



ANNUAL REPORT

Inspiring and Shaping
Excellence in Public Safety

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 **Technical
Safety Authority**
of Saskatchewan

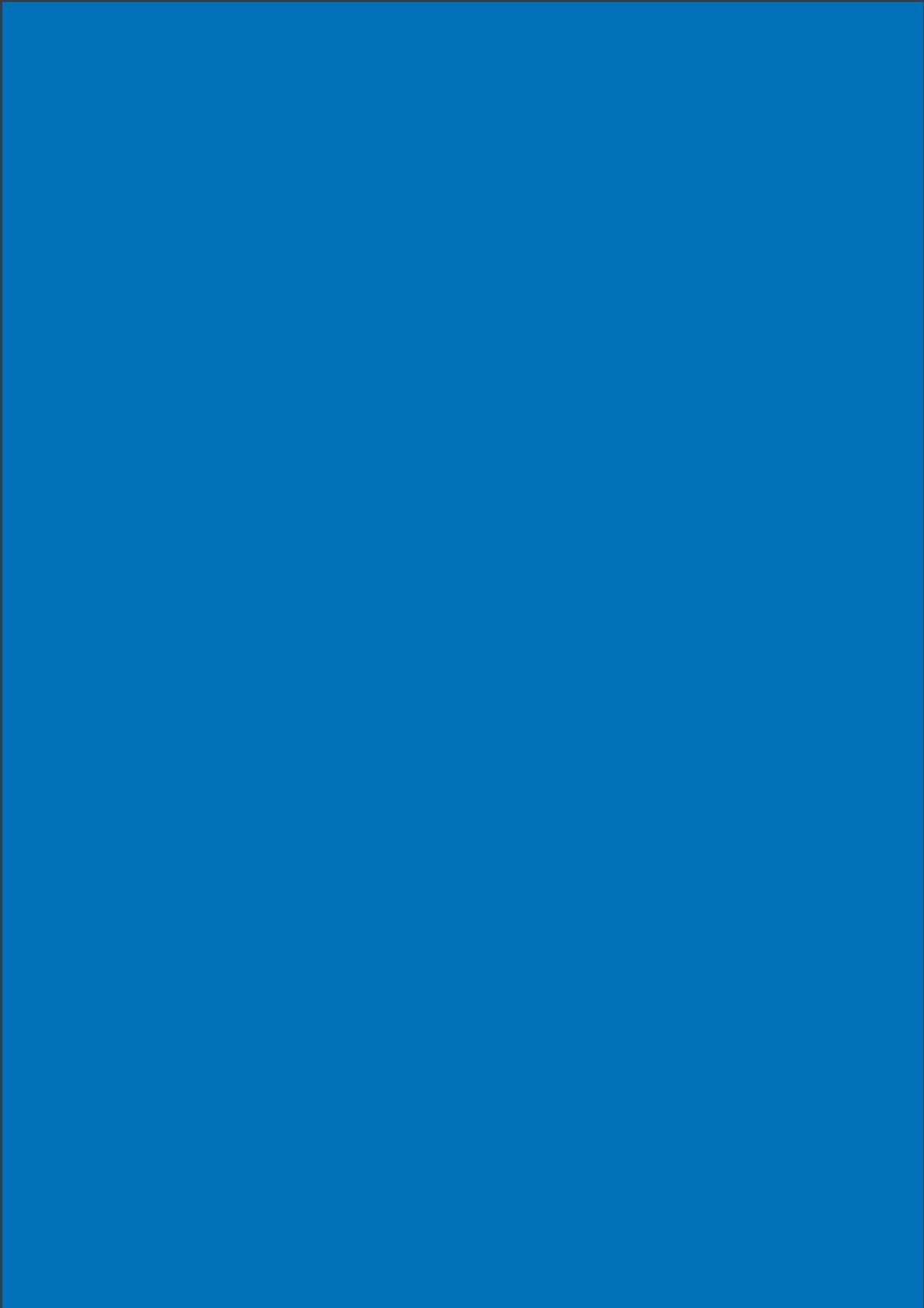


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CHAIR'S MESSAGE



TOM ROBINSON

CHAIR OF THE BOARD

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 2017-18 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. Their recognition of the evolving requirements of our customers, the Province and the public has strengthened TSASK's ability 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. One of our objectives for the year was to add skills and diversity to our Board, which we achieved with the recruitment of Colleen Vancha. More information about our directors is available on pages 23 and 24 of this report.

Finally I would like to thank all of TSASK's customers and the many industry participants that continue to 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 2018-19 and beyond.

Sincerely,

A handwritten signature in black ink that reads "Tom Robinson". The signature is written in a cursive style with a large initial "T" and "R".

Tom Robinson
Chair of the Board

TSASK VISION, MISSION AND VALUES

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

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.

VALUES

Safety is Paramount

We practice uncompromised safety in and through the services we deliver.

Accountability

We are committed to responsible, consistent and dependable actions.

Respect

We treat colleagues, customers and stakeholders with respect.

Professional Service

We add value to our customers through excellence in everything we do.

Integrity

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

Teamwork

We believe in the strength of collaborative efforts.

Recognition

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

Continous Learning

We invest in our employees' learning, growth and transfer of knowledge to support continous improvement.

MESSAGE FROM THE CEO



WILLIAM J SCOTT
CHIEF EXECUTIVE OFFICER

I am pleased to provide this report on the performance of the Technical Safety Authority of Saskatchewan for fiscal 2017-2018.

There are multiple measures of success for TSASK, and we strive to achieve our stated goals and targets in each area. The most important of these is that we live up to our vision of being recognized as a leading safety authority in our province; one that delivers services in a manner that inspires and shapes excellence in public safety.

Without question or exception, our people are committed to this objective. Through excellence in customer service and a tireless commitment to improving our internal systems and processes, our people have helped TSASK move forward operationally and financially. I am grateful to each of them for making our success – and the safety of people across the Province – their priority.

Meeting the Needs of Industry

Our environment is changing – internally and externally. The arrival of new technologies, the evolution of industry in Saskatchewan and the changing needs of customers, require TSASK to adapt and prepare for the future.

In January 2018, the Government of Saskatchewan approved a number of legislative amendments related to technical safety. These amendments grew out of recommendations made to the Red Tape Reduction Committee, with a focus on improving safety oversight while streamlining processes for industry.

As part of this change, TSASK prepared a series of two-day seminars to help our industry customers become familiar with the change and prepare their operations to function effectively under the new guidelines. The response from industry has been positive and we will continue to work with industry to ensure they understand any regulatory change.

These sessions are also a valuable opportunity to listen to our customers and better understand the changes taking hold in their industries. TSASK is a service-oriented entity and we will always strive to work collaboratively with industry to meet our shared interest in protecting employees and citizens.

Adapting to Serve Saskatchewan

A cornerstone of TSASK's success has been the adaptability of our people, as we have explored new ways to improve our ability to provide cost-effective delivery of public safety. As industry evolves in a competitive and innovative environment, it is essential that we keep pace and remain progressive in the way we operate.

We have continued to expand the use of technology in serving our customers, with our Basebridge system gaining greater acceptance internally and externally. By modernizing our approach, we are better aligned with



“A cornerstone of TSASK’s success has been the adaptability of our people, as we have explored new ways to improve our ability to provide cost-effective delivery of public safety.”

the needs of our customers and more efficient in delivering our services.

Over the past three years, we have tested the capacity of our organization and our people – always with an eye to optimizing the way we work to support excellence in public safety. We found efficiencies that allowed us to reposition some roles in our organization. Ultimately, these decisions have created opportunities for people to do more strategic and meaningful work.

While internal change is often challenging, we have maintained high scores in our employee engagement surveys. Our most recent survey, conducted in October 2017, showed that 87 percent of TSASK employees responded positively when asked about their level of engagement. This compares favorably to the first survey we conducted in 2013, when 86 percent of employees had a positive response.

Over that four-year span, TSASK has undergone significant changes, with a reduction in staff

and the introduction of new requirements and technologies. Our ability to maintain a strong culture of engagement through a period of change is a small victory, but we recognize that employee engagement must remain a priority. Our people are at the heart of our success and we will always examine our successes and the areas where we can improve. As an example, we know that engagement scores are higher for out-of-scope employees and we will explore potential remedies to ensure we have an environment that encourages all our people to do their best.

Fiscal Responsibility Required for Future Needs

Profitability is not the goal of TSASK, but it is a necessity for our organization to invest in expanded services and training. As we look to the future, we see a growing opportunity for TSASK to participate in the delivery of programs that serve our current customers and create capacity to expand the way we serve Saskatchewan.

Our goal is to prepare TSASK today for the needs we see on the horizon – and to do so in a way that

allows us to fulfill our mandate without surprises or undue strain on our customers, our employees or Saskatchewan taxpayers.

On July 1, 2017 – the beginning of our fiscal year – we implemented fee increases that better reflect the actual cost of service delivery. These increases were necessary and overdue and unlikely to be required again in the near future. With more appropriate fees and an increase in demand, specifically for boiler and pressure vessel safety design registrations, our revenues grew to \$9.6 million, an increase of \$626,000 over the previous year.

We achieved this revenue increase with only a 2 percent increase in expenses, resulting in net income of \$908,310. This is almost double the earnings of fiscal 2016-17. Our intent is to use our financial stability to improve operations and explore additional areas where TSASK can effectively and efficiently serve the needs of the Province.

Among our priorities is a continuing investment in people and technology. TSASK has operated as lean as possible, reflecting challenging conditions across many industries in Saskatchewan. Today, we are better prepared to reinvest in our organization by hiring additional people with the skills and experience to advance our goals. We will also continue to invest in information technology to ensure we deliver accessible and timely services.

Our Leadership Mandate

The goals of TSASK go far beyond our requirement to meet existing guidelines or standards. We have a leadership imperative and advocate for change that can create a more effective regulatory environment, increase industry awareness and education, and improve service delivery.

As part of this leadership role, TSASK hosted the 54th annual meeting for the Association of Chief Boiler Inspectors, as well as the annual code meetings for the Canada Standards Association. In addition, I continue to represent Saskatchewan as a member of the National Public Safety Advisory



“ The goals of TSASK go beyond our requirement to meet existing guidelines or standards.”

Committee. We believe participation in the broader national discussion can improve safety within and outside Saskatchewan's borders.

Our leadership initiatives reflect the example set and expectation of our Board of Directors. Their commitment and vision sets a course for TSASK and we are grateful for their input and strategic focus.

As I reflect on our performance in 2017-18, I believe we made tremendous strides forward and established new benchmarks to assess our capacity to meet the needs of today and the future.

TSASK stands well positioned operationally and financially to serve Saskatchewan. Every person involved with TSASK – from our Board to our leadership team to our front-line people who work in the field on a daily basis – is fully committed to meeting our vision of delivering, inspiring and shaping excellence in public safety.

Sincerely,

William J Scott
Chief Executive Officer

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 2017-18 audited financial statements.

Organizational Overview

The Technical Safety Authority of Saskatchewan (TSASK) is a not-for-profit organization established 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 also 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.

Fiscal 2017-18 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 costs 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 an increase in business activity in fiscal 2017-18 and the revenue impact was amplified by Boiler Pressure Vessel (BPV) fee increases that took effect on July 1, 2018, as well as Elevator and Amusement Ride fee increases that took effect on January 1, 2017. Fee increases for design registration, licensing and permits, as well as a new fee for routine inspections, were also introduced. These were the first increases for BPV since July of 2015 and better reflect the cost of service delivery. Additional fee increases are not anticipated in the foreseeable future.

From a revenue recognition and cash flow perspective, 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. This means that TSASK has a core base of stable, dependable revenues.

As a result, total TSASK revenues grew to \$9.59 million in fiscal 2017-18, an increase of 7 percent over the \$8.97 million of the previous year.



Boiler and Pressure Vessel Revenue

The most significant revenue increase was recognized in the boiler and pressure vessel category, which generated \$7.83 million for the year. This is an increase of \$457 thousand over the previous year's total of \$7.37 million. The largest contributors to the increase were \$323 thousand in new fees and fee increases, and \$133 thousand that can be attributed to increased volumes.

Design registration for boilers and pressure vessels generated \$914 thousand, which is 26 percent (\$186 thousand) higher than the previous year. Higher volumes were experienced as a result of capital projects such as SaskPower's Swift Current Chinook Power Plant, which is expected to continue in the year ahead, as well as requests for expedited service due to maintenance shutdowns at Co-op Refinery Complex and Husky Energy. The 6 percent fee increase led to \$32 thousand in additional revenue.

The increase in design submissions also resulted in a 10 percent increase in permit requests. This, along with a 15 percent fee increase in permit fees, generated \$444 thousand in revenue, which is \$64 thousand higher than in the previous year.

Fees collected for inspections of boiler and pressure vessels were a significant factor in the total revenue increase, as revenue in this category

grew to \$852 thousand which is \$249 thousand higher than the previous year. The majority of this increase relates to a new routine inspection fee of \$30 that was introduced in the first half of the year and resulted in \$200 thousand of additional revenue. This fee was introduced to capture the increased cost of service for inspection services, rather than increasing existing licensing fees. This provides industry with greater transparency into TSASK's operations. Additional activity and revenue was also generated from shop inspections.

Licensing for boiler and pressure vessel equipment remained the largest revenue category and contributed \$3.78 million to total revenues. This is \$19 thousand (0.5 percent) lower than the previous year. TSASK had budgeted for an increase in equipment licensing, but saw less merger and acquisition activity than expected during the year. In the face of challenging market conditions, a number of companies opted to move equipment to inactive status rather than pay licensing fees as they have typically done in previous years. This resulted in the number of active equipment licences declining from the previous year. While we did not have a fee increase in this category, we did reduce the discount for companies with Quality Management Systems from 25 percent to 20 percent, which offset the decrease in activity.

Exams, certification and licensing for operators and inspectors remained an important part of TSASK's mandate and generated \$1.49 million in revenue, which is \$50 thousand less than the previous year. With companies holding off on capital projects, there was less demand for pressure welders and a decrease in the demand for pressure welder licences, tests and coupons. We also saw a decline in the number of exams written by power engineers. These declines were partially offset by a new facility fee introduced for welders and a 6 percent increase in the exam fee for welders.

Amusement Rides Revenue

Amusement rides revenues reached \$64 thousand, which is \$11 thousand higher compared to the previous year as a result of additional design submissions as well as a fee increase in all licensing categories.

Expenses

As a number of 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 cost base while investing in the people and technology required to advance excellence in public safety.

Through detailed planning and forecasting, TSASK was able to generate a significant increase in revenue with only a 2 percent increase in expenses. Total expenses for fiscal 2017-18 were \$8.68 million, which compared to \$8.51 million the prior year and \$9.51 million two years ago. This reflects long-term and ongoing efforts to improve efficiency and the ability to increase and improve services with a new, leaner approach.

Salaries and benefits were TSASK's largest expense at \$6.15 million, which is slightly less than the \$6.17 million expended the previous year. TSASK continues to assess human resource requirements

after a shift in employee complement created by retirements, downsizing and unfilled vacancies in fiscal 2016-17. Certain positions were redeployed to better reflect the evolving market and TSASK will continue to shape staffing to prepare for the future. At June 30 2018, TSASK had 60.1 full-time employees, an increase from 57.5 people the prior year.

TSASK remained committed to delivering services in an efficient manner. In addition to the ongoing assessment of staffing levels and job responsibilities, TSASK continued to invest in the modernization of its processes and systems and to invest in technology infrastructure that can improve service delivery while limiting costs. The majority of the investment was in the expansion of the capabilities of the boiler and pressure vessel module of TSASK's inspections software program. TSASK also experienced a \$16 thousand increase in subscription fees with more users active on the Basebridge technology system. Total expenses for rent, space and equipment rose by \$113 thousand to \$808 thousand.

Other Business Expenses – including staff training and development, bank and finance charges, professional and association fees, reference materials and other items – increased to \$310 thousand from \$274 thousand in the previous year. TSASK invested in the training of people, including a new manager for Elevator and Amusement Ride Safety, and paid higher bank charges as a result of increased activity. Legal, accounting and other service expenses were \$225 thousand, which is \$20 thousand higher than the previous year, as a result of consulting fees related to an audit by the American Society of Mechanical Engineers. Travel expenses increased by 5 percent to \$482 thousand as a result of higher costs for meals and accommodations for inspectors in the field.

Board and committee expenses declined 12 percent to \$74 thousand, as TSASK continued to operate with a smaller board than in the past. TSASK's amortization expense of \$444 thousand

was consistent with the prior year. Administrative expenses rose just over 5 percent to \$193 thousand, largely related to the cost of converting paper files to electronic.

Net Earnings

TSASK generated net earnings of \$908 thousand in fiscal 2017-18, which compared to \$452 thousand the previous year. The increase was a product of long-term efficiencies taking hold following significant restructuring in prior years, as well as increased fees and a higher volume of activity.

Capital Expenditures

Total capital expenditures for the year were \$98 thousand and included additional investment in extending the Basebridge software system to include the scheduling of work as well as a new system for payroll and employee tracking.

Net Assets

TSASK’s total net asset position as of fiscal 2018 was \$5.03 million compared to \$4.12 million as of June 30, 2017, an increase of 22 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) states 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, 2018, 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 ride devices. 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.

With a number of oil and gas companies moving equipment to inactive status during the year, the number of licenced pressure equipment items declined to 32,217 in 2017-2018 from 32,899 the previous year.



Licensed elevating device inventory includes passenger and freight elevators, dumbwaiters, lifts for the physically disabled, construction personnel lifts, and ski lifts. For the first time since TSASK was formed, the number of licensed elevating devices declined, dropping to 4,029 in 2017-18 from 4,105 in 2016-17. The number of devices typically grows as new elevators become active in new buildings, while a decline reflects buildings being demolished or home lifts for physically disabled people no longer being required.

The number of amusement rides licensed to operate in Saskatchewan was slightly lower at 383 during 2017-18 compared to 391 the previous year.

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, which are primarily larger customers, employ their own 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 11 in 2017-18 from nine the previous year. 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 30 percent of the licensed inventory is now operated by companies committed to a QMS.

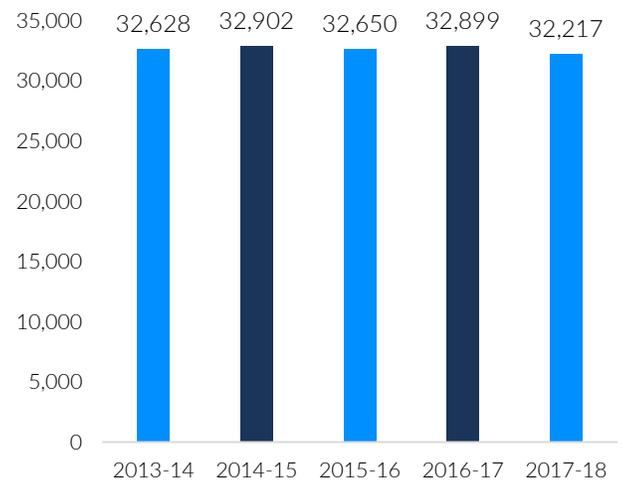
Recent changes to regulations may support growth in the number of companies participating in the QMS program, and TSASK is committed to educating industry on this program. In fiscal 2017-18, TSASK received increased interest and inquires related to pressure equipment inspector licensing

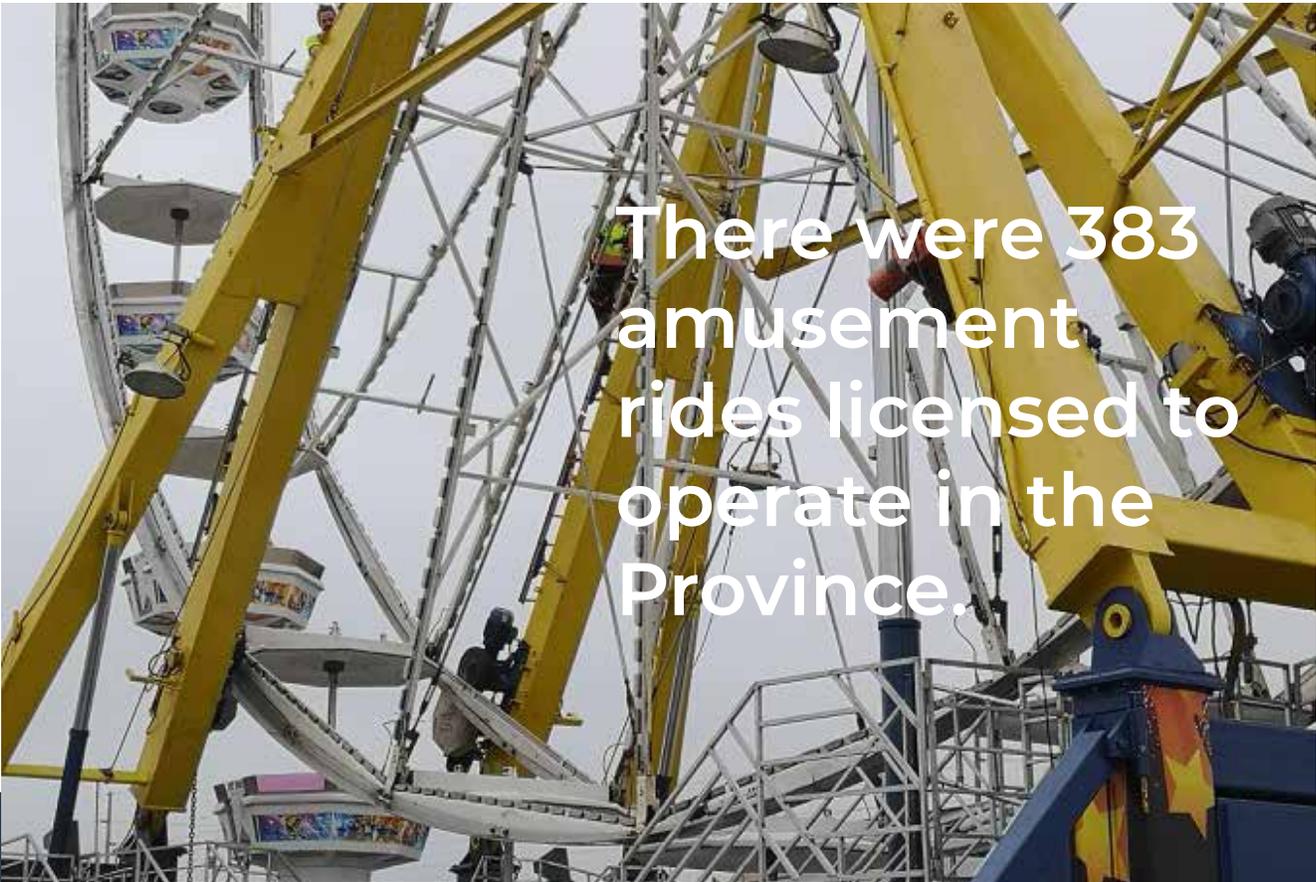
and exams. In total, 41 exams were administered to test knowledge of boiler pressure vessel administrative and regulatory requirements as well as assess technical knowledge for certification of inspectors. TSASK also administered 14 re-certification exams. With 55 new or renewed pressure equipment inspector licences, the total number of valid licences (on a five-year cycle) is 156.

Inspection Services

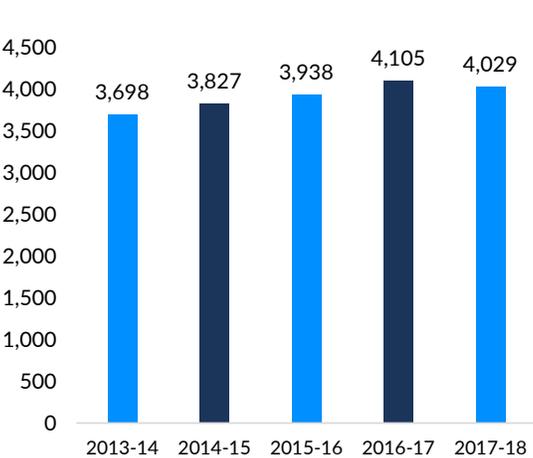
Inspection services are integral to TSASK's mandate. They ensure that effective and efficient safety programs are in place to support the growth of the provincial economy. They also confirm continued compliance by various Saskatchewan industry participants who are contributing to the Province.

Licensed Pressure Equipment

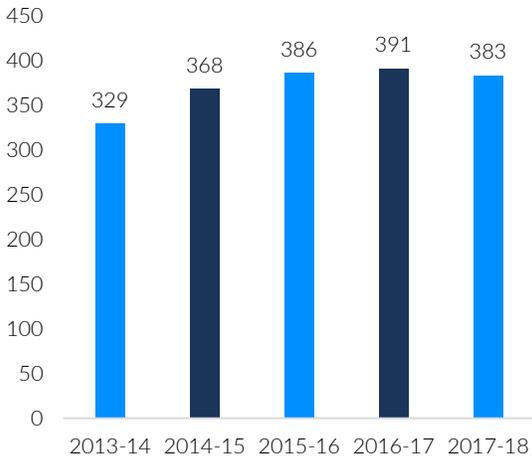




Licensed Elevating Devices



Licensed Amusement Rides



The table below illustrates TSASK's inspection services relative to the prior fiscal years.

	2015-16 Actual	2016-17 Actual	2017-18 Actual	% Increase/ Decrease Over Last Year
In-service pressure equipment	9,804	8,120	7,758	-4.5%
Pressure equipment installation acceptances	5,010	4,119	4,398	6.8%
In-service elevating devices	3,165	2,994	2,336	-22.0%
Elevating device modification, modernization and installation	237	188	163	-13.3%
Amusement ride initial set-up	358	381	372	-2.4%
Total TSASK Inspections	18,574	15,802	15,027	-4.9%
Quality Management System Inspections	2,238	639	1,210	89.4%
Total Provincial Inspections	20,812	16,441	16,237	

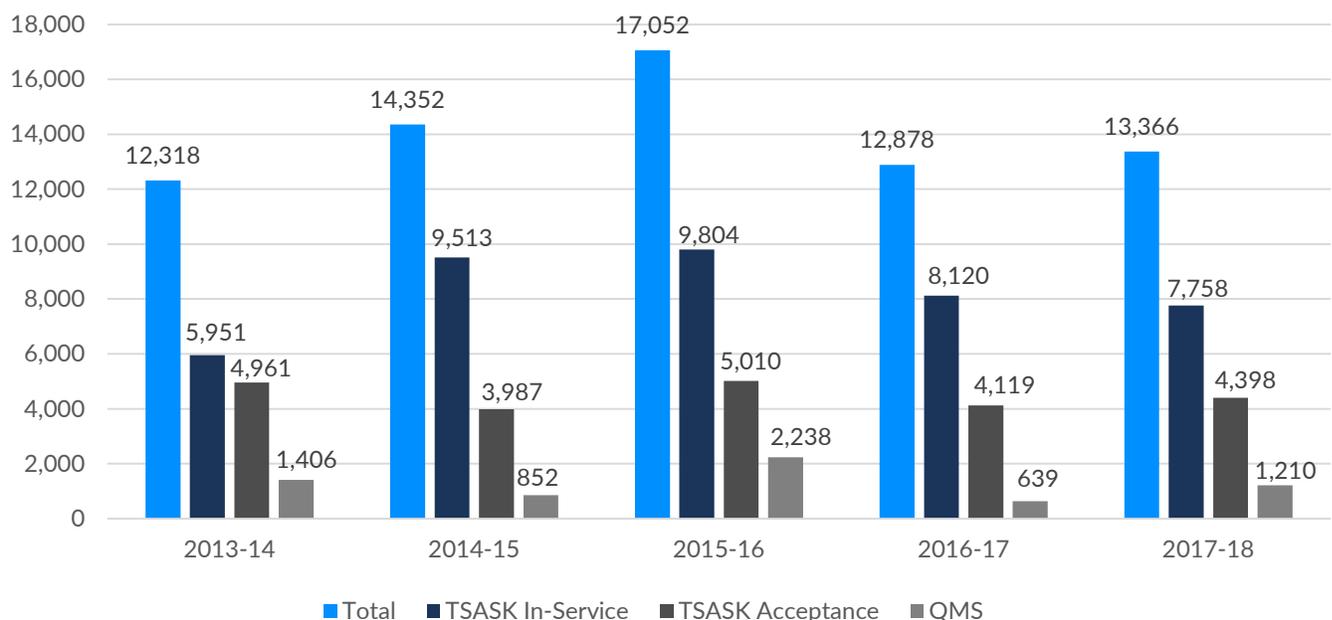
TSASK saw a 6.8 percent increase in pressure vessel installation inspections in fiscal 2018, driven by higher demand in the propane industry as certain regions of the Province shifted away from natural gas. The number of in-service inspections fell to 7,758 from 8,120 the previous year, but was aligned with forecast expectations. In total, TSASK inspected 34 percent of inventory during the year.

QMS inspections in fiscal 2018 increased to 1,210 from 639 in 2017, reflecting the increased interest

and participation in the QMS program. 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 declined to 1.5 percent of total inventory, which compared to 2.9 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

TSASK & QMS Boiler & Pressure Vessel Inspections



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.

In fiscal 2018, TSASK successfully completed an audit by the American Society of Mechanical Engineers (ASME) and the National Board of Boiler and Pressure Vessel Inspectors (NBBI) related to providing inspection services for the manufacturing, repair and alteration of boilers and pressure vessels that are certified to use the ASME certification mark. The ASME mark is internationally recognized and allows items manufactured in Saskatchewan to be exported to the world market. The audit is a step toward gaining certification as an Authorized Inspection Agency by ASME and NBBI.

The evolution of inspection services was also evident in elevating device inspections, as TSASK implemented significant changes to delivery and timing of inspections. The changes are expected to significantly improve safety in this category, where devices are subject to significant wear and tear and can be at greater risk of failure.

As TSASK worked through a transition in this category, in-service inspections were conducted of 2,336 elevating devices in fiscal 2018, which represented 62 percent of inventory. This was less than the 2,994 inspections conducted in fiscal 2017 and below the 0.667 ratio required by TSASK's 18-month inspection interval policy. TSASK did complete a number of planned process improvements, including the full adoption and debugging of the Basebridge system for electronic data management and training of management and inspectors on capturing the benefits of the new system. New policies were implemented for inspector involvement on deficiencies, which will improve safety and require less time from TSASK inspectors. There was also a focus on quality

of inspections for higher-risk items – such as escalators, manlifts, and equipment with a history of deficiencies – to ultimately improve public safety.

The number of acceptance inspections fell from 188 in fiscal 2017 to 163 in fiscal 2018. This reflected fewer elevators being brought into service, but also the value of Basebridge, as certain inspections that were recorded as installation inspections (which require more time) are now registered more appropriately and efficiently as special inspections.

Through TSASK's inspection process, 21 elevators, four escalators and one manlift were taken out of service because of unacceptable risk related to the condition of equipment, which will require repair or improvement by its owners.

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 does not match the inventory total, as not all items recorded as inventory in the application process are brought into the Province.

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 2018, TSASK issued 154 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 up from 121 the previous year, an increase in the timing of renewals and additional activity around SaskPower's Chinook Power Station.

Certificates are valid for three-year periods before mandatory review and re-certification. There are 353 Certificates of Authorization currently issued, which are supported by 1,808 qualification licences issues to pressure welders. During fiscal 2018,

TSASK administered 781 physical demonstration tests of welders and also assessed the qualifications of welders licensed by other provinces or authorized testing companies. The number of exams declined from the previous year, as a drop in construction activity resulted in fewer job opportunities to new entrants to the industry in Saskatchewan.

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.

Following a significant decline in activity in fiscal 2017, TSASK saw a modest increase in pressure equipment designs requiring review and registration. In total, 1,440 submissions were assessed, compared to 1,259 the previous year. The demand in this category remains significantly below the activity of fiscal 2015, when 2,154 designs were reviewed, and TSASK has taken steps over the past two years to ensure staffing is aligned with the current demand for this service.

The benefits of optimization process improvements made in prior years became evident through TSASK's ability to meet increases in demand with current staffing levels.

The number of elevating device plans registered fell to 148 in fiscal 2018 compared to 185 the prior year, reflecting the change in building activity across the Province.

Power Engineering

The number of valid power engineering licences for boilers and refrigeration plants operating in the Province declined to 10,397 from 10,660 the previous year. The number of renewals rose to 2,521 from 2,247. 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 licenced in the Province.

Achieving higher levels of certifications is an important step to improving public safety and TSASK conducted 3,005 examinations for people working toward new or upgraded certificate levels. This is fewer than the 3,422 examinations conducted the prior year. TSASK continued to advocate for power engineering as a career and to encourage those working in the industry to pursue ongoing training and certification. TSASK worked collaboratively with SaskPower and industry members to establish the Chief Power Engineers Association (CPEA) in the Province, which is comprised





TSASK
administered
781 physical
demonstration
tests of welders
and also
assessed the
qualifications
of welders
licensed by other
provinces.

of Chief Power Engineers responsible for larger boiler plants in Saskatchewan. The 14 CPEA members examined operational issues, education, qualification standards and duties of various power engineering roles and is planning to host its first annual power engineering conference in November.

TSASK was also active outside Saskatchewan, participating with a national committee that has standardized an examination question bank and examination policy. This allows for the recognition of a power engineer's certification by other provinces. TSASK administers the third highest number of standardized exams in the country, exceeded only by Alberta and Ontario.

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 2017-18 and the number of reported accidents declined from 15 the previous year to 13 this year. Of the 13 reported accidents, seven involved boilers and pressure vessels, four related to elevators, and two were associated with amusement rides.

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 deregister 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 2017-18.

Status of Acts and Regulations

The Government of Saskatchewan approved a number of legislative changes related to TSASK's service offerings, with changes taking effect January 1st, 2018. 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.

The approved changes reflected input from TSASK, industry members and the public, and represented an important step forward in the delivery of public safety. During the previous year, TSASK consulted and surveyed its stakeholders extensively, and assisted the Ministry with the preparation of documents and drafting instructions that were presented to the Red Tape Reduction Committee (RTRC) of government. This Committee approved the recommendation to update all three regulations that TSASK administers and enforces.

The significant changes to regulations that TSASK administers and enforces include:

The Boiler and Pressure Vessel Act and Regulations

- Updated adopted codes;
- Re-ordered the regulations to make information easier to access and understand;
- Allowed third-party (contract) inspection companies for QMS;
- Defined piping monitoring programs under a QMS;
- Recognized propane distribution companies to inspect small heating tanks;
- Clarified requirements for installation inspection by owners and acceptance inspections by TSASK;
- Created oversight of brazing and plastic fusing;
- Approved licensing of gas contractors for boiler installation work;
- Defined responsibilities of a chief engineer and approved a power engineer to act as chief engineer of more than one location;



- Provided a clause to recognize extended inspection intervals;
- Created a new class of pressure equipment inspector;
- Allowed power engineers to write exams while gaining qualified experience time;
- Revised antique steam traction engine requirements; and
- Removed fee references.

The Passenger and Freight Elevator Act and Regulations

- Updated adopted codes and recognized current technologies in use;
- Defined “maintenance control program” requirements;
- Defined requirements applicable to major alterations;
- Updated requirements around periodic tests;
- Exempted transport platforms and wind turbine lifts;
- Established elevator contractor and elevator cab renovation company licensing requirements;
- Established new elevator mechanic licensing; and
- Removed fee references.

The Amusement Ride Safety Act and Regulations

- Clarified scope and exemptions;
- Updated adopted codes to latest and more relevant ASTM (American Society for Testing and Materials) standards;
- Adopted a standard for inflatable rides;
- Clarified duties of manager, operator and attendants of rides; and
- Removed fee references.

TSASK’s Board and executive is appreciative of Government for their support in establishing appropriate regulations to advance safety in this area.

Saskatchewan Integrity Association

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 2017-18, there were 17 member companies, representing 35.5 percent of the equipment in the Province.

SIA and TSASK enjoy a strategic and collaborative relationship and share complementary objectives as they relate to the development of changes to policies and procedures used by TSASK for such topics as pressure piping design registration, QMS reporting, and incident reporting definitions. During 2017, the SIA played an important role as a major stakeholder during the regulatory consultation and feedback process TSASK and the Ministry of Government Relations engaged in to revise the regulations associated with the Acts governing TSASK's mandate.

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 - pressure vessel, non- destructive examination, and welding committees;
- Association of Chief Boiler and Pressure Vessel Inspectors (ACI);
- Association of Provincial Chief Elevator Inspectors (APCEI); and
- Standardization of Power Engineers Examinations Committee (SOPEEC).

As part of TSASK's commitment to industry leadership, TSASK hosted ACI and CSA meetings in Moose Jaw in August 2017, with more than 80 industry members participating. TSASK also hosted the SOPEEC committee that met in Saskatoon in June 2018.

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); and
- Saskatchewan Chief Power Engineers Association.

TSASK took a leadership role in the creation of the Chief Power Engineers Association and will continue to support the development of industry groups who share interest in public safety.

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 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.

With the introduction of new legislation, TSASK has 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 were the government appointees for fiscal 2017-18.



TOM ROBINSON

Chair: Board of Directors

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, 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: Board of Directors

*Chair: Technical Committee
Member: Governance and HR Committee; 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 was a 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

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.



GREG MRAZEK

*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

Member: Governance and HR Committee; Audit and Finance Committee

Neil Robertson, Q.C. is a lawyer who has practiced in Regina since 1984, currently 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

Member: Governance and HR 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 4, 2018



William J Scott
Chief Executive Officer



Kim Dumelle
Vice President, Corporate Services

INDEPENDENT AUDITORS' REPORT

To the Directors of Technical Safety Authority of Saskatchewan:

We have audited the accompanying financial statements of Technical Safety Authority of Saskatchewan, which comprise the statement of financial position as at June 30, 2018, and the statements of operations and changes in net assets, and cash flows for the year then ended, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors' judgement, 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 of 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 the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Technical Safety Authority of Saskatchewan as at June 30, 2018 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, sans-serif font, with 'LLP' in a smaller, similar font to the right.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2018

	2018	2017
ASSETS		
Current Assets		
Cash	\$ 1,857,721	\$ 1,085,691
Accounts receivable (note 3)	348,337	357,912
Prepaid expenses	143,382	101,767
Short-term investments (note 4)	6,805,618	4,421,148
	9,155,058	5,966,518
Long-term investments (note 4)		1,702,546
Tangible capital assets (note 5)	691,948	937,369
Intangible capital assets (note 6)	392,174	492,751
	\$ 10,239,180	\$ 9,099,184
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 423,188	\$ 355,768
Deferred revenue (note 9)	4,000,147	3,789,571
Deferred tenant allowance (note 10)	35,383	35,383
	4,458,718	4,180,722
Deferred revenue (note 9)	629,196	640,123
Deferred tenant allowance (note 10)	122,971	158,354
	\$ 5,210,885	\$ 4,979,199
Net Assets (note 11)		
Invested in capital assets	\$ 1,084,122	\$ 1,430,120
Externally restricted - safety standards agreement	600,000	600,000
Operating reserve	3,344,173	2,089,865
	5,028,295	4,119,985
	\$ 10,239,180	\$ 9,099,184

Commitments (note 12)

See accompanying notes to the financial statements.

Approved by the Board:



Director



Director

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended of June 30, 2018

	2018		2017	
REVENUES				
Boiler and pressure vessel safety	\$	7,829,008	\$	7,372,493
Elevator safety		1,556,720		1,460,929
Amusement ride safety		64,052		53,534
Other		141,631		78,528
		9,591,411		8,965,484
EXPENSES				
Salaries and benefits	\$	6,146,287	\$	6,168,690
Rent, space and equipment		808,116		695,115
Travel		482,019		459,700
Amortization		444,334		443,309
Other business expenses		310,068		274,123
Legal, accounting and other services		225,352		205,272
Administrative		193,351		184,324
Board and committees		73,574		83,369
		8,683,101		8,513,902
EXCESS OF REVENUES OVER EXPENSES	\$	908,310	\$	451,582
Net Assets, beginning of year		4,119,985		3,668,403
NET ASSETS, END OF YEAR	\$	5,028,295	\$	4,119,985

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

	2018	2017
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 908,310	\$ 451,582
Items not affecting cash		
Amortization of tangible assets	245,420	260,709
Amortization of intangible assets	198,914	182,600
Amortization of tenant allowance	(35,383)	(35,383)
Impairment of tangible capital assets	-	422
	1,317,261	859,930
Net change in non-cash working capital		
Accounts receivable	9,575	46,547
Prepaid expenses	(41,615)	(5,431)
Accounts payable and accrued liabilities	67,421	(119,390)
Deferred revenue	199,649	358,137
	1,552,291	1,139,793
INVESTING ACTIVITIES		
Additions to intangible assets	(98,336)	(44,190)
Purchase of investments	(681,925)	(1,343,984)
	(780,261)	(1,388,174)
INCREASE (DECREASE) IN CASH	772,030	(248,381)
CASH, BEGINNING OF YEAR	1,085,691	1,334,072
CASH, END OF YEAR	\$ 1,857,721	\$ 1,085,691

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 receivables 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.

(d) Corporate Income Taxes

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 market value. Investments expected to be realized beyond the next fiscal year are classified as long-term.

(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

	2018		2017	
Trade	\$	338,773	\$	329,130
Other receivables		24,964		45,484
Allowance for doubtful accounts		(15,400)		(16,702)
	\$	348,337	\$	357,912

4. INVESTMENTS

Short-term investments consist of term deposits of \$6,805,618 (2017 - \$4,421,148) with yields between 1.15% and 1.95%, maturing prior to June 29, 2019. Long-term investments were nil as at June 30, 2018 (2017 - \$1,702,546)

5. TANGIBLE CAPITAL ASSETS

	Cost 2018		Accumulated Amortization 2018		Cost 2017		Accumulated Amortization 2017	
Furniture and equipment	\$	1,025,229	\$	766,180	\$	1,025,229	\$	621,934
Leasehold improvements		901,080		468,181		901,080		367,006
		1,926,309	\$	1,234,361		1,926,309	\$	988,940
Accumulated amortization		(1,234,361)				(988,940)		
Net book value	\$	691,948	\$	937,369				

NOTES TO THE FINANCIAL STATEMENTS

6. INTANGIBLE CAPITAL ASSETS

	Cost 2018	Accumulated Amortization 2018	Cost 2017	Accumulated Amortization 2017
Software	\$ 1,067,597	\$ 675,423	\$ 969,260	\$ 476,509
Accumulated amortization	(675,423)		(476,509)	
Net book value	\$ 392,174		\$ 492,751	

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 (2017 - \$nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade payables	\$ 42,144	\$ 22,553
Accrued liabilities	61,366	48,987
Employment insurance payable	3,005	1,280
Canada pension plan payable	6,303	3,675
Employee income tax payable	39,647	22,832
Payroll employer liabilities	263,238	252,359
Provincial sales tax payable	2,332	157
Goods and services tax payable	5,153	3,925
	\$ 423,188	\$ 355,768

9. DEFERRED REVENUE

	2018	2017
Deferred elevator licensing	\$ 606,964	\$ 555,393
Deferred boiler and pressure vessel licensing	4,022,649	3,874,301
Total deferred revenue	\$ 4,629,343	\$ 4,429,694
Current portion	\$ 4,000,147	\$ 3,789,571
Long-term	\$ 629,196	\$ 640,123

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TENANT ALLOWANCE

		2018		2017
Deferred tenant allowance, beginning of year	\$	193,737	\$	229,120
Amortization of tenant allowance		(35,383)		(35,383)
Deferred tenant allowance, end of year	\$	158,354	\$	193,737
Current portion	\$	35,383	\$	35,383
Long-term	\$	122,971	\$	158,354

11. NET ASSETS

(a) Invested in capital assets

Net assets invested in capital assets of \$1,084,122 (2017 - \$1,430,120) 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 surplus 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 \$4,629,343 (2017 - \$4,429,694) meeting the funding requirements.

(c) Operating reserve

The operating reserve represents all accumulated surplus 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, 2017	\$ 1,430,120	\$ 2,089,865	\$ 600,000	\$ 4,119,985
Excess of revenues over expenses	-	908,310	-	908,310
Purchase of capital assets	98,336	(98,336)	-	-
Amortization of capital assets	(444,334)	444,334		
Net assets, June 30, 2018	\$ 1,084,122	\$ 3,344,173	\$ 600,000	\$ 5,028,295

12. COMMITMENTS

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

2019	\$	438,979
2020		403,776
2021		305,692
2022		305,692
Thereafter		203,794
	\$	1,657,933

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS

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.

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.

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.

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, 2018 are all expected to be paid by June 30, 2019.

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 \$389,273 (2017 - \$397,507) 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 \$310,193 (2017 - \$307,391) of which \$31,596 (2017 - \$32,169) was payable at June 30, 2018.

TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN ANNUAL REPORT



Regina: 2202 2nd Ave - S4R 1K3

Saskatoon: #101 - 1359 Fletcher Road - S7M 5H5



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