

# NORTHPOINT ENERGY SOLUTIONS INC.

## ANNUAL REPORT



# REPORT OF MANAGEMENT

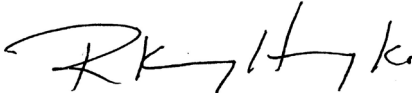
The financial statements of NorthPoint Energy Solutions Inc. (NorthPoint) are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. The preparation of financial statements necessarily involves the use of estimates based on management's best judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. In management's opinion, the financial statements have been properly prepared within the framework of selected accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, information available up to May 25, 2021.

Management maintains appropriate systems of internal control which provide reasonable assurance that NorthPoint's assets are safeguarded and appropriately accounted for, that financial records are relevant, reliable, and accurate, and that transactions are executed in accordance with management's authorization. This system includes corporate-wide policies and procedures, as well as the appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the NorthPoint Board of Directors.

The NorthPoint Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. At regular meetings, the Board reviews audit, internal control and financial reporting matters with management, the internal auditors and the external auditors to satisfy itself that each is properly discharging its responsibilities. The financial statements and the independent auditor's report have been approved by the NorthPoint Board of Directors. The internal and external auditors have full and open access to the NorthPoint Board of Directors, with and without the presence of management.

The financial statements have been examined by Deloitte LLP, Chartered Professional Accountants, as appointed by the Lieutenant Governor in Council and approved by the Crown Investments Corporation of Saskatchewan. The external auditor's responsibility is to express its opinion on whether the financial statements are fairly presented in accordance with International Financial Reporting Standards.

On behalf of management,



**Kory Hayko**  
President & Chief Executive Officer  
May 25, 2021



**Troy King**  
Chief Financial Officer

# INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan:

## Opinion

We have audited the financial statements of NorthPoint Energy Solutions Inc. (the Corporation), which comprise the statement of financial position as at March 31, 2021, and the statements of loss, comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (Canadian GAAS). 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*Deloitte LLP*

**Chartered Professional Accountants**

May 25, 2021  
Regina, Saskatchewan

## STATEMENT OF LOSS

(in thousands)

For the year ended March 31	Notes	2020-21	2019-20
<b>Revenue</b>			
Net costs from electricity trading	4	\$ (1,274)	\$ (25)
<b>Total revenue</b>		<b>(1,274)</b>	<b>(25)</b>
<b>Expense</b>			
Administration	10	504	504
Foreign exchange losses (gains)		403	(41)
Finance income net of expenses		(4)	(20)
<b>Total expense</b>		<b>903</b>	<b>443</b>
<b>Net loss</b>		<b>\$ (2,177)</b>	<b>\$ (468)</b>

See accompanying notes

## STATEMENT OF COMPREHENSIVE LOSS

(in thousands)

For the year ended March 31	2020-21	2019-20
<b>Net loss</b>	\$ (2,177)	\$ (468)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive loss</b>	\$ (2,177)	\$ (468)

See accompanying notes

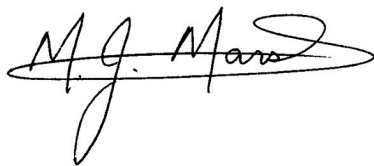
# STATEMENT OF FINANCIAL POSITION

(in thousands)

As at March 31	Notes	2021	2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 14,681	\$ 7,749
Accounts receivable		4,306	3,374
Risk management assets	5	-	3,277
		<b>18,987</b>	14,400
<b>Prepaid deposits</b>		<b>214</b>	241
<b>Total assets</b>		<b>\$ 19,201</b>	<b>\$ 14,641</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 611	\$ 2,475
Due to SaskPower	10	3,324	936
Deferred revenue		-	3,787
Short-term debt from SaskPower	7	20,000	10,000
<b>Total liabilities</b>		<b>23,935</b>	17,198
<b>Equity</b>			
Share capital		10,000	10,000
Deficit		(14,734)	(12,557)
<b>Total equity</b>		<b>(4,734)</b>	(2,557)
<b>Total liabilities and equity</b>		<b>\$ 19,201</b>	<b>\$ 14,641</b>

See accompanying notes

On behalf of the Board:



**Mike Marsh**  
Chair



**Grant Ring**  
Director



## STATEMENT OF CHANGES IN EQUITY

(in thousands)

	# of Class A shares <sup>1</sup>	Share capital	Deficit	Total
<b>Equity</b>				
Balance, April 1, 2019	10,000	\$ 10,000	\$ (12,089)	\$ (2,089)
Comprehensive loss	-	-	(468)	(468)
<b>Balance, March 31, 2020</b>	<b>10,000</b>	<b>\$ 10,000</b>	<b>\$ (12,557)</b>	<b>\$ (2,557)</b>
Comprehensive loss	-	-	(2,177)	(2,177)
<b>Balance, March 31, 2021</b>	<b>10,000</b>	<b>\$ 10,000</b>	<b>\$ (14,734)</b>	<b>\$ (4,734)</b>

1. Unlimited Class A non-cumulative, voting common shares authorized. All shares are held by the parent corporation, Saskatchewan Power Corporation.

See accompanying notes

# STATEMENT OF CASH FLOWS

(in thousands)

For the year ended March 31	2020-21	2019-20
<b>Operating activities</b>		
<b>Net loss</b>	\$ (2,177)	\$ (468)
<b>Add (deduct) items not involving cash:</b>		
Fair value change of electricity trading contracts	(510)	323
	<b>(2,687)</b>	<b>(145)</b>
<b>Net change in non-cash working capital:</b>		
Accounts receivable	(932)	(249)
Prepaid deposits	27	(11)
Accounts payable and accrued liabilities	(1,864)	191
Due to SaskPower	2,388	16
	<b>(381)</b>	<b>(53)</b>
<b>Cash used in operating activities</b>	<b>(3,068)</b>	<b>(198)</b>
<b>Financing activities</b>		
Proceeds from short-term debt from SaskPower	10,000	-
<b>Cash provided by financing activities</b>	<b>10,000</b>	<b>-</b>
<b>Increase (decrease) in cash</b>	<b>6,932</b>	<b>(198)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>7,749</b>	<b>7,947</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 14,681</b>	<b>\$ 7,749</b>

See accompanying notes

# NOTES TO THE FINANCIAL STATEMENTS

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## NOTE 1 DESCRIPTION OF BUSINESS

NorthPoint Energy Solutions Inc. (NorthPoint; the Corporation) was incorporated pursuant to *The Business Corporations Act (Saskatchewan)* effective October 17, 2001, and began operations November 1, 2001. NorthPoint is a marketer of wholesale electricity products and services. The office is located on the 5<sup>th</sup> Floor, 2025 Victoria Avenue in Regina, Saskatchewan, Canada, S4P 0S1. NorthPoint is a wholly-owned subsidiary of Saskatchewan Power Corporation (SaskPower), which is a subsidiary of Crown Investments Corporation (CIC) of Saskatchewan. Accordingly, the financial results of NorthPoint are included in the consolidated financial statements of SaskPower and CIC.

As a subsidiary of a provincial Crown corporation, NorthPoint is not subject to federal or provincial income taxes.

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## NOTE 2 BASIS OF PREPARATION

### (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were authorized for issue by the NorthPoint Board of Directors on May 25, 2021.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments that are accounted for according to the financial instrument categories defined in Note 3(d).

### (c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

### (d) Use of estimates and judgments

The COVID-19 pandemic has resulted in an economic slowdown. The duration and impact of the COVID-19 pandemic are unknown at this time. Estimates to the extent which the COVID-19 pandemic may, directly or indirectly, impact the Corporation's operations, financial results and conditions in future periods are also subject to uncertainty.

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

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

Significant areas requiring the use of management estimates are further described in the following summary of significant accounting policies and related notes:

- Determining the fair value of certain financial instruments and derivatives can require significant estimation regarding components such as future price, volatility, and liquidity. Fair values can fluctuate significantly depending on current market conditions. These estimates of fair value may not accurately reflect the amounts that could be realized or settled [Notes: 3(d) and 5].

### (e) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2021, and have not been applied in preparing these financial statements. The following amended standards are not expected to have a material impact on the financial statements:

- Amendments to IFRS 9, *Financial Instruments*
- Amendments to IAS 1, *Presentation of Financial Statements*
- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*

# NOTES TO THE FINANCIAL STATEMENTS

## (f) Application of new and revised International Financial Reporting Standards

### (i) Amendments to the Conceptual Framework for Financial Reporting

Effective April 1, 2020, NorthPoint prospectively adopted the amendments to the *Conceptual Framework for Financial Reporting (Conceptual Framework)*. The amendments provide revisions to the *Conceptual Framework*, a comprehensive set of concepts for financial reporting. There was no impact to the financial statements upon adoption of the amendments to the framework.

### (ii) Amendments to IAS 1, *Presentation of Financial Statements* and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

Effective April 1, 2020, NorthPoint prospectively adopted the amendments to IAS 1, *Presentation of Financial Statements* and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in IAS 1, *Presentation of Financial Statements* and align the definitions used across IFRS Standards and other publications. There was no impact to the financial statements upon adoption of the amendments to the standards.

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## NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

### (a) Revenue recognition

The Corporation engages in wholesale electricity trading transactions, which include both physical and financial electricity trading activities. The Corporation evaluates whether the contracts it enters into meet the definition of a contract with a customer at inception and on an ongoing basis if there is an indication of significant changes in facts and circumstances. Electricity trading contracts are deemed to have a single performance obligation. These performance obligations are satisfied on a net basis at a point in time upon delivery of electricity to customers and receipt of electricity purchased from external parties. The Corporation is entitled to consideration as a result of completion of the performance obligation. Revenue is measured based on the transaction price specified, which is the fair value of the electricity trading contract (Notes 4 and 5).

### (b) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars using the rate of exchange in effect at the reporting date. Revenues and expenses are translated at the rate prevailing at the transaction date. Foreign currency translation gains and losses are included in profit or loss in the period in which they arise.

### (c) Cash and cash equivalents

Cash and cash equivalents may include bank overdrafts and short-term investments made by SaskPower on NorthPoint's behalf that have a maturity date of 90 days or less from the date of acquisition. These investments are carried at fair value.

### (d) Financial instruments

#### (i) Classification and measurement

NorthPoint classifies its financial instruments into one of the following categories: amortized cost (AC) and fair value through profit or loss (FVTPL) (Note 5). All financial instruments are measured at fair value on initial recognition and recorded on the statement of financial position. Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. 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 instruments classified as FVTPL are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial assets and liabilities classified as amortized cost are subsequently measured at amortized cost using the effective interest method, less any impairment. Financial instruments classified as FVTPL are subsequently measured at fair value, with changes in fair value recognized in the statement of loss.

## NOTES TO THE FINANCIAL STATEMENTS

Derivative financial instruments, utilized by NorthPoint as part of its electricity trading activities, are recognized as a financial asset or a financial liability on the trade date. All derivative financial instruments are classified as FVTPL and recorded at fair value on the statement of financial position as risk management assets and liabilities. If there is a difference between the fair value at initial recognition and the transaction price, the day one gain is deferred and amortized into profit or loss over the term of the contract. Subsequent changes in the fair value of these derivative financial instruments are recognized in the statement of loss. NorthPoint has chosen not to designate its derivative instruments as hedges.

### (ii) Embedded derivatives

As at March 31, 2021, NorthPoint does not have any outstanding contracts or financial instruments with embedded derivatives that are required to be valued separately.

### (iii) Fair value

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 in the principal or most advantageous market at the measurement date. NorthPoint's own credit risk and the credit risk of the counterparty have been taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The Corporation has classified the fair value of its financial instruments as level 1, 2, or 3 (Note 5) as defined below:

Level 1 – Fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Corporation has immediate access.

Level 2 – Fair values are determined using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Electricity trading contract fair values were determined using independent pricing information from external market providers and other variables.

Level 3 – Fair values were determined based on inputs for the asset or liability that are not based on observable market data. As at March 31, 2021, the Corporation does not have any financial instruments classified as Level 3.

### (iv) Impairment

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. The Corporation measures loss allowances for trade receivables at an amount equal to lifetime ECL. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4 NET COSTS FROM ELECTRICITY TRADING

<i>(in thousands)</i>	2020-21	2019-20
Electricity trading revenue	\$ 5,171	\$ 14,557
Electricity trading costs	(6,955)	(14,259)
Fair value change	510	(323)
	<b>\$ (1,274)</b>	<b>\$ (25)</b>

### NOTE 5 FINANCIAL INSTRUMENTS

<i>(in thousands)</i>	Classification	Level <sup>3</sup>	March 31, 2021		March 31, 2020	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Cash and cash equivalents	FVTPL <sup>1</sup>	1	\$ 14,681	\$ 14,681	\$ 7,749	\$ 7,749
Accounts receivable	AC <sup>2</sup>	N/A	4,306	4,306	3,374	3,374
Prepaid deposits	AC <sup>2</sup>	N/A	214	214	241	241
<b>Financial liabilities</b>						
Accounts payable and accrued liabilities	AC <sup>2</sup>	N/A	\$ (611)	\$ (611)	\$ (2,475)	\$ (2,475)
Due to SaskPower	AC <sup>2</sup>	N/A	(3,324)	(3,324)	(936)	(936)
Short-term debt from SaskPower	AC <sup>2</sup>	N/A	(20,000)	(20,000)	(10,000)	(10,000)

#### Risk management assets and liabilities

The following summarizes the classification and fair values of NorthPoint's risk management activities:

<i>(in thousands)</i>	Classification	Level <sup>3</sup>	March 31, 2021		March 31, 2020	
			Asset	(Liability)	Asset	(Liability)
<b>Electricity trading contracts</b>						
Forward agreements <sup>4</sup>	FVTPL <sup>1</sup>	2	\$ -	\$ -	\$ 3,277	\$ -
			<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,277</b>	<b>\$ -</b>

1. FVTPL – measured mandatorily at fair value through profit or loss.

2. AC – amortized cost.

3. Fair values are determined using a fair value hierarchy as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Not applicable (N/A) – Financial instruments — including accounts receivable; prepaid deposits; accounts payable and accrued liabilities; due to SaskPower; and short-term debt from SaskPower — are carried at values which approximate fair value due to the short period to maturity.

4. NorthPoint entered into a forward electricity contract to purchase electricity from an arms-length party at the British Columbia/Alberta border. The fair value of this contract was determined using a valuation technique using inputs based on pricing information from external market providers and other variables. The valuation technique used calculated a day one gain (difference between the transaction price and the fair value). Given the complexity and nature of this agreement, management concluded that the transaction price was not the best evidence of fair value. As a result, this day one gain was deferred and recognized as deferred revenue on the statement of financial position. The day one gain was amortized into income over the term of the contract, which expired December 31, 2020.

# NOTES TO THE FINANCIAL STATEMENTS

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## NOTE 6 FINANCIAL RISK MANAGEMENT

### Market risk

#### (a) Commodity prices

##### Electricity trading contracts

NorthPoint is exposed to electricity price risk on its electricity trading activities. NorthPoint has a Risk Management Manual which governs the commodity transactions undertaken in its proprietary trading business. Electricity trading risks are managed through limits on the size and duration of transactions and open positions, including Value at Risk (VaR) limits. VaR is a commonly used metric employed to track and manage the market risk associated with trading positions. A VaR measure gives, for a specific confidence level, an estimated potential loss that could be incurred over a specified period of time. VaR is used to determine the potential change in value of NorthPoint's proprietary portfolio, over a 10-day period within a 95% confidence level, resulting from normal market fluctuations. VaR is estimated using the historical variance/covariance approach.

VaR has certain inherent limitations. The use of historical information in the estimate assumes that price movements in the past will be indicative of future market risk. As such, it may be only meaningful under normal market conditions. Extreme market events are not addressed by this risk measure. In addition, the use of a 10-day measurement period implies that positions can be unwound or hedged within that period; however, this may not be possible if the market becomes illiquid. NorthPoint recognizes the limitations of VaR and actively uses other controls, including restrictions on authorized instruments, volumetric and term limits, stress-testing of individual portfolios and of the total proprietary trading portfolio, and management review.

At March 31, 2021, the VaR associated with NorthPoint's proprietary trading activities was nil (March 31, 2020 – nil).

#### (b) Foreign exchange rates

By virtue of its operations, NorthPoint is exposed to changes in the United States/Canadian dollar exchange rate. NorthPoint purchases electricity from and sells electricity to the United States market and must recognize translation gains and losses based on the exchange rate in effect at the transaction date. NorthPoint's sensitivity to changes in the United States dollar is immaterial and, therefore, a sensitivity analysis of the impact on profit or loss has not been provided.

### Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

## NOTES TO THE FINANCIAL STATEMENTS

NorthPoint maintains strict credit policies and limits in respect to counterparties, including regional transmission operators. The maximum credit risk to which NorthPoint is exposed is limited to the fair value of the financial assets recognized as follows:

<i>(in thousands)</i>	<b>March 31 2021</b>	March 31 2020
<b>Financial assets</b>		
Cash and cash equivalents	\$ 14,681	\$ 7,749
Accounts receivable	4,306	3,374
Risk management assets	-	3,277
Prepaid deposits	214	241
	<b>\$ 19,201</b>	<b>\$ 14,641</b>

- (a) For the year ended March 31, 2021, sales to one significant customer comprised 99.9% (year ended March 31, 2020 – one significant customer comprised 100.0%) of electricity trading revenue less derivatives. As at March 31, 2021, receivables from three customers comprised 98.1% (March 31, 2020 – two customers comprised 100.0%) of total outstanding receivables. These amounts have been subsequently received.
- (b) The terms and conditions of certain derivative financial instrument contracts require NorthPoint to provide funds deposited as collateral. These funds allow NorthPoint to not have to settle the trades on a daily basis. As at March 31, 2021, the Corporation had \$560 thousand in collateral posted related to these contracts which is included in accounts receivable.
- (c) NorthPoint is also exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. NorthPoint maintains Board-approved credit policies and limits in respect to its counterparties.
- (d) In order to trade within certain markets in the United States, NorthPoint is required to maintain a cash balance with these counterparties. As at March 31, 2021, the Corporation had \$214 thousand reflected on the statement of financial position as prepaid deposits.

### Liquidity risk

Liquidity risk is the risk that NorthPoint is unable to meet its financial commitments as they become due or can do so only at excessive cost. NorthPoint manages its cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of NorthPoint's financial liabilities at March 31, 2021:

<i>(in thousands)</i>	<b>Contractual cash flows</b>						
	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>0-6 months</b>	<b>7-12 months</b>	<b>2 years</b>	<b>3-5 years</b>	<b>More than 5 years</b>
<b>Financial liabilities</b>							
Accounts payable and accrued liabilities	\$ 611	\$ 611	\$ 611	\$ -	\$ -	\$ -	\$ -
Due to SaskPower	3,324	3,324	3,324	-	-	-	-
Short-term debt from SaskPower	20,000	20,000	20,000	-	-	-	-
	<b>\$ 23,935</b>	<b>\$ 23,935</b>	<b>\$ 23,935</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Management believes its ability to generate and acquire funds will be adequate to support these financial liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7 SHORT-TERM DEBT FROM SASKPOWER

NorthPoint entered into a loan advance agreement on June 26, 2017, with SaskPower for the issue of \$10.0 million. On November 16, 2020, NorthPoint entered into a new loan advance agreement with SaskPower for the issue of an additional \$10.0 million. These loans are non-interest bearing and payable on demand.

### NOTE 8 CAPITAL MANAGEMENT

NorthPoint's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies for the Corporation. NorthPoint receives its long-term capital funding primarily from SaskPower.

NorthPoint's capital structure as at March 31, 2021, consists of short-term debt from SaskPower of \$20.0 million (March 31, 2020 - \$10.0 million); share capital of \$10.0 million (March 31, 2020 - \$10.0 million) and a deficit of \$14.7 million (March 31, 2020 – deficit of \$12.6 million).

### NOTE 9 COMMITMENTS AND CONTINGENCIES

In 2020-21, NorthPoint has issued letters of credit in the amount of \$2.7 million (2019-20 – \$0.4 million) to certain counterparties under contractual arrangements. If NorthPoint does not pay amounts due under such contracts, the counterparty may present its claim for payment to the financial institution through which the letter of credit was issued. Any amounts owed by NorthPoint would be reflected in the statement of financial position. The letters of credit do not contain recourse provisions nor does NorthPoint hold any assets as collateral against the guarantees issued. All letters of credit expire within one year and are expected to be renewed, as needed, through the normal course of business. During the year ended March 31, 2021, no amounts (year ended March 31, 2020 – nil) have been exercised by third parties under these arrangements.

### NOTE 10 RELATED PARTY TRANSACTIONS

Included in these financial statements are various related party transactions, substantially all of which are with SaskPower. NorthPoint also has a variety of other transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to NorthPoint 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).

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

<i>(in thousands)</i>	2020-21	2019-20
Electricity trading costs	\$ -	\$ 70
Administration expense <sup>1</sup>	504	504
Due to SaskPower	3,324	936
Short-term debt from SaskPower	20,000	10,000

1. SaskPower charges NorthPoint an administration fee for salaries and benefits paid to SaskPower employees for proprietary trading activities.

In addition, NorthPoint pays Saskatchewan provincial sales tax on all its taxable purchases to the Government of Saskatchewan Ministry of Finance. Taxes paid are recorded as part of the cost of those purchases.







**NorthPoint Energy Solutions Inc.**

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