



Financial Statements of

SASKATCHEWAN TELECOMMUNICATIONS INTERNATIONAL, INC.

March 31, 2021

Saskatchewan Telecommunications International Inc. (SaskTel International)

www.sasktelinternational.com

SaskTel International (SI) is a full solution provider for the communication service provider industry, marketing leading-edge service fulfillment and assurance software solutions, information technology services and communications industry professional services. As a wholly-owned subsidiary of SaskTel Holdco, SI provides solutions from the perspective of an experienced operating service provider holding decades of expertise with the ability to staff and fulfill projects with highly skilled staff.

SI service engagements have supported service providers in over 30 countries and 6 continents to envision and deliver a more connected world. An emphasis on innovation and the proven experience of SaskTel ensures SI's software and service offering remains at the forefront of the highly competitive and dynamic Information Communication Technology (ICT) industry. SaskTel International's head office is located in Regina, Saskatchewan.

President's Message

SI had very strong performance in 2020/2021. Revenues of \$17.7M are up \$1.8M year over year and results from operating activities (operating income) of \$3.6M. Total comprehensive income of \$3.5M is \$0.1M lower than previous year due to lower interest income and higher actuarial pension losses.

SI had an unprecedented four customer conversions from its legacy MARTENS product and one new customer implementation to the new Optius and ODIN solutions. SI had to engage significant additional resources to step up to the work, and the training and onboarding had an impact on SI's margins. SI successfully completed all its customer conversions and is grateful to its customers for all their support. SI's customer survey results are a clear indication of the focus SI has on providing outstanding Customer Service

Successfully completing four customer conversions with a fifth underway, could not have occurred without the loyalty, dedication and hard work of all SI's employees. In addition to surpassing SI's balanced scorecard financial and customer satisfaction targets, SI also significantly exceeded its employee engagement targets which were already high. On behalf of the SI Board of Directors and the SI leadership team I want to express our gratitude to our customers and employees for a truly impressive year.



Mike Anderson
Acting President and Chief Financial Officer

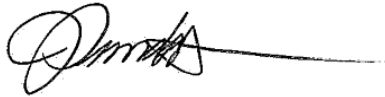
Management's Responsibility for Financial Statements

The accompanying financial statements, included in the annual report of Saskatchewan Telecommunications International, Inc. for the fiscal year ended March 31, 2021, are the responsibility of management and have been approved by the Board of Directors. Management has prepared the financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. The policies set out have been consistently applied to all the periods presented. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including written policies and procedures, an organizational structure that segregates duties and a comprehensive internal audit program. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, assets are properly safeguarded, and reliable financial records are maintained.

The Board of Directors fulfills its responsibility with regard to the financial statements through periodic meetings with management as well as with the internal and external auditors. Both the internal and external auditors have free access to the Board of Directors to discuss their audit work, their opinion on the adequacy of internal controls and the quality of financial reporting. The Board of Directors has met with management and the external auditor to review the Corporation's annual financial statements prior to approval by the Board of Directors.

The financial statements have been audited by the independent firm of KPMG LLP Chartered Professional Accountants, as appointed by the Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan.



Jim Dundas
Chief Executive Officer
May 3, 2021



Mike Anderson
Acting President and Chief Financial Officer



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INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the financial statements of Saskatchewan Telecommunications International, Inc. (the "Corporation"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of income and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, comprising a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and its financial performance and its 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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 President's 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 President's 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 Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation's internal control.



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- 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Regina, Canada
May 3, 2021

Saskatchewan Telecommunications International, Inc.

Statement of Income and Other Comprehensive Income

For the year ended March 31,		2021	2020
Thousands of dollars	Note		
Revenue - software and professional services	3	\$17,710	\$15,891
Expenses			
Goods and services purchased		6,627	6,126
Salaries, wages and benefits		7,387	6,139
Depreciation - property, plant and equipment		1	6
Depreciation - right-of-use assets	7	76	69
		14,091	12,340
Results from operating activities		3,619	3,551
Net finance income (expense)	4	(66)	64
Net income		3,553	3,615
Other comprehensive income (loss)			
Items that will never be reclassified to net income			
Actuarial gain (loss) on employee benefit plan	11	(12)	9
Total comprehensive income		\$3,541	\$3,624

All net income and total comprehensive income are attributable to Saskatchewan Telecommunications Holding Corporation.

See Accompanying Notes

Statement of Changes in Equity

Thousands of dollars	Share capital	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
Balance at April 1, 2020	\$1,000	\$8	\$2,442	\$3,450
Net income	-	-	3,553	3,553
Other comprehensive loss	-	(12)	-	(12)
Total comprehensive income	-	(12)	3,553	3,541
Dividend declared	-	-	4,211	4,211
Balance at March 31, 2021	\$1,000	\$(4)	\$1,784	\$2,780
Balance at April 1, 2019	\$1,000	\$(1)	\$3,308	\$4,307
Net income	-	-	3,615	3,615
Other comprehensive income	-	9	-	9
Total comprehensive income	-	9	3,615	3,624
Dividend declared	-	-	4,481	4,481
Balance at March 31, 2020	\$1,000	\$8	\$2,442	\$3,450

See Accompanying Notes

Statement of Financial Position

As at March 31, Thousands of dollars	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents	5	\$10,960	\$7,320
Trade and other receivables	6	1,880	4,943
Prepaid expenses		243	245
Contract costs		14	19
		13,097	12,527
Contract costs		10	24
Property, plant and equipment		2	4
Right-of-use assets	7	2,430	2,519
		\$15,539	\$15,074
Liabilities and Shareholder's equity			
Current liabilities			
Trade and other payables	8	\$1,969	\$1,422
Dividend payable		4,211	4,481
Contract liabilities	9	4,012	3,097
Current portion of lease liabilities	10	45	49
		10,237	9,049
Lease liabilities	10	2,433	2,491
Employee benefit obligations	11	89	84
		12,759	11,624
Shareholder's equity			
Share capital	12	1,000	1,000
Accumulated other comprehensive income (loss)		(4)	8
Retained earnings		1,784	2,442
		2,780	3,450
		\$15,539	\$15,074

See Accompanying Notes

On behalf of the Board



Doug Burnett
May 3, 2021



Charlene Gavel

Statement of Cash Flows

For the year ended March 31,		2021	2020
Thousands of dollars	Note		
Operating activities			
Net income		\$3,553	\$3,615
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation		77	75
Net finance (income) expense	4	66	(64)
Interest paid	10	(70)	(70)
Interest received		12	142
Employee benefits paid	11	(15)	-
Net change in non-cash working capital	13(a)	4,546	(3,605)
		8,169	93
Financing activities			
Payment of lease liabilities	10, 13(b)	(48)	(48)
Dividends paid	13(b)	(4,481)	(3,315)
		(4,529)	(3,363)
Increase (decrease) in cash and cash equivalents		3,640	(3,270)
Cash and cash equivalents, beginning of year		7,320	10,590
Cash and cash equivalents, end of year		\$10,960	\$7,320

See Accompanying Notes

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 1 – General information

Saskatchewan Telecommunications International, Inc. (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office is 2121 Saskatchewan Drive, Regina, SK, S4P 3Y2. The Corporation is incorporated under the laws of the Province of Saskatchewan. The Corporation is a wholly owned subsidiary of Saskatchewan Telecommunications Holding Corporation (Holdco) with the mandate of pursuing core telecommunications business opportunities worldwide.

The financial results of the Corporation are included in the consolidated financial statements of Holdco. As a wholly owned subsidiary of Holdco, a Saskatchewan Provincial Crown corporation, the Corporation is not subject to Federal or Provincial income taxes in Canada.

Note 2 – Basis of presentation

Certain of the Corporation's accounting policies that relate to the financial statements as well as estimates and judgments the Corporation has made and how they impact amounts reported in the financial statements, are incorporated in this section. Where an accounting policy, estimate or judgment is applicable to a specific note to the accounts, the policy is described within that note. This note also describes new standards, amendments or interpretations that were either effective and applied by the Corporation during the current year, or that were not yet effective.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for certain items that are not carried at historical cost as noted in specific accounting policies.

Functional and presentation currency

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

Accounting policies, estimates, and judgments

The accounting policies, estimates, and judgments included in this section relate to the financial statements as a whole. Estimates and judgments may impact reported amounts of revenues and expenses, reported amounts of assets and liabilities, and disclosure of contingencies.

Accounting policies have been applied consistently by the Corporation throughout all periods presented unless otherwise indicated.

COVID-19 impact assessment

The COVID-19 pandemic continues to cause significant disruption to the Canadian and world economies. While there has been minimal impact to the Corporation because of the pandemic, the Corporation continues to assess and monitor the impact of the pandemic on its operations. The magnitude and duration of the pandemic continues to be uncertain and, if it causes significant disruption for an extended period, the impacts to the Corporation will increase. Potential impacts include loss of revenue due to project delays, supply chain disruption and challenges associated with a remote or unavailable workforce.

Estimates of these impacts have been included where appropriate. Given the uncertainty of the magnitude and duration of the pandemic it is not possible to determine if there are significant additional impacts on current operations or reported asset and liability values.

Notes to Financial Statements

Note 2 – Basis of presentation, continued

Impairment testing

Accounting policies

At the end of each reporting period, the Corporation reviews the carrying amounts of its assets in use, including property, plant and equipment and right-of-use assets to determine whether there is any indication that they have suffered an impairment loss.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate 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 the 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 their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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 income. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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.

Accounting estimates, and judgments

Judgment involves identifying the appropriate asset or CGU; and making assumptions about future market conditions over the long-term life of the assets or CGUs.

The Corporation cannot predict if specific events that potentially trigger impairment will occur, when they may occur, or how they may affect reported asset amounts. Unexpected declines in future cash flow potential or significant unanticipated technology changes could impact carrying values and the potential for impairment.

Fair value

Accounting policies

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, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs. The Corporation's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy are:

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Notes to Financial Statements

Note 2 – Basis of presentation, continued

Level 3 – Values based on prices or valuation techniques that require inputs, which are both unobservable and significant to the overall fair value measurement.

Accounting estimates, and judgments

Fair value estimates are at a point-in-time and may change in subsequent reporting periods due to market conditions or other factors. Estimates can be determined using multiple methods, which can cause values (or a range of reasonable values) to differ. In addition, estimates may require assumptions about future price, volatility, liquidity, discount and inflation rates, defaults, and other relevant variables. The estimates of fair value may not accurately reflect the amounts that could be realized. Determination of the level hierarchy is based on the Corporation's assessment of inputs that are significant to the fair value measurement and is subject to estimation and judgment.

Foreign currency transactions

Accounting policies

Transactions in foreign currencies are translated to the functional currency of the Corporation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Additional accounting policies

Additional significant accounting policies, estimates, and judgments are disclosed throughout the following notes with the related financial disclosures.

Note	Topic	Accounting Policies	Accounting Estimates, and Judgments	Page
3	Revenue from contracts with customers	X	X	7
4	Net finance income (expense)	X		8
5	Cash and cash equivalents	X		9
6	Trade and other receivables	X	X	9
7	Right-of-use assets	X	X	9
8	Trade and other payables	X		11
9	Contract liabilities	X	X	12
10	Lease liabilities	X	X	12

Note	Topic	Accounting Policies	Accounting Estimates, and Judgments	Page
11	Employee benefits	X	X	14
12	Share capital and additional capital disclosures			16
13	Statement of cash flows – supporting information			17
14	Financial instruments and related risk management	X		18
15	Related party transactions			21
16	Contingencies		X	21

Application of amendments to International Financial Reporting Standards

Adoption of amendments to the Conceptual Framework for Financial Reporting

The Corporation has adopted the amendments to the Conceptual Framework for Financial Reporting (the Conceptual Framework) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of the Conceptual Framework, the Corporation has applied the Conceptual Framework prospectively. The amendments provide revisions to the Conceptual Framework, a comprehensive set of concepts for financial reporting. There was no impact to the financial statements upon adoption of the amendments to the framework.

Notes to Financial Statements

Note 2 – Basis of presentation, continued

Adoption of amendments to IAS 1, *Presentation of Financial Statements* and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

The Corporation has adopted the amendments to IAS 1, *Presentation of Financial Statements* (IAS 1) and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of IAS 1 and IAS 8, the Corporation has applied the amendments to IAS 1 and IAS 8 prospectively. The amendments refine the definition of material in IAS 1 and align the definitions used across IFRS Standards and other publications. There was no impact to the financial statements upon adoption of the amendments to the standards.

Adoption of amendments to IFRS 3 *Business combinations*

The Corporation has adopted the amendments to IFRS 3 *Business combinations* (IFRS 3) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of IFRS 3, the Corporation has applied IFRS 3 prospectively. The amendments to IFRS 3 may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. There was no impact to the financial statements upon adoption of the amendments to the standard.

New standards, amendments to standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after April 1, 2021 or later periods. The Corporation does not expect a significant impact of these pronouncements on its results and financial position.

Note 3 – Revenue from contracts with customers

Accounting policies

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.

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.

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 trade receivables 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 assets and liabilities relating to the same contract are presented on a net basis.

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 3 – Revenue from contracts with customers, continued

The Corporation may enter into arrangements with subcontractors and others who provide services to our customers. When the Corporation acts as the principal in these arrangements, the Corporation recognizes revenue based on the amounts billed to our customers. Otherwise, the Corporation recognizes the net amount that the Corporation retains as revenue.

Incremental costs of obtaining a contract with a customer, principally composed of sales commissions and prepaid contract fulfillment costs, are recognized in the 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.

Revenue for perpetual licences is recognized on delivery or according to the terms of the licence agreement. Where the arrangement includes multiple elements, the elements are assessed to determine which elements are integral to the perpetual licence and which are separate performance obligations. Revenue is recognized in accordance with the assessment of performance obligations to be delivered. Fees for professional services, other than in the context of multiple element arrangements, are recognized as services are rendered. Support and maintenance fees are recognized over the term of the contract. Revenue for customized software projects and consulting services is recognized using the percentage-of-completion method. Amounts billed or paid in advance of services provided are recorded as contract liabilities. Customer payments are due in accordance with the terms of the contract with the customer: for perpetual licences, typically upon delivery of the related product or service; and for professional service contracts and multiple element contracts either; upon completion of the contract, based on specified deliverables within the contract, or based on progress billings.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, including estimates and judgments related to; determining the transaction price of products and services, determining the stand-alone selling prices of products and services, identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. The determination of costs to obtain a contract including the identification of incremental costs also requires judgment. This includes determining whether the costs meet the deferral criteria and whether the costs will be recoverable.

Note 4 – Net finance income (expense)

Accounting policies

Finance income is comprised of interest income on interest bearing financial assets.

Finance expenses are composed of interest expense on lease liabilities measured at amortized cost.

Supporting information

For the year ended March 31,	2021	2020
Thousands of dollars		
Recognized in net income		
Interest expense on lease liabilities	\$(70)	\$(70)
Interest income	4	134
Net finance income (expense)	\$(66)	\$64

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 5 – Cash and cash equivalents

Accounting policies

Cash and cash equivalents are composed of cash and short-term interest-bearing investments with Holdco that are due on demand and have a maturity date of ninety days or less.

Supporting information

Included in cash and cash equivalents are short-term investments with a weighted average interest rate of 0.15% (2019/20 – 1.67%).

Note 6 – Trade and other receivables

Accounting policies

The Corporation initially recognizes trade and other receivables at fair value on the date that they are originated. Subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method, less any provision for impairment losses of trade accounts receivable.

The allowance for doubtful accounts on trade and other receivables are always recorded at lifetime expected credit losses. When estimating lifetime expected credit loss, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. The Corporation considers accounts receivable to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full.

Accounting estimates, and judgments

Determining when amounts are deemed uncollectible requires judgment. Estimates of the allowance for doubtful accounts are based on the likelihood of collecting accounts receivable based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the allowance for doubtful accounts will be increased by recording an additional expense.

Supporting information

As at March 31, Thousands of dollars	Note	2021	2020
Trade receivables	14	\$350	\$3,309
Other receivables		1,530	1,634
		\$1,880	\$4,943

Note 7 – Right-of-use assets

Accounting policies

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease based on the Corporation's right to control the use of an identified asset for a specified period of time. Lease components within a contract are accounted for as a lease separately from the non-lease components of the contract. For contracts that contain one or more additional lease or non-lease components, the consideration is allocated to each component based on the stand-alone price of the lease and non-lease components.

Right-of-use assets are initially measured at cost. The cost of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs incurred by the Corporation; and

Notes to Financial Statements

Note 7 – Right-of-use assets, continued

- an estimate of costs to be incurred by the Corporation in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Corporation incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After the initial recognition, the Corporation measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses; adjusted for any remeasurement of the lease liability due to lease modifications or revised in-substance fixed lease payments.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term, unless the Corporation expects to obtain ownership of the asset at the end of the lease term, in which case the right-of-use asset is depreciated from the commencement date to the end of the useful life of the asset. The lease term consists of the non-cancellable lease term, renewal options that are reasonably expected to be exercised and termination options that are not reasonably expected to be exercised.

Accounting estimates, and judgments

The Corporation is required to make estimates and judgments that affect or impact the determination of right-of-use assets and the related depreciation.

Judgments include determining whether a contract contains an identifiable asset, assessing control of assets in a contract, determining the lease term including the assessment of renewal and cancellation terms, and determining whether lease modifications result in changes to existing leases or new leases.

Estimation involves determination of the lease payments to be included in the lease liability, estimation of the incremental borrowing rate or implicit lease rate as appropriate, estimation of additional amounts to be included in the determination of the right-of-use asset, and estimation of the useful lives of right-of-use assets.

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 7 – Right-of-use assets, continued

Supporting information

Thousands of dollars	Buildings and improvements
Cost	
Balance at April 1, 2020	\$2,588
Retirements and adjustments	(13)
Balance at March 31, 2021	\$2,575
Balance at April 1, 2019	\$2,537
Additions	51
Balance at March 31, 2020	\$2,588
Accumulated depreciation	
Balance at April 1, 2020	\$69
Depreciation	76
Balance at March 31, 2021	\$145
Balance at April 1, 2019	\$ -
Depreciation	69
Balance at March 31, 2020	\$69
Carrying amounts	
At April 1, 2020	\$2,519
At March 31, 2021	\$2,430
At April 1, 2019	\$2,537
At March 31, 2020	\$2,519

Note 8 – Trade and other payables

Accounting policies

The Corporation initially recognizes trade and other payables on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Supporting information

As at March 31,	2021	2020
Thousands of dollars		
Trade payables and accrued liabilities	\$773	\$563
Payroll and other employee-related liabilities	1,196	859
	\$1,969	\$1,422

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 9 – Contract liabilities

Accounting policies

A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis. Contract liabilities are recognized in revenue upon satisfaction of the related performance obligations.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract liabilities and the amortization of these liabilities. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts.

Supporting information

As at March 31, Thousands of dollars	2021	2020
Balance at April 1,	\$3,097	\$3,604
Contract liabilities recognized in the current period	6,912	4,581
Recognized in revenue	10,009 (5,997)	8,185 (5,088)
Balance at March 31,	4,012	3,097
Current portion	4,012	3,097
Long-term portion	\$ -	\$ -

Note 10 – Lease liabilities

Accounting policies

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses its incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability include the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Corporation under residual value guarantees;
- the exercise price of a purchase option if the Corporation is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising an option to terminate the lease.

After initial recognition, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and

Notes to Financial Statements

Note 10 – Lease liabilities, continued

- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is calculated using the effective interest method resulting in a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the initial discount rate or, if applicable, a revised discount rate.

Amounts recognized in net income, unless the costs are included in the carrying amount of another asset applying other applicable standards, include:

- interest on the lease liability; and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

The Corporation has not elected to utilize the recognition exemption for short-term or low-value leases.

Accounting estimates, and judgments

The Corporation is required to make estimates and judgments that affect or impact the determination of lease liabilities and the related interest expense.

Judgments include determining whether a contract contains an identifiable asset, assessing control of assets in a contract, determining the lease term including the assessment of renewal and cancellation terms, and determining whether lease modifications result in changes to existing leases or new leases.

Estimation involves determination of the lease payments to be included in the lease liability, estimation of the incremental borrowing rate or implicit lease rate as appropriate, estimation of additional amounts to be included in the determination of the right-of-use asset, and estimation of the useful lives of right-of-use assets.

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 10 – Lease liabilities, continued

Supporting information

As at March 31,	2021	2020
Thousands of dollars		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	\$113	\$119
One to five years	510	526
More than five years	3,555	3,675
Total undiscounted lease liabilities at March 31,	\$4,178	\$4,320
Discounted lease liabilities included in the statement of financial position at March 31,	\$2,478	\$2,540
Current	45	49
Non-current	\$2,433	\$2,491

Amounts recognized in net income

For the year ended March 31,	2021	2020
Thousands of dollars		
Interest on lease liabilities	\$70	\$70

Amounts recognized in the statement of cash flows

For the year ended March 31,	2021	2020
Thousands of dollars		
Interest paid on lease liabilities	\$70	\$70
Lease liability principal payments	48	48
Total cash outflow for leases	\$118	\$118

Note 11 – Employee benefits

The Corporation has a service recognition defined benefit plan (Plan A), and a defined contribution pension plan (Plan B).

Accounting policies

Service recognition defined benefit plan

The Corporation's net obligation in respect of the service recognition defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods and discounting that amount. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Defined contribution plan

A defined contribution plan is a post-employment benefit under which an entity 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 benefit expense in the statement of income and other comprehensive income in the periods 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.

Notes to Financial Statements

Note 11 – Employee benefits, continued

Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligations can be estimated.

Accounting estimates, and judgments

Service recognition defined benefit plan

Estimates and judgments are required to determine discount rates and retirement age. These assumptions are determined by management and are reviewed annually by the Corporation’s independent actuaries.

The most significant assumption used to calculate the net employee benefit plan’s obligation is the discount rate. The discount rate is the interest rate used to determine the present value of the future cash flows that the Corporation expects will be required to settle employee benefit obligations. It is based on the yield of long-term, high-quality, corporate fixed income investments, AA credit-rated bonds, with terms reflecting the profile of the plan members.

The Corporation determines the appropriate discount rates at the end of every year. Changes in the discount rate could have an effect on the Corporation’s cash flows through an effect on the projected benefit obligation. A lower discount rate results in a higher obligation, which could at some point require additional contributions to the plan.

Supporting information

Service recognition defined benefit plan

The service recognition defined benefit plan provided a retiring allowance of two days salary per year of service which is payable on retirement. Based on the Collective Agreement between the Corporation and Unifor, ratified April 22, 2005, the service recognition defined benefit program was curtailed effective March 19, 2005.

Funding

Plan A is unfunded. The Corporation expects to pay \$34 thousand in the next fiscal year related to Plan A.

Actuarial assumptions

The accounting actuarial valuation includes a provision for uncommitted and ad hoc benefit increases, and uses management’s best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The estimate, therefore, involves risks that the actual amount may differ materially from the estimate. The major assumptions used in the valuations are as follows:

As at March 31,	2021	2020
Discount rate	2.50%	3.40%
Expected salary increase	In Scope: 1.0% in the first year, 2.0% per annum thereafter Management: 2.0% per annum	In Scope: 0.0% in the first year, 1.0% in the second year, 2.0% per annum thereafter Management: 2.0% per annum
Estimated average remaining employee service life	7.6 years	8.0 years

The actuarial assumptions are based on management’s expectations, independent actuarial advice, and guidance provided by IFRS.

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 11 – Employee benefits, continued

Sensitivity analysis

Due to the magnitude and nature of the defined benefit liability, assumption changes within realistic ranges would not have a significant impact on the Corporation's results of operations.

Movement in the present value of the defined benefit obligation - service recognition defined benefit plan

The following table shows a reconciliation from the opening balances to the closing balances for the defined benefit liability and its components.

For the year ended March 31,	Defined benefit liability	
	2021	2020
Thousands of dollars		
Balance at April 1,	\$84	\$85
Included in net income		
Interest cost	8	8
Included in other comprehensive income		
Remeasurement (gain) loss:		
Actuarial (gain) loss arising from		
- financial assumptions	13	(10)
- demographic assumptions	(1)	1
	12	(9)
Other		
Benefits paid	(15)	-
Balance at March 31,	\$89	\$84

Defined contribution plan

The defined contribution pension plan requires the Corporation to contribute 7.45% of employees' pensionable earnings and employees to contribute a minimum of 4.45% of pensionable earnings. The total cost for the defined contribution plan is equal to the Corporation's required contribution. The Corporation's 2020/21 pension cost and employer contributions for the Public Employees Pension Plan are \$0.5 million (2019/20 – \$0.4 million).

Note 12 – Share capital and additional capital disclosures

Share capital

As at March 31,	2021	2020
Thousands of dollars		
Authorized - unlimited number of class A common shares		
Issued - 1,000,000 shares	\$1,000	\$1,000

Additional capital disclosures

The Corporation's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of the Corporation, and to ensure adequate returns to the shareholder. The capital structure is determined in conjunction with the shareholder based on the approved business plans and dividend policy.

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 12 – Share capital and additional capital disclosures, continued

The Corporation monitors capital on the basis of cash available for distribution. Balances in excess of operating requirements are distributed to the shareholder.

The Corporation's strategy, which is to maintain sufficient cash for the continued development of target markets, is unchanged from 2019/20.

The Corporation is not subject to any externally imposed capital requirements.

Note 13 – Statement of cash flows – supporting information

a) Net change in non-cash working capital

For the year ended March 31,	2021	2020
Thousands of dollars		
Net change in non-cash working capital balances related to operations		
Trade and other receivables	\$3,063	\$(3,073)
Prepaid expenses	2	(39)
Trade and other payables	547	57
Contract costs	19	(43)
Contract liabilities	915	(507)
	\$4,546	\$(3,605)

b) Reconciliation of changes in liabilities to cash flows arising from financing activities

Thousands of dollars	Lease liabilities	Dividend payable	Total
Balance at April 1, 2020	\$2,540	\$4,481	\$7,021
Changes from financing cash flows			
Repayment of borrowings	(48)	-	(48)
Dividend paid	-	(4,481)	(4,481)
Total changes from financing cash flows	(48)	(4,481)	(4,529)
Other changes			
Dividend declared	-	4,211	4,211
Lease assumption changes	(14)	-	(14)
Total other changes	(14)	4,211	4,197
Balance at March 31, 2021	\$2,478	\$4,211	\$6,689

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 13 – Statement of cash flows – supporting information, continued

b) Reconciliation of changes in liabilities to cash flows arising from financing activities, continued

Thousands of dollars	Lease liabilities	Dividend payable	Total
Balance at April 1, 2019	\$2,537	\$3,315	\$5,852
Changes from financing cash flows			
Repayment of borrowings	(48)	-	(48)
Dividend paid	-	(3,315)	(3,315)
Total changes from financing cash flows	(48)	(3,315)	(3,363)
Other changes			
Dividend declared	-	4,481	4,481
New leases and assumption changes	51	-	51
Total other changes	51	4,481	4,532
Balance at March 31, 2020	\$2,540	\$4,481	\$7,021

Note 14 – Financial instruments and related risk management

Accounting policies

The Corporation initially recognizes financial assets and financial liabilities in the financial statements at fair value (normally the transaction price) adjusted for transaction costs. Transaction costs related to financial assets or financial liabilities at fair value through profit or loss are recognized immediately in net income. Financial instruments recorded at fair value on an ongoing basis are remeasured at each reporting date and changes in the fair value are recorded in either net income or other comprehensive income.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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 within the scope of IFRS 9, an embedded derivative is treated as a 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 income.

Supporting information

The Corporation is exposed to fluctuations in foreign exchange rates and interest rates. The Corporation uses a number of financial instruments to manage these exposures when deemed appropriate. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board. The Corporation's financial risks have not changed significantly from the prior period.

Notes to Financial Statements

Note 14 – Financial instruments and related risk management, continued

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates, and equity prices.

Foreign currency risk

The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign customers. Assuming all other variables remain constant at March 31, 2021, currency fluctuations in excess of 5% would have a material impact on net income. Specifically, a 5% strengthening in the Canadian dollar versus the U.S. dollar exchange rate could have a 12.9% unfavorable effect on cash flow and net income while a 5% weakening could have a 12.9% favorable effect on cash flow and net income. The Corporation uses a combination of derivative financial instruments to manage these exposures when deemed appropriate. The Corporation does not actively trade derivative financial instruments.

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. Credit risk related to customer accounts receivable is minimized by evaluating customer credit risk and limiting credit availability when necessary.

The carrying amount of financial assets represents the maximum credit exposure as follows:

As at March 31, Thousands of dollars	Note	2021	2020
Cash and cash equivalents	5	\$10,960	\$7,320
Trade and other receivables	6	1,880	4,943
Balance at March 31,		\$12,840	\$12,263

Trade and other receivables

The Corporation considers evidence of impairment for trade and other receivables at both a specific asset and collective level. Trade and other receivables are diversified among many commercial customers.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics, as well as an aging of the accounts and likelihood of default.

In assessing collective impairment, the Corporation uses historical trends of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed regularly based on an analysis of the aging of accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible, and future collection policy and economic environment changes. Based on the current assessment, potential impairment losses are considered to be minimal and therefore no allowance for doubtful accounts is required.

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 14 – Financial instruments and related risk management, continued

Trade receivables

As at March 31, Thousands of dollars	2021	2020
Current	\$297	\$376
30–60 Days	42	14
61–90 Days	5	2,892
Greater than 90 Days	6	27
Total trade receivables	\$350	\$3,309

Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. The Corporation is wholly owned by a Provincial Crown corporation and as such has access to capital markets through the Saskatchewan Ministry of Finance.

Sufficient operating cash flows are expected to be generated to fund the short-term contractual obligations.

The following summarizes the contractual cash flows of the Corporation's financial liabilities:

Thousands of dollars	Contractual cash flows		
	Carrying amount	Total	0-6 months
As at March 31, 2021			
Trade and other payables	\$1,969	\$1,969	\$1,969
As at March 31, 2020			
Trade and other payables	\$1,422	\$1,422	\$1,422

Fair value

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. 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. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

Fair value of financial assets and liabilities

When the carrying amount of a financial instrument is the most reasonable approximation of fair value, references to market quotations and estimation techniques are not required. The carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates the fair value of these financial instruments due to their short-term nature.

Embedded derivatives

The Corporation had no contracts with embedded derivatives as at March 31, 2020 and March 31, 2021.

Saskatchewan Telecommunications International, Inc. – March 31, 2021

Notes to Financial Statements

Note 15 – Related party transactions

The Corporation is indirectly controlled by the Government of Saskatchewan through its ownership of the Corporation's parent, Saskatchewan Telecommunications Holding Corporation. Included in these 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 "government-related entities"). 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.

Routine operating transactions with related parties were conducted in the normal course of business and were accounted for at the exchange amount. For the year ended March 31, 2021, the aggregate amounts of the Corporation's transactions with other government-related entities are approximately 46.7% (2019/20 – 48.2%) of revenues and 5.0% (2019/20 – 5.0%) of expenses.

Key management personnel compensation

In addition to their salaries, the Corporation also provides non-cash benefits to executive officers, a defined contribution pension and a service recognition defined benefit pension.

Key management personnel compensation is composed of:

For the year ended March 31,	2021	2020
Thousands of dollars		
Short-term employee benefits	\$828	\$876
Post-employment benefits - defined contribution	67	65
	\$895	\$941

Note 16 – Contingencies

Contingencies

Accounting estimates, and judgments

The Corporation becomes involved in various litigation in the ordinary course of business. Prediction of the outcome of such uncertain events (i.e., being virtually certain, probable, remote, or undeterminable), determination of whether recognition or disclosure in the financial statements is required, and estimation of potential financial effects are matters for judgment. Where no amounts are recognized, such amounts are contingent, and disclosure may be appropriate, however, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's financial position or results of operations.

