



**Technical  
Safety Authority**  
of Saskatchewan

# **ANNUAL REPORT** **2019**

Inspiring and Shaping Excellence in Public Safety



# ANNUAL REPORT 2019



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Tom Robinson,  
Chair of the Board

## CHAIR'S MESSAGE

On behalf of the Board of Directors of the Technical Safety Authority of Saskatchewan (TSASK), it is my pleasure to introduce the Company's annual report for the 2018-19 fiscal year.

I want to begin by congratulating the TSASK team for a year of significant progress and success. Over the past number of years, our management team and a committed group of employees have undertaken the challenge of preparing TSASK for the future. As we embark upon a new era and expanding responsibilities, we do so with tremendous confidence, based on the proven ability of our people to adapt to the evolving needs of our customers, the Province, and the public. TSASK will continue to embrace change without compromising service levels and safety excellence.

The accomplishments of the TSASK team were achieved with the full support of our Board of Directors. I want to thank my fellow directors for their commitment and service. I would also like to acknowledge Neil Robertson, who is stepping down from the TSASK Board, and to welcome Shelley Lipon, our newest director. We have a highly skilled and diverse board that is capable of leading our organization through a period of growth and evolution. You can learn more about our directors on pages 24-26 of this report.

Finally, I would like to thank all of TSASK's customers and the growing list of industry participants that support our organization as we strive to inspire and shape excellence in public safety. Through its mandate, TSASK performs important work that contributes to the economic prosperity of the Province. We look forward to working on your behalf to deliver on our vision, mission and values for 2019-20 and beyond.

Sincerely,

Tom Robinson, Chair of the Board

# TSASK VISION

Recognized as a leading safety authority - a Saskatchewan service provider, inspiring and shaping excellence in public safety.

# TSASK MISSION

In collaboration with owners, operators and the industry, TSASK provides professional safety, educational and regulatory services that instill a high level of confidence in our public safety system.

# TSASK VALUES



**SAFETY IS PARAMOUNT** - We practice uncompromised safety in and through the services we deliver.



**INTEGRITY** - We are open, honest, ethical, and transparent in our conduct.



**ACCOUNTABILITY** - We are committed to responsible, consistent, and dependable actions.



**TEAMWORK** - We believe in the strength of our collaborative efforts.



**RESPECT** - We treat colleagues, customers, and stakeholders with respect.



**RECOGNITION** - We value and acknowledge the work, ideas, initiatives, and contributions of our colleagues and customers.



**PROFESSIONAL SERVICE** - We add value to our customers through excellence in everything we do.



**CONTINUOUS LEARNING** - We invest in our employees' learning, growth, and transfer of knowledge to support continuous improvement.



Bill Scott, CEO

## MESSAGE FROM THE CEO

I am pleased to provide this report on the performance of the Technical Safety Authority of Saskatchewan for the 2018-2019 fiscal year.

Once again, TSASK can reflect on a year of having dutifully and diligently fulfilled our role in safety leadership and stewardship. Across Saskatchewan, our people efficiently and effectively provided administration, licensing, inspections, and enforcement of safety standards related to pressure vessels, elevators, and amusement park rides. We view these accomplishments as a baseline for our performance.

This year, however, our expectations shifted and grew, as we began to prepare for an expanding mandate that will see TSASK take on responsibilities for gas and electrical licensing, permitting and inspections, as well as plumbing permitting and inspections.

In keeping with the needs of industry and the wishes of the Government of Saskatchewan, TSASK is on a path to streamlining safety services in Saskatchewan. In the years ahead, TSASK will be the hub for technical safety inspections in the Province – a one-stop provider of services that improves the ability of people and industry to safely participate in the growth of our Province.

With our activities in the past fiscal year and our strategic plan for the future, we are moving closer to that goal.

## Maintaining Financial and Operational Stability

TSASK's activities in fiscal 2018-19 reflect the current state of construction and development in Saskatchewan. TSASK performed a total of 14,480 inspections on boiler pressure vessels, elevating devices, and amusement park rides during the reporting period, which is a significant number but slightly less than the 15,027 inspections of the prior year.

Revenue for the year of \$9.2 million was down slightly from the \$9.6 million generated in the previous fiscal year, reflecting a decrease in the number of requests for permits and inspections. The decrease in revenue is, in part, attributable to the overall decrease in activity, as well as a decrease in the requests for expedited services that carry a cost premium. In a safety-focused entity like TSASK, better planning with fewer rush requests is not, by definition, a negative occurrence.

Despite the shift in revenue, TSASK generated a net income of \$269 thousand, as compared to \$908 thousand the previous year. Our objective is to responsibly deliver our safety services to the Province, and our ability to remain profitable despite a decline in activity is a testament to the planning and efficiency of our people.

In addition to maintaining our profitability, we were able to make necessary investments that will prepare TSASK for the additional responsibilities we will take on in the future. Our total expenses of \$8.95 million were up from \$8.68 million the prior year as we began to assemble the people and infrastructure required for a growing enterprise.

Our objective is to operate TSASK as a respected and reliable partner to industry and to the people of Saskatchewan, with public safety as our top priority. By maintaining financial and operational stability, we have created a solid platform as we prepare for our new and expanded responsibilities.



## Planning for the Future

In December 2018, the Government of Saskatchewan approved a recommendation to transfer a number of responsibilities to TSASK, specifically:

- gas and electrical licensing from the Ministry of Government Relations;
- gas and electrical permitting and inspections from SaskPower; and
- plumbing permitting and inspections from the Saskatchewan Health Authority.

The decision to move additional areas of safety responsibility to TSASK is a reflection of the confidence of government, industry, and the public in the work of our people. There is no higher compliment than to know we have earned the trust of the people we serve.



**We will remain focused on people, customer service, safety, and operational excellence. We are committed to reinforcing those pillars to ensure we continue to earn the trust and respect of our stakeholders.**

The planned transition is a milestone moment for TSASK, as we will more than double the number of employees – including inspectors – who work under our banner. The amalgamation will allow more dollars to be invested in the people and technology that directly impact safety, while creating efficiency in the administration needed to support their success.

Change, of course, creates unique challenges, as the new members of our TSASK family bring their own skills, experiences, and insights. They also arrive with a broad range of past experiences and future expectations. This is not new ground for TSASK, as we successfully managed a complex integration of people and systems when the organization was first established in 2010.

In preparation, we have been mapping out a long-term strategic plan to methodically manage the integration of our new people and responsibilities. We know that change does not happen with the flip of a switch. It requires planning, development of appropriate infrastructure, and, over time, testing and activation of new systems.

**At the heart of our success will be a culture that encourages new ideas and incremental steps that can improve safety. Through excellence in customer service and a tireless commitment to improving our systems and processes, our people will help TSASK have a greater impact on safety.**



In preparation, TSASK leadership and members of our Board of Directors explored the internal and external factors that will shape the future of the organization. We emerged with a plan built around three priority areas:

- communicating and engaging with stakeholders;
- establishing and communicating a policy framework that supports change; and
- identifying a critical path to share with the public, our employees, and our customers.





This work is well under way and we will incorporate some new responsibilities in 2019, with a target of having the amalgamation substantially complete in the 2020/2021 fiscal year.

### **The Future of TSASK**

While our responsibilities will change, the “four pillars” that support our business will not. We will remain focused on people, customer service, safety, and operational excellence. We are committed to reinforcing those pillars to ensure we continue to earn the trust and respect of our stakeholders.

We are also committed to maintaining our leadership role in the area of public safety. As we touch more areas, including electrical, gas, and plumbing, we see new opportunities to raise awareness and profile safety initiatives. We look forward to expanding our relationships with industry partners, learning from their experiences, and sharing the lessons from our own history.

At the heart of our success will be a culture that encourages new ideas and incremental steps that can improve safety. Through excellence in customer service and a tireless commitment to improving our systems and processes, our people will help TSASK have a greater impact on safety.

As part of this growth, TSASK will continue to push for greater uniformity in safety standards on a national level. We have been advocates for harmonization of standards, which can create greater trust across provincial borders. It’s one more way TSASK is working to improve safety provincially and on a larger stage.

We look forward to the future and what we can achieve through the efforts of our people, the participation of industry and ongoing support of the Ministry of Government Relations. Together, we share a commitment to the safety of people across Saskatchewan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill Scott', written over a white background.

Bill Scott



# MANAGEMENT'S DISCUSSION OF FINANCIAL AND OPERATIONAL PERFORMANCE

The purpose of Management's Discussion of Financial and Operational Performance is to enhance stakeholders' understanding of the industry trends that drive TSASK's priorities as an organization. It also provides financial and operational context to support the disclosures contained in the 2018-19 audited financial statements.

## **Organizational Overview**

The Technical Safety Authority of Saskatchewan (TSASK) is a not-for-profit organization established on July 1, 2010 through *The Technical Safety Authority of Saskatchewan Act*. TSASK was created from the Licensing and Inspections Branch of the Ministry of Corrections, Public Safety and Policing with a mandate of delivering safety programs related to pressure equipment, elevating devices, and amusement rides in the Province. TSASK's relationship with government now resides with the Ministry of Government Relations.

TSASK's registration, inspection, certification and licensing programs and services operate on a fee-for-service basis. These fees are charged to the sectors that design, manufacture, install, operate, and own potentially hazardous equipment. TSASK administers and enforces the provisions of the following legislation and related regulations:

- *The Boiler and Pressure Vessel Act, 1999;*
- *The Passenger and Freight Elevator Act;*
- *The Amusement Ride Safety Act.*

TSASK operates at arms-length from the provincial government, under the terms of a Safety Standards Agreement (SSA).



The Government of Saskatchewan, through the Ministry of Government Relations, continues to be responsible for the legislative and regulatory requirements governing the safe operation of boilers, pressure vessels, elevators, and amusement rides. The government continues to be responsible for establishing safety standards and policies as well as legislative and regulatory requirements related to public safety.

### **Corporate Mandate**

The Technical Safety Authority of Saskatchewan is responsible for the administration and enforcement of legislation and regulations on behalf of government.

Our professional team provides a full range of programs and services including:

- licensing and permitting;
- assessing regulated equipment design;
- overseeing the fabrication and installation of regulated equipment;
- assessing and certifying knowledge and quality practices within registered organizations;
- testing, certifying and licensing of industry personnel;
- inspecting regulated equipment;
- educating and informing industry;
- contributing to the advancement of safety standards;
- enforcing standards and legislative compliance; and
- investigating reported accidents.

These services are provided to individuals and organizations that design, manufacture, install, operate or own any equipment that falls within our area of responsibility.

In late 2018, the provincial government announced a plan to extend TSASK's areas of responsibility to create a more comprehensive single safety services agency for the Province. TSASK is now developing a method and strategy to incorporate responsibility for:

- gas and electrical licensing, currently under the Ministry of Government Relations;
- gas and electrical permitting and inspections, currently under SaskPower; and
- plumbing permitting and inspections, currently under the Saskatchewan Health Authority.

These additional areas of responsibility will require amendments to the TSASK Act and legislation related to the expanded areas of responsibility. These amendments are expected to be proposed in the fall of 2019.

### **Fiscal 2018-19 Review of Financial Performance**

TSASK's ability to operate as a financially sustainable enterprise is the foundation of our ability to provide the oversight and licensing required by industry and the Province of Saskatchewan. TSASK strives to deliver these services in a cost-effective way for industry while ensuring that we recover expenses and generate sufficient earnings to fund the future needs of our entity.

The primary revenue stream for TSASK is the licensing of boilers, pressure vessels, and elevators across the Province. These are stationary items with long lifespans, which provides a degree of stability and predictability in our baseline revenue. Challenging economic conditions can affect other TSASK revenue streams, and regular reviews are undertaken to ensure the financial model is appropriate to serve industry and prepare TSASK to meet the future needs of the Province.

### **Revenues**

TSASK experienced a decline in revenues in fiscal 2018-19 as a result of a decrease in construction

activity in Saskatchewan. Total TSASK revenues of \$9.223 million were approximately 4 percent lower than the \$9.591 million of the previous year. From a revenue recognition and cash flow perspective, TSASK operates with a measure of foresight and predictability into revenue trends, with a core base of stable, dependable revenues generated by licensing. Fees from licensing are collected in advance and are recognized as revenue over a one- to five-year period, depending on the type and term of the licence.

### ***Boiler and Pressure Vessel Revenue***

Activity related to boiler and pressure vessels generated \$7.395 million for the year. This is a decrease of \$434 thousand from the previous year's total of \$7.829 million. The decrease was largely caused by a decline in capital projects across the Province, which resulted in fewer requests for design reviews, inspections, permits and operator licences. This included fewer expedited requests that are delivered at a premium cost.

Design registration for boilers and pressure vessels generated \$725 thousand, which is 21 percent (\$189 thousand) lower than the previous year. This decrease is attributed to a volume decrease as well as a decrease in expedited requests.

The decrease in design submissions also resulted in fewer permit requests. Permit requests declined from 4,538 in 2017-18 to 4,149 in 2018-19, which caused permit revenue to fall from \$444 thousand in the previous year to \$411 thousand this year.

Inspection revenue declined \$84 thousand, from \$852 thousand in 2017-18 to \$768 thousand in 2018-19. The decline reflected fewer inspections across the board, as the number of installation, acceptance, and in-service inspections for boilers and pressure vessels, shop inspections, and federal inspections were all lower. On a year-over-year basis, revenue from boiler and pressure vessel installation inspections decreased \$41 thousand, shop inspections fell \$38 thousand and federal inspections dropped \$14 thousand.

Licensing for boiler and pressure vessel equipment remained the largest revenue category and contributed \$3.785 million to total revenues. This is \$2 thousand (0.5 percent) higher than the previous year and consistent with activity levels across the Province.

Exams, certification and licensing for operators and inspectors remained an important part of TSASK's mandate and generated \$1.355 million in revenue, which is \$131 thousand less than the previous year. With industry restricting capital projects, there was less demand for pressure welders and a decrease in the demand for pressure welder licences, coupons, and tests. We also saw a decline in the number of exams written by power engineers.

#### ***Elevating Device Revenue***

Elevating device revenue increased to \$1.597 million for 18-19. This is \$40 thousand higher than the previous year's amount of \$1.557 million. This increase is due to a \$56 thousand increase in equipment licensing costs partly offset by a \$26 thousand decrease in inspection revenue.

#### ***Amusement Rides Revenue***

Amusement rides revenues reached \$76 thousand, which is \$12 thousand higher compared to the previous year, as a result of additional design submissions. TSASK received 90 amusement ride design submissions in 2018-19, which compared to 19 the previous year.

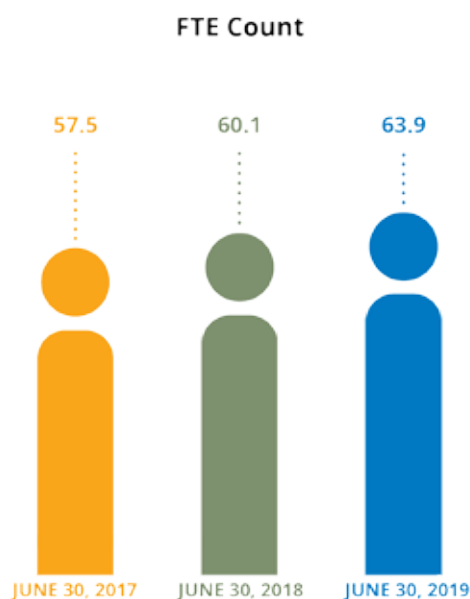
#### ***Expenses***

As industries across Saskatchewan are operating in a highly competitive market environment, TSASK has made it a priority to monitor expenses to ensure the ability to provide the required service without compromising safety practices or leadership. TSASK's budgets and plans are developed with a long-term view, as the aim is to reduce the long-term cost of delivering our services while investing in the people and technology required to advance excellence in public safety.



Total expenses for fiscal 2018-19 were \$8.954 million, which compared to \$8.683 million the prior year and \$8.513 million two years ago. With TSASK's expanding mandate, we began the process of building an organization capable of delivering more services in more areas.

Salaries and benefits were TSASK's largest expense at \$6.343 million, which is more than the \$6.146 million expended the previous year. TSASK will continue to shape staffing to prepare for the future. At June 30 2019, TSASK had 63.9 full-time employees, an increase from 60.1 people the prior year.



The need to incorporate new people and responsibilities required additional investment in staff training and development, reference materials and other business-related items. TSASK also continued to build its relationship with the Chief Power Engineers Association (CPEA) in Saskatchewan. The combined impact of these activities led business expenses to increase to \$377 thousand from \$310 thousand the previous year. Travel expenses increased to \$493 thousand from \$482 thousand the prior year as a result of higher costs for transport and accommodations for inspectors in the field.

Board and committee expenses increased to \$79 thousand from \$74 thousand due to an additional board member. TSASK's amortization expense of \$403 thousand is less than the \$444 thousand of the previous year due to some assets being completely amortized. Administrative expenses increased to \$222 thousand from \$193 thousand, largely as a result of the continuing conversion of paper files to digital files. The necessary transition to digital systems will lead to greater efficiency and longer-term cost savings.

### Net Earnings

TSASK generated net earnings of \$269 thousand in fiscal 2018-19, which compared to \$908 thousand the previous year. While the combination of a decrease in business activity and revenue with necessary investment in people and infrastructure created a variance from the previous year, TSASK continued to operate with sound and stable financial performance in place.

### Capital Expenditures

Total capital expenditures for the year were \$29 thousand, which included replacement of laptop computers and the start of development on a new database for welders.

### Net Assets

TSASK's total net asset position as of fiscal 2019 was \$5.298 million compared to \$5.028 million as of June 30, 2018, an increase of 5 percent. It is comprised of an investment in capital assets, an operating reserve, as well as an externally restricted operating reserve. The Safety Standards Agreement (SSA) provides that TSASK must achieve and maintain a surplus or reserve that is not less than the operating costs of TSASK for a period of four months. The surplus may be comprised of a net asset account containing a minimum of \$600 thousand and the remainder of the reserve is to be funded through short-term and long-term deferred revenues. As of June 30, 2019, TSASK was in compliance.

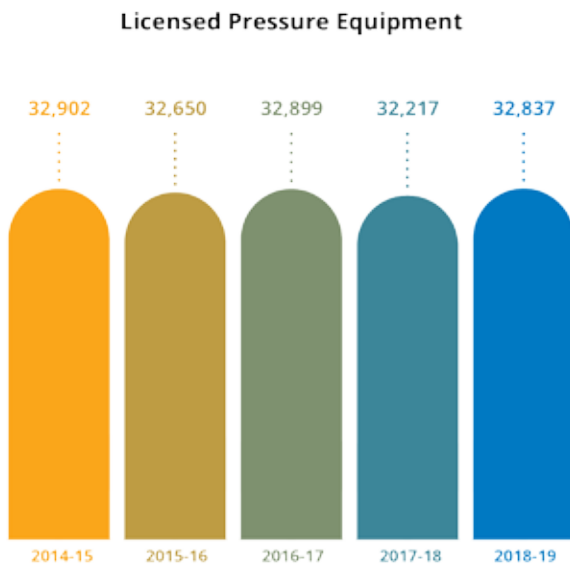
## Review of Operational Performance

TSASK has been delegated by government to administer and enforce public safety provisions of legislation and regulations related to boilers and pressure vessels, elevating devices, and amusement rides. Operations and administration staff provide a full range of programs and services to individuals and organizations that design, manufacture, install, operate or own any equipment that falls under the legislation.

## Equipment Inventory

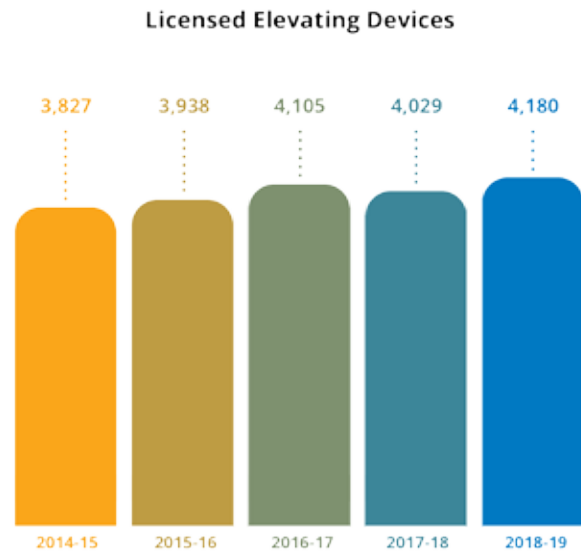
TSASK is responsible for inspecting and licensing pressure vessel equipment, elevating devices and amusement rides.

The number of licensed pressure equipment items in Saskatchewan increased to 32,837, which is 2 percent higher than the 32,217 licensed the previous year. The total number of licences benefitted from slight growth in oil and gas, utilities, mining and municipal government in the most recent year.

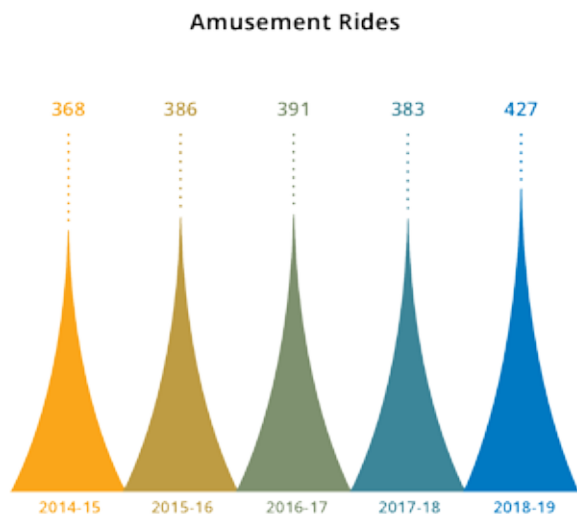


Licensed elevating device inventory includes passenger and freight elevators, dumbwaiters, lifts for the physically disabled, construction personnel lifts, and ski lifts. The number of licensed elevating devices increased to 4,180 in 2018-19. The number of devices typically grows as new elevators become active in new buildings, while a decline

reflects buildings being demolished or lifts for the physically disabled no longer being required.



The number of amusement rides licensed to operate in Saskatchewan rose to 427 during 2018-19, which compared to 383 the previous year. TSASK's wide-ranging responsibilities include bounce devices that are commonly used as rentals. We actively communicated about the importance of inspection and licensing of these devices, which led to better compliance in a growing industry.



## Quality Management Systems

Quality Management Systems (QMS) are available to companies who are able to illustrate their commitment to safety and demonstrate increased



internal accountability and quality control. Owners or insurers of pressure equipment establish a documented inspection program. The owners, who are primarily larger customers, employ qualified inspection personnel who are required to perform recognized, periodic inspections on equipment they own or insure. TSASK approves and audits those programs to ensure compliance.

The number of companies operating under a QMS grew to 14 from 11 the previous year and one additional company initiated its application process. The increase is material as the new companies operating under a QMS system are among the top 25 equipment owners in the Province. As a result, approximately 31.8 percent of licensed inventory is now operated by companies committed to a QMS.

Significantly, one inspection company earned its QMS designation and four other inspection companies initiated applications. Inspection companies function as third-party contract inspectors and undergo reviews of their quality systems, employ licensed inspectors and provide technical support and inspection resources. This makes it possible for companies not large enough to independently operate a QMS program to

participate in this process. Smaller companies still require their own QMS program that ensures their commitment and accountability. Access to QMS-designated third-party inspection companies enables the expansion of this program.

TSASK is committed to educating industry on the QMS program and, in fiscal 2018-19, received increased interest and inquiries related to pressure equipment inspector licensing and exams. In total, 60 exams were administered to test knowledge of boiler pressure vessel administrative and regulatory requirements as well as assess technical knowledge for certification of inspectors. TSASK also administered 17 re-certification exams. With 61 new or renewed pressure equipment inspector licences, the total number of valid licences (on a five-year cycle) is 228, up from 156 the previous year.

### **Inspection Services**

Inspection services are integral to TSASK's mandate. They ensure that effective and efficient safety programs are in place to support the growth of the provincial economy. They also confirm continued compliance by various Saskatchewan industry participants who are contributing to the Province.

TSASK performed 14,480 inspections in fiscal 2018-19, which was a decline of 3.6 percent from the previous year. The number of inspections



for in-service pressure equipment and pressure equipment installations declined, reflecting a change in the level of construction across the Province. In total, TSASK inspected 32.7 percent of inventory during the year (not including QMS-inspected units).

The number of QMS inspections continued to grow, demonstrating the interest and acceptance of this program. The 1,835 QMS inspections conducted was 51.7 percent higher than the previous year and almost triple the number of two years ago. TSASK continued to communicate with industry about the program and worked with industry to improve participation and reporting.

The number of outstanding inspections of non-QMS equipment was relatively flat on a year over year basis, rising to 2 percent compared to 1.5 percent the previous year. The total inventory TSASK inspects was also reduced, a by-product of the increased participation in the QMS program. The decline in overdue inspections reflected a significant longer-term trend, as the percentage has fallen from 32.9 percent in 2008-09 and 25.4 percent when TSASK was formed on July 1, 2010. The ongoing improvement and increased participation in the QMS program are important

measures of progress, as industry and TSASK have worked collaboratively in the interest of public safety.

TSASK continued to add oversight to the inspection of elevating devices, including inspections of escalators and sheave jammers. This resulted in a total of 2,868 in-service inspections, a 22.8 percent increase from the prior year and represented 68.6 percent of total inventory, surpassing the 0.667 ratio required by TSASK's 18-month inspection interval policy.

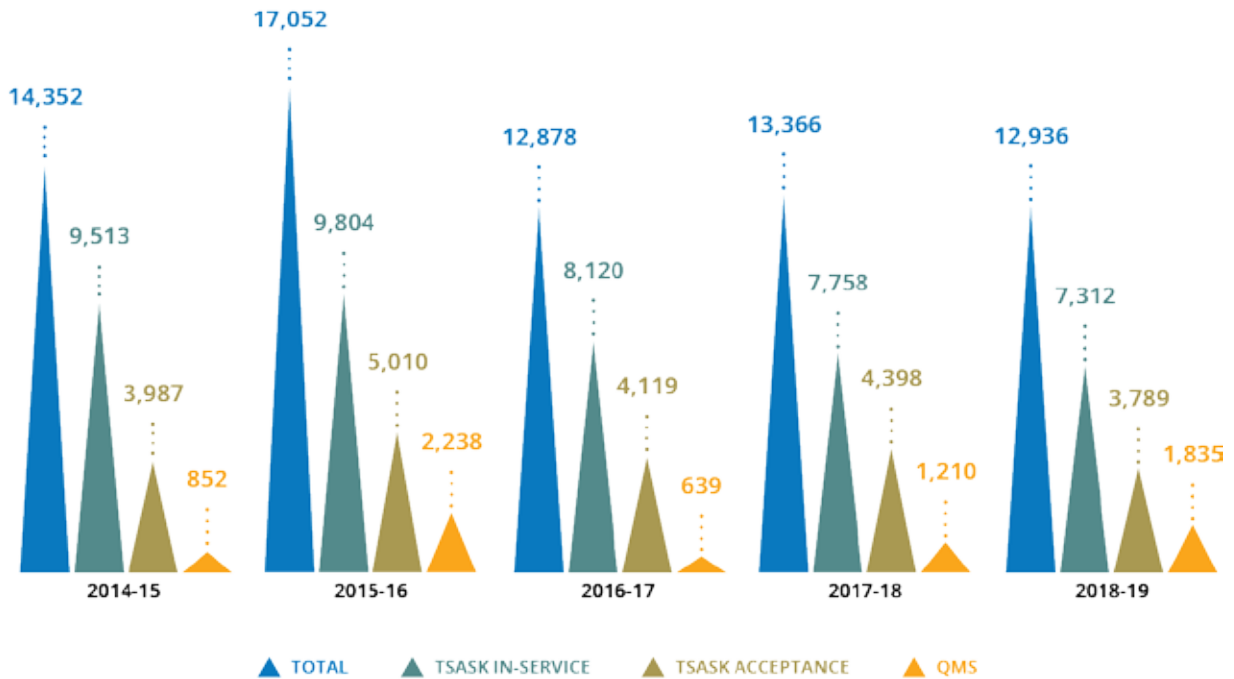
Changes to the nature, timing, and delivery of inspection services are designed to improve safety in this category, where devices are subject to significant wear and tear and can be at greater risk of failure. The growing familiarity with TSASK's Basebridge system for electronic data management, as well as the addition of a new inspector position for the last half of the year, supported the increased activity. The number of acceptance inspections reached 166, a minor increase from 163 in fiscal 2018.

Through TSASK's inspection process, 17 elevators, one dumbwaiter, and one vertical reciprocating conveyor were taken out of service because of unacceptable risk related to the condition

### TSASK & QMS Inspection Services

	2017-18 Actual	2018-19 Actual	% Increase/ Decrease Over Last Year	% of Inventory
In-service pressure equipment	7,758	7,312	-5.7%	32.7%
Pressure equipment installation acceptances	4,398	3,789	-13.8%	16.9%
In-service elevating devices	2,336	2,868	22.8%	68.6%
Elevating device modification, modernization and installation	163	166	1.8%	4.0%
Amusement ride initial set-up	372	345	-7.3%	80.8%
<b>Total TSASK Inspections</b>	<b>15,027</b>	<b>14,480</b>	<b>-3.6%</b>	<b>53.6%</b>
Quality Management System Inspections	1,210	1,835	51.7%	17.6%
<b>Total Provincial Inspections</b>	<b>16,237</b>	<b>16,315</b>	<b>.5%</b>	<b>43.6%</b>

## TSASK & QMS Boiler & Pressure Vessel Inspections



of equipment, which will require repair or improvement by its owners.

During the year, the Provincial Auditor of Saskatchewan followed up on a performance audit of elevating device inspections. The Auditor had made seven recommendations and noted the full implementation of three recommendations; and partial implementation on three others, with two of those demonstrating progress toward a risk-informed inspection strategy within management plans and one requiring additional test data to verify full implementation. The one area of non-implementation is related to a shared responsibility of TSASK and the Ministry of Government Relations with regard to inspection frequency expectations.

All amusement rides that are operated in the Province are inspected annually, and TSASK continues to perform to this high standard. The number of inspections can vary from year to year based on the timing of amusement rides arriving in the Province and undergoing an inspection, as the typical season for amusement rides does not align with TSASK's reporting calendar.

### Pressure Equipment Competency Certifications

Public safety is a shared responsibility, and TSASK provides programs to ensure companies and people responsible for pressure equipment meet a defined standard of competency. In fiscal 2019, TSASK issued 138 Certificates of Authorization to companies having demonstrated quality control systems for the installation, repair, alteration and/or manufacture of pressure equipment. The total number of certificates is down from 154 the previous year, which is a result of the timing of certification cycles.

Certificates are valid for three-year periods before mandatory review and re-certification. There are 406 Certificates of Authorization currently issued, which are supported by 1,561 qualification licences issued this year to pressure welders. During fiscal 2019, TSASK administered 776 physical demonstration tests of welders and also assessed the qualifications of welders licensed by other provinces or authorized testing companies. While the number of exams was similar to the 781 tests



completed the prior year, the number of licenses issued is lower than the 1,808 of fiscal 2018 due to out-of-province transfers, and work completed by authorized testing companies.

### **Design Survey**

TSASK reviews designs for pressure equipment and elevating devices that are to be operated in Saskatchewan to determine that the design complies with provincial legislation as well as relevant codes and standards.

The 1,303 pressure equipment designs requiring review declined from the 1,440 submissions last year and is relatively consistent with the 1,259 of the previous year. These totals reflected normalized demand, which was lower than the 2,154 submissions of 2015. TSASK continued to assess staffing in this area and adjust through attrition as required. The benefits of process improvements made in prior years became evident through TSASK's ability to meet increases in demand with current staffing levels.

The 148 elevating device plans registered was identical to fiscal 2018, reflecting stability in building activity across the Province.

### **Power Engineering**

The number of valid power engineering licences for boilers and refrigeration plants operating in the Province increased to 11,088 valid licences from 10,397 the previous year. The number of renewals rose to 3,020 from 2,521. Power engineering licences have one and five-year validation options, so changes in renewal numbers reflect the cyclicity of the renewal process rather than the number of active power engineers licensed in the Province.

Achieving higher levels of certifications is an important step to improving public safety and TSASK conducted 2,445 exams for people working toward new or upgraded certificate levels, which compared to 3,005 conducted the prior year. TSASK also conducted the first driver tests for steam traction engine operators, with the new tests incorporating an updated course that included driving experience.

TSASK rigidly adhered to its expectations for safety and integrity across the industry. This led to one fraud investigation and a general notice to power engineers and employers, of an online

directory that is available for verification. In addition, exam penalties were applied to 56 power engineers. TSASK's watchful approach led to an increase in licence renewals.

### **Accidents**

TSASK's commitment to eliminate accidents, fatalities, and injuries is paramount and remains a priority. There were no fatalities associated with equipment failure in fiscal 2018-19 and the number of reported accidents declined from 13 the previous year to four this year. TSASK followed up on a total of 34 reported incidents and complaints in identifying the four accidents, which included one elevator, with a reported minor injury, and three boilers that experienced furnace-side explosions with no injuries.

All reported accidents were investigated for cause. A determination was then made with respect to the need for targeted or general industry awareness or corrective actions. TSASK continues to issue directives for escalator maintenance and testing, including processes for reporting maintenance and testing information by industry.

### **Appeals**

The Boiler and Pressure Vessel Safety Board, an initiative established within The Boiler and Pressure Vessel Act, 1999, hears appeals against the decisions of the Chief Inspector. The Board has the authority to review decisions related to the cancellation or suspension of a licence, the refusal to register or de-register a design and the cancellation or suspension of an Inspection Certificate, a Certificate of Authorization, or a Certificate of Qualification.

The Boiler and Pressure Vessel Safety Board received no appeals in 2018-19.

### **Status of Acts and Regulations**

Safety is a process of continuous improvement and TSASK worked closely with the Government of Saskatchewan on a number of fronts to ensure proper legislation, processes and oversight are applied in all areas of responsibility. While TSASK

operates at arm's length from the provincial government, the Ministry of Government Relations remains responsible for establishing public policy and amendment of all associated acts and regulations.

TSASK continued to adapt to and enforce changes to regulations that were adopted on January 1, 2018, and affect:

- *The Boiler and Pressure Vessel Act 1999, and Regulations;*
- *The Passenger and Freight Elevator Act and Regulations; and*
- *The Amusement Ride Safety Act and Regulations.*

The changes reflected input from TSASK, industry members and the public, and represented an important step forward in the delivery of public safety.

During the regulatory process, TSASK requested updates related to compliance enforcement tools to create consistency with other provincial and national legislation. Government recognized the value and importance of these tools and drafted and approved changes as part of the *Enforcement Measures Amendment Act, 2018*, which received royal assent on May 15, 2019. TSASK began the process of establishing policies and processes, under government direction, that would be consistent across all affected areas and positions.

Enforcement measures include:

- administrative penalties – levied by the Chief Inspector up to \$5,000;
- compliance orders – first issued by a Chief Inspector; then by the court on application by the Chief Inspector for unresolved deficiencies issued by TSASK;
- discipline orders – first issued by the Chief Inspector; then by the court on application by the Chief Inspector for activities or actions to improve compliance and safety;
- penalties for offences – now allowing fines toward corporations of up to \$200,000; and
- public notices – allowing the Chief Inspector to post public notices that pertain to issues



such as outstanding orders and licence suspensions.

The Government also acknowledged the work of four TSASK employees, with Deputy Minister Awards for Excellence for their efforts in advancing the regulatory updates. The recipients were:

- Bill Scott, CEO
- Chris Selinger, VP Operations and Chief Inspector
- Russ Haukeness, Manager of Elevator and Amusement Ride Safety Inspections (retired)
- Robin Santos, Manager of Elevator and Amusement Ride Safety Inspections

TSASK's Board and executive is appreciative of Government for their support in establishing appropriate regulations to advance safety in this area, as well as the recognition of people who demonstrate the commitment to safety in their daily activities.

As part of the continuing evolution of safety standards, TSASK and the Ministry of Government Relations advocated for harmonization of Canadian

registration numbers (CRNs) and signed on to a Reconciliation Agreement for Canadian Registration Numbers for Pressure Equipment. Provincial Premiers from across Canada have supported regulatory reconciliation and cooperation under the Canadian Free Trade Agreement (CFTA), placing a priority on removing barriers related to reviews of pressure equipment. Saskatchewan signed on to this agreement in June 2019 and implementation is expected for January 1, 2020. TSASK provided consultation to Government through the Ministry of Government Relations, and as a participating member of the National Public Safety Advisory Committee (NPSAC).

### **Industry Associations**

TSASK was integral in the creation and continues to support the ongoing operation of the Saskatchewan Integrity Association (SIA). SIA is an owner association of pressure equipment inspectors and company integrity management inspectors who are focused on continuously improving and optimizing safety, reliability, and integrity of pressure equipment within Saskatchewan facilities. During fiscal 2018-19, there were 17 member companies that represent 37.6 percent of the equipment in the Province.



TSASK enjoys strategic and collaborative relationships and shares complementary objectives with a number of industry groups that are connected to safety. Our industry partners include SIA, the Chief Power Engineers Association (CPEA) and the Canadian Propane Association (Saskatchewan Chapter). Together with industry partners, TSASK works to assess and develop policies in areas including pressure piping design registration, QMS reporting, incident reporting definitions, power engineer operating policies, and propane relief device recertification.

TSASK's commitment to encouraging ongoing training and certification for power engineers included taking a leadership position in support of the CPEA Education Conference in November 2018. TSASK helped plan, sponsored and presented at the event, which brought together technical expertise with representatives from industry and government for the first time in Saskatchewan. The event was well attended and drew positive feedback, establishing a solid foundation for a second conference being planned for the current year.

### **Participation in the Standard Development Process and Liaison with Industry and Other Regulators**

TSASK continues to contribute to, and participate in, national and international standards development. As members of the Canadian Standards Association (CSA), the National Board of Boiler and Pressure Vessel Inspectors (NBBI), and the American Society of Mechanical Engineers (ASME), TSASK personnel continue to participate on the following technical committees related to codes and standards adopted under provincial legislation:

- CSA B51 - Boiler, Pressure Vessel and Pressure Piping Code;
- CSA B52 - Mechanical Refrigeration Code;
- CSA B44 - Elevating Devices;
- ASME Boiler and Pressure Vessel Code;
- Association of Chief Boiler and Pressure Vessel Inspectors (ACI);

- Association of Provincial Chief Elevator Inspectors (APCEI); and
- Standardization of Power Engineers Examinations Committee (SOPEEC).

TSASK is committed to ensuring that it maintains effective liaisons with other regulators and industry by attending and participating in the following associations and committees:

- Saskatchewan Integrity Association (SIA);
- Upstream Chief Inspectors Association (UCIA);
- International Pressure Equipment Integrity Association (IPEIA);
- Saskatchewan Power Engineers Technology Program Advisory Committee;
- The National Public Safety Advisory Committee (a Federal/Provincial/Territorial advisory committee);

- Electrical Liaison Council;
- Saskatchewan Chief Power Engineers Association; and
- Canadian Propane Association – Saskatchewan Chapter.

### **Public Education and Information Sessions**

As a means to identify and meet the needs of those that have an interest in Saskatchewan's public safety systems, TSASK continues to develop and deliver public education and information sessions.

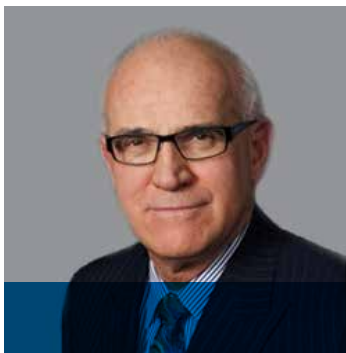
TSASK once again sponsored and presented at the International Pressure Equipment Integrity Association (IPEIA) meetings. Additionally, TSASK has continued the practice of delivering a presentation on legislation and how it affects the certification and licensing of power engineers as part of every entry-level limited power engineering examination. This year, TSASK will chair the 2020 IPEIA Steering Committee.

TSASK continued to offer two-day seminars on Saskatchewan pressure equipment safety legislation to ensure industry members are current on the standards required by TSASK and the Province.



# BOARD OF DIRECTORS

The Technical Safety Authority of Saskatchewan's Board is comprised of five to 10 members, with representation from industry and business. Two positions are appointed through Order-in-Council by the Government of Saskatchewan. Mr. Ken Acton and Mr. Neil Robertson (former member) were the government appointees for fiscal 2018-19.



**Tom Robinson**  
Chair

*Ex-Officio:* Governance and HR Committee; Audit and Finance Committee; Technical Committee

Tom Robinson was a Regional Managing Partner for KPMG LLP as well as the Managing Partner for the Regina office for a number of years. He provided audit, business advisory and consulting services to large and medium sized organizations in the private and public sectors for 39 years.

Tom has been committed to active community service for many years. Some of these roles included: President of the Saskatchewan Roughrider Football Club, President of SaskSport, Chairman and President of the 1987 Western

Canada Summer Games, Vice President of Sponsorship for the 1995 Grey Cup, and Chairman and Governor of the Board of Governors of the Canadian Football League.

Tom joined the Board of Directors in November 2015 and became Chair of the Board in February of 2017. He lives in Regina.



**Norm Beug**  
Vice Chair

*Chair:* Technical Committee  
*Member:* Audit and Finance Committee

Norm Beug is the former Sr. Vice President, Potash Operations for Mosaic Company, having retired in 2013. Norm was a member of the Mosaic senior leadership team. He had overall responsibility for Mosaic's six

potash mining operations in Canada and the USA.

A native of Saskatchewan, Norm earned his Bachelor's degree in Mechanical Engineering from the University of Saskatchewan in 1974. He is the former Chairperson of the Canadian Fertilizer Institute and is currently the Chair of the Board of Tourism Saskatchewan. He is a former member of the SaskEnergy Board, the Regina Symphony Orchestra Board, the Board for the Hospitals of Regina Foundation and the past honorary chair of the Saskatchewan Roughriders Centennial Advisory Committee. Norm is Past President of the Saskatchewan Mining Association and the Past Chair of the Saskatchewan Potash Producers Association.

In 2002, Norm was named as one of the 10 most influential businessmen in Saskatchewan for his work as a Business Ambassador. In 2005, Norm was honoured with a Centennial Medal from the Government of Saskatchewan. Norm joined the TSASK Board in May, 2016. He lives in Regina.





**Ken Acton**  
Director

*Chair:* Governance and HR Committee;

*Member:* Technical Committee

Ken Acton spent over 28 years in the Saskatchewan Public Service before retiring at the end of September 2016. He held numerous senior leadership roles including Assistant Deputy Minister of Courts and Civil Justice with the Ministry of Justice and Attorney General, Deputy Minister of Social Services, and completed his career with the Public Service as Special Advisory to the Deputy Minister of Social Services. Ken joined the Johnson Shoyama Graduate School of Public Policy at the University of Regina as an Executive-in-Residence in October 2016. Ken served as Chair of the Public and Private Rights Board of Saskatchewan from 1990 to 2011, a member of the Saskatchewan Legal Aid Commission from 2008 to 2013 and was a Director of the Saskatchewan Housing Corporation serving on the Board from 2012 to 2017.

He was appointed via the Saskatchewan Government's Order in Council to the TSASK Board in December, 2016. He lives in Moose Jaw.



**Shelley Lipon**  
Director

*Member:* Audit and Finance Committee; Governance and HR Committee

Shelley Lipon is a Fellowship Chartered Accountant who has served in various senior executive roles both in the public and non-profit sectors over the last 30 years including operating as a CEO of a Saskatchewan Treasury Board Crown Corporation. She is currently working with an International company leading their global customer services area.

Shelley has also been involved with a local executive search company recruiting and mentoring our future leaders. Shelley was the President of the Saskatchewan Association of Chartered Accountants, Chaired the Finance and Audit Committee for the Saskatchewan Research Council

and is currently also serving as Director on the Hospitals of Regina Foundation Board. She joined the Board in March, 2019. She lives in Regina.



**Greg Mrazek**  
Director

*Chair:* Audit and Finance Committee;

*Member:* Technical Committee

Greg Mrazek obtained his Chartered Accountant designation in 1977 and has 34 years of work experience in Alberta and Saskatchewan. Greg spent six years in public accounting in Calgary providing audit assurance and financial consulting services to clients in industries such as oil and gas, real estate development, manufacturing, and agriculture. In 1981, he moved to Regina as the Controller for Crown Investments Corporation, the holding company for Saskatchewan's commercial Crown Corporations. Greg was the Controller for SaskEnergy Incorporated, Saskatchewan's natural gas utility, from 1991 to 1997 and Vice President Finance from 1997 to 2009.

As Vice President Finance he was responsible for strategic planning, financial planning, financial reporting, treasury and administrative functions.

Greg was SaskEnergy's representative on the Canadian Gas Association's Corporate Affairs Committee from 1992 to 2005. He was also a speaker at Crown Corporation Governance conferences organized by the Federated Press and The Canadian Institute. He joined the Board in November, 2015. He lives in Regina.



**Neil Robertson**  
Director (former)

*Member:* Governance and HR Committee; Audit and Finance Committee

Neil Robertson, Q.C. left the Board in May of 2019 subsequent to his appointment to the Court of Queen's Bench. He is a lawyer who has practiced in Regina since 1984, previously as a sole practitioner with a specialized practice in local government law and as an investigator, mediator and arbitrator. Neil previously practiced with Robb & Dowling

and as in-house counsel with the Regina Police Service and the Regina City Solicitor's Office. Neil also serves as an Inquest Coroner and Chair of the Saskatchewan Police Commission.

Neil has been active in professional and community associations, which was recognized in 2016 by the award of the Saskatchewan Volunteer Medal. He was appointed to the Board under a Saskatchewan government Order-in-Council in December 2016. He lives in Regina.



**Colleen Vancha**  
Director

*Member:* Governance and HR Committee; Technical Committee

Colleen Vancha, President of Creative Advantage Consulting Ltd., is a strategic communications, investor relations and capital markets specialist serving clients throughout Canada. In 2011, Colleen retired from her global role as Viterra's Senior Vice-President of Investor Relations and Corporate

Affairs where she provided executive leadership in capital market strategies, corporate communications and investor relations, public affairs, continuous disclosure, stakeholder relationships, brand and risk management, governance and social responsibility. She managed teams in Regina and Calgary, Canada and in Adelaide, Australia and oversaw public affairs, branding and shareholder relations globally.

Colleen currently serves on the Certification Governance Committee with the Canadian Investor Relation Institute, the national association for investor relations professionals in Canada. She previously served as Board Chair and co-chaired the Resource and Education and Membership Committees. She has served on the Board and the Executive Committee of the Saskatchewan Chamber of Commerce as Second Vice President and co-chaired their Finance Committee for many years. She is a Canadian Investor Relations Institute Fellow and received the CIRI Lifetime Achievement and Award of Excellence for Investor Relations in 2013. She joined the TSASK Board of Directors in September 2017. She lives in Regina.

# MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

To the Board of Directors:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit & Finance Committee are composed entirely of Directors who are neither management nor employees of Technical Safety Authority of Saskatchewan. The Audit & Finance Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for recommending approval of the financial statements to the Board. The Audit & Finance Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit & Finance Committee is also responsible for recommending the appointment of the Authority's external auditors.

MNP LLP, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the committee and management to discuss their audit findings.

September 23, 2019



William J Scott  
Chief Executive Officer



Kim Dumelie  
Vice President, Corporate Services

# INDEPENDENT AUDITORS' REPORT

## **Opinion**

We have audited the financial statements of Technical Safety Authority of Saskatchewan (the "Organization"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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. The other information comprises Management's Discussion and Analysis. The other information also comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis, and Annual Report prior to the date of this auditor's report.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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 auditor's 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 these 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 in error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of expressing an opinion on the effectiveness of the Organization's internal control to the Provincial Auditor.
- 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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

We 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.

*MNP LLP*

Regina, Saskatchewan  
September 23, 2019

Chartered Professional Accountants

# FINANCIAL STATEMENTS

TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN

## STATEMENT OF FINANCIAL POSITION

As of June 30, 2019

	2019		2018	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$	703,622	\$	1,857,721
Accounts receivable (note 3)		290,031		348,337
Prepaid expenses		137,347		143,382
Short-term investments (note 4)		9,183,203		6,805,618
		10,314,203		9,155,058
<b>Tangible capital assets (note 5)</b>		510,697		691,948
<b>Intangible capital assets (note 6)</b>		198,983		392,174
	\$	<b>11,023,883</b>	\$	<b>10,239,180</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities (note 8)	\$	460,198	\$	423,188
Deferred revenue (note 9)		4,504,181		4,000,147
Deferred tenant allowance (note 10)		35,383		35,383
		4,999,762		4,458,718
<b>Deferred revenue (note 9)</b>		638,807		629,196
<b>Deferred tenant allowance (note 10)</b>		87,587		122,971
	\$	5,726,156	\$	5,210,885
<b>Net Assets (note 11)</b>				
Invested in capital assets	\$	709,680	\$	1,084,122
Externally restricted - safety standards agreement		600,000		600,000
Operating reserve		3,988,047		3,344,173
		5,297,727		5,028,295
	\$	<b>11,023,883</b>	\$	<b>10,239,180</b>

Commitments (note 12)  
See accompanying notes to the financial statements.

Approved by the Board:



Director



Director

# FINANCIAL STATEMENTS

TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2019

		2019		2018
<b>REVENUES</b>				
Boiler and pressure vessel safety	\$	7,395,056	\$	7,829,008
Elevator safety		1,596,620		1,556,720
Amusement ride safety		76,282		64,052
Other		155,335		141,631
		9,223,293		9,591,411
<b>EXPENSES</b>				
Salaries and benefits	\$	6,342,584	\$	6,146,287
Rent, space and equipment		818,000		808,116
Travel		492,700		482,019
Amortization		403,088		444,334
Other business expenses		376,910		310,068
Administrative		221,908		193,351
Legal, accounting and other services		219,583		225,352
Board and committees		79,088		73,574
		8,953,861		8,683,101
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$</b>	<b>269,432</b>	<b>\$</b>	<b>908,310</b>
Net Assets, beginning of year		5,028,295		4,119,985
<b>NET ASSETS, END OF YEAR</b>	<b>\$</b>	<b>5,297,727</b>	<b>\$</b>	<b>5,028,295</b>

See accompanying notes to the financial statements.

# FINANCIAL STATEMENTS

TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	2019	2018
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 269,432	\$ 908,310
Items not affecting cash		
Amortization of tangible capital assets	208,375	245,420
Amortization of intangible capital assets	194,713	198,914
Amortization of tenant allowance	(35,384)	(35,383)
	637,136	1,317,261
Net change in non-cash working capital		
Accounts receivable	58,306	9,575
Prepaid expenses	6,035	(41,615)
Accounts payable and accrued liabilities	37,010	67,421
Deferred revenue	513,645	199,649
	1,252,132	1,552,291
<b>INVESTING ACTIVITIES</b>		
Additions to tangible and intangible capital assets	(28,646)	(98,336)
Purchase of investments	(2,377,585)	(681,925)
	(2,406,231)	(780,261)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(1,154,099)</b>	<b>772,030</b>
<b>CASH, BEGINNING OF YEAR</b>	1,857,721	1,085,691
<b>CASH, END OF YEAR</b>	<b>\$ 703,622</b>	<b>\$ 1,857,721</b>

See accompanying notes to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. NATURE OF BUSINESS

The Technical Safety Authority of Saskatchewan (TSASK) is a not-for-profit organization which was established effective July 1, 2010 through the passing of The Technical Safety Authority of Saskatchewan Act (the "Act"). TSASK was created from the Licensing and Inspections Branch of the Ministry of Corrections, Public Safety and Policing, with a mandate of delivering safety programs related to pressure equipment, elevating devices and amusement rides in the province. TSASK's relationship with government now resides with the Ministry of Government Relations.

TSASK's registration, inspection, certification and licensing programs and services operate on a fee-for-service basis. These fees are charged to those involved in the manufacturing, installing and operating of technical equipment. TSASK entered into the Safety Standards Agreement with the Government of Saskatchewan to establish the rights and responsibilities of the parties and the terms and conditions for the delegation to TSASK of the administration of the safety statutes in accordance with the Act.

TSASK administers and enforces the following legislated safety statutes:

- *The Boiler and Pressure Vessel Act, 1999;*
- *The Passenger and Freight Elevator Act;*
- *The Amusement Ride Safety Act.*

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

TSASK's financial statements are prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

### (b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. In particular, accounts receivable are stated after an evaluation to determine collectability is conducted and an appropriate allowance for doubtful accounts is provided where considered necessary. Estimates are also used to determine amortization which is based on the estimated useful lives of the assets. The percentage of completion of revenue is also estimated. Estimates are based on management's knowledge of current events and actions TSASK may undertake in the future. These estimates and assumptions are reviewed periodically and adjusted for as required.

### (c) Revenue Recognition

When a fee covers a specific period, revenues are recognized evenly over that period. Where the fee does not cover a specific period and is earned over a period of time, estimates are used to determine the period over which revenue is recognized, based on past history. Fees collected in advance are classified with deferred revenue. All other revenues are recorded when services are performed and are recorded on the accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Corporate Income Taxes

TSASK is incorporated as a not-for-profit organization and is exempt from federal and provincial income taxes.

### (e) Cash

Cash is comprised of balances with the bank and is recognized at fair value.

### (f) Investments

Investments consist of term deposits and are carried at fair value.

### (g) Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization of property and equipment commences when it is brought into service and is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	7 years
Computer hardware	3 - 5 years
Leasehold improvements	term of the lease

### (h) Intangible Capital Assets

Direct costs attributed to the purchase and customization of third party software are capitalized and are recorded at cost. Costs to support or service software are expensed in the period incurred. Amortization of software commences when it is brought in to service and is provided on a straight-line basis over the estimated useful life of the asset (3 - 5 years).

### (i) Financial Asset Impairment

TSASK assesses impairment of all its financial assets measured at cost or amortized cost. TSASK groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty and/or whether there has been a breach in contract, in determining whether objective evidence of impairment exists. Where there is an indication of impairment, TSASK determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, TSASK reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; and the amount that could be realized by selling the assets. Any impairment, which is not considered temporary, is included in current year earnings.

TSASK reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Deferred Tenant Allowance

Deferred tenant allowance includes amounts received in lease agreements related to leasehold improvements. Amortization of the deferred tenant allowance is recognized over the length of the lease on a straight-line basis.

### (k) Financial Instruments

Financial instruments are recognized when TSASK becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value. Financial assets and liabilities originated and issued in related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Part II, Section 3840 Related Party Transactions.

At initial recognition, TSASK may irrevocably elect to subsequently measure any financial instrument at fair value. TSASK has elected to measure investments at fair value.

TSASK subsequently measures all other financial instruments at cost or amortized cost.

## 3. ACCOUNTS RECEIVABLE

	2019		2018	
Trade	\$	276,370	\$	338,773
Other receivables		24,161		24,964
Allowance for doubtful accounts		(10,500)		(15,400)
	\$	<b>290,031</b>	\$	<b>348,337</b>

## 4. INVESTMENTS

Short-term investments consist of term deposits of \$9,183,203 (2018 – \$6,805,618) with yields between 1.87% and 2.43%, maturing prior to June 29, 2020.

## 5. TANGIBLE CAPITAL ASSETS

	Cost 2019		Accumulated Amortization 2019		Cost 2018		Accumulated Amortization 2018	
Furniture and equipment	\$	1,052,353	\$	873,377	\$	1,025,229	\$	766,180
Leasehold improvements		901,080		569,359		901,080		468,181
		1,953,433	\$	1,442,736		1,926,309	\$	1,234,361
Accumulated amortization		(1,442,736)				(1,234,361)		
<b>Net book value</b>	\$	<b>510,697</b>	\$	<b>691,948</b>				

# NOTES TO THE FINANCIAL STATEMENTS

## 6. INTANGIBLE CAPITAL ASSETS

	Cost 2019	Accumulated Amortization 2019	Cost 2018	Accumulated Amortization 2018
Software	\$ 1,069,119	\$ 870,136	\$ 1,067,597	\$ 675,423
Accumulated amortization	(870,136)		(675,423)	
<b>Net book value</b>	<b>\$ 198,983</b>		<b>\$ 392,174</b>	

## 7. DEMAND OPERATING FACILITY AGREEMENT

TSASK has a Demand Operating Facility Agreement providing for a revolving line of credit for loans and overdrafts not to exceed \$250,000. The interest rate is set at prime rate + 0.5% per annum. Bank Security under the agreement consists of a first charge to acquired personal property and guarantee. During the year, TSASK continually had a positive cash balance and at no point was the line of credit accessed (2018 - \$nil).

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade payables	\$ 75,679	\$ 42,144
Accrued liabilities	79,678	61,366
Employment insurance payable	2,963	3,005
Canada pension plan payable	6,781	6,303
Employee income tax payable	38,221	39,647
Payroll employer liabilities	253,633	263,238
Provincial sales tax payable	147	2,332
Goods and services tax payable	3,096	5,153
	<b>\$ 460,198</b>	<b>\$ 423,188</b>

## 9. DEFERRED REVENUE

	2019	2018
Deferred elevator licensing	\$ 618,900	\$ 606,964
Deferred boiler and pressure vessel licensing	4,524,088	4,022,379
Total deferred revenue	\$ 5,142,988	\$ 4,629,343
<b>Current portion</b>	<b>\$ 4,504,181</b>	<b>\$ 4,000,147</b>
<b>Long-term</b>	<b>\$ 638,807</b>	<b>\$ 629,196</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 10. DEFERRED TENANT ALLOWANCE

	2019		2018	
Deferred tenant allowance, beginning of year	\$	158,354	\$	193,737
Amortization of tenant allowance		(35,384)		(35,383)
Deferred tenant allowance, end of year	\$	122,970	\$	158,354
<b>Current portion</b>	<b>\$</b>	<b>35,383</b>	<b>\$</b>	<b>35,383</b>
<b>Long-term</b>	<b>\$</b>	<b>87,587</b>	<b>\$</b>	<b>122,971</b>

## 11. NET ASSETS

### (a) Invested in capital assets

Net assets invested in capital assets of \$709,680 (2018 - \$1,084,122) represent the amount of net assets that are not available for other purposes due to investment in long-term assets.

### (b) Externally restricted reserve

The Safety Standards Agreement requires TSASK to maintain adequate reserves to protect the organization from unforeseen circumstances that would affect the viability of TSASK. The amount of the reserve must cover operating costs of four months and be comprised of a restricted net asset of \$600,000 and the remainder be funded through deferred revenue. The Board of Directors had restricted \$600,000 for this purpose and deferred revenues total \$5,142,988 (2018 - \$4,629,343) meeting the funding requirements.

### (c) Operating reserve

The operating reserve represents all accumulated reserve from boiler pressure vessel operations and elevator and amusement ride operations. This amount can be used to fund future operating initiatives and is unrestricted.

	Invested in Capital Assets		Operating Reserve		Externally Restricted Reserve		Total
Net assets, June 30, 2018	\$	1,084,122	\$	3,344,173	\$	600,000	\$ 5,028,295
Excess of revenues over expenses		-		269,432		-	269,432
Purchase of capital assets		28,646		(28,646)		-	-
Amortization of capital assets		(403,088)		403,088		-	-
<b>Net assets, June 30, 2019</b>	<b>\$</b>	<b>709,680</b>	<b>\$</b>	<b>3,988,047</b>	<b>\$</b>	<b>600,000</b>	<b>\$ 5,297,727</b>

## 12. COMMITMENTS

TSASK has entered into various lease agreements with minimum annual payments as follows:

2020	419,431
2021	321,347
2022	321,347
Thereafter	212,927
	<b>\$ 1,275,052</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 13. FINANCIAL INSTRUMENTS

### (a) Fair Value

TSASK's financial instruments consist of cash, accounts receivable, investments, accounts payable, and accrued liabilities. The carrying amount of TSASK's financial instruments approximates fair value, due to relatively short-term maturities.

### (b) Credit Risk

TSASK is exposed to credit risk of its trade receivables. TSASK manages this credit risk through monitoring of credit balances and active collection activity. In the event that an account is deemed uncollectible, the account is written off as a bad debt.

### (c) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. TSASK has no significant exposure to interest rate risk.

### (d) Liquidity Risk

Liquidity risk is the risk that TSASK will not be able to meet its financial obligations as they fall due. TSASK's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities when due. TSASK also maintains an operating reserve to mitigate this risk (note 11). Contractual obligations and payments related to financial liabilities as of June 30, 2019 are all expected to be paid by June 30, 2020.

### (e) Foreign Currency Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. TSASK enters into transactions to receive income denominated in US dollars. TSASK has no significant exposure to foreign currency risk.

## 14. PENSION PLAN

TSASK participates in the Public Employees Pension Plan (PEPP), a defined contribution pension plan. TSASK's obligations to PEPP are limited to 7.6% of earnings for all employees for current services. During the year, TSASK contributed \$400,440 (2018 - \$389,273) to PEPP, which is recorded as an expense.

## 15. TRANSACTIONS WITH GOVERNMENT

TSASK has routine operating transactions with the Government of Saskatchewan which are recorded at the rates charged by the Government of Saskatchewan and are settled on normal trade terms. Included in expenses are transactions with the Government of Saskatchewan amounting to \$321,084 (2018 - \$310,193) of which \$39,946 (2018 - \$31,596) was payable at June 30, 2019.



## CONTACT **US**

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