SASKATCHEWAN IMMIGRANT INVESTOR FUND INC.

FINANCIAL STATEMENTS

March 31, 2019

Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Saskatchewan Immigrant Investor Fund Inc. (the Fund), which comprise the statement of financial position as March 31, 2019, the statement of comprehensive loss, statement of changes in equity and statement of 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 Fund as at March 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility 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.

Independent Auditor's Report (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund 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.

Ernst & Young LLP

Chartered Professional Accountants
Saskatoon, Saskatchewan
May 22, 2019

SASKATCHEWAN IMMIGRANT INVESTOR FUND INC.

STATEMENT OF FINANCIAL POSITION

As at March 31

(thousands of dollars)

	Note	2019	2018
ASSETS			
Current			
Cash	5	$ 5	$ 29,695
Interest receivable		93	848
Current portion of loans receivable	6	16,169	23,389
Short-term investments	7	-	25,000
		16,267	78,932
Loans receivable	6	-	9,331
		$ 16,267	$ 88,263
LIABILITIES AND DEFICIT			
Current			
Trade and other payables		$ 647	$ 477
Current portion of debt obligations	8	21,485	70,411
		22,132	70,888
Debt obligations	8	2,881	23,937
		25,013	94,825
Deficit			
Share capital	9	-	-
Deficit attributable to Crown Investments Corporation of Saskatchewan (CIC)		(8,746)	(6,562)
		(8,746)	(6,562)
		$ 16,267	$ 88,263

(See accompanying notes)

On behalf of the Board:

__________________, Director

___________________________, Director

SASKATCHEWAN IMMIGRANT INVESTOR FUND INC.

STATEMENT OF COMPREHENSIVE LOSS

For the year ended March 31

(thousands of dollars)

	Note	2019	2018
FINANCE INCOME	10	**$ 1,941**	$ 2,987
EXPENSES			
Finance expenses	10	**1,097**	1,979
Provision for credit losses	6	**4,564**	1,259
Management fees	11	**178**	794
Professional fees		**26**	29
		5,865	4,061
LOSS BEFORE THE FOLLOWING		**(3,924)**	(1,074)
Grant revenue from CIC		**1,740**	-
NET LOSS		**(2,184)**	(1,074)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO CIC		**$ (2,184)**	$ (1,074)

(See accompanying notes)

SASKATCHEWAN IMMIGRANT INVESTOR FUND INC.

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31

(thousands of dollars)

	2019	2018
DEFICIT ATTRIBUTABLE TO CIC		
Deficit attributable to CIC - beginning of year	**$ (6,562)**	$ (5,488)
Net loss	**(2,184)**	(1,074)
Deficit attributable to CIC - end of year	**(8,746)**	(6,562)
DEFICIT	**$ (8,746)**	$ (6,562)

(See accompanying notes)

SASKATCHEWAN IMMIGRANT INVESTOR FUND INC.

STATEMENT OF CASH FLOWS

For the year ended March 31

(thousands of dollars)

	Note	2019	2018
OPERATING ACTIVITIES			
Net loss		**$ (2,184)**	$ (1,074)
Adjustments to reconcile net loss to cash used in operating activities:			
Finance income	10	**(1,941)**	(2,987)
Finance expenses	10	**1,097**	1,979
Provision for credit losses	6	**4,564**	1,259
Loans issued		**-**	(13,257)
Loan principal repayments		**13,234**	37,597
Interest and credit facility fees received		**1,449**	3,325
Net change in non-cash working capital balance related to operations:			
Increase in trade and other payables		**170**	199
Net cash from operating activities		**16,389**	27,041
INVESTING ACTIVITIES			
Purchase of investments		**-**	(25,000)
Maturity of investments		**25,000**	25,000
Net cash from investing activities		**25,000**	-
FINANCING ACTIVITIES			
Proceeds from debt obligations, net of transaction costs		**-**	414
Repayment of debt obligations		**(71,079)**	(36,573)
Net cash used in financing activities		**(71,079)**	(36,159)
NET CHANGE IN CASH DURING YEAR		**(29,690)**	(9,118)
CASH, BEGINNING OF YEAR		**29,695**	38,813
CASH, END OF YEAR		**$ 5**	$ 29,695

(See accompanying notes)

1. General information

Saskatchewan Immigrant Investor Fund Inc. (the Corporation) is a corporation domiciled in Canada. The address of the Corporation's registered office and principal place of business is 830 - 410 22nd Street East, Saskatoon, SK, S7K 5T6.

The Corporation was established on October 6, 2010 under *The Business Corporations Act.* The Corporation is a wholly-owned subsidiary of Crown Investments Corporation of Saskatchewan (CIC), a Saskatchewan provincial Crown corporation. Accordingly, the accounts of the Corporation are consolidated in the annual financial statements of CIC.

The Corporation was established to participate in the Government of Canada's Immigrant Investor Program (IIP). The Corporation uses IIP funds to deliver the Government of Saskatchewan's Headstart on a Home program that assists builders and developers in building affordable housing. Federal legislation to terminate the IIP has been enacted and the Corporation will cease operations under this program five years after the final allocation of IIP funds is received.

Due to the Corporation's ownership structure, it is not subject to provincial or federal income tax.

2. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements were authorized for issue by the Board of Directors on May 22, 2019.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for cash, which is classified as financial assets at fair value through profit or loss (FVTPL).

c) Functional and presentation currency

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

d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (continued)

d) Use of estimates (continued)

Significant items subject to estimates and assumptions include the effective interest rate used to determine the fair value upon initial recognition, carrying amount and fair value of debt obligations (Notes 8 and 13), the fair value of loans receivable (Notes 4 and 13), and the forward-looking information and assumptions about the probability of default and expected loss rates used in the determination of the allowance for credit losses (Note 6).

f) Use of judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies. Significant items subject to judgement are included in the accounting policies listed in Note 4.

3. Application of new accounting standard

IFRS 15, *Revenue from Contracts with Customers*

Effective April 1, 2018, the Corporation adopted IFRS 15, *Revenue from Contracts with Customers*. IFRS 15 replaces International Accounting Standard (IAS) 18, *Revenue* and establishes a five-step model to account for revenue arising from contracts with customers. The Corporation adopted IFRS 15 using the full retrospective method of adoption. As interest recognized under IFRS 9, *Financial Instruments* falls outside the scope of IFRS 15, the adoption of IFRS 15 did not have an impact on the timing or amount of revenue recognition. As a result, there was no impact on the financial statements.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

a) Cash

Cash includes cash on deposit at financial institutions and is restricted for use under the IIP.

b) Financial instruments

Financial assets

At initial recognition, all financial assets are recorded at fair value on the Statement of Financial Position. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

4. Summary of significant accounting policies (continued)

b) Financial instruments (continued)

Financial assets (continued)

After initial recognition, financial assets are classified as measured at fair value through other comprehensive income, at amortized cost, or at FVTPL. The classification is based on the business model used to manage the financial assets and the contractual cash flow characteristics of the assets.

The Corporation classifies cash as financial assets at FVTPL. Financial assets at FVTPL are subsequently measured at fair value with changes in fair value recognized in profit or loss. Interest receivable and loans receivable are classified as amortized cost and are subsequently measured at amortized cost using the effective interest method, less any provision for impairment losses.

Where the terms of a financial asset are renegotiated or the contractual cash flows are otherwise modified, the Corporation assesses whether the new terms are substantially different than the original terms. If the terms are substantially different, the Corporation derecognizes the original financial asset and recognizes a new financial asset at fair value. The date of modification is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. Differences in the carrying amount are recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the modification does not result in derecognition, and the Corporation recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

Financial liabilities

The Corporation classifies trade and other payables and debt obligations as other liabilities. Other liabilities are non-derivative financial liabilities that are not designated as FVTPL. Subsequent to initial recognition, other liabilities are accounted for at amortized cost using the effective interest method.

Determination of fair value

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using valuation methods that are significantly affected by management's assumptions used concerning, for example, the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

4. Summary of significant accounting policies (continued)

c) Impairment of financial assets

At the end of each reporting period, the Corporation applies a three-stage impairment approach to measure the expected credit loss (ECL) on all financial assets measured at amortized cost. The ECL model is forward looking, and measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions.

Determining the stage

The ECL three-stage impairment approach is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified as Stage 1, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to 12-month ECLs is recorded. When there is a significant increase in credit risk since initial recognition, these non-impaired assets are migrated to Stage 2, and an allowance for ECLs that is measured, at each reporting date, at an amount equal to lifetime ECLs is recorded. In subsequent reporting periods, if the credit risk of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime ECLs continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk

In determining whether credit risk has increased significantly, the Corporation uses internal credit policies and forward-looking information to assess deterioration in credit quality of a financial asset. To assess whether the credit risk of a financial asset has increased significantly, the Corporation compares the probability of default occurring over its expected life as at the reporting date with the probability of default occurring over its expected life on the date of initial recognition and considers reasonable and supportable information indicative of a significant increase in credit risk since initial recognition. The Corporation includes relative and absolute thresholds in the definition of significant increase in credit risk and a backstop of 30 days past due. All financial assets with contractual cash flows that are 30 days past due are migrated to Stage 2 even if other metrics do not indicate that a significant increase in credit risk has occurred. The assessment of a significant increase in credit risk requires significant judgment.

4. Summary of significant accounting policies (continued)

c) Impairment of financial assets (continued)

Measurement of expected credit losses

ECLs are measured as the probability-weighted present value of all expected cash shortfalls over the remaining expected life of the financial instrument, and reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions is considered. The estimation and application of forward-looking information requires significant judgment. The cash shortfall is the difference between all contractual cash flows owed to the Corporation and all the cash flows that the Corporation expects to receive.

The measurement of ECLs is primarily based on the product of the financial asset's probability of default, loss given default and exposure at default. Forward-looking macroeconomic factors are incorporated into the risk parameters. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The Corporation incorporates three forward-looking macroeconomic scenarios in its ECL calculation process: a base scenario, an upside scenario and a downside scenario. Probability weights are attributed to each scenario. The scenarios and probability weights are reassessed quarterly and are subject to management review.

The Corporation applies experienced credit judgment to adjust the modeled ECL results when it becomes evident that known or expected risk factors and information were not considered in the credit risk evaluation and modeling process. ECLs for all financial assets are recognized in the provision for credit losses in the Statement of Comprehensive Loss. Loans receivable are presented net of the related allowance for credit losses on the Statement of Financial Position.

Definition of default

The definition of default used by the Corporation to measure ECLs and transfer financial instruments between stages is consistent with the definition of default used for internal credit risk management purposes. The Corporation considers a financial asset to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due.

Write-offs

A financial asset and its related allowance for credit losses are normally written off in whole or in part when the Corporation considers the probability of recovery to be non-existent and when all guarantees and other remedies available have been exhausted or if the borrower is bankrupt and balances are not likely to be recovered.

4. Summary of significant accounting policies (continued)

d) Collateral

Any collateral assets acquired as security for troubled loans are recorded at fair value less costs of disposition. The fair value of collateral is based on appraised market values for similar properties in the community in which the collateral is located. Any excess of the carrying value of the loan over the recorded fair value of the assets acquired is recognized by a charge to the provision for loan losses.

e) Finance income and expenses

Finance income is recognized on the Statement of Comprehensive Loss on an accrual basis and consists of interest income from cash and short-term investments, interest income and credit facility fees from loans receivable, and premiums on debt obligations. For loans receivable, the interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Debt obligations are accreted to the repayment amounts through a charge to finance expenses on the Statement of Comprehensive Loss. On the Statement of Cash Flows, interest received is classified as an operating activity.

f) Grant revenue

The Corporation receives financial assistance from CIC pursuant to Order in Council 102/2019. Grants from CIC are recorded as revenue when received.

5. Cash

Cash has an effective interest rate of 2.4 per cent (2018 – 2.1 per cent).

6. Loans receivable and allowance for credit losses

a) Loans receivable

The Corporation has loans receivable from various builders and developers that are used to construct housing units for subsequent sale to eligible parties. Principal is repayable on demand. In the absence of a demand for principal repayment, principal is repayable upon the sale of individual units and no later than loan maturity which is typically eighteen to twenty-four months from the date of the initial advance of the loan. Accrued interest is receivable on demand. In the absence of such demand, interest is receivable monthly.

6. Loans receivable and allowance for credit losses (continued)

a) Loans receivable (continued)

Interest is subject to the following terms:

- At a fixed rate of 4.0 per cent calculated daily and receivable monthly in arrears during construction;
- In the event of default, the borrower pays interest at a fixed rate of 4.0 per cent with interest on overdue interest at the same rate, compounded monthly;
- Upon demand being made, interest is receivable both before and after maturity or default at the Bank of Canada prime rate plus 5.0 per cent with interest on overdue interest at the same rate, compounded monthly.

The Corporation's loans receivable are as follows (thousands of dollars):

	2019	2018
Gross carrying amount	$ 28,520	$ 40,554
Allowance for credit losses	(12,351)	(7,834)
Net carrying amount	16,169	32,720
Less current portion	(16,169)	(23,389)
	$ -	$ 9,331

A loan is considered past due when a counterparty has not made a payment by the contractual due date. This may include loans past due as a result of administrative processes, such as loans on which payments are restrained pending payout due to sale or refinancing. Past due loans arising from administrative processes are not representative of the borrower's ability to meet their payment obligations. At March 31, 2019, the gross carrying value of loans that are contractually past due but not classified as impaired is $2.7 million (2018 - $1.2 million) and the gross carrying amount of impaired loans is $19.2 million (2018 - $10.0 million).

The following table presents the gross carrying amounts of loans as at March 31, 2018 according to ECL impairment stage (thousands of dollars):

	2019	2018
Non-impaired loans		
Stage 1	$ -	$ 16,593
Stage 2	9,311	13,912
Impaired loans		
Stage 3	19,209	10,049
	$ 28,520	$ 40,554

6. Loans receivable and allowance for credit losses (continued)

b) Allowance for credit losses

The allowance for credit losses recognized in the year is impacted by a variety of factors, as described below:

- Transfer between stages, which are presumed to occur before any corresponding remeasurement of the allowance.
- Maturities, which reflect the allowance related to assets repaid during the year without a credit loss being incurred.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time.
- During the year ended March 31, 2019, there were no significant changes to the models used to estimate expected credit losses.

The following table reconciles the opening and closing allowance for credit losses for the year ended March 31, 2019 (thousands of dollars):

	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Opening balance	$ 34	$ 48	$ 7,752	$ 7,834
Provision for credit losses				
Transfers from Stage 1	-	16	-	16
Transfers (to) from Stage 2	(16)	-	4	(12)
Transfers to Stage 3	-	(4)	-	(4)
Maturities	(18)	(15)	-	(33)
Remeasurements	-	13	4,584	4,597
	(34)	10	4,588	4,564
Interest income – unwinding of discount on impaired loans	-	-	(47)	(47)
Closing balance	$ -	$ 58	$ 12,293	$ 12,351

6. Loans receivable and allowance for credit losses (continued)

b) Allowance for credit losses (continued)

The following table reconciles the opening and closing allowance for credit losses for the year ended March 31, 2018 (thousands of dollars):

	Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Opening balance	$ 150	$ 12	$ 6,541	$ 6,703
Provision for credit losses				
Transfers in from Stage 1	-	66	-	66
Transfers out to Stage 2	(66)	-	-	(66)
Maturities	(37)	(12)	-	(49)
Remeasurements	(13)	(18)	1,339	1,308
	(116)	36	1,339	1,259
Interest income – unwinding of discount on impaired loans	-	-	(128)	(128)
Closing balance	$ 34	$ 48	$ 7,752	$ 7,834

Key inputs and assumptions

The expected credit loss calculations are outputs of models with several assumptions regarding the choice of variable inputs. The key drivers of changes in expected credit losses include the following:

- Changes in the credit quality of the borrower or instrument, reflected in changes in risk evaluations;
- Changes in macroeconomic scenarios and the probability weights assigned to each scenario; and
- Migration between stages, which can be triggered by changes to any of the above inputs.

7. Short-term investments

(thousands of dollars)

	2019	2018
Term deposit, 1.35% interest, matured June 30, 2018	$ -	$ 25,000
	$ -	$ 25,000

8. Debt obligations

Pursuant to Order in Council 590/2010, the Corporation is authorized to:

a) Borrow, and have outstanding at any time, a maximum aggregate principal sum of $230.0 million from the IIP with interest and principal payable in a manner determined by the Corporation;
b) Provide, and have outstanding at any time, a maximum aggregate principal sum of $230.0 million in loans, indemnities, or financial assistance utilizing the funds received under the IIP to any business organization under terms and conditions acceptable to the Corporation, and with interest and principal payable in a manner determined by the Corporation.

The Corporation incurs debt obligations from funds received under the IIP in accordance with the terms and conditions set out in an agreement between the federal Minister of Citizenship and Immigration and the Corporation. The agreement states that the federal Minister, as agent of the Corporation, receives funds from immigrant investors and transfers Saskatchewan's share of the funds (the Provincial Allocation) to the Corporation. The Corporation will repay each Provincial Allocation received without interest five years from the date that the funds were received, along with a commission paid to intermediaries for introducing new immigrant investors under the IIP.

The commission rate is either 5 per cent or 7 per cent and is determined by the size of the immigrant investment received by the federal Minister.

Funds are received through the IIP monthly, net of commissions, with the amount dependent on the Provincial Allocation. Funds received carry an effective interest rate of 1.84 per cent (2018 - 1.86 per cent). On the date funds are received, the implicit interest rate differs from the effective interest rate resulting in the Corporation recording a premium. The premium is unwound over the five-year term through an increase in interest expense. At March 31, 2019, unamortized premiums were $55 thousand (2018 - $417 thousand).

Changes in the debt obligations are as follows (thousands of dollars):

		2019		2018
Opening balance	**$**	**94,348**	$	128,556
Changes from financing cash flows:				
Proceeds received		**-**		414
Repayments		**(71,079)**		(36,573)
Other changes:				
Premiums recognized		**-**		(28)
Interest expense		**1,097**		1,979
Ending balance	**$**	**24,366**	$	94,348

8. Debt obligations (continued)

Amounts repayable to the Government of Canada, as agent, in future fiscal years are as follows (thousands of dollars):

2020	$ 21,590
2021	2,030
2022	515
2023	428
	24,563
Less amount representing interest	(197)
	24,366
Due within one year	(21,485)
	$ 2,881

9. Share capital

	2019	2018
Authorized - 1 common voting share		
Issued and outstanding - 1 share	**$ 1**	$ 1

10. Finance income and expenses
(thousands of dollars)

	2019	2018
Interest income from cash and investments	**$ 543**	$ 864
Interest income from performing loans	**1,338**	1,948
Interest income – unwinding of discount on impaired loans	**47**	128
Credit facility fees	**13**	19
Premiums on debt obligations	**-**	28
Finance income	**1,941**	2,987
Interest expense on debt obligations	**(1,097)**	(1,979)
Finance expenses	**(1,097)**	(1,979)
Net finance income	**$ 844**	$ 1,008

11. Management fees

Under the terms of a management services agreement with the Corporation, Westcap Mgt. Ltd. provides general management and administration of the business and affairs of the Corporation for an annual management fee equal to 2 per cent of the current loans balance (excluding uncollectible amounts), calculated and payable monthly in arrears over the term of the management services agreement which expires November 30, 2020. At March 31, 2019, $621 thousand (2018 - $443 thousand) is payable to Westcap Mgt. Ltd. and is included in trade and other payables.

12. Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as “related parties”). The Corporation has elected to take a partial exemption under IAS 24, *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CIC provides management and governance services to the Corporation without charge.

13. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimates using present value and other valuation techniques, which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

All financial instruments are measured on the Statement of Financial Position at amortized cost, except for cash which is measured at FVTPL.

13. Fair value of financial instruments (continued)

The carrying amount and fair value of financial instruments is as follows (thousands of dollars):

	2019		2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
<u>Financial assets</u>				
Cash	**$ 5**	**$ 5**	$ 29,695	$ 29,695
Loans receivable	**16,169**	**16,097**	32,720	32,350
Interest receivable	**93**	**93**	848	848
Short-term investments	**-**	**-**	25,000	25,000
<u>Financial liabilities</u>				
Trade and other payables	**647**	**647**	477	477
Debt obligations	**24,366**	**24,315**	94,348	93,861

The Corporation has classified the fair value of its financial instruments using the following hierarchy based on the nature of inputs used in the valuation:

Level 1 Where quoted prices are readily available from an active market.
Level 2 Valuation model not using quoted prices, but still predominantly observable market inputs such as market interest rates.
Level 3 Fair values determined based on inputs that are not based on observable market data.

The Corporation has made the following classifications:

- Cash and cash equivalents are classified as level 1.
- Loans receivable are classified as level 3. Fair value is calculated by discounting the value of payments due at prime plus a risk premium specific to the developer over the remaining term of the loan. Fair value at March 31, 2019 is $16.1 million (2018 - $32.4 million).
- Debt obligations are classified as level 2. Fair value is calculated by discounting the value of payments due at interest rates for Government of Saskatchewan bonds with similar maturity dates. Fair value at March 31, 2019 is $24.3 million (2018 - $93.9 million).
- Interest receivable and trade and other payables have not been classified in the fair value hierarchy given that carrying value approximates fair value due to immediate or short-term maturity. Investments have not been classified within the hierarchy since the effective interest rates approximate market interest rates for similar instruments and, as a result, the carrying amount of investments approximates their fair value.

14. Financial risk management

Interest rate risk

Interest rate price risk reflects the risk that the Corporation's earnings will fluctuate due to changes in interest rates. The Corporation's cash is at floating rates and will adjust to fluctuations in the interest rate environment. The Corporation does not believe that the impact of fluctuations in interest rates on interest income from cash will be significant and therefore has not provided a sensitivity analysis of the impact on net earnings.

The Corporation is not exposed to interest rate risk on its fixed rate loans receivable and therefore a sensitivity analysis of the impact of changes in interest rates on net earnings has not been provided.

The Corporation is not exposed to interest rate risk on the debt obligations given that interest rates on those borrowings are fixed. A sensitivity analysis of the impact of changes in interest rates on net earnings has therefore not been provided.

Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Corporation's maximum credit risk exposure is equal to the carrying value of cash, interest receivable and loans receivable.

The credit risk associated with cash is considered minimal since the amounts are being held by chartered banks, and by credit unions whose deposits are guaranteed by Credit Union Deposit Guarantee Corporation.

Concentration of credit risk relates to groups of counterparties that are engaged in similar activities, are in the same geographic area or have comparable economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Corporation has material concentrations of credit risk on its loans receivable, which are due from builders and developers located in Saskatchewan and therefore could be similarly impacted by changes in the Saskatchewan economy. However, the loans are diversified with companies and in communities throughout Saskatchewan and therefore may not be identically impacted by changes in the overall Saskatchewan economy. The Corporation performs due diligence and maintains credit policies and limits in respect to potential loans. Credit risk is also mitigated through the Corporation holding a first charge mortgage security interest in the units constructed and the land upon which the units are constructed, which are in various communities throughout Saskatchewan.

Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. As a subsidiary of CIC, the Corporation has access to capital markets through the Saskatchewan Ministry of Finance. The Saskatchewan Ministry of Finance also guarantees amounts due under the debt obligations.

14. Financial risk management (continued)

Liquidity risk (continued)

The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2019 (thousands of dollars):

		Contractual Cash Flows				
	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years
Debt obligations	$ 24,366	$ 24,563	$ 18,949	$ 2,641	$ 2,030	$ 943
Trade and other payables	647	647	647	-	-	-
	$ 25,013	$ 25,210	$ 19,596	$ 2,641	$ 2,030	$ 943

The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2018 (thousands of dollars):

		Contractual Cash Flows				
	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years
Debt obligations	$ 94,348	$ 95,606	$ 41,610	$ 29,431	$ 21,590	$ 2,975
Trade and other payables	477	477	477	-	-	-
	$ 94,825	$ 96,083	$ 42,087	$ 29,431	$ 21,590	$ 2,975

15. Capital management

The Corporation's objective when managing capital is to ensure adequate capital to support its mandate to deliver the Government of Saskatchewan's Headstart on a Home program while effectively monitoring the legal limitations disclosed in Note 8 and repayment obligations to the Government of Canada.

The Corporation's capital structure consists entirely of amounts received under the IIP. Debt obligations under the IIP are guaranteed by the Saskatchewan Ministry of Finance. Pursuant to Order in Council 102/2019, CIC is authorized to provide financial assistance to the Corporation in an amount not exceeding $7 million in the 2019-20 fiscal year.

The Corporation has complied with requirements of the IIP and the legal limitations described in Note 8. The Corporation made no changes in its approach to capital management during the period.