	19,543
British Columbia	20,814	13,713	255	744	20,559	12,969
Maritimes	2,024	2,569	-	-	2,024	2,569
	\$ 620,719	\$ 603,366	\$ 26,735	\$ 44,326	\$ 593,984	\$ 559,040

8. Financial and insurance risk management *(continued)*

The concentration of insurance risk by region and line of business is summarized below by reference to gross premiums written (thousands of dollars):

	2020				
	Automobile	Personal Property	Commercial Property	Liability	Total
Saskatchewan	\$ 178,460	\$ 302,202	\$ 61,371	\$ 39,484	\$ 581,517
Ontario	99,580	20,514	5,780	5,180	131,054
Alberta	98,668	64,529	15,086	10,896	189,179
Manitoba	-	25,151	11,985	4,957	42,093
British Columbia	-	45,462	6,902	3,128	55,492
	\$ 376,708	\$ 457,858	\$ 101,124	\$ 63,645	\$ 999,335

	2019				
	Automobile	Personal Property	Commercial Property	Liability	Total
Saskatchewan	\$ 168,900	\$ 284,815	\$ 56,031	\$ 38,538	\$ 548,284
Ontario	76,575	14,268	6,021	4,296	101,160
Alberta	101,780	59,175	15,177	10,647	186,779
Manitoba	-	21,264	9,453	4,451	35,168
British Columbia	-	35,152	6,155	2,570	43,877
	\$ 347,255	\$ 414,674	\$ 92,837	\$ 60,502	\$ 915,268

ii) Reinsurance

The Corporation seeks to reduce losses that may arise from catastrophes or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. While the Corporation utilizes reinsurance, it is still exposed to reinsurance risk. Reinsurance risk is the risk of financial loss due to inadequacies in reinsurance coverage or the default of a reinsurer. The Corporation evaluates and monitors the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvency. The policy of underwriting and reinsuring insurance contracts limits the liability of the Corporation to a maximum amount for any one loss as follows (thousands of dollars):

	2020	2019
Dwelling and farm property	\$ 1,500	\$ 1,500
Unlicensed vehicles	1,500	1,500
Commercial property	1,500	1,500
Automobile and general liability	1,500	1,500

8. Financial and insurance risk management *(continued)*

In addition, the Corporation carries property and auto physical damage catastrophe reinsurance limiting combined exposure to \$17.5 million per event (2019 - \$17.5 million) subject to an annual aggregate deductible of \$17.5 million (2019 - \$17.5 million).

iii) Structured settlements

The Corporation settles some long-term disability claims by purchasing annuities from various financial institutions. The settlements legally release the Corporation from its obligations to the claimants. Consequently, neither the annuities purchased nor the claim liabilities are recognized on the Consolidated Statement of Financial Position. However, as part of the settlement, the Corporation provides a financial guarantee to the claimants in the event the life insurers default on the scheduled payments and is thus exposed to credit risk to the extent any of the life insurers fail to fulfill their obligations. As at March 31, 2020, no information has come to the Corporation's attention that would suggest any weakness or failure in the life insurers from which it has purchased annuities. The net present value of the scheduled payments at March 31, 2020 is \$66.4 million (2019 - \$63.5 million). The net risk to the Corporation is the credit risk related to the life insurance companies that the annuities are purchased from. No defaults have occurred and the Corporation considers the possibility of default to be remote.

g) Actuarial risk

The establishment of the provision for unpaid insurance claims (Note 19) is based on known facts and an interpretation of circumstances and is therefore a complex process influenced by a variety of factors. Measurement of the provision is uncertain due to claims that are not reported to the Corporation at year-end and therefore estimates are made as to the value of these claims. As well, uncertainty exists regarding the cost of reported claims that have not been settled, as all the necessary information may not be available at year-end.

The significant assumptions used to estimate the provision include: the Corporation's experience with similar cases, historical claim payment trends and claim development patterns, the characteristics of each class of business, claim severity and claim frequency, the effect of inflation on future claim settlement costs, court decisions and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim, the more variable the ultimate settlement amount will be. Accordingly, short-term claims such as physical damage or collision claims tend to be more reasonably predictable than long-term claims such as liability claims.

As a result, the establishment of the provision for unpaid claims relies on a number of factors, which necessarily involves risk that the actual results may differ materially from the estimates.

8. Financial and insurance risk management *(continued)*

The following summarizes the Corporation's sensitivity to changes in best estimate assumptions on the provision for unpaid claims and net earnings (thousands of dollars):

Assumption	Sensitivity	Change to Net Provision for Unpaid Claims		Change to Net Earnings	
		2020	2019	2020	2019
Discount rate	1.0 per cent increase	\$ (16,144)	\$ (14,651)	\$ (3,455)	\$ (3,102)
Discount rate	1.0 per cent decrease	16,144	14,651	3,455	3,102

The net provision for unpaid insurance claims refers to the provision for unpaid insurance claims net of unpaid insurance claims recoverable from reinsurers. The method used for deriving this sensitivity information did not change from the prior period.

9. Inventories

(thousands of dollars)

	2020	2019
Raw materials	\$ 221,538	\$ 226,277
Natural gas in storage held-for-resale	18,795	30,295
Finished goods	14,910	19,508
Work-in-progress	611	915
	\$ 255,854	\$ 276,995

For the year ended March 31, 2020, \$446.9 million (2019 - \$569.7 million) of natural gas in storage held-for-resale, and \$464.7 million (2019 - \$496.6 million) of raw materials inventory and other inventory were consumed. The Corporation recognized a \$3.8 million recovery of natural gas in storage held-for-resale, raw materials and other inventory (2019 - \$16.0 million).

10. Discontinued operations and assets held-for-sale

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to STC, the Corporation's passenger and freight transportation segment, would cease in the upcoming fiscal year resulting in the wind up of the segment. Passenger and freight vehicular operations ceased May 31, 2017. The Corporation entered into an agreement for the sale of the remaining asset that closed April 30, 2019 with proceeds of \$2.1 million. Depreciation of the asset ceased effective May 31, 2017. The carrying amount of the asset approximates fair value. Prior period earnings from the Corporation's passenger and freight transportation segment have been classified as discontinued operations on the Consolidated Statement of Comprehensive Income. On March 31, 2019, STC was dissolved.

10. Discontinued operations and assets held-for-sale *(continued)*

Assets classified as held-for-sale are comprised of the following (thousands of dollars):

	2020	2019
Property, plant and equipment	\$ -	\$ 2,090

The impact of discontinued operations on net earnings was comprised of the following (thousands of dollars):

	2020	2019
Operating expenses	\$ -	\$ 313
Salaries, wages and short-term employee benefits	-	(218)
Saskatchewan taxes and fees	-	60
Results from operating activities	-	(155)
Finance income	-	117
Loss from discontinued operations	\$ -	\$ (38)

The impact of discontinued operations on cash flows was comprised of the following (thousands of dollars):

	2020	2019
Net cash from operating activities	\$ -	\$ 2,262
Net change in cash and cash equivalents	\$ -	\$ 2,262

11. Contract assets and costs

(thousands of dollars)

Contract assets

	2020	2019
Contract assets, beginning of year	\$ 78,167	\$ 78,843
Contract assets recognized in the current year	88,767	78,768
Amortization of contract assets	(76,665)	(71,462)
Contract terminations transferred to trade receivables	(5,855)	(7,046)
Other	(525)	(936)
Contract assets, end of year	\$ 83,889	\$ 78,167
Current	(61,548)	(57,289)
Non-current	\$ 22,341	\$ 20,878

Contract costs

	2020	2019
Contract costs, beginning of year	\$ 59,617	\$ 53,978
Contract costs recognized in the current year	34,269	23,683
Amortization of contract costs	(18,067)	(17,160)
Terminations	(735)	(884)
Contract costs, end of year	\$ 75,084	\$ 59,617
Current	(16,735)	(15,019)
Non-current	\$ 58,349	\$ 44,598

12. Investments in equity accounted investees

(thousands of dollars)

Associates and Joint Ventures

	Principal Place of Business	Reporting Date	Ownership Interest		Carrying Value	
			2020	2019	2020	2019
ISC (a)	Canada	December 31	31.0%	31.0%	\$ 73,238	\$ 84,088
MRM Cogeneration Station (b)	Canada	December 31	-%	30.0%	-	39,304
Saskatchewan Entrepreneurial Fund Joint Venture	Canada	December 31	45.5%	45.5%	174	242
					\$ 73,412	\$ 123,634

	2020	2019
Current assets	\$ 40,480	\$ 60,478
Non-current assets	164,719	339,203
Current liabilities	(20,811)	(44,140)
Non-current liabilities	(31,448)	(65,221)
Net assets	152,940	290,320
Interest owned by other entities	(79,528)	(166,686)
Share of net assets	\$ 73,412	\$ 123,634

	2020	2019
Revenue	\$ 181,632	\$ 210,377
Expenses	(165,488)	(181,633)
Net earnings	16,144	28,744
Other comprehensive income (loss)	478	(533)
Total comprehensive income	16,622	28,211
Interest owned by other entities	(11,370)	(19,551)
Share of results	\$ 5,252	\$ 8,660

- a) The Corporation is associated with ISC, which provides registry and information services in Saskatchewan. The fair value of ISC shares was \$78.4 million at March 31, 2020 (2019- \$88.2 million). The shares are publicly traded under the Toronto Stock Exchange under the symbol ISV.
- b) The MRM Cogeneration Station is a 172 MW natural gas-fired cogeneration facility located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta. The Corporation sold its 30.0 per cent ownership interest in the MRM Cogeneration Station with an effective date of December 31, 2019. Net proceeds from sale were \$39.0 million and the Corporation recognized a gain of \$1.0 million.

13. Property, plant and equipment

(thousands of dollars)

	Machinery and Equipment	Buildings and Improvements	Plant Under Construction	Land, Coal Properties and Rights	Finance Leases	Total
Cost						
Balance at April 1, 2018	\$ 19,387,093	\$ 2,194,671	\$ 1,146,297	\$ 288,751	\$ 1,276,359	\$ 24,293,171
Additions	1,208,572	125,134	1,303,388	8,249	15,888	2,661,231
Disposals	(313,319)	(2,103)	(1,219)	(585)	(5,845)	(323,071)
Transfers from plant under construction	-	-	(1,174,151)	-	-	(1,174,151)
Balance at March 31, 2019	\$ 20,282,346	\$ 2,317,702	\$ 1,274,315	\$ 296,415	\$ 1,286,402	\$ 25,457,180
Additions	1,906,995	226,052	1,178,900	32,456	-	3,344,403
Disposals	(188,658)	(6,715)	(11,510)	(2,396)	-	(209,279)
IFRS 16 adjustments	20,627	-	-	-	(1,286,402)	(1,265,775)
Transfers from plant under construction	-	-	(1,903,719)	-	-	(1,903,719)
Balance at March 31, 2020	\$ 22,021,310	\$ 2,537,039	\$ 537,986	\$ 326,475	\$ -	\$ 25,422,810
Accumulated Depreciation						
Balance at April 1, 2018						
(Restated – Note 36)	\$ 8,739,773	\$ 787,952	\$ -	\$ 39,956	\$ 468,617	\$ 10,036,298
Depreciation expense	693,242	56,768	-	(2,619)	58,490	805,881
Disposals	(275,355)	(6,204)	-	(360)	(951)	(282,870)
Impairment recoveries	(11,506)	-	-	-	-	(11,506)
Balance at March 31, 2019	\$ 9,146,154	\$ 838,516	\$ -	\$ 36,977	\$ 526,156	\$ 10,547,803
Depreciation expense	717,633	62,454	-	3,043	-	783,130
Disposals	(162,460)	(3,993)	-	(1,471)	-	(167,924)
Impairment losses	193	-	-	-	-	193
IFRS 16 adjustments	92	-	-	-	(526,156)	(526,064)
Balance at March 31, 2020	\$ 9,701,612	\$ 896,977	\$ -	\$ 38,549	\$ -	\$ 10,637,138
Carrying Amounts						
At March 31, 2019	\$ 11,136,192	\$ 1,479,186	\$ 1,274,315	\$ 259,438	\$ 760,246	\$ 14,909,377
At March 31, 2020	\$ 12,319,698	\$ 1,640,062	\$ 537,986	\$ 287,926	\$ -	\$ 14,785,672

Crown Investments Corporation of Saskatchewan
Notes to Consolidated Financial Statements
March 31, 2020

14. Right-of-use assets

(thousands of dollars)

	Machinery and Equipment	Buildings and Improvements	Land, Coal, Properties and Rights	Power Purchase Agreements	Total
Cost					
Balance at April 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
IFRS 16 adjustment	24,825	66,917	16,936	1,243,283	1,351,961
Additions	7,144	7,637	307	2,035	17,123
Disposals and retirements	(571)	(190)	(1,115)	(228,210)	(230,086)
Balance at March 31, 2020	\$ 31,398	\$ 74,364	\$ 16,128	\$ 1,017,108	\$ 1,138,998
Accumulated Depreciation					
Balance at April 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
IFRS 16 adjustment	3,195	3,518	-	519,377	526,090
Depreciation expense	6,215	11,190	1,370	51,734	70,509
Disposals and retirements	(488)	(123)	-	(152,140)	(152,751)
Balance at March 31, 2020	\$ 8,922	\$ 14,585	\$ 1,370	\$ 418,971	\$ 443,848
Carrying Amounts					
At March 31, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
At March 31, 2020	\$ 22,476	\$ 59,779	\$ 14,758	\$ 598,137	\$ 695,150

15. Investment property

(thousands of dollars)

	Buildings	Infrastructure	Leasehold Improvements	Property Under Construction	Total
Cost					
Balance at April 1, 2018	\$ 183,306	\$ 62,775	\$ 13,993	\$ 24,015	\$ 284,089
Additions	6,409	1,201	21,942	-	29,552
Transfers from property under construction	-	-	-	(21,235)	(21,235)
Balance at March 31, 2019	\$ 189,715	\$ 63,976	\$ 35,935	\$ 2,780	\$ 292,406
Additions	3,364	10	1,003	-	4,377
Transfers from property under construction	-	-	-	(521)	(521)
Balance at March 31, 2020	\$ 193,079	\$ 63,986	\$ 36,938	\$ 2,259	\$ 296,262
Accumulated Depreciation					
Balance at April 1, 2018	\$ 74,553	\$ 23,120	\$ 11,067	\$ 712	\$ 109,452
Depreciation expense	5,206	1,724	1,988	-	8,918
Impairment losses	-	-	-	13	13
Balance at March 31, 2019	\$ 79,759	\$ 24,844	\$ 13,055	\$ 725	\$ 118,383
Depreciation expense	4,948	1,749	1,942	-	8,639
Balance at March 31, 2020	\$ 84,707	\$ 26,593	\$ 14,997	\$ 725	\$ 127,022
Carrying Amounts					
At March 31, 2019	\$ 109,956	\$ 39,132	\$ 22,880	\$ 2,055	\$ 174,023
At March 31, 2020	\$ 108,372	\$ 37,393	\$ 21,941	\$ 1,534	\$ 169,240

The estimated market value of investment property at March 31, 2020 was \$271.0 million (2019 - \$280.7 million). The market value is based on internally-generated estimates of cash flows of individual properties using capitalization rates in the range of 6.3 per cent to 10.0 per cent (2019 - 6.3 per cent to 10.0 per cent), applied based on property type and market characteristics, which resulted in an overall weighted average capitalization rate of 7.2 per cent (2019 - 7.2 per cent).

The market estimate is considered level 3 within the fair value hierarchy (Note 8(a)) as the majority of inputs are not based on observable market data.

Amounts recognized within earnings

	2020	2019
Rental income from investment properties	\$ 37,975	\$ 39,596
Direct operating expenses from property that generated rental income during the year	(34,265)	(35,901)
	\$ 3,710	\$ 3,695

Crown Investments Corporation of Saskatchewan
Notes to Consolidated Financial Statements
March 31, 2020

16. Intangible assets

(thousands of dollars)

	Goodwill (a)	Software and Development Costs (a)	Customer Accounts	Indefinite Life (b)	Other	Total
Cost						
Balance at April 1, 2018	\$ 5,976	\$ 836,911	\$ -	\$ 108,738	\$ 1,500	\$ 953,125
Acquisitions - internally developed	-	8,283	-	-	-	8,283
Disposals	-	(29,953)	-	-	-	(29,953)
Acquisitions - other	-	53,526	-	-	-	53,526
Balance at March 31, 2019	\$ 5,976	\$ 868,767	\$ -	\$ 108,738	\$ 1,500	\$ 984,981
Acquisitions - internally developed	-	7,995	-	-	-	7,995
Disposals	-	(470)	-	-	(1,500)	(1,970)
Acquisitions - other	-	63,089	-	12,167	-	75,256
Balance at March 31, 2020	\$ 5,976	\$ 939,381	\$ -	\$ 120,905	\$ -	\$ 1,066,262
Accumulated Amortization						
Balance at April 1, 2018	\$ -	\$ 538,706	\$ -	\$ -	\$ 1,500	\$ 540,206
Amortization expense	-	66,407	-	-	-	66,407
Disposals	-	(29,830)	-	-	-	(29,830)
Balance at March 31, 2019	\$ -	\$ 575,283	\$ -	\$ -	\$ 1,500	\$ 576,783
Amortization expense	-	65,329	-	-	-	65,329
Disposals	-	(283)	-	-	(1,500)	(1,783)
Impairment losses	5,976	4,684	-	-	-	10,660
Balance at March 31, 2020	\$ 5,976	\$ 645,013	\$ -	\$ -	\$ -	\$ 650,989
Carrying Amounts						
At March 31, 2019	\$ 5,976	\$ 293,484	\$ -	\$ 108,738	\$ -	\$ 408,198
At March 31, 2020	\$ -	\$ 294,368	\$ -	\$ 120,905	\$ -	\$ 415,273

- a) For the purpose of impairment testing on goodwill and software and development costs, the Corporation applied the value-in-use valuation methodology for the CGU as well as terminal value capitalization. The expected risk to the CGU cash flows were included in the cash flow projections. The resulting cash flows were then discounted to the present value using the weighted average cost of capital applicable to the CGU. The key material assumptions are discount rate, terminal value capitalization rate, and growth rate. The impairment test resulted in the recognition of an impairment loss of \$10.7 million during the year ended March 31, 2020.

16. Intangible assets *(continued)*

b) For the purpose of impairment testing, indefinite-life intangible assets (spectrum licenses) are allocated to SaskTel. This is the lowest level within the Corporation at which indefinite-life intangible assets are monitored for internal management purposes, which is not higher than the Corporation's operating segments. The Corporation's CGU impairment tests were based on fair value less costs to sell using comparable companies that are listed on exchanges and are actively traded. Share prices for these companies were used to derive an Enterprise Value (EV) to earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio that was applied to the EBITDA of the unit to determine the recoverable amount. The Corporation applied an industry average EV to EBITDA ratio for minority discounts associated with publicly traded shares to the EBITDA of the unit to estimate the recoverable amount of the unit. The impairment test indicated no impairment at March 31, 2020 or March 31, 2019.

17. Notes payable

Notes payable are due to the GRF. These notes are due on demand and have an effective interest rate of 1.6 per cent (2019 - 1.9 per cent).

18. Deferred revenue

(thousands of dollars)

	2020	2019
Unearned insurance premiums	\$ 480,153	\$ 444,117
Services billed in advance	35	33
Premium taxes payable	8,258	8,233
Amounts due to reinsurers	34,342	33,492
Other	22,837	23,484
	\$ 545,625	\$ 509,359

19. Provisions

(thousands of dollars)

	Decommissioning Provisions (a)	Environmental Remediation (b)	Unpaid Insurance Claims (c) and Note 8(f)	Other Provisions	Total
Balance at April 1, 2019	\$ 421,343	\$ 128,080	\$ 603,366	\$ 651	\$1,153,440
Provision for decommissioning and environmental remediation liabilities	1,843	76	-	-	1,919
Other provisions made	125,477	-	550,050	-	675,527
Provisions used	(17,259)	(1,160)	(532,697)	(185)	(551,301)
Provisions reversed	-	-	-	(71)	(71)
Accretion expense	10,505	-	-	39	10,544
Balance at March 31, 2020	\$ 541,909	\$ 126,996	\$ 620,719	\$ 434	\$1,290,058
Current	-	-	(267,134)	(169)	(267,303)
Non-current	\$ 541,909	\$ 126,996	\$ 353,585	\$ 265	\$1,022,755

Crown Investments Corporation of Saskatchewan
Notes to Consolidated Financial Statements
March 31, 2020

19. Provisions *(continued)*
(thousands of dollars)

	Decommissioning Provisions (a)	Environmental Remediation (b)	Insurance Claims (c) and Note 8(f)	Other Provisions	Total
Balance at April 1, 2018	\$ 321,712	\$ 92,534	\$ 543,421	\$ 808	\$ 958,475
Provision for decommissioning and environmental remediation liabilities	5,266	30,754	-	-	36,020
Other provisions made	104,030	600	537,263	-	641,893
Provisions used	(19,232)	(2,738)	(477,318)	(192)	(499,480)
Provisions reversed	-	-	-	(16)	(16)
Accretion expense	9,567	6,930	-	51	16,548
Balance at March 31, 2019	\$ 421,343	\$ 128,080	\$ 603,366	\$ 651	\$ 1,153,440
Current	-	-	(263,503)	(190)	(263,693)
Non-current	\$ 421,343	\$ 128,080	\$ 339,863	\$ 461	\$ 889,747

a) Decommissioning provisions

The Corporation has estimated the future cost of decommissioning certain electrical and natural gas facilities. For the purposes of estimating the fair value of these obligations, it is assumed that these costs will be incurred between 2021 and 2111 for natural gas facilities and 2021 and 2071 for electrical facilities. The undiscounted cash flows required to settle the obligations total \$953.8 million (2019 - \$875.7 million). Risk-free rates between 1.7 per cent and 2.8 per cent were used to calculate the discounted carrying value of the obligation. During the year, the Corporation recorded an additional \$1.8 million provision (2019 - \$5.3 million) to settle this liability. No funds have been set aside by the Corporation to settle this liability.

The following summarizes the Corporation's sensitivity to changes in best estimate assumptions on the March 31, 2020 decommissioning provision (thousands of dollars):

	Undiscounted cash flows	Discounted cash flows	Discount rate + 0.5%	- 0.5%	Inflation rate + 0.5%	- 0.5%
Decommissioning	\$ 953,809	\$ 541,909	\$ (65,726)	\$ 92,983	\$ 71,289	\$ (91,418)

b) Environmental remediation

The following are included in the provision for environmental remediation:

- The Corporation is committed to undertake necessary environmental clean-up activities on certain properties. The Corporation has accrued \$59.5 million (2019 - \$59.5 million) to carry out clean-up activities and associated costs related to an indemnity provided by Prince Albert Pulp Company Ltd. (PAPCO) and Her Majesty in Right of the Province of Saskatchewan for environmental liabilities predating 1986 related to the Prince Albert pulp mill site and the ERCO Worldwide chemical plant in Saskatoon. The Corporation is a successor corporation to PAPCO and therefore has recorded the estimated cost of its assumed obligations related to the PAPCO site. The timing to complete this remediation is indeterminable at this time.

19. Provisions *(continued)*

- ii) The Corporation has accrued \$67.5 million (2019 - \$68.6 million) related to estimated environmental remediation for its electrical generation assets and other properties.

c) Unpaid insurance claims

The provision for unpaid insurance claims has been calculated using a discount rate of 1.6 per cent (2019 - 2.1 per cent).

20. Lease liabilities

(thousands of dollars)

	2020	2019
Contractual undiscounted cash flows	\$ 2,442,428	\$ 2,671,977
Less: future finance charges on leases	(1,354,976)	(1,551,619)
Discounted lease liabilities	1,087,452	1,120,358
Less: current portion of discounted lease liabilities	(44,444)	(27,490)
Non-current discounted lease liabilities	\$ 1,043,008	\$ 1,092,868

During the year ended March 31, 2020, the Corporation recognized \$157.4 million of interest costs in the Consolidated Statement of Comprehensive Income related to these lease liabilities.

As at March 31, 2020, scheduled contractual undiscounted cash flows and discounted lease liabilities are as follows:

	1 year	1-5 years	More than 5 years
Maturity analysis – contractual undiscounted cash flows	\$ 193,090	\$ 763,858	\$ 1,485,480
Discounted lease liabilities	44,444	223,521	819,487

Crown Investments Corporation of Saskatchewan
Notes to Consolidated Financial Statements
March 31, 2020

21. Long-term debt

(thousands of dollars)

	2020	Effective Interest Rate	2019	Effective Interest Rate
	Principal Outstanding		Principal Outstanding	
General Revenue Fund (years to maturity)				
1-5 years	\$ 1,091,689	8.1%	\$ 984,281	8.7%
6-10 years	633,259	5.2%	608,259	5.5%
11-15 years	669,000	6.0%	669,000	6.0%
16-20 years	780,612	4.8%	725,019	4.9%
21-25 years	1,440,318	4.0%	1,453,318	4.0%
26-30 years	2,875,000	3.4%	2,875,000	3.4%
Beyond 30 years	1,350,000	3.2%	935,000	3.3%
Total due to the GRF	8,839,878	4.5%	8,249,877	4.6%
Other long-term debt (due 2021 to 2050)	7,826	8.9%	67,398	6.1%
Unamortized debt premium net of issue costs	44,929		7,814	
	8,892,633		8,325,089	
Due within one year	(441,246)		(69,135)	
Total long-term debt	\$ 8,451,387		\$ 8,255,954	

Principal repayments due in each of the next five years are as follows:

2021	\$ 441,246
2022	244,405
2023	256,741
2024	2,100
2025	150,069

There is a requirement attached to certain interest-bearing issues from the GRF to make annual payments into sinking funds in amounts representing a minimum of 1.0 per cent of the original issue. The cumulative annual payments plus interest earned are used for the retirement of debt issues, upon maturity, with the GRF.

22. Contract liabilities

(thousands of dollars)

	2020	2019
Contract liabilities, beginning of year	\$ 277,969	\$ 310,899
Contract liabilities recognized in the current year	384,709	389,255
Recognized in revenue	(382,168)	(408,221)
Terminations	(7,016)	(9,618)
Other	(3,622)	(4,346)
Contract costs, end of year	\$ 269,872	\$ 277,969
Current	(99,922)	(104,090)
Non-current	\$ 169,950	\$ 173,879

23. Employee future benefits

Defined benefit pension plans

The Corporation has three defined benefit pension plans, for certain of its employees, that have been closed to new membership. Annual audited financial statements for each plan are prepared and released publicly.

The actuarial valuations include a provision for uncommitted and ad hoc benefit increases; and are measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. There is a risk that the actual amount may differ materially from the estimate. The major assumptions used in the valuation of the defined benefit pension plans are as follows:

	SaskTel	2020 SGI CANADA	SaskPower
Discount rate - end of year	3.7%	3.6%	3.7%
Inflation rate	2.3%	2.0%	2.0%
Duration (years)	11	10	11
Post-retirement index	1.6%	0.0%	70.0% of CPI
Last actuarial valuation	3/31/17	12/31/16	9/30/17
	SaskTel	2019 SGI CANADA	SaskPower
Discount rate - end of year	3.2%	3.1%	3.2%
Inflation rate	2.3%	2.0%	2.0%
Duration (years)	11	9	11
Post-retirement index	1.6%	0.0%	70.0% of CPI
Last actuarial valuation	3/31/17	12/31/16	9/30/17

Mortality rates were applied utilizing the Canadian Pensioner 2014 Private Sector Mortality Table with 95.0 - 100.0 per cent scaling factor for males, 100.0 - 110.0 per cent scaling factor for females and projected generationally with Canadian Pensioners' Mortality Improvement Scale B.

23. Employee future benefits *(continued)*

The actuarial assumptions are based on management's expectations, independent actuarial advice and guidance provided by IFRS. The most significant assumption for each plan is the discount rate, which is the yield at the reporting date of high-quality debt instruments that have maturity dates approximating the terms of the plan obligations.

Sensitivity analysis on defined benefit pension plan assumptions

The following illustrates the impact on the March 31, 2020 defined benefit pension obligation from a change in an actuarial assumption while holding all other assumptions constant (thousands of dollars):

	SaskTel		SGI CANADA		SaskPower	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1.0 per cent)	\$ (89,843)	\$ 106,999	\$ (2,351)	\$ 2,790	\$ (84,360)	\$ 100,266
Inflation rate (1.0 per cent)	(44,471)	(120)	N/A ¹	N/A ¹	(30,662)	32,570
Post-retirement index (1.0 per cent)	43,611 ²	(96,756)	471	N/A ¹	92,972	(79,677)
Mortality (1 year)	N/A ¹	N/A ¹	N/A ¹	N/A ¹	(28,590)	29,846

¹Impact to the March 31, 2020 defined benefit pension obligation from a change in assumption is not considered significant.

²Amount reflects a 0.4 per cent increase to the post-retirement index as this is the maximum increase allowed under the Plan.

23. Employee future benefits *(continued)*

Information about the Corporation's defined benefit pension plans is as follows (thousands of dollars):

	SaskTel	SGI CANADA	2020 SaskPower	Total
Defined benefit pension plan obligation, beginning of year	\$ 1,028,899	\$ 29,003	\$ 890,294	\$ 1,948,196
Included in net earnings:				
Current service cost	399	1	-	400
Interest cost	31,788	928	26,636	59,352
	32,187	929	26,636	59,752
Included in OCI:				
Actuarial gains arising from:				
Financial assumptions	(51,109)	(1,414)	(46,043)	(98,566)
Benefits paid	(65,944)	(3,602)	(61,526)	(131,072)
Defined benefit pension plan obligation, end of year	\$ 944,033	\$ 24,916	\$ 809,361	\$ 1,778,310
Fair value of defined benefit pension plan assets, beginning of year	\$ 1,028,899	\$ 29,003	\$ 720,159	\$ 1,778,061
Included in net earnings:				
Interest income	31,935	876	21,192	54,003
Included in OCI:				
Return on plan assets excluding interest income	(32,234)	(692)	(34,419)	(67,345)
Asset ceiling adjustment	(18,623)	(670)	-	(19,293)
	(50,857)	(1,362)	(34,419)	(86,638)
Employee funding contributions	-	1	-	1
Benefits paid	(65,944)	(3,602)	(61,526)	(131,072)
	(65,944)	(3,601)	(61,526)	(131,071)
Fair value of defined benefit pension plan assets, end of year	\$ 944,033	\$ 24,916	\$ 645,406	\$ 1,614,355
Funded status - plan deficit and net defined benefit pension obligation	\$ -	\$ -	\$ 163,955	\$ 163,955

23. Employee future benefits *(continued)*

	SaskTel	SGI CANADA	2019 SaskPower	Total
Defined benefit pension plan obligation, beginning of year	\$ 1,038,737	\$ 29,630	\$ 901,814	\$ 1,970,181
Included in net earnings:				
Current service cost	356	1	-	357
Interest cost	34,110	962	31,224	66,296
	34,466	963	31,224	66,653
Included in OCI:				
Actuarial losses arising from:				
Financial assumptions	22,218	806	18,978	42,002
Benefits paid	(66,522)	(2,396)	(61,722)	(130,640)
Defined benefit pension plan obligation, end of year	\$ 1,028,899	\$ 29,003	\$ 890,294	\$ 1,948,196
Fair value of defined benefit pension plan assets, beginning of year	\$ 1,038,737	\$ 30,875	\$ 739,999	\$ 1,809,611
Included in net earnings:				
Interest income	34,350	930	25,722	61,002
Included in OCI:				
Return on plan assets excluding interest income	19,914	821	16,160	36,895
Asset ceiling adjustment	2,420	(1,228)	-	1,192
	22,334	(407)	16,160	38,087
Employee funding contributions	-	1	-	1
Benefits paid	(66,522)	(2,396)	(61,722)	(130,640)
	(66,522)	(2,395)	(61,722)	(130,639)
Fair value of defined benefit pension plan assets, end of year	\$ 1,028,899	\$ 29,003	\$ 720,159	\$ 1,778,061
Funded status - plan deficit and net defined benefit pension obligation	\$ -	\$ -	\$ (170,135)	\$ (170,135)

23. Employee future benefits *(continued)*

The asset allocation of the defined benefit pension plans are as follows:

	SaskTel	2020 SGI CANADA	SaskPower
Asset category			
Short-term investments	1.4%	2.0%	0.0%
Bond and debentures	45.0%	69.0%	40.3%
Equity securities - Canadian	9.7%	11.0%	0.0%
Equity securities - US	10.9%	9.0%	0.0%
Equity securities - Non-North American	15.7%	9.0%	50.5%
Real estate	17.4%	0.0%	9.2%
		2019	
	SaskTel	SGI CANADA	SaskPower
Asset category			
Short-term investments	0.9%	4.0%	0.5%
Bond and debentures	43.6%	66.0%	34.5%
Equity securities - Canadian	10.9%	12.0%	5.7%
Equity securities - US	10.9%	9.0%	0.0%
Equity securities - Non-North American	16.9%	9.0%	41.8%
Real estate	16.8%	0.0%	17.5%

Other defined benefit plans

Other benefit plans include a defined benefit and a defined contribution severance plan, a supplementary superannuation plan, two defined benefit service recognition plans, a defined benefit retiring allowance plan and a voluntary early retirement plan. All other defined benefit plans are unfunded.

23. Employee future benefits *(continued)*

Information about the Corporation's other defined benefit plans is as follows (thousands of dollars):

	2020					
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater	Total
Other defined benefit plan obligation, beginning of year	\$ 14,475	\$ 15,536	\$ 44,250	\$ 4,986	\$ 548	\$ 79,795
Included in net earnings:						
Current service cost	-	170	5,604	23	37	5,834
Interest cost	411	475	4,945	147	18	5,996
	411	645	10,549	170	55	11,830
Included in OCI:						
Actuarial (gain) loss arising from:						
Financial assumptions	(487)	-	431	66	23	33
Experience adjustments	26	(588)	-	(63)	(27)	(652)
	(461)	(588)	431	3	(4)	(619)
Benefits paid	(1,512)	(2,054)	(9,295)	(450)	-	(13,311)
Other defined benefit plan obligation, end of year	\$ 12,913	\$ 13,539	\$ 45,935	\$ 4,709	\$ 599	\$ 77,695

	2019					
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater	Total
Other defined benefit plan obligation, beginning of year	\$ 16,118	\$ 16,740	\$ 48,501	\$ 6,135	\$ 524	\$ 88,018
Included in net earnings:						
Current service cost	-	101	7,451	22	38	7,612
Interest cost	483	556	465	272	16	1,792
	483	657	7,916	294	54	9,404
Included in OCI:						
Actuarial (gain) loss arising from:						
Financial assumptions	(147)	-	(232)	(38)	(9)	(426)
Experience adjustments	98	(173)	-	(91)	(1)	(167)
	(49)	(173)	(232)	(129)	(10)	(593)
Benefits paid	(2,077)	(1,688)	(11,935)	(1,314)	(20)	(17,034)
Other defined benefit plan obligation, end of year	\$ 14,475	\$ 15,536	\$ 44,250	\$ 4,986	\$ 548	\$ 79,795

23. Employee future benefits *(continued)*

The significant actuarial assumptions used in the valuation of other defined benefit plans are as follows:

	2020				
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater
Discount rate	3.4%	3.6%	2.8-2.9%	2.3%	2.6%
Inflation rate	0.0%	2.0%	2.0%	1.7%	2.3%
Long-term rate of compensation increases	2.0%	3.0%	2.0%	3.0%	2.8%
Remaining service life (years)	8	10-12	7	3	12
Last actuarial valuation	3/31/19	12/31/16	9/30/17	12/31/19	12/31/19
	2019				
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater
Discount rate	3.0%	3.1%	2.9-3.6%	2.8%	3.1%
Inflation rate	0.0%	2.0%	2.0%	1.7%	2.3%
Long-term rate of compensation increases	2.0%	2.3-3.7%	2.0%	3.0%	2.8%
Remaining service life (years)	8	11-12	7	4	12
Last actuarial valuation	3/31/19	12/31/16	9/30/17	12/31/18	12/31/18

The actuarial assumptions are based on management's expectations, independent actuarial advice and guidance provided by IFRS. The most significant assumption for each plan is the discount rate, which is the yield at the reporting date of high-quality debt instruments that have maturity dates approximating the terms of the plan obligations.

A 1.0 per cent change in the actuarial assumptions would not have a material effect on the March 31, 2020 other defined benefit obligation.

Employee future benefit liability

The employee future benefit liability on the Consolidated Statement of Financial Position represents the funded status of the Corporation's defined benefit pension plans and other defined benefit plans. On a combined basis, at March 31, 2020, these liabilities totaled \$241.7 million (2019 - \$249.9 million).

Defined contribution pension plans

The Corporation also has employees who are members of defined contribution pension plans. The Corporation's financial obligation is limited to contractual contributions to the plan. On a combined basis, the Corporation paid \$63.7 million (2019 - \$61.2 million) into these plans.

Employee future benefits expense

Employee future benefits expense on the Consolidated Statement of Comprehensive Income includes contributions to the defined contribution pension plans and current service costs for the defined benefit pension plans and other defined benefit plans. On a combined basis, employee future benefits expense totaled \$69.9 million (2019 - \$69.2 million).

24. Other liabilities

(thousands of dollars)

	2020	2019
Government grants	\$ 36,741	\$ 35,336
Future income tax liabilities and other	(943)	652
	\$ 35,798	\$ 35,988

25. Equity advances and capital disclosures

The Corporation does not have share capital. However, the Corporation has received advances from the GRF to form its equity capitalization. The advances are an equity investment in the Corporation by the GRF.

Due to its ownership structure, the Corporation has no access to capital markets for equity. Equity advances in the Corporation are determined by the shareholder on an annual basis. Dividends and equity repayments to the GRF are determined through the Saskatchewan provincial budget process on an annual basis.

The Corporation closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in the Corporation's capital structure. The Corporation uses this measure in assessing the extent of financial leverage and, in turn, its financial flexibility.

Too high a ratio relative to target indicates an excessive debt burden that may impair the Corporation's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the year.

CIC reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board. The Corporation uses targeted debt ratios to compile a weighted average debt ratio for the CIC Crown sector.

The Corporation raises most of its capital requirements through internal operating activities and notes payable and long-term debt through the GRF. This type of borrowing allows the Corporation to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

The Corporation made no changes to its approach to capital management during the year and complied with all externally imposed capital requirements.

The debt ratio is as follows (thousands of dollars):

	Note	2020	2019 (Restated – Note 36)
Total debt (a)		\$ 10,342,206	\$ 9,795,275
Less: Sinking funds	7(a)	(1,198,312)	(1,064,831)
Net debt		9,143,894	8,730,444
Equity		5,814,512	5,665,676
Capitalization		\$ 14,958,406	\$ 14,396,120
Debt ratio		61.1%	60.6%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

26. Accumulated other comprehensive income

(thousands of dollars)

	2020	2019
Items that may be subsequently reclassified to net earnings:		
Unrealized gains on sinking funds	\$ 32,981	\$ 8,677
Unrealized losses on cash flow hedges	(13,346)	(39,513)
Realized losses on cash flow hedges	(11,236)	(11,695)
	8,399	(42,531)
Items that will not be reclassified to net earnings:		
Impact of changes in defined benefit plan actuarial assumptions	132,198	119,651
	\$ 140,597	\$ 77,120

27. Commitments and contingencies

The following significant commitments and contingencies exist at March 31, 2020:

- At 2020 prices, the Corporation has forward commitments of \$1,287.2 million (2019 - \$1,528.1 million) extending until 2030 for future minimum coal deliveries.
- As at March 31, 2020, the Corporation has committed to spend \$1,249.8 million (2019 - \$1,194.8 million) on capital projects.
- The Corporation has issued letters of credit in the amount of \$20.4 million (2019 - \$39.6 million).
- The Corporation has entered into contracts to purchase natural gas, transportation and storage expected to cost \$494.8 million (2019 - \$591.6 million) based on forward market prices until 2030. This includes fixed price forward contracts with a notional value of \$484.1 million (2019 - \$588.5 million) which apply for the own-use scope exception.
- As at March 31, 2020, the Corporation has committed to transmission purchases of \$7.2 million (2019 - \$13.0 million).
- The Corporation has entered into PPAs that provide over 1,200 MW of generating capacity. The payments related to these PPAs are expected to be \$8,117.6 million (2019 - \$8,047.3 million) until 2048, which includes leases of \$2,332.0 million (2019 - \$2,653.9 million).
- During the year, the Corporation entered into commodity contracts for the physical purchase of natural gas that qualify as own-use contracts. As at March 31, 2020, own-use natural gas derivative instruments had the following notional values and maturities for the next five fiscal years (millions of dollars):

2021	\$ 74.4
2022	73.0
2023	70.8
2024	70.5
2025	85.5

27. Commitments and contingencies *(continued)*

- h) The Corporation has outstanding service contract commitments of \$231.9 million (2019 - \$141.7 million).
- i) Subject to certain conditions, the Corporation has agreed to make annual payments of \$2.6 million to the Regina Exhibition Association until 2027 and \$0.4 million to the Moose Jaw Exhibition Company Ltd. until 2028, as compensation for the loss of gaming income caused by the operation of Casino Regina and Casino Moose Jaw respectively.
- j) On August 9, 2004, a proceeding under *The Class Actions Act (Saskatchewan)* was brought against several Canadian wireless and cellular service providers, including the Corporation. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers. Similar proceedings have been filed by, or on behalf of, Plaintiffs' counsel in other provincial jurisdictions. On September 17, 2007, the Saskatchewan court certified the Plaintiff's proceeding as a class action with respect to an allegation of unjust enrichment only for wireless customers during the period of April 1, 1987 and the date of the certification order being February 13, 2008. The class action period has now been extended to March 31, 2014. The matter will now proceed in the usual fashion of finalized pleadings, document and oral discovery to trial. The Corporation continues to believe that it has strong defenses to the allegations as certified in the 2004 action.
- k) The Corporation has various legal matters pending which, in the opinion of management, will not have a material effect on the Corporation's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to the Corporation's financial position or results of operations could result.

28. Revenue and other income

(thousands of dollars)

	2020	2019
Utilities ¹	\$ 4,949,216	\$ 5,007,222
Insurance	963,300	857,100
Entertainment	114,077	118,637
Investment and economic growth	40,450	41,140
Other and consolidation adjustments	(136,886)	(140,873)
	\$ 5,930,157	\$ 5,883,226

¹Utilities revenue primarily consists of revenue from contracts with customers. These contracts include wireless, internet, television, telephone, electricity, water, and natural gas contracts.

29. Depreciation and amortization

(thousands of dollars)

	Note	2020	2019
Property, plant and equipment	13	\$ 783,130	\$ 805,881
Right-of-use assets	14	70,509	-
Investment property	15	8,639	8,918
Intangible assets	16	65,329	66,407
		\$ 927,607	\$ 881,206

30. Impairment losses

(thousands of dollars)

	Note	2020	2019
Impairment losses on investments		\$ 11,816	\$ 21,730
Impairment losses (reversals) on property, plant and equipment	13	193	(11,506)
Impairment losses on investment property	15	-	13
Impairment losses on intangible assets	16	10,660	-
		\$ 22,669	\$ 10,237

Crown Investments Corporation of Saskatchewan
Notes to Consolidated Financial Statements
March 31, 2020

31. Saskatchewan taxes and fees

(thousands of dollars)

	Note	2020	2019
Saskatchewan capital tax		\$ 81,168	\$ 78,217
Grants in lieu of taxes to municipalities		39,855	38,666
Insurance premium tax		27,548	26,171
Gaming fees		20,080	22,460
Other		6,703	6,275
		175,354	171,789
Discontinued operations	10	-	(60)
		\$ 175,354	\$ 171,729

32. Finance income and expenses

(thousands of dollars)

	Note	2020	2019
Recognized in consolidated net earnings			
Sinking fund earnings	7(a)	\$ 33,256	\$ 24,260
Gain on sale of investments at fair value through profit or loss		14,597	-
Change in fair value of financial assets at fair value through profit or loss		(28,595)	17,668
Interest and other income from investments at fair value through profit or loss		19,918	18,328
Interest and other income from investments at amortized cost		8,984	8,296
Interest income from defined benefit pension plans	23	54,003	61,002
Other		25,139	29,361
Finance income		127,302	158,915
Interest expense on financial liabilities measured at amortized cost		584,009	568,216
Accretion expense on provisions	19	10,544	16,548
Interest cost on defined benefit pension plans	23	59,352	66,296
Interest cost on other defined benefit plans	23	5,996	1,792
Interest capitalized ¹		(33,292)	(44,672)
Other		1,683	3,382
Finance expenses		628,292	611,562
Net finance expenses		\$ 500,990	\$ 452,647
Discontinued operations	10	-	117
		\$ 500,990	\$ 452,764

¹ The weighted average interest rate used to capitalize interest was 4.1 per cent at March 31, 2020 (2019 - 4.1 per cent).

33. Consolidated statement of cash flows

a) Adjustments to reconcile net earnings to cash from operating activities

(thousands of dollars)

	Note	2020	2019
Adjustments to reconcile net earnings to cash from operating activities			
Depreciation and amortization	29	\$ 927,607	\$ 881,206
Share of net earnings from equity accounted investees	12	(5,252)	(8,660)
Defined benefit plan current service costs	23	6,234	7,969
Provision for decommissioning and environmental remediation liabilities	19	1,919	36,020
Unrealized losses (gains) on derivative financial instruments	8(b)	31,638	(14,074)
Inventory recoveries	9	(3,800)	(16,016)
Loss on disposal of property, plant and equipment		47,146	17,429
Impairment losses	30	22,669	10,237
Net finance expenses	32	500,990	452,764
Reclassification of natural gas hedge transitional market value losses		(29,857)	(25,546)
Other non-cash items		18,180	(22,285)
		\$ 1,517,474	\$ 1,319,044

33. Consolidated statement of cash flows *(continued)*

b) Reconciliation of changes in liabilities to cash flows arising from financing activities (thousands of dollars)

	Sinking funds	Notes payable	Long-term debt	Lease liabilities	Other¹	Total
Balance as of April 1, 2018	\$ 935,587	\$ (1,563,495)	\$ (7,853,274)	\$ (1,130,427)	\$ (42,712)	\$ (9,654,321)
Changes from financing cash flows:						
Decrease in notes payable	-	93,309	-	-	-	93,309
(Increase) decrease in other liabilities	-	-	-	(10,002)	10,051	49
Debt proceeds from the GRF	-	-	(597,090)	-	-	(597,090)
Debt repayments to the GRF	-	-	50,000	-	-	50,000
Debt repayments to other lenders	-	-	76,080	21,622	-	97,702
Sinking fund installments	80,501	-	-	-	-	80,501
Total changes from financing cash flows	\$ 80,501	\$ 93,309	\$ (471,010)	\$ 11,620	\$ 10,051	\$ (275,529)
Other changes:						
Changes in fair value	24,483	-	-	-	-	24,483
Interest income (expense)	24,260	(15,744)	(278,611)	(165,460)	-	(435,555)
Interest paid	-	16,617	273,561	165,464	-	455,642
Other	-	(873)	4,245	(1,555)	(3,327)	(1,510)
Total other changes	\$ 48,743	\$ -	\$ (805)	\$ (1,551)	\$ (3,327)	\$ 43,060
Balance as of March 31, 2019	\$1,064,831	\$ (1,470,186)	\$ (8,325,089)	\$ (1,120,358)	\$ (35,988)	\$ (9,886,790)
IFRS 16 adjustment	-	-	-	(85,756)	-	(85,756)
Balance as of April 1, 2019	\$1,064,831	\$ (1,470,186)	\$ (8,325,089)	\$ (1,206,114)	\$ (35,988)	\$ (9,972,546)
Changes from financing cash flows:						
Decrease in notes payable	-	20,613	-	-	-	20,613
(Increase) decrease in other liabilities	-	-	-	96,221	2,263	98,484
Principal repayments of lease liabilities	-	-	-	37,926	-	37,926
Debt proceeds from the GRF	-	-	(671,340)	-	-	(671,340)
Debt repayments to the GRF	-	-	42,593	-	-	42,593
Debt proceeds from other lenders	-	-	(42,209)	-	-	(42,209)
Debt repayments to other lenders	-	-	110,053	-	-	110,053
Sinking fund installments	86,133	-	-	-	-	86,133
Sinking fund redemptions	(10,212)	-	-	-	-	(10,212)
Total changes from financing cash flows	\$ 75,921	\$ 20,613	\$ (560,903)	\$ 134,147	\$ 2,263	\$ (327,959)
Other changes:						
Changes in fair value	24,304	-	-	-	-	24,304
Capitalized borrowing costs	-	-	25,442	-	-	25,442
Interest income (expense)	28,960	(12,862)	(299,450)	(154,591)	-	(437,943)
Interest paid	-	15,083	287,169	154,769	-	457,021
Other	4,296	(2,221)	(19,802)	(15,663)	(2,073)	(35,463)
Total other changes	\$ 57,560	\$ -	\$ (6,641)	\$ (15,485)	\$ (2,073)	\$ 33,361
Balance as of March 31, 2020	\$1,198,312	\$ (1,449,573)	\$ (8,892,633)	\$ (1,087,452)	\$ (35,798)	\$ (10,267,144)

¹Other includes other liabilities and bond forward agreements.

34. Related party transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). The Corporation has elected to take a partial exemption under IAS 24, *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition, the Corporation pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these consolidated financial statements and the notes thereto.

Key management personnel compensation

In addition to salaries, the Corporation provides non-cash benefits to key management personnel, defined as the Board of Directors of each of its subsidiaries, as well as the President and Vice Presidents of CIC and each of its subsidiaries.

Key management personnel compensation consists of (thousands of dollars):

	2020	2019
Salaries, wages and short-term employee benefits	\$ 20,533	\$ 20,202
Employee future benefits	952	1,019
Termination benefits	53	234
Other	7	7
	\$ 21,545	\$ 21,462

35. Comparative information

Certain of the March 31, 2019 information has been reclassified to conform to the current year's presentation.


36. Restatement of financial results

At the end of 2019-20, losses on disposal of property, plant and equipment were reclassified from an accumulated depreciation deferral account to a loss account in the Consolidated Statement of Comprehensive Income to more accurately reflect the nature of the balances. This resulted in an adjustment of \$19.3 million to the April 1, 2018, property, plant and equipment accumulated depreciation and retained earnings balances.



Thank you 



thanks for
Paying for the Science
Center I learned
about that Static
Show my favourite
Part was the movie!
That was
the best
Day Ever 

Thank you for Paying,

I learned that bubbles do not need too much Air or too
little. My favourite part was the movie because it
had helpfulness and training.

that was the
best day of my life
and I learned about
Gravity my favorite
Part was the movie

Thank you so much for
Sponsorship that allowed our Grade 2/3
class visit the Science Center and IMAX

THANK YOU!

The students had a wonderful
time!!

In 2019-20, CIC sponsored a primary school
class from a Regina inner city school to tour
the **Saskatchewan Science Centre**, enjoy an
IMAX movie, and ignite their scientific curiosity!

CIC's support provides the opportunity to
promote science and innovation to children
and youth in our community who may
not otherwise get the experience.

Thank You



CIC Separate



SaskWater

is committed to providing a safe workplace for all employees. Training is offered to upgrade employee knowledge and skills and an emphasis has been placed on building a strong safety culture through incident reporting, technology upgrades and working alone safety guidelines. SaskWater was identified as a WorkSafe Saskatchewan Mission: Zero Top 100 Company in 2019-20.

CIC Separate Management Discussion & Analysis

Analysis of Financial Results

CIC's separate financial statements are used to determine the Corporation's capacity to pay dividends to the Province's General Revenue Fund (GRF). These separate financial statements isolate CIC's cash flow, capital and operating support for certain subsidiary Crown corporations. Inclusion of these financial statements in the annual report enhances the accountability and transparency of CIC's operations.

This narrative on CIC's separate 2019-20 financial results should be read in conjunction with the audited separate financial statements. For the purposes of this narrative on CIC's separate financial results, "CIC" refers to the holding company.

Comparison of 2019-20 Results with 2018-19 Results

Earnings

(millions of dollars)					
	2019-20	2018-19	2017-18	2016-17	Fifteen months 2015-16
Dividend revenue from subsidiary corporations	\$ 230.2	\$ 243.1	\$ 233.5	\$ 157.4	\$ 184.4
Add: Finance and other revenue	0.9	2.8	1.4	1.4	3.5
Less: Operating, salaries and other expenses	(11.6)	(10.9)	(11.5)	(12.8)	(17.4)
Grants (provided to) repaid by subsidiary corporations	(7.0)	0.3	(10.3)	(13.9)	(17.0)
Total Separate Earnings	\$ 212.5	\$ 235.3	\$ 213.1	\$ 132.1	\$ 153.5

Net earnings for 2019-20 were \$212.5 million, a decrease of \$22.8 million from the same period in 2018-19. The decrease in earnings is primarily due to a decrease in dividend revenue from subsidiary corporations of \$12.9 million; an increase in grant funding to subsidiary corporations of \$7.3 million; a decrease in finance and other revenue of \$1.9 million; and an increase in operating, salaries and other expenses of \$0.7 million.

A more detailed discussion of 2019-20 compared to 2018-19 financial results is included on the following pages.

Dividend Revenue

CIC's revenue is comprised of dividends from subsidiary Crown corporations and revenue from investments. Dividends from subsidiary Crown corporations are the primary determinant in CIC's ability to pay regular dividends to the GRF.

Revenues are influenced by weather, commodity prices, competition, environmental regulations and technology changes such as:

- Demand for electricity and natural gas increases during cold weather, which impacts earnings at Saskatchewan Power Corporation (SaskPower) and SaskEnergy Incorporated (SaskEnergy).
- Accident and other insurance claims at Saskatchewan Government Insurance (SGI CANADA) are impacted by winter driving conditions and the summer storm season. Competition also impacts earnings at SGI CANADA.
- Water run-off levels impact SaskPower's capacity to generate hydroelectricity at a much lower cost compared to natural gas and coal generation.
- Environmental regulations on power generating sources impact earnings at SaskPower.
- Competition, technology and regulatory changes impact earnings at SaskTel.

Comparison 2019-20 Results with 2018-19 Results *(continued)*

Dividend Revenue *(continued)*

The dividend is calculated in accordance with CIC's dividend policy and typically based on a percentage of operating earnings from operations; however, various factors may lead to an amount being set on an alternate basis. Operating earnings excludes any non-cash fair market value adjustments on items such as financial instruments and inventory. Dividend targets are based on the overall financial health of the subsidiary Crown and its need for capital investment and debt reduction, if required. These targets are subject to change during the year if there is a significant change in circumstances. The 2019-20 budgeted dividends and per cent of operating earnings are as follows:

CIC Crown Corporations 2019-20 Earnings & Dividend Budget (millions of dollars)	Budgeted Earnings (Loss)	Budgeted Dividend to CIC¹	Budgeted Dividend % of Operating Earnings
SaskPower	\$ 255.2	\$ 25.5	10%
SaskTel	129.5	116.6	90%
SaskEnergy	63.8	22.4	35%
SGI CANADA ²	59.1	48.0	N/A
Saskatchewan Gaming Corporation (SGC) ³	21.8	27.5	80%
SaskWater	6.7	3.3	50%
Saskatchewan Immigrant Investor Fund Inc. (SIIF)	5.4	-	-
Saskatchewan Opportunities Corporation (SOCO)	2.8	2.5	90%
CIC Asset Management Inc. (CIC AMI)	1.0	-	-
CIC Separate and Other ⁴	(13.6)	4.3	N/A
Consolidated Totals	\$ 531.7	\$ 250.1	

¹ Dividends paid to CIC are typically based on a percentage of operating earnings; however, various factors may lead to a dividend amount being set on an alternate basis.

² SGI CANADA's dividend payout has been set at an amount in alignment with achieving the company's minimum capital test (MCT) target of 242 per cent.

³ Above its regular 80 per cent dividend rate, SGC budgeted to have financial capacity to provide CIC with an additional \$10.0 million dividend for a total dividend of \$27.5 million.

⁴ Includes First Nations and Métis Fund Inc. (FNMF), CIC Economic Holdco Ltd., consolidation adjustments and dividend to CIC based on CIC's 31.0 per cent ownership of ISC.

A five-year history of dividend revenue by contribution source is as follows:

Dividend Revenue (millions of dollars)	2019-20	2018-19	2017-18	2016-17	Fifteen months 2015-16
SaskTel	\$ 107.8	\$ 114.7	\$ 108.9	\$ 30.0	\$ 37.5
SGI CANADA	54.2	12.5	35.8	43.0	47.3
SaskEnergy	23.1	60.0	38.8	28.9	64.7
SaskPower	20.6	19.7	-	-	-
SGC	13.3	18.0	18.6	29.5	26.1
ISC	4.3	4.3	4.3	4.3	5.4
SaskWater	4.2	3.7	2.0	1.7	1.9
SOCO	2.7	3.1	3.1	-	1.5
STC	-	6.1	22.0	-	-
CIC AMI	-	1.0	-	20.0	-
Total Dividend Revenue	\$ 230.2	\$ 243.1	\$ 233.5	\$ 157.4	\$ 184.4

Comparison 2019-20 Results with 2018-19 Results *(continued)*

Dividend Revenue *(continued)*

Dividend revenue for 2019-20 decreased \$12.9 million to \$230.2 million from 2018-19. The decrease is primarily due to lower dividends from SaskTel, SaskEnergy, and SGC; and partially offset by higher dividends from SGI CANADA.

SaskTel's dividend of \$107.8 million for 2019-20 decreased by \$6.9 million from \$114.7 million in 2018-19 as a result of lower earnings largely due to impairment losses related to declining DirectWest revenues, accelerated by the impacts of COVID-19.

SGI CANADA's dividend of \$54.2 million for 2019-20 increased \$41.7 million from the \$12.5 million dividend in 2018-19. The increase is primarily due to strong earnings in 2019-20 as a result of customer growth and a lack of summer storms leading to fewer claims, improving the capacity to pay a higher dividend.

SaskEnergy's dividend of \$23.1 million for 2019-20 decreased \$36.9 million from \$60.0 million in 2018-19. The decrease is primarily due to warmer weather than the previous year and a rate decrease effective April 1, 2019.

SGC's dividend of \$13.3 million for 2019-20 decreased \$4.7 million from \$18.0 million in 2018-19. This is primarily due to the COVID-19 pandemic, which resulted in the suspension of operations and temporary closure of Casinos Regina and Moose Jaw on March 17, 2020.

Operating, Salaries and Benefits and Other Expenses

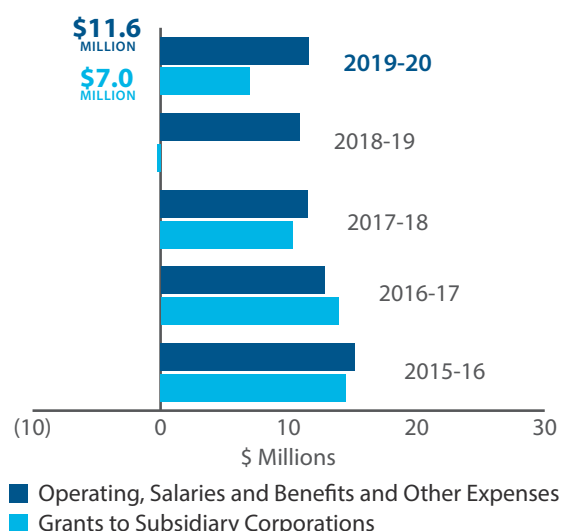
Operating, salaries and benefits and other expenses increased by \$0.7 million during 2019-20 to \$11.6 million compared to \$10.9 million in 2018-19. The increase is primarily due to slightly higher operating expenses, salaries and benefit costs from normal inflationary increases and higher depreciation as a result of the implementation of a new accounting standard on leases.

Grants to Subsidiary Corporations

In 2019-20, CIC provided grant funding to subsidiary corporations of \$7.0 million (2018-19 - \$0.3 million grant repayment from subsidiary corporations), an increase of \$7.3 million over the same period in 2018-19.

SIIF received \$7.0 million in grants during 2019-20 to support its repayments to the Government of Canada related to the Immigrant Investor Program (IIP). SIIF recorded an impairment on a developer loan, which has resulted in the requirement for grants. Overall, SIIF has been very successful in delivering its mandate to construct more than 1,500 entry level homes with 2,224 units completed in 19 different communities across Saskatchewan.

SIIF was established in 2010 to participate in the Government of Canada's IIP. SIIF used IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assisted developers in building affordable entry-level housing in Saskatchewan. Funds received from the IIP are repaid, after a term of five years, with the final repayment projected to be in May 2024.



Operating, Investing and Financing Activities

Net cash from operations of \$260.4 million for 2019-20 increased \$51.3 million from the same period in 2018-19. Crowns declare dividends to CIC and pay them three months later. Crowns experienced a strong fourth quarter in 2018-19, which resulted in declaring a large dividend to CIC. In 2019-20, CIC received this large dividend, which resulted in the significant increase in cash from operations.

Cash Flow Highlights (millions of dollars)	2019-20	2018-19
Cash from operations	\$ 260.4	\$ 209.1
Cash provided by investing activities	36.9	51.8
Cash used in financing activities	(350.4)	(256.0)
Change in Cash	\$ (53.1)	\$ 4.9

Comparison 2019-20 Results with 2018-19 Results *(continued)*

Operating, Investing and Financing Activities *(continued)*

Net cash provided by investing activities for 2019-20 was \$36.9 million (2018-19 - \$51.8 million), a decrease in cash of \$14.9 million. The decrease in cash flows is primarily related to a \$14.3 million decrease in the year-over-year proceeds from the repayment of equity advances from Crown corporations (see Note 7 of the separate financial statements). Also contributing to this decrease is a reduction of interest received from short term investments as a result of CIC distributing available cash on hand quarterly, as a dividend to the Province's GRF, rather than at year-end which was done prior to 2019-20.

Net cash used in financing activities for 2019-20 was \$350.4 million compared to \$256.0 million in 2018-19. The increase in cash used was primarily a result of a \$100.0 million equity repayment to the GRF. In the past, CIC periodically received equity advances from the Government of Saskatchewan through the GRF. These equity advances are typically used for long-term investment and are expected to be repaid in the future. Dividends paid to the GRF decreased \$6.0 million as CIC paid \$250.0 million in 2019-20 (2018-19 - \$256.0 million).

**\$250
MILLION**

2019-20 dividends
paid to the GRF

Public Policy Initiatives

First Nations and Métis Fund Inc. (FNMf)

FNMf was established in 2006 to provide venture capital to qualifying First Nations and Métis businesses in Saskatchewan. In 2011, FNMf began funding the government's First Nations Business Development Program (FNBPD). FNBPD provided repayable loans to First Nations businesses that created both investment and job opportunities.

At March 31, 2020, CIC had invested \$9.5 million in FNMf to fund qualifying investments. FNMf is winding down and has two investments remaining. All investments through the FNBPD have been repaid.

Saskatchewan Immigrant Investor Fund Inc. (SIIF)

SIIF was established in 2010 to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF used IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assisted developers in building affordable entry-level housing in Saskatchewan. As of March 31, 2020, SIIF financed construction of 2,224 new homes in 19 different communities across Saskatchewan.

Comparison of 2019-20 Results with Budget

CIC Crown Corporations Dividend Revenue (millions of dollars)	2019-20 Dividend Revenue ¹		Budgeted Dividend % of Operating Earnings
	Budget	Actual	
Dividends to CIC			
SaskTel	\$ 116.6	\$ 107.8	90%
SGI CANADA	48.0	54.2	N/A
SGC	27.5	13.3	80%
SaskPower	25.5	20.6	10%
SaskEnergy	22.4	23.1	35%
ISC	4.3	4.3	N/A
SOCO	2.5	2.7	90%
SaskWater	3.3	4.2	50%
CIC AMI	-	-	N/A
Total Dividend Revenue	250.1	230.2	
Grants provided to subsidiary corporations	(5.4)	(7.0)	
Operating and net finance expenses (net of other income)	(12.5)	(10.7)	
Separate Earnings	\$ 232.2	\$ 212.5	
Dividend to the GRF	\$ 250.0	\$ 250.0	

¹ Crown corporations' dividends are typically based on earnings from operations; however, various factors may lead to an amount being set on an alternate basis.

Comparison of 2019-20 Results with Budget *(continued)*

Earnings

Separate earnings for 2019-20 of \$212.5 million were \$19.7 million lower than budget of \$232.2 million primarily due to decreased dividend revenue from subsidiary corporations of \$19.9 million. Grants provided to SIIF in 2019-20 were \$1.6 million higher than budget while operating and net finance expenses (net of other income/expenses) were \$1.8 million lower than budget. A more detailed discussion of 2019-20 actual results compared to budget results is included on the following pages.

Dividend Revenue

SaskTel's dividend of \$107.8 million was \$8.8 million lower than the budgeted dividend of \$116.6 million. This is primarily due to lower earnings largely due to impairment losses related to declining DirectWest revenues, accelerated by the impacts of COVID-19.

SGL CANADA's dividend payout is a set dollar amount with a budgeted payout of \$48.0 million based on alignment with the MCT target. The MCT target is impacted by earnings, and an MCT higher than target will result in a higher dividend payout, which then will effectively result in the MCT reverting toward the target. SGL CANADA's dividend of \$54.2 million is \$6.2 million higher than the budgeted dividend of \$48.0 million, due to better than anticipated underwriting results from reduced storm activity.

SGC's dividend of \$13.3 million was \$14.2 million lower than the budgeted dividend of \$27.5 million. This decrease is primarily due to the COVID-19 pandemic, which resulted in the suspension of operations and temporary closure of Casinos Regina and Moose Jaw on March 17, 2020.

SaskPower's dividend of \$20.6 million was \$4.9 million lower than the budgeted dividend of \$25.5 million. Earnings decreased due to lower sales for all customer classes, excluding oilfield and farm customers, resulting from economic conditions.

Grants provided to subsidiary corporations

On March 28, 2019, pursuant to Order in Council 102/2019, SIIF received grant funding from CIC of \$7.0 million (2018-19 - \$1.7 million) to support its repayments to the Government of Canada relating to the Immigrant Investor Program (see Note 8(d) and 12 of the separate financial statements).

Operating and Net Finance Expenses (Net of Other Income)

Operating and net finance expenses (net of other income) were \$10.7 million, \$1.8 million lower than the budgeted \$12.5 million. CIC's operating expenditures were below budget due mainly to cost restraint initiatives continuing in 2019-20 and were partially offset by lower interest income as CIC changed its dividend policy to pay quarterly dividends to the GRF instead of an annual payment at year-end.

Key Factors Affecting Financial Performance

Earnings

- The key factor affecting CIC's earnings is the level of dividends from commercial subsidiary Crown corporations which can include, but are not limited to, weather conditions, commodity markets, interest rates, competition, regulatory environment and technology changes.
- Factors affecting the level of dividends from subsidiary Crowns include the level of profits and the application of CIC's Subsidiary Dividend Policy. The CIC Board determines dividends from a subsidiary Crown corporation after allocating cash for reinvestment in infrastructure and consideration of the Crown's financial sustainability over the medium term.

Investment Values

- CIC regularly assesses the appropriateness of the carrying value of its investments and writes down an investment if it judges the investment to have other than a temporary decline in carrying value.
- There is a mandate to divest CIC's investments in CIC AMI, CIC Economic Holdco, and FNMF.



SaskPower employees
participate in the Regina Pride Parade.

Looking Ahead to 2020-21

CIC's key financial initiatives for 2020-21 include:

- Provide a reasonable return to the Shareholder (Province of Saskatchewan);
- Support the economic response and recovery from the COVID-19 pandemic through delivery of essential services in new ways, a continued focus on cost management and strong earnings, the provision of customer support programs such as the Crown Utility Interest Waiver Program, and capital investments that stimulate economic activity in Saskatchewan;
- Maintain and improve Saskatchewan's Crown corporation infrastructure to meet the needs of both residents and businesses;
- Provide guidance to the Crown sector to ensure its alignment with *Saskatchewan's Growth Plan: The Next Decade of Growth*, the government's roadmap to build a strong economy, strong communities and strong families, to build a stronger Saskatchewan;
- Continue to align the Crown sector to the Province's Prairie Resilience strategy, a commitment to strengthen Saskatchewan to be more resilient to the climatic, economic and policy impacts of climate change;
- Liquidate FNM's and CIC Economic Holdco's investments in an orderly manner;
- Provide strong governance and accountability through a sector-wide Enterprise Risk Management (ERM) framework;
- Monitor new developments in financial reporting and governance, ensuring that CIC continues to be a leader in its reporting and accountability practices;
- Challenge its Crown corporations to identify innovative solutions that ensure high-quality services, while focusing on the most effective and efficient ways possible to deliver those services;
- Continue to implement the Government of Saskatchewan's Procurement Transformation Action Plan, which was developed to ensure there is an open, fair and transparent bidding environment for Saskatchewan businesses and that taxpayers receive best value; and
- Continue to improve collaboration among Crown corporations, ministries and the private sector to increase customer value and to support continuous improvement.

In 2019-20, SaskGaming
endowed over \$383,000 to 71 organizations, community
projects and events. The corporation's partnership
with Habitat for Humanity Regina saw 27 employees
volunteer for 189 hours during staff build days.

Responsibility for Financial Statements

The accompanying separate financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan to illustrate the financial position and results of operations and cash flows of the corporate entity only. They have been prepared, without consolidation, in accordance with the basis of accounting described in Note 2 and Note 4 to the separate financial statements, and consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the separate financial statements, the notes to the separate financial statements and other information contained in this annual report.

CIC's Board of Directors is responsible for overseeing the business affairs of the corporation and also has the responsibility for approving the separate financial statements. The Board of Directors is responsible for reviewing the separate financial statements and meeting with management, KPMG LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the separate financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

KPMG LLP has audited the separate financial statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the separate financial statements, appears on the following page.



Blair Swystun, CFA
President & CEO



Cindy Ogilvie, CPA, CA
Vice President & CFO

June 24, 2020

Independent Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the separate financial statements of Crown Investments Corporation of Saskatchewan ("the Entity") which comprise:

- the separate statement of financial position as at March 31, 2020
- the separate statement of comprehensive income for the year then ended
- the separate statement of changes in equity for the year then ended
- the separate statement of cash flows for the year then ended
- and notes to the separate 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 separate financial position of the Entity as at March 31, 2020, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting 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 Entity 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.

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 other information, other than the financial statements and the auditors' report thereon, included in the annual report 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 International Financial Reporting 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

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 Entity'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 Entity'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 Entity 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.

KPMG LLP

Chartered Professional Accountants
June 24, 2020
Regina, Canada

Crown Investments Corporation of Saskatchewan
Separate Statement of Financial Position
As at March 31
(thousands of dollars)

	Note	2020	2019
ASSETS			
Current			
Cash and cash equivalents		\$ 11,297	\$ 64,444
Interest and accounts receivable		107	93
Dividends receivable		47,647	96,137
Assets held-for-sale	6	-	2,090
		59,051	162,764
Equity advances to Crown corporations	7	1,085,731	1,119,731
Investments in share capital corporations	8	675	1,040
Property, plant and equipment		217	183
Right-of-use assets		278	-
		\$ 1,145,952	\$ 1,283,718
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		\$ 2,250	\$ 2,296
Deferred revenue	6	-	525
Lease liabilities		254	-
		2,504	2,821
Lease liabilities		25	-
		2,529	2,821
Province of Saskatchewan's Equity			
Equity advances	9	808,889	908,889
Retained earnings		334,534	372,008
		1,143,423	1,280,897
		\$ 1,145,952	\$ 1,283,718

Commitments and contingencies 10

(See accompanying notes)

On behalf of the Board:



Director



Director

Crown Investments Corporation of Saskatchewan
Separate Statement of Comprehensive Income
For the Year Ended March 31
(thousands of dollars)

	Note	2020	2019
INCOME FROM OPERATIONS			
Dividend revenue	11	\$ 230,202	\$ 243,114
Other income		8	185
		230,210	243,299
EXPENSES			
Operating		3,912	3,792
Salaries and short-term employee benefits		6,324	6,017
Employee future benefits		486	450
Depreciation		527	86
Impairment loss	8(b)	365	509
Loss on disposal of property, plant and equipment		6	17
		11,620	10,871
EARNINGS FROM OPERATIONS		218,590	232,428
Finance income		953	2,588
Finance expenses		(17)	(8)
NET FINANCE INCOME		936	2,580
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		219,526	235,008
Grants (provided to) repaid by subsidiary corporations	12	(7,000)	340
NET EARNINGS		212,526	235,348
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		\$ 212,526	\$ 235,348

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Separate Statement of Changes in Equity
For the Year Ended March 31
(thousands of dollars)

Attributable to the Province of Saskatchewan				
	Note	Equity Advances	Retained Earnings	Total Equity
Balance at April 1, 2018		\$ 908,889	\$ 392,660	\$ 1,301,549
Total comprehensive income		-	235,348	235,348
Dividends to the General Revenue Fund (GRF)	9	-	(256,000)	(256,000)
Balance at March 31, 2019		908,889	372,008	1,280,897
Balance at April 1, 2019		908,889	372,008	1,280,897
Total comprehensive income		-	212,526	212,526
Dividends to the GRF	9	-	(250,000)	(250,000)
Equity advances repaid to the GRF	9	(100,000)	-	(100,000)
Balance at March 31, 2020		\$ 808,889	\$ 334,534	\$ 1,143,423

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Separate Statement of Cash Flows
For the Year Ended March 31
(thousands of dollars)

	Note	2020	2019
OPERATING ACTIVITIES			
Net earnings		\$ 212,526	\$ 235,348
Adjustments to reconcile net earnings to cash from operating activities:			
Non-cash dividend revenue	11(a)	-	(1,402)
Depreciation		527	86
Loss on disposal of property, plant and equipment		6	17
Impairment loss	8(b)	365	509
Net finance income		(936)	(2,580)
		212,488	231,978
Net change in non-cash working capital balances related to operations	13	47,905	(22,884)
Interest paid		(17)	(8)
Net cash from operating activities		260,376	209,086
INVESTING ACTIVITIES			
Interest received		953	2,588
Repayment from share capital corporations	8	-	879
Equity advance repayments from Crown corporations	7	34,000	48,343
Proceeds from sale of property, plant and equipment	6	2,090	-
Purchase of equipment		(144)	(38)
Net cash from investing activities		36,899	51,772
FINANCING ACTIVITIES			
Equity advance repaid to the GRF	9	(100,000)	-
Dividend paid to GRF	9	(250,000)	(256,000)
Principal repayments of lease liabilities		(422)	-
Net cash used in financing activities		(350,422)	(256,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR		(53,147)	4,858
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		64,444	59,856
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 11,297	\$ 64,444

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. CIC was established to act as a holding corporation for the Province's commercial Crown sector. CIC develops broad corporate policy, directs investments for its subsidiaries and provides dividends to the province's General Revenue Fund (GRF). A list of CIC's subsidiaries with principal activities is contained in Note 5.

2. Basis of preparation

a) Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The separate financial statements were authorized for issue by the Board of Directors on June 24, 2020.

b) Basis of measurement

The separate financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss.

c) Functional and presentation currency

The separate financial statements are presented in Canadian dollars, which is CIC's functional currency.

d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of investments. These significant areas are further described in Notes 7 and 8.

e) Use of judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies.

Significant items subject to judgement are included in the accounting policies listed in Note 4.

2. Basis of preparation *(continued)*

f) COVID-19 impact assessment

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of dividend revenue, impairments of investments and challenges associated with a remote or unavailable workforce.

3. Application of new accounting standards

The following new standard, effective for annual periods beginning on or after January 1, 2019, has been applied in preparing these separate financial statements:

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*. Under the new standard all leases are brought onto CIC's Statement of Financial Position. IFRS 16 also removes the classification of leases as either operating leases or finance leases (for the lessee - the lease customer), treating all leases as finance leases. The adoption of the standard did not have a material impact on the separate financial statements.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

CIC's separate financial statements do not consolidate the activities of its subsidiaries. Other than this exception, the accounting policies have been consistently applied by CIC's subsidiary corporations.

CIC prepares audited consolidated financial statements in accordance with IFRS 10, *Consolidated Financial Statements*. The audited consolidated financial statements were authorized by the CIC Board of Directors on June 24, 2020. CIC's audited consolidated financial statements should be referenced for further information.

a) Cash and cash equivalents

Cash and cash equivalents include short-term investments that have a maturity date of ninety days or less. Cash and cash equivalents are measured at fair value through profit and loss, and changes therein are recognized through net earnings.

b) Equity advances to Crown corporations

Crown corporations do not have share capital. However, six Crown corporations have equity advances from CIC to form their equity capitalization. The equity advances are accounted for at cost and dividends from these corporations are recognized as income when declared.

4. Significant accounting policies *(continued)*

c) Investments in share capital corporations

Investments in shares of corporations are accounted for at cost. Dividends from these investments are recognized as income when declared.

d) Impairment of equity in Crown corporations and share capital corporations

Investments in Crown corporations and share capital corporations are assessed at each reporting date to determine whether there is objective evidence that the investment is impaired. An investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the investment, and that the loss event had a negative effect on the estimated future cash flows of that investment that can be estimated reliably. An impairment loss is recognized through net earnings if the carrying amount of the investment exceeds its recoverable amount.

If, in a subsequent period, the fair value of an impaired investment increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net earnings, then the impairment loss is reversed, with the amount of the reversal recognized through net earnings.

e) Equipment

Equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses. When these assets are disposed of or retired, the related costs less accumulated depreciation and any accumulated impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in the Separate Statement of Comprehensive Income. Equipment is depreciated using the following methods:

Computer equipment	3 years straight-line
Furniture and equipment	20 per cent declining balance

f) Financial instruments

Classification and measurement

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments at fair value through profit or loss in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

4. Significant accounting policies *(continued)*

i) Financial instruments at fair value through profit or loss

The Corporation classifies cash and cash equivalents and certain investments as financial instruments at fair value through profit or loss. Financial instruments classified as fair value through profit or loss are subsequently measured at fair value with changes in fair value recognized in net earnings.

ii) Financial instruments at amortized cost

The Corporation classifies interest and accounts receivable and dividends receivable as amortized cost. Amortized cost financial instruments are subsequently measured at amortized cost using the effective interest method, less any provision for impairment losses.

The Corporation classifies interest and accounts payable as amortized cost. Subsequent to initial recognition, these financial liabilities are accounted for at amortized cost using the effective interest method.

g) Equity advances

CIC periodically receives funding from the Government of Saskatchewan through the GRF. Funding can be provided for one of two purposes, government policy initiatives for which no return is expected or required, or long-term investment which is expected to provide a return to the GRF. Funding provided for government policy initiatives is recorded as revenue in the period spending occurs. Funding provided for long-term investment is recorded as an equity advance (Note 9).

h) Revenue recognition

CIC's revenue is derived from the ownership of its subsidiary corporations. Dividend revenue from subsidiary corporations is recorded as income in the Separate Statement of Comprehensive Income when declared. Dividends received are classified as operating activities in accordance with IAS 7, *Statement of Cash Flows*.

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4. Significant accounting policies *(continued)*

j) Employee future benefits

Defined contribution plan

CIC is a member of the Public Employees' Pension Plan (PEPP), a defined contribution pension plan. PEPP is administered by the Public Employees Benefits Agency (PEBA), which is an agency of the Saskatchewan Ministry of Finance.

A defined contribution plan is a post-employment benefit under which CIC pays fixed contributions to PEPP and has no legal or constructive obligation to pay further amounts. Obligations for contributions to PEPP are recognized as an employee future benefit expense in the Separate Statement of Comprehensive Income in the period during which services are rendered by employees.

k) Assets held-for-sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are re-measured in accordance with the Corporation's accounting policies. Thereafter, the assets (or disposal group) are measured at the lower of the carrying amount or the fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in net earnings. Gains are not recognized in excess of cumulative impairment losses.

5. Status of Crown Investments Corporation of Saskatchewan

CIC was established by Order in Council 535/47 dated April 2, 1947, and continued under the provisions of *The Crown Corporations Act, 1993* (the Act). CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following wholly-owned Crown corporations have been designated or created by Order in Council:

Wholly-owned subsidiaries domiciled in Canada	Principal Activity
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Gaming Corporation (SGC)	Entertainment
Saskatchewan Government Insurance (SGI CANADA)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Research parks
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Information and communications technology
Saskatchewan Transportation Company (STC) ¹	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and wastewater management

¹ STC was dissolved on March 31, 2019 (see Note 6)

In addition to the above Crown corporations, CIC is the sole shareholder of the following wholly-owned share capital subsidiaries: CIC Asset Management Inc. (CIC AMI); First Nations and Métis Fund Inc. (FNMFI); Saskatchewan Immigrant Investor Fund Inc. (SIIFI); and CIC Economic Holdco Ltd., all of which are domiciled in Canada.

6. Assets held-for-sale

On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018 STC was legally dissolved. Upon dissolution, all residual assets, liabilities, obligations and equity were transferred to CIC. As a result, assets held-for-sale consisted of \$2.1 million in property, plant and equipment for the Regina Maintenance Facility property.

In 2018-19, STC entered into an agreement for the sale of the Regina maintenance facility with a sale closing date of April 30, 2019 and received sale deposits of \$0.5 million classified as deferred revenue. Subsequent to March 31, 2019, the sale was complete and the Corporation received \$1.6 million in proceeds for total net proceeds of \$2.1 million.

7. Equity advances to Crown corporations

Equity advances to Crown corporations are as follows (thousands of dollars):

	2020	2019
SaskPower (a)	\$ 593,000	\$ 626,000
SaskTel (b)	237,000	237,000
SOCO (c)	95,500	96,500
SIG CANADA	80,000	80,000
SaskEnergy	71,531	71,531
SaskWater	8,700	8,700
	\$ 1,085,731	\$ 1,119,731

- a) During the year ended March 31, 2020, CIC retracted \$33.0 million (2019 - \$34.0 million) in equity advances from SaskPower.
- b) During the year ended March 31, 2020, CIC retracted Nil (2019 - \$13.0 million) in equity advances from SaskTel.
- c) During the year ended March 31, 2020, CIC retracted \$1.0 million (2019 - \$1.3 million) in equity advances from SOCO.

8. Investments in share capital corporations

(thousands of dollars)

	Voting Percentage	2020	2019
CIC Asset Management Inc. (a):			
1 (2019 - 1) Class A common share	100%	\$ -	\$ -
First Nations and Métis Fund Inc. (b):			
100 (2019 - 100) Class A common shares	100%	-	-
Due from FNMF		9,477	9,477
Impairment in value of FNMF		(8,802)	(8,437)
		675	1,040
CIC Economic Holdco Ltd. (c):			
100 (2019 - 100) Class A common shares	100%	-	-
Saskatchewan Immigrant Investor Fund Inc. (d):			
1 (2019 - 1) Class A common share	100%	-	-
Information Services Corporation (e):			
5,425,000 (2019 - 5,425,000)			
Class A Limited Voting shares	31%	-	-
		\$ 675	\$ 1,040

8. Investments in share capital corporations *(continued)*

- a) CIC AMI was established on November 14, 1979 under *The Business Corporations Act (Saskatchewan)*. CIC AMI has a mandate to prudently manage and divest of its portfolio of investments.
- b) FNMf was established on May 9, 2006 to provide venture capital to qualifying First Nations and Métis businesses in Saskatchewan. Due to losses accumulated from investments made by FNMf, CIC has recorded an \$8.8 million (2019 - \$8.4 million) provision against amounts due from FNMf, which reflects CIC's current expectations of recovery of these amounts.
- c) CIC, through its wholly-owned subsidiary, CIC Economic Holdco Ltd., entered into a joint venture agreement with Saskatchewan Entrepreneurial Fund Joint Venture (SEFJV). The SEFJV was established on April 24, 2006 to operate as an institutional investment fund focusing primarily on investment in Saskatchewan and the creation of employment and economic growth and expansion of the small business sector in Saskatchewan. CIC Economic Holdco Ltd. holds a 45.5 per cent (2019 - 45.5 per cent) joint venture interest in SEFJV.

In 2018-19, CIC Economic Holdco Ltd. repaid \$0.9 million, which was the remaining loan amount from CIC. At March 31, 2020, CIC Economic Holdco Ltd. had total assets of \$0.2 million (2019 - \$0.2 million) and recorded losses of \$0.1 million (2019 - \$0.1 million).

- d) SIIF was established on October 6, 2010 under *The Business Corporations Act (Saskatchewan)*. SIIF was established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF used IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assisted municipalities, builders and developers in building affordable entry-level housing. On February 11, 2014, the Government of Canada announced that it would no longer accept funds into the IIP. SIIF projects the final Government of Canada IIP allocation repayment will be made by May 31, 2024.
- e) The Corporation owns 5,425,000 Class A Limited Voting shares representing a 31.0 per cent ownership interest of ISC. At March 31, 2020, the fair value of these shares was \$78.4 million (2019 - \$88.2 million).

9. Equity advances and capital disclosures

CIC does not have issued or outstanding share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF. During the year ended March 31, 2020, CIC repaid \$100.0 million (2019 - Nil) in equity advances to the GRF. Equity advances from the GRF have been invested in subsidiary Crown corporations. CIC, as a holding corporation for the Saskatchewan commercial Crown sector, does not carry any debt.

CIC's ability to pay regular dividends to the GRF depends mainly on the level of Crown corporation dividends to CIC, less CIC's operating costs. These operating costs include support to non-dividend paying Crown corporations, public policy expenditures and CIC's administrative expenses. Crown corporation dividend levels depend on their net earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings. CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown corporation earnings.

For the year ending March 31, 2020, CIC declared and paid \$250.0 million (2019 - \$256.0 million) in dividends to the GRF.

10. Commitments and contingencies

CIC is the plan sponsor and guarantor of the Capital Pension Plan (CPP), a retirement annuity fund that provides life annuities to its members. CPP is administered by PEBA on behalf of CIC. An actuarial valuation of CPP is performed annually to assess the funding position of CPP and indicate any funding shortfalls. The assets of the Fund at March 31, 2020 exceed the actuarially determined net present value of retirement annuities payable. As a result, CIC does not expect any exposure under this guarantee in 2020-21.

11. Dividend revenue

(thousands of dollars)

	2020	2019
SaskTel	\$ 107,799	\$ 114,688
SGI CANADA	54,250	12,500
SaskEnergy	23,120	59,984
SaskPower	20,580	19,696
SaskGaming	13,271	17,968
Information Services Corporation	4,340	4,340
SaskWater	4,176	3,745
SOCO	2,666	3,119
STC (a)	-	6,074
CIC AMI	-	1,000
	\$ 230,202	\$ 243,114

- a) On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018 STC was legally dissolved. Upon dissolution, STC transferred all residual assets, liabilities, obligations and equity, and provided a dividend of \$6.1 million, to CIC (see Note 6). The dividend was comprised of \$4.7 million in cash and \$1.4 million of non-cash assets.

12. Grants (provided to) repaid by subsidiary corporations

(thousands of dollars)

	2020	2019
SIIF Inc. (a)	\$ (7,000)	\$ (1,740)
STC (b)	-	2,080
	\$ (7,000)	\$ 340

- a) For the year ended March 31, 2020, pursuant to Order in Council 102/2019, SIIF received grant funding from CIC of \$7.0 million (2019 - \$1.7 million) to support its repayments to the Government of Canada relating to the Immigrant Investor Program (Note 8d).
- b) On March 22, 2017, the Government of Saskatchewan announced that STC would be wound-up and STC vehicular operations would cease May 31, 2017. On March 28, 2019, STC repaid \$2.1 million of capital grant funding.

13. Net change in non-cash working capital balances related to operations

(thousands of dollars)

	2020	2019
Increase in interest and accounts receivable	\$ (14)	\$ (44)
Decrease (increase) in dividends receivable	48,490	(22,616)
Decrease in interest and accounts payable	(46)	(224)
Decrease in deferred revenue	(525)	-
	\$ 47,905	\$ (22,884)

14. Financial instruments

a) Market risk

Market risk reflects the risk that CIC's earnings will fluctuate due to changes in interest rates. CIC's cash and cash equivalents are held in high interest bank accounts and will therefore adjust to fluctuations in the interest rate environment. CIC does not believe that the impact of fluctuations in interest rates will be significant and therefore has not provided a sensitivity analysis of the impact on net earnings.

Cash and cash equivalents are measured at fair value based on an active market.

b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. CIC's interest and accounts receivable consist mostly of interest due on money market investments. CIC has recorded no allowance on its interest and accounts receivable balance. Dividends receivable are due from CIC's subsidiaries within 90 days of period end. CIC has recorded no allowances on its dividends receivable.

c) Liquidity risk

Liquidity risk is the risk that CIC is unable to meet its financial commitments as they become due. CIC is a Saskatchewan Provincial Crown corporation and as such has access to capital markets through the GRF. All interest and accounts payable are current and due within six months of period end. Currently, CIC has sufficient resources to discharge all liabilities.

15. Related party transactions

Included in these separate financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to CIC by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). CIC has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government and other government-related entities.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition, CIC pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. CIC provides management services to CIC AMI, FNMF, and CIC Economic Holdco Ltd. without charge. CIC also provides administrative services to SIIF.

These separate financial statements and the notes thereto separately describe other transactions and amounts due to and from related parties and the terms of settlement.

Key management personnel compensation

In addition to salaries, CIC also provides non-cash benefits to the president and vice presidents and contributes to a post-employment defined contribution plan on their behalf. A retirement allowance is provided to executive officers and accumulates at a rate of 1.92 per cent of their respective gross salary per year (2019 - 1.92 per cent).

Key management personnel compensation is comprised of:
(thousands of dollars)

	2020	2019
Salaries and short-term employee benefits	\$ 1,179	\$ 1,148
Employee future benefits	144	79
Other	7	7
	\$ 1,330	\$ 1,234

16. Pension plan

CIC is a member of the Public Employees' Pension Plan (PEPP), a defined contribution pension plan. CIC's contributions to PEPP include making regular payments to match the required amounts contributed by employees for current service. The total amount paid to PEPP for the year ended March 31, 2020 was \$0.7 million (2019 - \$0.7 million).



SaskPower

Powering the future

Students from Estevan Comprehensive School used plants provided by SaskPower's Shand Greenhouse to create a garden dedicated to the reconciliation of Indigenous Peoples. The garden's name, Ahopa Intchagink'ta, means 'respect growing' in the Nakota language. Images courtesy of Freeze Frame Photography.



Glossary of Terms

Accumulated Other Comprehensive Income (Loss)

Comprises the accumulated balance of all components of other comprehensive income, being revenues, expenses, gains and losses that, in accordance with primary sources of International Financial Reporting Standards, are recognized in comprehensive income (loss), but excluded from net earnings.

Capital Resources

The funds that have been invested in and loaned to the corporation to allow it to carry out its operations and investment activities. A corporation's capital consists of its debt and equity.

Capital Structure

The relative percentage of debt compared to equity for a corporation. The ideal capital structure for a corporation is usually specific to its industry and depends on factors such as the level of capital assets required to maintain operations, the cost of borrowing, the risk association with the industry, and shareholder expectations.

Cash Flow Return on Equity

A measure of profitability used to evaluate the province's investment in CIC. It is based on the cash return (e.g. dividend) provided the shareholder is calculated as dividends paid to the GRF divided by the Province's equity.

Comprehensive Income (Loss)

The change in equity (net assets) of an enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Debt Ratio

Measures the per cent of debt in the overall capital structure of an organization and is used to evaluate its financial flexibility. It is calculated as total debt from ongoing operations (long-term debt plus long-term debt due within one year plus notes payable) less sinking funds divided by the corporation's capital (debt plus equity).

Derivative

A contract or security that obtains its value from price movements in a related or underlying security, future of other instrument or index.

Dividend Capacity

The financial ability that a firm has to pay dividends. Dividend capacity is determined by identifying cash sources from operations, analyzing reinvestment needs and the target capital structure, and then determining surplus cash.

Dividend Payout Rate

Crown corporation dividends are typically based on earnings from operations; however, various factors may lead to an amount being set on an alternate basis.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

Forward Contract

A contractual commitment to buy or sell a specified currency at a specific price and rate in the future.

General Revenue Fund (GRF)

The GRF is a special purpose fund that the government uses to pay for most of the programs it provides. It is the Government of Saskatchewan's central accounting entity where all public monies are deposited to and disbursed from, as authorized by the legislative assembly.

Minimum Capital Test (MCT)

The minimum capital test is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required.

Other Comprehensive Income (Loss)

Comprises revenue, expenses, gains and losses that, in accordance with primary sources of International Financial Reporting Standards, are recognized in comprehensive income (loss), but excluded from net income.

Performance Management Plans

Plans that are developed by each Crown corporation detailing key strategic priorities, measures and targets for a given year. They are also referred to as business plans, and typically include the corporation's budget for the year.

Return on Equity

A measure of profitability that relates a company's earnings to the investment by its owners. It is calculated as net earnings divided by the average shareholder's equity.

Significant Transaction

Significant transactions are those judged by a Crown corporation to be sensitive and likely of interest to legislators and the public or where the transaction is both material and outside the organization's course of business and involves:

- the acquisition of a major investment or asset, or the assumption of a major liability;
- a change in the terms and conditions governing an existing investment or asset; or
- the divestiture of a major asset or investment.

Sinking Fund

An account held for the specific purpose of paying down an existing debt instrument (e.g. loan) that has a maturity date in the future. Money is placed in the fund over the period which the debt is held and then used to pay off the debt at its maturity. Sinking funds are recorded as investments for financial reporting purposes.



The Saskatchewan Indigenous Cultural Centre hosts the **First Nations Language Keepers Gathering** annually in Saskatoon. CIC sponsored the 2019 national gathering devoted to preserving, promoting and protecting First Nations languages and cultures. It brings together academics, Elders, Knowledge Keepers, master speakers, educators, community leaders and students from across Canada and the US. In its 15th year, the conference theme was Our Sacred Languages Walk With Us.



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