

SASKBUILDS CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2014



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of SaskBuilds Corporation, which comprise the statement of financial position as at March 31, 2014, and the statement of operations and accumulated surplus, statement of change in net financial assets, and statement of cash flows for the year ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of SaskBuilds Corporation as at March 31, 2014, and the results of its operations, changes in its net financial assets, and its cash flows for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
June 18, 2014

Judy Ferguson, FCA
Acting Provincial Auditor

Statement 1

SASKBUILDS CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Due From General Revenue Fund (Note 3)	\$ 5,353,706	\$ 1,647,052
Accounts Receivable	8,059	5,376
GST Receivable	156	2,291
	<u>5,361,921</u>	<u>1,654,719</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	<u>1,021,844</u>	<u>285,075</u>
NET FINANCIAL ASSETS (Statement 3)	4,340,077	1,369,644
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 8)	<u>144,203</u>	<u>115,057</u>
ACCUMULATED SURPLUS (Statement 2)	<u>\$ 4,484,280</u>	<u>\$ 1,484,701</u>

(See accompanying notes to the financial statements)

APPROVED BY THE BOARD

Honourable Don McMorris, Chair

Rupen Pandya, President & CEO

Statement 2

SASKBUILDS CORPORATION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31

	2014 Budget (Note 4)	2014 Actual	2013 Actual
REVENUE			
Transfers from the General Revenue Fund	\$ 8,300,000	\$ 8,217,000	\$ 2,000,000
Interest Earned (Note 3)	-	26,777	4,514
Miscellaneous Revenue	-	1,433	-
	<u>8,300,000</u>	<u>8,245,210</u>	<u>2,004,514</u>
EXPENSES (Note 7)			
Operating	2,300,000	1,853,806	450,418
Planning and Procurement	6,000,000	3,391,825	69,395
	<u>8,300,000</u>	<u>5,245,631</u>	<u>519,813</u>
SURPLUS	<u>\$ -</u>	2,999,579	1,484,701
ACCUMULATED SURPLUS, Beginning of Year		<u>1,484,701</u>	<u>-</u>
ACCUMULATED SURPLUS, End of Year (Statement 1)		<u>\$ 4,484,280</u>	<u>\$ 1,484,701</u>

(See accompanying notes to the financial statements)

Statement 3

SASKBUILDS CORPORATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED MARCH 31

	<u>2014</u>	<u>2013</u>
ANNUAL SURPLUS	\$ 2,999,579	\$ 1,484,701
Acquisition of Tangible Capital Assets (Note 8)	(79,477)	(136,800)
Amortization of Tangible Capital Assets (Note 8)	50,331	21,743
INCREASE IN FINANCIAL ASSETS	2,970,433	1,369,644
NET FINANCIAL ASSETS, Beginning of Year	<u>1,369,644</u>	<u>-</u>
NET FINANCIAL ASSETS, End of Year (Statement 1)	<u>\$ 4,340,077</u>	<u>\$ 1,369,644</u>

(See accompanying notes to the financial statements)

Statement 4

SASKBUILDS CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

	<u>2014</u>	<u>2013</u>
CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Excess Revenues over Expenses	\$ 2,999,579	\$ 1,484,701
Non-Cash Items		
Amortization of Tangible Capital Assets	50,331	21,743
Net Change in Non-Cash Items		
(Increase) in Accounts Receivable	(2,683)	(5,376)
Decrease (increase) in GST Receivable	2,135	(2,291)
Increase in Accounts Payable	<u>736,769</u>	<u>285,075</u>
	3,786,131	1,783,852
CASH (USED IN) CAPITAL ACTIVITIES		
Purchase of Tangible Capital Assets	<u>(79,477)</u>	<u>(136,800)</u>
INCREASE IN CASH EQUIVALENTS	3,706,654	1,647,052
DUE FROM GENERAL REVENUE FUND, Beginning of Year	<u>1,647,052</u>	<u>-</u>
DUE FROM GENERAL REVENUE FUND, End of Year	<u>\$ 5,353,706</u>	<u>\$ 1,647,052</u>

(See accompanying notes to the financial statements)

SASKBUILDS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

1. Status of SaskBuilds Corporation

SaskBuilds Corporation was established by Order in Council 550/2012 on October 17, 2012.

SaskBuilds Corporation was created to integrate, coordinate and prioritize infrastructure spending of the Province of Saskatchewan. SaskBuilds provides advice and recommendations for advancing major infrastructure projects through innovative approaches to infrastructure development and alternative financing models such as public-private partnerships. SaskBuilds is a corporate body eligible to receive monies primarily appropriated by the Legislature for these purposes.

2. Significant Accounting Policies

These financial statements are prepared using Canadian Public Sector Accounting Standards and reflect the following significant accounting principles:

a) Revenue

Revenue is recognized in the period in which the transactions or events occurred that give rise to the revenue. Government transfers are recognized in the period the transfer is authorized and any eligibility criteria is met.

b) Expenses

Expenses represent the cost of resources consumed during the period.

c) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations and Accumulated Surplus in the period in which they become known.

d) Adoption of New Accounting Standards

SaskBuilds did not adopt any new Canadian Public Sector Accounting Standards during this period.

e) Tangible Capital Assets

Tangible capital assets are recorded at cost and are amortized over their useful life once they are in service. Amortization is recorded on a straight line basis as follows:

Leasehold and Occupancy Improvements	lesser of useful life or lease term
Office Furniture and Equipment	5 years

SASKBUILDS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

3. Due from the General Revenue Fund

SaskBuilds' bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest received of \$26,777 (2013 - \$4,514) was calculated and paid quarterly on SaskBuilds' average daily account balance at a 30 day interest rate with an annual average of 1.02%.

4. Budget Approval

The budget figures are presented for comparison purposes: the SaskBuilds' 2013-14 Budget is per SaskBuilds - Vote 86. Subsequently, the Board approved a 1.0% expense constraint.

5. Related Parties

These financial statements include routine transactions with related parties. SaskBuilds is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan.

The Ministry of Central Services provides purchasing, risk management, records management and mail distribution to SaskBuilds without charge. The Ministry of Central Services charges accommodation and property management services under a lease agreement.

The Ministry of Central Services, Information Technology Office provides SaskBuilds with information technology services under a service level agreement.

The Ministry of Central Services, Public Service Commission provides SaskBuilds with human resource administration and payroll services under a service level agreement.

The Ministry of Highways and Infrastructure provides SaskBuilds with communications, financial and administration services under a service level agreement.

Related party transactions to March 31 include the following:

	<u>2014</u>	<u>2013</u>
Accounts Receivable	7,171	5,376
Accounts Payable and Accrued Liabilities	254,088	131,682
Tangible Capital Assets	42,962	49,071
Interest Earned	26,777	4,514
Expenses	275,790	61,571

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, SaskBuilds pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases.

SASKBUILDS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

6. Financial Instruments

SaskBuilds' financial instruments include: Due from the General Revenue Fund, Accounts Receivable, Accounts Payable and Accrued Liabilities. The carrying amount of these instruments approximates fair value due to their short-term nature. These instruments have no material interest or credit risk.

7. Expenses by Object

	<u>2014</u>	<u>2013</u>
a) Operating		
Administration	128,430	24,451
Advertising	4,337	14,592
Amortization	50,331	21,743
Professional Services	195,547	42,027
Rent of Space	167,616	50,646
Salaries and Benefits	1,281,603	286,656
Travel	25,942	10,303
	<u>\$ 1,853,806</u>	<u>\$ 450,418</u>
b) Planning and Procurement		
External Professional Services	<u>\$ 3,391,825</u>	<u>\$ 69,395</u>

8. Tangible Capital Assets

	<u>Furniture & Equipment</u>	<u>Leasehold Improvements</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
Opening Cost	\$ 87,729	\$ 49,071	\$ 136,800	\$ -
Additions during the year	39,402	40,075	79,477	136,800
Closing Cost	<u>127,131</u>	<u>89,146</u>	<u>216,277</u>	<u>136,800</u>
Opening Accumulated Amortization	7,311	14,432	21,743	-
Amortization for the year	25,426	24,905	50,331	21,743
Closing Accumulated Amortization	<u>32,737</u>	<u>39,337</u>	<u>72,074</u>	<u>21,743</u>
Net Book Value of Tangible Capital Assets	<u>\$ 94,394</u>	<u>\$ 49,809</u>	<u>\$ 144,203</u>	<u>\$ 115,057</u>

9. Comparative Figures

The prior year comparatives are for the period of October 17, 2012 to March 31, 2013.