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**SecurTek Monitoring Solutions Inc. (SecurTek)**

[www.securtek.com](http://www.securtek.com)

SecurTek, a wholly-owned subsidiary of Saskatchewan Telecommunications Holding Corporation (Holdco), provides commercial and residential security, video and medical monitoring to customers across Canada through their monitoring centres in Yorkton, Saskatchewan and Winnipeg, Manitoba. Operating monitoring centres leverage SaskTel's network management and process expertise to provide value added services. Through their dealer program, SecurTek partners with 214 independently owned firms including retail, wholesale and servicing dealers who provide security sales and service expertise to their customers. SecurTek's head office is located in Yorkton, Saskatchewan and the company employs approximately 123 FTEs.

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**President's Message**

In 2021/2022, SecurTek continued to provide excellent monitoring service to its customers throughout Saskatchewan and Canada. The company continues to grow and is a tremendous Saskatchewan success story. Today, SecurTek is the largest security monitoring company in Saskatchewan serving 90,000 residential and commercial customers throughout Canada. With revenues of \$36.6 million for 2021/2022, SecurTek's financial position is strong. In addition, SecurTek provided annual salaries and wages of \$5.9 million into the local Saskatchewan economy in 2021/2022.

Through our established dealer program, we partner with 214 independently owned firms, including retail, wholesale and servicing dealers. Sixteen of the dealers are Saskatchewan based firms, and each of them prospers from the relationship, providing income and employment opportunities across the province.

SecurTek is well positioned to continue to thrive in the competitive monitoring industry with leading edge technology and services. Our ability to adapt to new technologies, the strength of our dealer network of independent local businesses, the skill and dedication of our employees, and our financial stability as a SaskTel subsidiary all ensure continued success for SecurTek.

I would like to thank our dedicated employees and management team, our authorized dealers and especially our customers for their contributions in making 2021/2022 a successful year.



Katrine White  
President and Chief Executive Officer, SecurTek Monitoring Solutions Inc.  
May 19, 2022

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## Management's Responsibility for Financial Statements

The accompanying financial statements, included in the annual report of SecurTek Monitoring Solutions Inc. for the fiscal year ended March 31, 2022, 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.



President and Chief  
Executive Officer  
May 19, 2022



Vice President – Finance  
and Administration



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Hill Centre Tower II  
1881 Scarth Street, 20th Floor  
Regina Saskatchewan S4P 4K9  
Canada  
Telephone (306) 791-1200  
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## INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the financial statements of SecurTek Monitoring Solutions Inc. (the "Corporation"), which comprise:

- the statement of financial position as at March 31, 2022
- 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, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

### *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.



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- 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.
- 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' with a horizontal line underneath.

Chartered Professional Accountants

Regina, Canada

May 19, 2022

## Statement of Income and Other Comprehensive Income

For the year ended March 31,		2022	2021
Thousands of dollars			
	Note		
<b>Revenue - monitoring services</b>	3	<b>\$36,570</b>	\$35,880
<b>Expenses</b>			
Goods and services purchased		23,381	24,784
Salaries, wages and benefits		7,521	7,801
Depreciation - property, plant and equipment	8	400	375
Depreciation - right-of-use assets	9	86	89
Amortization	10	191	171
Corporate capital taxes		398	428
		<b>31,977</b>	33,648
<b>Results from operating activities</b>		<b>4,593</b>	2,232
<b>Net finance expense</b>	4	<b>434</b>	454
<b>Net income and total comprehensive income</b>		<b>\$4,159</b>	\$1,778

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	Contributed surplus	Retained earnings	Total equity
<b>Balance at April 1, 2021</b>	<b>\$6,150</b>	<b>\$12,448</b>	<b>\$24,360</b>	<b>\$42,958</b>
<b>Net income and total comprehensive income</b>	-	-	4,159	4,159
<b>Balance at March 31, 2022</b>	<b>\$6,150</b>	<b>\$12,448</b>	<b>\$28,519</b>	<b>\$47,117</b>
Balance at April 1, 2020	\$6,150	\$12,448	\$22,582	\$41,180
Net income and total comprehensive income	-	-	1,778	1,778
Balance at March 31, 2021	\$6,150	\$12,448	\$24,360	\$42,958

See Accompanying Notes

Statement of Financial Position

As at March 31, Thousands of dollars	Note	2022	2021
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$6,180	\$8,314
Trade receivables	5	3,836	3,216
Inventories		54	49
Prepaid expenses		259	315
Contract assets	6	658	608
Contract costs	7	10,810	10,300
		<b>21,797</b>	<b>22,802</b>
<b>Contract assets</b>	6	<b>844</b>	<b>794</b>
<b>Contract costs</b>	7	<b>51,646</b>	<b>53,017</b>
<b>Property, plant and equipment</b>	8	<b>690</b>	<b>843</b>
<b>Right-of-use assets</b>	9	<b>2,115</b>	<b>2,248</b>
<b>Intangible assets</b>	10	<b>1,245</b>	<b>924</b>
<b>Other assets</b>	5	<b>122</b>	<b>157</b>
		<b>\$78,459</b>	<b>\$80,785</b>
<b>Liabilities and Shareholder's equity</b>			
<b>Current liabilities</b>			
Trade and other payables	11	\$1,908	\$2,128
Notes payable	12	8,950	8,950
Contract liabilities	13	1,737	2,452
Provision	16	-	1,443
Current portion of lease liabilities	15	62	72
		<b>12,657</b>	<b>15,045</b>
<b>Long-term debt</b>	14	<b>16,566</b>	<b>20,566</b>
<b>Lease liabilities</b>	15	<b>2,119</b>	<b>2,216</b>
		<b>31,342</b>	<b>37,827</b>
<b>Contingencies</b>	21		
<b>Shareholder's equity</b>			
Share capital	17	6,150	6,150
Contributed surplus	17	12,448	12,448
Retained earnings		28,519	24,360
		<b>47,117</b>	<b>42,958</b>
		<b>\$78,459</b>	<b>\$80,785</b>

See Accompanying Notes

On behalf of the Board



Doug Burnett  
May 19, 2022



Charlene Gavel

## SecurTek Monitoring Solutions Inc.

### Statement of Cash Flows

For the year ended March 31,		2022	2021
Thousands of dollars	Note		
<b>Operating activities</b>			
Net income		\$4,159	\$1,778
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	8, 9, 10	677	635
Net finance expense	4	434	454
Interest paid		(559)	(564)
Interest received		125	110
Net provisions	16	(1,443)	1,353
Net change in non-cash working capital	18(a)	(708)	1,798
		<b>2,685</b>	<b>5,564</b>
<b>Investing activities</b>			
Property, plant and equipment expenditures	8	(247)	(352)
Intangible assets expenditures	10	(512)	(181)
		<b>(759)</b>	<b>(533)</b>
<b>Financing activities</b>			
Repayment from long-term debt	18(b)	(4,000)	-
Payment of lease liabilities	15, 18(b)	(60)	(66)
		<b>(4,060)</b>	<b>(66)</b>
<b>Increase (decrease) in cash</b>		<b>(2,134)</b>	<b>4,965</b>
<b>Cash, beginning of year</b>		<b>8,314</b>	<b>3,349</b>
<b>Cash, end of year</b>		<b>\$6,180</b>	<b>\$8,314</b>

See Accompanying Notes

## **Notes to Financial Statements**

### **Note 1 – General information**

SecurTek Monitoring Solutions Inc. (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office is 2121 Saskatchewan Drive, Regina, SK, S3P 3Y2. The Corporation is incorporated under the laws of the Province of Saskatchewan and is wholly owned by Saskatchewan Telecommunications Holding Corporation (Holdco) providing real time monitoring solutions in select markets in Canada.

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 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.

#### **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.

#### **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, right-of-use assets and identifiable intangible assets with finite lives to determine whether there is any indication that they have suffered an impairment loss.

## Notes to Financial Statements

### *Note 2 – Basis of presentation, continued*

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 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 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.

Impairment losses recognized in prior periods in respect of assets other than goodwill 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; determining the appropriate discount rate for assessing value in use; and making assumptions about future cash flows and 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.
- Level 3 – Values based on prices or valuation techniques that require inputs which are both unobservable and significant to the overall fair value measurement.

## Notes to Financial Statements

### Note 2 – Basis of presentation, continued

#### 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.

#### Reclassifications

Certain elements of the 2020/21 comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

#### 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 expense	X		8
5	Trade and other receivables	X	X	9
6	Contract assets	X	X	10
7	Contract costs	X	X	11
8	Property, plant and equipment	X	X	11
9	Right-of-use assets	X	X	13
10	Intangible assets	X	X	15
11	Trade and other payables	X		17
12	Notes payable	X		17
13	Contract liabilities	X	X	17

Note	Topic	Accounting policies	Accounting estimates and judgments	Page
14	Long-term debt	X		18
15	Lease liabilities	X	X	18
16	Provision	X	X	20
17	Share capital, contributed surplus and additional capital disclosures			21
18	Statement of cash flows – supporting information			22
19	Financial instruments and related risk management	X		23
20	Related party transactions			27
21	Contingencies		X	28

## **Notes to Financial Statements**

### *Note 2 – Basis of presentation, continued*

#### **Application of amendments to International Financial Reporting Standards**

The Corporation did not adopt any amendments causing a material impact to the financial statements.

#### **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, 2022 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.

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.

## Notes to Financial Statements

### Note 3 – Revenue from contracts with customers, continued

Revenue from monitoring services is recognized over time as services are provided, based on access to the Corporation's facilities. Services are paid on a monthly basis except where a billing schedule has been established. Payments received in advance are recorded as contract liabilities and recognized as revenue upon satisfaction of the related performance obligation.

#### 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.

#### Supporting information

##### Future performance obligations

The table below shows the revenue that the Corporation expects to recognize in the future related to unsatisfied or partially satisfied performance obligations as at March 31, 2022. The unsatisfied portion of the transaction price of the performance obligations relates to monthly services, which are expected to be recognized over the next four years.

As at March 31,	2022	2021 <sup>(a)</sup>
Thousands of dollars		
1 year or less	\$6,452	\$5,722
Between 1 and 3 years	6,943	5,299
Greater than 3 years	460	452
	<b>\$13,855</b>	<b>\$11,473</b>

(a) The 2021 amount has been amended for the correction of a disclosure error of \$10.1 million which had no impact on the balances in the 2021 financial statements.

The Corporation has elected to utilize the following practical expedients and not disclose:

- the unsatisfied portions of performance obligations related to contracts with a duration of one year or less; or
- the unsatisfied portions of performance obligations where the revenue we recognize corresponds with the amount invoiced to the customer.

### Note 4 – Net finance expense

#### Accounting policies

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

Finance expenses are composed of interest expense on financial and lease liabilities measured at amortized cost. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

Notes to Financial Statements

Note 4 – Net finance expense, continued

Supporting information

For the year ended March 31,		2022	2021
Thousands of dollars	Note		
<b>Recognized in net income</b>			
Interest expense on long-term debt		\$475	\$475
Interest expense on notes payable		15	27
Interest expense on lease liabilities	15	62	57
<b>Finance expense</b>		<b>552</b>	559
Interest income on bank balances		(79)	(53)
Interest income on financing leases		(39)	(52)
<b>Finance income</b>		<b>(118)</b>	(105)
<b>Net finance expense</b>		<b>\$434</b>	\$454

Note 5 – 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 is always recorded at lifetime expected credit losses (ECL). When estimating lifetime ECL, 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,		2022	2021
Thousands of dollars	Note		
Trade and other receivables	19	\$4,535	\$4,058
Allowance for doubtful accounts	19	(577)	(685)
		<b>3,958</b>	3,373
Current portion		3,836	3,216
Long-term portion		122	157
<b>Balance at March 31,</b>	19	<b>\$3,958</b>	\$3,373

<sup>1</sup> The long-term portion of our accounts receivable is recorded within Other assets on the Statement of Financial Position and is composed of financing receivables that will be billed to customers beyond the next 12 months.

## Notes to Financial Statements

### Note 6 – Contract assets

#### Accounting policies

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.

Amortization is recognized in net income on a straight-line basis consistently with the pattern of revenue of the related contract if the costs of obtaining the contract are expected to be recovered, ranging from three to four years.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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. It is assumed that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

#### 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 assets and the amortization of these assets. 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. In addition, determining when amounts are deemed uncollectible requires judgment. Estimates of the impairment losses are based on the likelihood of collecting the related accounts receivable, which is 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,		2022	2021
Thousands of dollars	Note		
<b>Balance at April 1,</b>		<b>\$1,402</b>	\$1,197
Contract assets recognized in the current period		<b>936</b>	907
		<b>2,338</b>	2,104
Amortization of contract assets		<b>(727)</b>	(639)
Contract terminations transferred to trade receivables		<b>(109)</b>	(63)
		<b>1,502</b>	1,402
Current portion		<b>658</b>	608
Long-term portion		<b>844</b>	794
<b>Balance at March 31,</b>	19	<b>\$1,502</b>	\$1,402

## Notes to Financial Statements

### Note 7 – Contract costs

#### Accounting policies

Incremental costs of obtaining a contract with a customer are recognized in the statement of financial position when the costs meet the criteria for deferral and it has been determined that the costs will be recoverable. The costs are principally composed of sales commissions and prepaid contract fulfillment costs.

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 which is typically over either five or 10 years.

#### Accounting estimates and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of costs to obtain a contract. 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, whether the costs will be recoverable and the timing of satisfaction of performance obligations under related contracts.

#### Supporting information

As at March 31,	2022	2021
Thousands of dollars		
<b>Balance at April 1,</b>	<b>\$63,317</b>	\$65,327
Contract costs recognized in the current period	<b>9,984</b>	8,275
	<b>73,301</b>	73,602
Amortization included in goods and services purchased	<b>(10,845)</b>	(10,285)
	<b>62,456</b>	63,317
Current portion	<b>10,810</b>	10,300
Long-term portion	<b>51,646</b>	53,017
<b>Balance at March 31,</b>	<b>\$62,456</b>	\$63,317

### Note 8 – Property, plant and equipment

#### Accounting policies

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the assets to a working condition for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income as incurred.

When property, plant and equipment is disposed of or retired, the related cost and accumulated depreciation is eliminated from the accounts. Any resulting gain or loss is reflected in net income for the year.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in income on the straight-line basis over the estimated useful life of each part of an item of property, plant and equipment as follows:

## Notes to Financial Statements

### *Note 8 – Property, plant and equipment, continued*

<u>Asset</u>	<u>Estimated useful life</u>
Plant and equipment	3 – 5 years
Customer premise equipment	3 – 5 years
Office furniture, equipment and leaseholds	3 – 5 years

Depreciation methods, useful lives, and residual values are reviewed at each financial reporting date and adjusted if appropriate.

#### **Accounting estimates and judgments**

Judgment involves determining: which costs are directly attributable (e.g., labour and related costs); appropriate timing for cessation of cost capitalization, considering the circumstances in which the asset is to be operated, normally predetermined by management with reference to functionality; the appropriate level of componentization (for individual components for which different depreciation methods or rates are appropriate); which repairs and maintenance constitute betterments, resulting in extended asset life or functionality; the estimated useful life over which such costs should be depreciated; and the method of depreciation.

Asset residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Changes in the expected useful life including the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method as appropriate, and are treated as changes in accounting estimates.

Uncertainties are inherent in estimating useful lives or the expected pattern of consumption of future economic benefits. Changes in these assumptions could result in material adjustments to estimates, which could result in impairments or changes to depreciation expense in future periods, particularly if useful lives are significantly reduced.

Notes to Financial Statements

Note 8 – Property, plant and equipment, continued

Supporting information

Thousands of dollars	Plant and equipment	Customer premise equipment	Office furniture equipment and leaseholds	Total
<b>Cost</b>				
<b>Balance at April 1, 2021</b>	<b>\$3,373</b>	<b>\$1,082</b>	<b>\$1,261</b>	<b>\$5,716</b>
Additions	175	48	24	247
Retirements	(518)	(639)	(149)	(1,306)
<b>Balance at March 31, 2022</b>	<b>\$3,030</b>	<b>\$491</b>	<b>\$1,136</b>	<b>\$4,657</b>
Balance at April 1, 2020	\$3,763	\$1,323	\$1,311	\$6,397
Additions	294	33	25	352
Retirements	(684)	(274)	(75)	(1,033)
Balance at March 31, 2021	\$3,373	\$1,082	\$1,261	\$5,716
<b>Accumulated depreciation</b>				
<b>Balance at April 1, 2021</b>	<b>\$2,780</b>	<b>\$962</b>	<b>\$1,131</b>	<b>\$4,873</b>
Depreciation	278	62	60	400
Retirements	(518)	(639)	(149)	(1,306)
<b>Balance at March 31, 2022</b>	<b>\$2,540</b>	<b>\$385</b>	<b>\$1,042</b>	<b>\$3,967</b>
Balance at April 1, 2020	\$3,248	\$1,150	\$1,133	\$5,531
Depreciation	216	86	73	375
Retirements	(684)	(274)	(75)	(1,033)
Balance at March 31, 2021	\$2,780	\$962	\$1,131	\$4,873
<b>Carrying amounts</b>				
<b>At April 1, 2021</b>	<b>\$593</b>	<b>\$120</b>	<b>\$130</b>	<b>\$843</b>
<b>At March 31, 2022</b>	<b>\$490</b>	<b>\$106</b>	<b>\$94</b>	<b>\$690</b>
At April 1, 2020	\$515	\$173	\$178	\$866
At March 31, 2021	\$593	\$120	\$130	\$843

Note 9 – 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.

## Notes to Financial Statements

### *Note 9 – Right-of-use assets, continued*

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
- 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.

Notes to Financial Statements

Note 9 – Right-of-use assets, continued

Supporting information

Thousands of dollars	Buildings
<b>Cost</b>	
<b>Balance at April 1, 2021</b>	<b>\$2,412</b>
Retirements and adjustments	(109)
<b>Balance at March 31, 2022</b>	<b>\$2,303</b>
Balance at April 1, 2020	\$1,571
Additions	841
Balance at March 31, 2021	\$2,412
<b>Accumulated depreciation</b>	
<b>Balance at April 1, 2021</b>	<b>\$164</b>
Depreciation	86
Retirements and adjustments	(62)
<b>Balance at March 31, 2022</b>	<b>\$188</b>
Balance at April 1, 2020	\$75
Depreciation	89
Balance at March 31, 2021	\$164
<b>Carrying amounts</b>	
<b>At April 1, 2021</b>	<b>\$2,248</b>
<b>At March 31, 2022</b>	<b>\$2,115</b>
At April 1, 2020	\$1,496
At March 31, 2021	\$2,248

Note 10 – Intangible assets

Accounting policies

Intangible assets are defined as being identifiable, able to bring future economic benefits to the Corporation and controlled by the Corporation. An asset meets the identifiability criterion when it is separable or arises from contractual rights.

Intangible assets are recorded initially at cost of acquisition or development and relate primarily to software. Internally generated intangible assets relate primarily to software. An intangible asset is recognized when it is probable that the expected future economic benefits attributable to the asset will flow to the Corporation and the cost of the asset can be measured reliably.

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized include the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalized. Other development expenditures are recognized in net income as incurred.

Capitalized software development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

Notes to Financial Statements

Note 10 – Intangible assets, continued

Costs associated with maintaining software as well as expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred.

Amortization is recognized in income on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated useful life
Software	3 – 10 years

Accounting estimates and judgments

Judgment is applied to determine expenditures eligible for capitalization, the method of amortization, the appropriate timing for cessation of cost capitalization, and classification of certain intangible assets as indefinite-life intangible assets.

Estimation is applied to determine expected useful lives used in the amortization of intangible assets with finite lives. Changes in accounting estimates can result from changes in useful life or the expected pattern of consumption of an asset (taken into account by changing the amortization period or method, as appropriate).

Supporting information

Thousands of dollars	Software
<b>Cost</b>	
<b>Balance at April 1, 2021</b>	<b>\$2,409</b>
Acquisitions	512
Retirements	(167)
<b>Balance at March 31, 2022</b>	<b>\$2,754</b>
Balance at April 1, 2020	\$2,851
Acquisitions	181
Retirements	(623)
Balance at March 31, 2021	\$2,409
<b>Accumulated amortization</b>	
<b>Balance at April 1, 2021</b>	<b>\$1,485</b>
Amortization	191
Retirements	(167)
<b>Balance at March 31, 2022</b>	<b>\$1,509</b>
Balance at April 1, 2020	\$1,937
Amortization	171
Retirements	(623)
Balance at March 31, 2021	\$1,485
<b>Carrying amounts</b>	
<b>At April 1, 2021</b>	<b>\$924</b>
<b>At March 31, 2022</b>	<b>\$1,245</b>
At April 1, 2020	\$914
At March 31, 2021	\$924

## Notes to Financial Statements

### Note 11 – 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, Thousands of dollars	2022	2021
Trade payables and accrued liabilities	\$1,070	\$1,274
Payroll and other employee-related liabilities	730	764
Taxes payable	108	90
	\$1,908	\$2,128

### Note 12 – Notes payable

#### Accounting policies

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. These 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 or cancelled or expire.

#### Supporting information

Notes payable are due to Holdco. The notes, secured by all assets, are due June 30, 2022 and have an effective interest rate of 0.87% (2020/21 – 0.13%)

### Note 13 – 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 timing of recognition of contract liabilities as revenue. 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.

## Notes to Financial Statements

### Note 13 – Contract liabilities, continued

#### Supporting information

As at March 31, Thousands of dollars	2022	2021
<b>Balance at April 1,</b>	<b>\$2,452</b>	\$1,993
Contract liabilities recognized in the current period	<b>32,881</b>	33,543
	<b>35,333</b>	35,536
Recognized in revenue	<b>(33,376)</b>	(32,754)
Terminations	<b>(220)</b>	(330)
<b>Balance at March 31,</b>	<b>\$1,737</b>	\$4,904

### Note 14 – Long-term debt

#### Accounting policies

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. These 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, Thousands of dollars	Note	2022	2021
Due to Holdco, secured by all assets, bearing interest at 2.31% to October 16, 2024, repayable in monthly interest only payments.	17	<b>\$16,566</b>	\$20,566

This long-term debt is repayable in full on October 16, 2024.

### Note 15 – 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.

## **Notes to Financial Statements**

### *Note 15 – Lease liabilities, continued*

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
- 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 and estimation of the incremental borrowing rate or implicit lease rate as appropriate.

Notes to Financial Statements

Note 15 – Lease liabilities, continued

<b>Supporting information</b>			
<b>As at March 31,</b>			<b>2022</b>
Thousands of dollars			2021
<b>Maturity analysis - contractual undiscounted cash flows</b>			
Less than one year		\$123	\$123
One to five years		491	490
More than five years		2,881	2,969
<b>Total undiscounted lease liabilities at March 31,</b>		<b>\$3,495</b>	<b>\$3,582</b>
<b>Discounted lease liabilities included in the statement of financial position at March 31,</b>		<b>2022</b>	2021
Current		\$62	\$72
Non-current		2,119	2,216
<b>Total discounted lease liabilities at March 31,</b>		<b>\$2,181</b>	<b>\$2,288</b>
<b>Amounts recognized in net income</b>			
<b>For the year ended March 31,</b>		<b>2022</b>	2021
Thousands of dollars	Note		
<b>Interest on lease liabilities</b>	4	<b>\$62</b>	\$57
<b>Amounts recognized in the statement of cash flows</b>			
<b>For the year ended March 31,</b>		<b>2022</b>	2021
Thousands of dollars	Note		
Interest paid on lease liabilities	4	\$62	\$57
Lease liability principal payments		60	66
<b>Total cash outflow for leases</b>		<b>\$122</b>	<b>\$123</b>

Note 16 – Provision

Accounting policies

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 expense.

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.

## Notes to Financial Statements

### Note 16 – Provision, continued

#### Legal claims

The Corporation is involved in various legal claims and is aware of certain other possible claims. In respect of the legal claims, the Corporation establishes provisions, when warranted, after taking into account legal assessments, information presently available, and the expected availability of recourse. The timing of cash outflows associated with legal claims cannot be reasonably determined.

#### Accounting estimates and judgments

The Corporation estimates the amount of a provision by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time. The determination of whether a loss is probable from claims and legal proceedings and whether an outflow of resources is likely requires judgment.

#### Supporting information

In November 2010, the Corporation was served with a Statement of Claim from Laurence Rosenberg and The Accurate Technology Group Inc. arising out of the sale of Manitoba accounts from the Corporation to AAA Alarm Systems Ltd (AAA Alarms) in the summer of 2009. The case went to trial in May of 2019 and on March 10, 2020, the Manitoba Court of Queen’s Bench provided an unfavourable judgment. The final order was signed by the court on December 7, 2020. The total amount of damages attributable to SecurTek were \$1,442,725, which the Corporation appealed on January 6, 2021. On December 8, 2021 the Corporation received a favourable judgement resulting in the reversal of the recognized provision.

Should the ultimate resolution of these actions differ from management’s assessments and assumptions, a material adjustment to the financial position or results of operations of the Corporation could result.

Thousands of dollars	Legal claims
<b>Balance at April 1, 2021</b>	<b>\$1,443</b>
Provisions reversed	(1,443)
<b>Balance at March 31, 2022</b>	-
<b>Current portion</b>	-
<b>Long-term portion</b>	<b>\$ -</b>

### Note 17 – Share capital, contributed surplus and additional capital disclosures

#### Share capital and contributed surplus

As at March 31,	2022	2021
Thousands of dollars		
Share capital		
Authorized - unlimited number of class A common shares		
Issued - 6,150,000 shares	<b>\$6,150</b>	\$6,150
Contributed surplus	<b>12,448</b>	12,448
	<b>\$18,598</b>	\$18,598

#### 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.

Notes to Financial Statements

*Note 17 – Share capital, contributed surplus and additional capital disclosures, continued*

The Corporation monitors capital on the basis of the debt ratio. The ratio is calculated as net debt, excluding lease liabilities, divided by end of period capitalization. Net debt is defined as long-term debt less cash. Capitalization includes net debt, share capital, contributed surplus and retained earnings at the period end.

The Corporation’s strategy, which is unchanged from 2020/21, is to maintain a debt ratio of below 45%.

The debt ratio is as follows:

<b>As at March 31,</b>		<b>2022</b>	2021
Thousands of dollars	Note		
Long-term debt	14	<b>\$16,566</b>	\$20,566
Notes payable	12	<b>8,950</b>	8,950
Less: Cash		<b>6,180</b>	8,314
Net debt		<b>19,336</b>	21,202
Equity		<b>47,117</b>	42,958
<b>Capitalization</b>		<b>\$66,453</b>	\$64,160
<b>Debt ratio</b>		<b>29.1%</b>	33.0%

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

**Note 18 – Statement of cash flows – supporting information**

**a) Net change in non-cash working capital**

<b>For the year ended March 31,</b>	<b>2022</b>	2021
Thousands of dollars		
<b>Net change in non-cash working capital balances related to operations</b>		
Trade and other receivables	<b>\$(585)</b>	\$250
Inventories	<b>(5)</b>	9
Prepaid expenses	<b>56</b>	80
Contract assets	<b>(100)</b>	(205)
Contract costs	<b>861</b>	2,010
Trade and other payables	<b>(220)</b>	(805)
Contract liabilities	<b>(715)</b>	459
	<b>\$(708)</b>	\$1,798

Notes to Financial Statements

Note 18 – Statement of cash flows – supporting information, continued

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

Thousands of dollars	Long-term debt	Notes payable	Lease liabilities	Total
<b>Balance at April 1, 2021</b>	<b>\$20,566</b>	<b>\$8,950</b>	<b>\$2,288</b>	<b>\$31,804</b>
<b>Changes from financing cash flows</b>				
Repayment of borrowings	(4,000)	-	(60)	(4,060)
<b>Total changes from financing cash flows</b>	<b>(4,000)</b>	<b>-</b>	<b>(60)</b>	<b>(4,060)</b>
<b>Other changes</b>				
New leases and assumption changes	-	-	(47)	(47)
<b>Total other changes</b>	<b>-</b>	<b>-</b>	<b>(47)</b>	<b>(47)</b>
<b>Balance at March 31, 2022</b>	<b>\$16,566</b>	<b>\$8,950</b>	<b>\$2,181</b>	<b>\$27,697</b>

Thousands of dollars	Long-term debt	Notes payable	Lease liabilities	Total
Balance at April 1, 2020	\$20,566	\$8,950	\$1,513	\$31,029
<b>Changes from financing cash flows</b>				
Repayment of borrowings	-	-	(66)	(66)
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>-</b>	<b>(66)</b>	<b>(66)</b>
<b>Other changes</b>				
New leases and assumption changes	-	-	841	841
<b>Total other changes</b>	<b>-</b>	<b>-</b>	<b>841</b>	<b>841</b>
Balance at March 31, 2021	\$20,566	\$8,950	\$2,288	\$31,804

Note 19 – 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. Regular way purchases and sales of financial assets are accounted for on the trade date. 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.

## Notes to Financial Statements

### Note 19 – Financial instruments and related risk management, continued

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 interest rates. The Corporation utilizes 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.

#### 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, and foreign exchange rates.

#### Interest rate risk

Interest rate risk represents the potential for loss from changes in the value of financial instruments related to interest rate movements. Interest rate risk primarily impacts the value of short-term investments and debt refinancing. The Corporation does not believe that the impact of changes in the value of financial instruments would be material and therefore has not provided a sensitivity analysis of the impact on net income.

#### 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 does not believe that the impact of fluctuations in foreign exchange rates on anticipated transactions will be material and therefore has not provided a sensitivity analysis of the impact on net income.

#### 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 because of the large and diverse customer base covering many business sectors. The Corporation evaluates customer credit risk and limits credit availability when necessary. In addition, pursuant to an agreement with Saskatchewan Telecommunications (SaskTel), the Corporation mitigates its credit risk from the Saskatchewan customers by selling its receivables to SaskTel for a fee, at which point the asset is derecognized.

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

As at March 31,		2022	2021
Thousands of dollars	Note		
Cash		\$6,180	\$8,314
Trade and other receivables	5	3,958	3,373
Contract assets	6	1,502	1,402
		<b>\$11,640</b>	<b>\$13,089</b>

Notes to Financial Statements

Note 19 – Financial instruments and related risk management, continued

**Trade and other receivables**

The Corporation considers evidence of impairment for all receivables at a specific asset and collective level. Receivables are diversified among many residential and 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, specifically based on business segment, an aging of the accounts within each segment and default probabilities within each segment.

In assessing collective impairment, the Corporation uses historical trends of the probability 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 customer accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible, and future collection policy and economic environment impacts.

**Allowance for doubtful accounts**

As at March 31, Thousands of dollars	Note	2022	2021
<b>Balance at April 1,</b>		<b>\$685</b>	\$299
Less: Net accounts written off		<b>(1,138)</b>	(439)
Provisions for losses		<b>1,030</b>	825
<b>Balance at March 31,</b>	5	<b>\$577</b>	\$685

The aging of trade and other receivables is detailed as follows:

**Trade and other receivables**

As at March 31, Thousands of dollars	Note	2022	2021
Trade receivables not past due		<b>\$1,689</b>	\$1,831
Trade receivables past due			
30–60 Days		<b>431</b>	312
61–90 Days		<b>284</b>	240
Greater than 90 Days		<b>2,131</b>	1,675
Gross trade receivables	5	<b>4,535</b>	4,058
Allowance for doubtful accounts	5	<b>(577)</b>	(685)
<b>Net trade and other receivables</b>	5	<b>\$3,958</b>	\$3,373

Notes to Financial Statements

Note 19 – Financial instruments and related risk management, continued

**Contract costs**

The Corporation considers evidence of impairment for contract costs based on the lifetime expected credit losses in relation to the expected customer relationship, as well as, current economic conditions, historical information (including credit agency reports, if available), and the line of business from which the contract cost arose. Typically, the contract cost amounts are recovered over a relatively short time period compared to the anticipated customer relationship. In addition, contract costs are diversified among many residential and commercial customers. Credit risk associated with contract costs is inherently managed by the size and diversity of the customer base and the continued assessment of the customer relationship term. The Corporation also follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary.

Based on the current credit monitoring policies and customer relationship terms, credit risk related to contracts costs is considered to be minimal and therefore no impairment allowance for contract assets is required.

**Liquidity risk**

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. As a wholly-owned subsidiary of Holdco, a Provincial Crown corporation, the Corporation 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 and the Corporation anticipates it will be able to refinance long-term debt upon maturity. In addition, the Corporation has available a \$10 million (2020/21 – \$10 million) revolving line of credit with Holdco to finance future acquisitions including acquisitions of customer accounts.

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

Thousands of dollars		Contractual Cash Flows				
As at March 31, 2022	Carrying amount	Total	0-6 months	6-12 months	1-2 years	2-5 years
Long-term debt	\$16,566	\$17,542	\$192	\$191	\$383	\$16,776
Notes payable	8,950	8,950	8,950	-	-	-
Trade and other payables	1,908	1,908	1,908	-	-	-
	\$27,424	\$28,400	\$11,050	\$191	\$383	\$16,776

Thousands of dollars		Contractual Cash Flows				
As at March 31, 2021	Carrying amount	Total	0-6 months	6-12 months	1-2 years	2-5 years
Long-term debt	\$20,566	\$22,746	\$240	\$240	\$960	\$21,306
Notes payable	8,950	8,950	8,950	-	-	-
Trade and other payables	2,128	2,128	2,128	-	-	-
	\$31,644	\$33,824	\$11,318	\$240	\$960	\$21,306

**Fair values**

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.

## Notes to Financial Statements

### Note 19 – Financial instruments and related risk management, continued

#### Fair value of financial assets and liabilities

As at March 31,

Thousands of dollars	Note	Classification	Fair value hierarchy (a)	2022		2021	
				Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>							
Cash		Amortized cost	Level 1	\$6,180	\$6,180	\$8,314	\$8,314
Trade and other receivables	5	Amortized cost	Level 2	3,958	3,958	3,373	3,373
<b>Financial liabilities</b>							
Trade and other payables	11	Amortized cost	Level 2	\$1,908	\$1,908	\$2,128	\$2,128
Notes payable	12	Amortized cost	Level 2	8,950	8,950	8,950	8,950
Long-term debt	14	Amortized cost	Level 2	16,566	16,467	20,566	21,495

(a) See Note 2 – Basis of presentation for discussion of the policies related to fair value measurements.

#### Financial instruments measured at amortized cost

##### Cash, trade and other receivables, trade and other payables and notes payable

The carrying values of cash, trade and other receivables, trade and other payables and notes payable approximate their fair values due to the short-term maturity of these financial instruments.

##### Long-term debt

The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

##### Embedded derivatives

The Corporation had no contracts with embedded derivatives as at March 31, 2022 and March 31, 2021.

## Note 20 – Related party transactions

The Corporation is indirectly controlled by the Government of Saskatchewan through its ownership of the Corporation's parent, Holdco. 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, 2022, the aggregate amount of the Corporation's transactions with other government-related entities is approximately 7.01% (2020/21 – 6.63%) of revenues and 12.00% (2020/21 – 10.03%) of expenses.

#### Key management personnel compensation

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

Notes to Financial Statements

Note 20 – Related party transactions, continued

Key management personnel compensation is composed of:

For the year ended March 31, Thousands of dollars	2022	2021
Short-term employee benefits	\$654	\$444
Post-employment benefits - defined contribution plans	52	19
	<b>\$706</b>	<b>\$463</b>

Note 21 – 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, the potential for large liabilities exists and therefore these estimates could have a material impact on the Corporation’s financial statements.

Supporting information

In the normal course of operations, the Corporation becomes involved in various claims and litigation. While the final outcome with respect to claims and litigation cannot be predicted with certainty, 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.