

SaskGaming

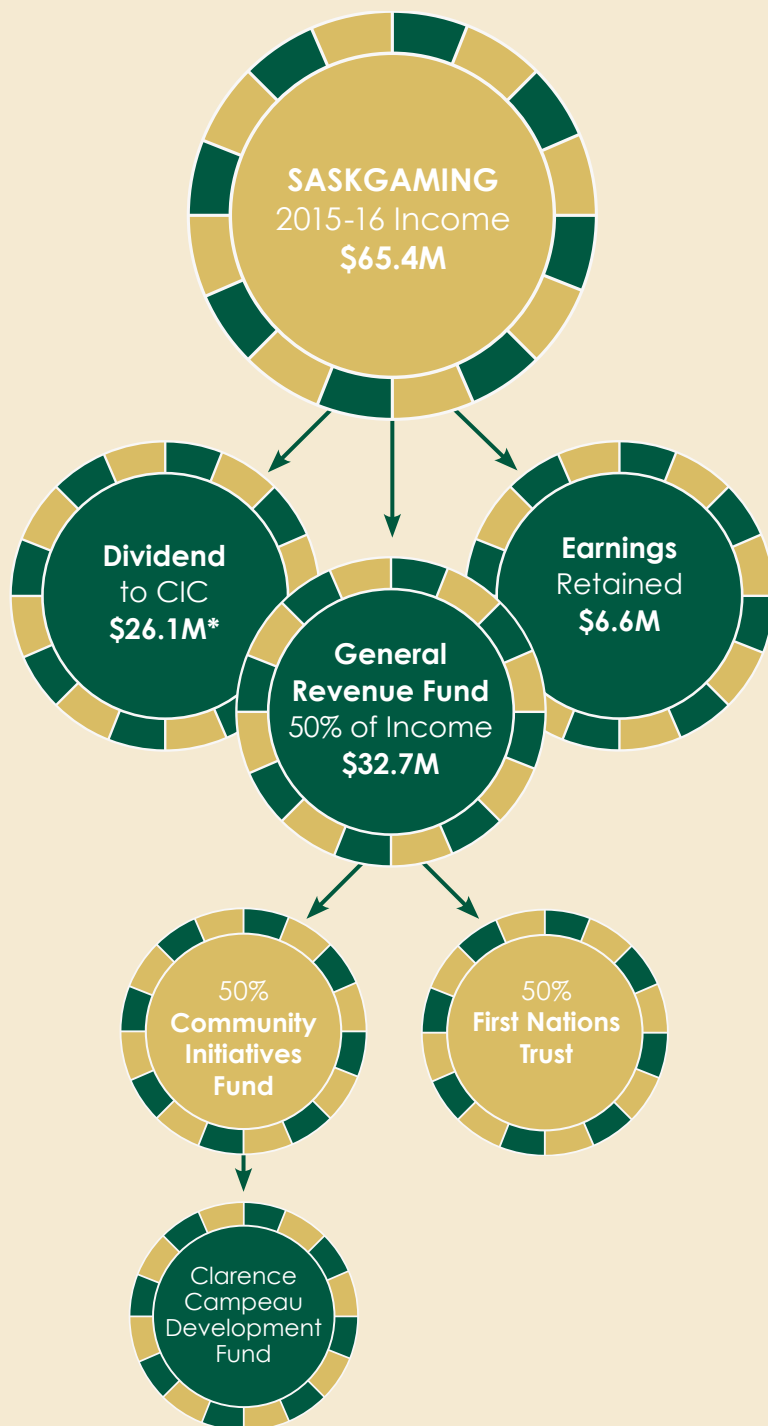
2015-16 ANNUAL REPORT

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PROFIT SHARING

SaskGaming's profits support communities and organizations throughout Saskatchewan, with half of our net income paid to the General Revenue Fund each year to support the provincial government's commitment to the First Nations Trust and the Community Initiatives Fund. See page 47 for details.



* SaskGaming's declared dividend to CIC is set each year as a percentage of the corporation's net income after payment to the GRF.

OPERATIONAL HIGHLIGHTS

(15-MONTH FISCAL PERIOD)

TOTAL GUEST COUNT	4,394,142
Casino Regina	3,539,637
Casino Moose Jaw	854,505
GUEST SATISFACTION	80.7%
MYSTERY SHOPPER	95.1%
GUEST OPINION ABOUT SAFETY ON PREMISES	87.0%

FINANCIAL HIGHLIGHTS

(15-MONTH FISCAL PERIOD)

REVENUE
\$158.2 MILLION

EXPENSES
\$92.8 MILLION

INCOME
BEFORE PAYMENT TO THE GRF
\$65.4 MILLION

PAYMENT
TO THE GRF
\$32.7 MILLION

DIVIDEND DECLARED TO
CROWN INVESTMENTS CORPORATION
\$26.1 MILLION

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Vision, Mission and Values

Vision

SaskGaming is a recognized leader in providing gaming entertainment to our guests.

Mission

We offer outstanding casino gaming and entertainment for our guests in a socially responsible manner, generating quality employment, economic benefit to the community, and profit for Saskatchewan people in partnership with First Nations.

Values

- **Respect** – We embrace diverse backgrounds. People matter and we treat everyone as we expect to be treated.
- **Integrity** – We are honest, fair and honour our commitments. We accept responsibility for our actions, both personally and professionally.
- **Passion** – We feel strongly about achieving our goals and it shows in our enthusiasm for everything we say and do.
- **Innovation** – We are committed to continuously improve our products, processes, skills and knowledge. To remain competitive, we continually improve all aspects of the business.



Letter of Transmittal

Regina, Saskatchewan
May 19, 2016

To Her Honour,
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Gaming Corporation for the year ended March 31, 2016, in accordance with *The Saskatchewan Gaming Corporation Act*. The financial statements are in the form approved by the Treasury Board, and duly certified by auditors for the Saskatchewan Gaming Corporation.

Respectfully submitted,



Honourable Nancy Heppner
Minister Responsible for Saskatchewan Gaming Corporation

Message from the Minister

On behalf of Premier Brad Wall and the Government of Saskatchewan, I am pleased to present the Saskatchewan Gaming Corporation 2015-16 Annual Report.

SaskGaming continues to demonstrate its commitment to shareholders, the people of Saskatchewan, by sound fiscal management and innovative revenue generation. I am pleased to share that the corporation contributed \$32.7 million to the General Revenue Fund (GRF) for 2015-16.

Since SaskGaming's inception in 1996, the corporation has contributed over \$500 million to the GRF. These funds have had a considerable impact on communities across Saskatchewan and have supported important programs, services, events and organizations that help to improve lives and livelihoods in all corners of our province.

Throughout 2015-16, SaskGaming demonstrated its passion for providing remarkable guest service, its commitment to the employee experience, and to operating a socially responsible corporation. I am particularly proud of the corporation's dedication to diversity. Working in partnership with the province's First Nations and Métis communities is one of the hallmarks of SaskGaming. This includes providing quality employment to hundreds of First Nations and Métis people. In fact, more than 40 per cent of the corporation's workforce is of Aboriginal descent, making SaskGaming one of the most diverse employers in all of government.

I want to thank the Board of Directors, management and all SaskGaming employees for their commitment and contribution to SaskGaming and to the people of Saskatchewan.

Respectfully submitted,



Honourable Nancy Heppner
Minister Responsible for Saskatchewan Gaming Corporation



Message from the Chair

This was a year of some change at SaskGaming as new products, new policies and new leadership were introduced. Susan Flett was named President & CEO of the corporation in July 2015. Her proven leadership skills and 16 years of experience in the gaming industry are a considerable asset to the corporation, and she has already made significant contributions to SaskGaming.



I am also pleased to welcome Alphonse Bird to the Board of Directors. As former Grand Chief of the Prince Albert Grand Council, Chief of the former Federation of Saskatchewan Indian Nations, now Federation of Sovereign Indigenous Nations, and Assembly of First Nations Regional Chief for Saskatchewan, Alphonse brings a wide array of experiences and expertise to this position.

Unchanged is the corporation's strong commitment to operating a socially responsible business, and several developments throughout the year affirmed that commitment.

One development of special note was the introduction of the disentanglement of winnings policy at SaskGaming properties. The policy was several years in the making, and the corporation is thankful for the support of the Saskatchewan Liquor and Gaming Authority in implementing the legislative changes required to allow such a policy.

The disentanglement of winnings policy allows SaskGaming to withhold cash, credits and prizes from individuals who are ineligible to win at Saskatchewan casinos, which removes the primary reason many people gamble. The ultimate aim of the policy is to help those who have voluntarily self-excluded from Saskatchewan casinos stick to the agreement they made to stop gambling. Since its implementation on October 1, the policy has successfully withheld winnings from a number of excluded individuals. I'm also pleased to share that all funds withheld through the policy are directed to SaskGaming's Community Relations Program which disburses the funds to charitable groups, projects and events in the province.

Beyond the introduction of disentanglement of winnings, responsible gambling continues to be an area of great importance for the corporation. Casinos Regina and Moose Jaw retained their Responsible Gambling (RG) Check Accreditation in 2015, and the responsible gambling team continued its focus on providing training for SaskGaming employees and others in the industry, hosting monthly informative player events and interacting with guests on the gaming floors on a daily basis.

I am very proud of the corporation's continued support of the communities in which it operates. In 2015-16, SaskGaming's Community Relations Program assisted a number of worthy initiatives in the province including the Regina Food Bank, the Moose Jaw & District Food Bank, the Saskatchewan Festival of Words, the Moose Jaw Health Foundation, the Gathering Place, Carmichael Outreach and Souls Harbour Rescue Mission. SaskGaming is so pleased to be able to support these organizations – and many more – and all they are able to achieve.

On behalf of the Board of Directors, I want to thank the management and staff at Casinos Regina and Moose Jaw for their achievements over the past year. I look forward to continued success in 2016-17.

A handwritten signature in black ink, appearing to read 'Wes Becker', with a stylized flourish at the end.

Wes Becker
Chair of the Board of Directors

Message from the President & CEO

SaskGaming's long-term stability was a top priority in 2015-16, and I'm very proud of the corporation's achievements in this area. From the introduction of new products and the delivery of an amazing guest experience to the development of a new program to help employees facing personal difficulty – there were multiple successes over the past 15 months. It's an exciting time to be leading the corporation and I am thankful for the opportunity to be at the helm as we establish a new vision for our future – one that is focused on innovation, growth and success.

The corporation received direction from its shareholder, Crown Investments Corporation, to shift its fiscal year from a calendar year to an April 1 to March 31 year to better align with government and other Crown corporations. For this reason, this report covers the 15-month period from January 1, 2015 to March 31, 2016.

I'm pleased to share that SaskGaming was able to deliver \$65.4 million in Income Before Payment to the General Revenue Fund (GRF) in the 15-month period of 2015-16 compared to the \$49.8 million attained in the 12 months of 2014. This payment was made possible through expense management and through commitment to the guest experience which resulted in revenues of \$158.2 million. We are proud that SaskGaming was able to make this contribution to the GRF to benefit the people of Saskatchewan.

SaskGaming continues to face the pressures of a mature gaming market, but through continued focus on exceeding the expectations of our guests we believe we will continue to be a robust and profitable business. This includes listening to our guests to best deliver the service and products they desire. In 2015-16, this meant that we introduced more Touch Bet products at Casinos Regina and Moose Jaw, shifted the way we deliver entertainment at both properties and completed renovations at Casino Regina. We also remained committed to guest services and that commitment was reflected in the remarkable Mystery Shopper and Guest Satisfaction scores achieved this year. The scores truly demonstrate the commitment and effort that SaskGaming employees contribute to the corporation.

We believe that it would not be possible to achieve guest satisfaction without the hard work and support of our employees, so giving our employees the best possible work experience also remains a priority at SaskGaming. We have an Employee Satisfaction Action Committee that helps the corporation set and meet goals to enhance satisfaction among employees. This year, we developed and introduced a new program to help employees facing exceptional hardship in their lives. The Helping Our People Program supports employees by offsetting the financial burden of extended healthcare, illness and other unfortunate circumstances. Just as our employees help the corporation meet the needs of our guests, we want to help our employees in their time of need.

I want to thank everyone who has supported the corporation in the last 15 months. In particular, I wish to thank the Board of Directors and the executive team for their help as I transitioned into my new role as President & CEO and all of the staff at SaskGaming who make it such a wonderful place to work. You have contributed to SaskGaming's success and I look forward to continuing our work in meeting our corporate goals to benefit the people of Saskatchewan.



A stylized, handwritten signature in dark ink that reads "Susan Flett".

Susan Flett
President & CEO



SASKGAMING YEAR IN REVIEW

Guest Experience

We continually strive to exceed our guests' expectations.

Excellent Guest Service

Exceeding the expectations of our guests is our top priority and in 2015-16 we undertook a number of tasks and initiatives to help ensure we are achieving in this area. The work of our Guest Advisory Committees continued to be an important aspect of guest service in 2015-16. The committees met regularly with management at Casinos Regina and Moose Jaw to share their thoughts, ideas and suggestions about their experience at the casinos. We then used their feedback to make improvements with the aim of improving the overall guest experience for all of our guests. This year, their feedback led to enhancements in the areas of security, amenities, products and the Players Club Program.

These improvements are reflected in our guest satisfaction and Mystery Shopper scores. In 2015-16, employees at Casinos Regina and Moose Jaw continued to deliver a truly amazing guest experience. The Mystery Shopper results reached an impressive 95.1 per cent at Casinos Regina and Moose Jaw. We celebrated these fantastic results with our employees through our 100% Club for those who achieve a perfect score when Mystery Shoppers come to visit. Employees who earn their spot in the club receive gift cards and a commemorative pin to mark their success and contribution to SaskGaming's overall results.

Like our 2015-16 Mystery Shopper score, the guest satisfaction exit survey results were positive this year. The exit surveys, conducted on a quarterly basis, reached 80.7 per cent in guest satisfaction and revealed that guests are largely enjoying their visits to our properties, and we had a great number of guest visits during the 15-month period, with guest visits reaching over 4.3 million at Casinos Regina and Moose Jaw.

Entertaining Events

Big changes took place in the Casino Regina Show Lounge in 2015-16 with the aim of attracting a younger demographic. We hosted our first cabaret-style rock show in January 2016 and we were overwhelmed with the positive feedback from guests, and with the record-breaking food and beverage sales that evening. We brought in comedian Bill Engvall for two comedy shows in one night and drew in almost 1,200 guests for those performances alone. These two events are examples of the new events that we're thrilled to host and want to continue providing to our guests as part of our new entertainment strategy. In total, we brought in 102 performances which entertained over 37,700 people at the Show Lounge and the Mae Wilson Theatre in Moose Jaw in 2015-16. Some of the entertainment highlights included Roger Hodgson, Martin Short, Charley Pride and Salt-N-Pepa.



Amazing concerts weren't the only great events happening in the Show Lounge. The Harvest Poker Classic and the Station Poker Classic brought in players from thousands of kilometers away for the thrill and fun of competing in poker tournaments against hundreds of other players in our world-class venue. Two records were set at November's Harvest Poker Classic including the number of entrants (1,100) and biggest jackpot ever (\$703,360), and the Station Poker Classic saw a 10.5 per cent increase in players from the 2014 tournament. These successes don't happen by accident. The Table Games team and Poker Managers go above and beyond to deliver these outstanding tournaments and the positive feedback from guests and record attendance is a testament to the top-quality dealers at Casino Regina. And because of that success, we were pleased to announce the revival of our third poker tournament, the Diamond Poker Classic, for the 2016-17 year.

Fun Promotions

2015's annual promotional theme was Over the Top – and did it ever deliver on its name! With truly extravagant prizes including a \$50,000 Cash Crop, a year of luxury services in the popular Live like the Rich prize pack and a chance to win Any Car on the Lot, among many other amazing prizes, Over the Top was a hit with guests. The Price is Right shows in the Casino Regina Show Lounge were another highlight in 2015-16 as select guests had the chance to try their hand at the fun and popular games.

Throughout 2015-16, a number of special offers were available to guests through direct mail coupon booklets, on the backs of entertainment tickets and in on-going offers like birthday and new member coupons. These offers were hugely popular with over 300,000 redemptions in the fiscal period.

In celebration of Saint Patrick's Day 2016, a special one-day only offer was issued to residents of Regina, Moose Jaw and area. Guests queued-up before the casinos opened and the gaming floors were buzzing all day as over 10,000 coupons were redeemed. It led to an incredible record-breaking day for food and beverage sales. Not to mention, the typical daily door count for March more than doubled. Staff from all areas stepped up to help the day run smoothly, making it enjoyable for all.

The Player Club Kiosks also remain popular with guests. The promotional kiosk bonus games were a hit in 2015-16 with a monthly average of over 13,500 unique guests trying their luck at the fun mini-games. In total, the bonus game was played over 1.1 million times in the 15-month period with winners taking home a wide variety of prizes from draw entries to bonus points and coupons.

Employee Experience

We offer an excellent employee experience to a diverse workforce where careers can begin and grow.

Our Employees

We operate a unique business that offers a vast array of employment opportunities. From specialized work like slot technicians, dealers and chefs to corporate staff, security and surveillance – SaskGaming's employees come from a variety of backgrounds with diverse experiences. For some, SaskGaming provides a career with competitive pay and benefits, for others it's a great job that offers work-life balance as they complete their post-secondary studies. Our employees are the heart of what we do. Whether they are on the front lines or back of house, they are working hard to deliver an "Always Entertaining" experience.

In 2015-16, SaskGaming recognized 57 employees who have contributed 25, 15 or 10 years of service to SaskGaming and the Saskatchewan civil service. Employees achieving one of these milestones in service were invited for a special evening in their honour.

SaskGaming has one of the most diverse workplaces in Saskatchewan and we're very proud of that. We have a number of initiatives to support our commitment to diversity, including the recruitment, selection, training and education of diversity groups. With a workforce of nearly 800 employees, we lead Saskatchewan's public sector with over 40 per cent Aboriginal representation across our company, as well as 16.6 per cent visible minorities and 4.6 per cent persons with disabilities.

Providing employees with the training they need to feel confident in their duties and be successful in the work place is a priority at SaskGaming. In the 15-month period of 2015-16, the corporation delivered on its commitment to the core training of employees. Not only is this beneficial to employees, but also helps them provide quality service to our guests.

Workplace Diversity

The diversity of SaskGaming employees is one of the corporation's clear strengths. The corporation is committed to establishing and protecting a culture of inclusion where everyone has a sense of belonging, where everyone can succeed and where all can make a valued contribution. We work toward this goal through employee resources like SaskGaming's Aboriginal Employees Network (AEN) and by creating community partnerships that support diversity.

AEN is a volunteer group comprised of SaskGaming employees which receives financial support from the corporation to develop and execute cultural programs and events. The goal of the group is to support and promote inclusiveness and awareness of First Nations, Métis and Inuit culture, history, beliefs and traditions at SaskGaming. AEN was very busy in 2015-16 with a number of awareness and community-building activities. They hosted cultural workshops like a traditional beading class and a colonization blanket exercise, they participated in events like the Glen Anaquod Memorial Tipi Raising Competition, and organized the production of a diversity cookbook featuring recipes from SaskGaming employees from a variety of backgrounds with funds raised donated to charity.



The Work Environment

Our employees are the heart of SaskGaming. They are what keeps the gaming floor pumping and the corporation running. In 2015-16, some of the benefits employees received include two-for-one tickets to entertainment in the Casino Regina Show Lounge, subsidized meals in the staff cafeterias, access to a free gym at Casino Regina and wellness funding in lieu of a gym at Casino Moose Jaw, and many more.

We're particularly proud of a new program introduced in 2015-16 to help employees facing exceptional hardship in their lives. The Helping Our People Program supports employees by offsetting the financial burden of extended healthcare, illness and other unfortunate circumstances where existing social programs are inadequate.

We partnered with the Delta Hotel in Regina to bring a special discount for employees of Casinos Regina and Moose Jaw, and also renewed the staff discount at the Temple Garden Mineral Spa in Moose Jaw, allowing our employees to book some much-deserved relaxation at special pricing. We know staying connected is important so we introduced free Wi-Fi in staff areas at Casinos Regina and Moose Jaw for employees to take advantage of during their breaks.

In 2015-16, we finalized a new learning framework and began preliminary work on an updated learning management system to better support the online learning needs of all employees, and to help ensure our employees have the training they need to excel at work.

The corporation is also very proud to have been named to MediaCorp's list of Saskatchewan's Top 100 Employers for 2016. This list is based on eight criteria, including physical workplace, work atmosphere, health, financial and family benefits, employee communications, vacation and time off, performance management, training and skills development and community involvement.

Social Responsibility

We demonstrate good corporate citizenship and employ gaming industry best practices.

Responsible Gambling

SaskGaming's Responsible Gambling Program is one worthy of boasting. In 2015-16, the program was enhanced further with the introduction of a new policy that helps those who have voluntarily self-excluded themselves from casinos in Saskatchewan honour their commitment to not gamble by removing the incentive of winning. The disentanglement of winnings policy allows SaskGaming to withhold cash, credits and prizes from individuals who are ineligible to win at Saskatchewan casinos, which removes the primary reason many people gamble. Funds withheld through disentanglement of winnings are directed to our Community Relations Program to be dispersed to charitable organizations, events and projects in Saskatchewan.

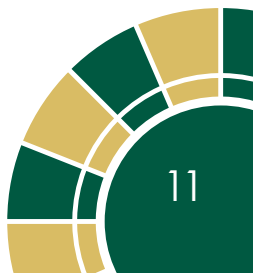
Our GameSense team continues to lead the way in offering responsible gambling programming. The GameSense team was asked to provide training and consultation to the Alberta Gaming and Liquor Commission and Saskatchewan's Ministry of Health in 2015 and they continue to provide on-going responsible gambling training for every SaskGaming employee. They also developed a Responsible Gambling Framework which elaborates on SaskGaming's Corporate Social Responsibility Framework to help guide staff and stakeholders on responsible gambling matters.

Throughout the year the GameSense team held monthly events to inform, educate and get to know guests at Casinos Regina and Moose Jaw. The events present responsible play information in an innovative and friendly manner, while our trained GameSense Advisors offer personal and confidential support and resources.

In 2015, Casinos Regina and Moose Jaw both retained their Responsible Gambling (RG) Check Accreditation. RG Check is an accreditation program created by the Responsible Gambling Council (RGC) and offers benchmarks for the content, quality and breadth of responsible gambling programs at gaming venues and is based on the RGC's Gambling Standards. Both casinos will pursue recertification in the summer of 2016.

Meaningful Sponsorships

SaskGaming uses four key areas of support – strengthening our community, promoting community pride, supporting Saskatchewan's growth through partnerships and Aboriginal people – to determine where to invest its annual community relations budget. In the 15-month year of 2015-16, our Community Relations Program donated over \$500,000 to more than 70 organizations, projects and events around the province, with approximately 23.5 per cent of those funds directed to Aboriginal sponsorships.





One of the most significant donations during this period was the \$40,000 donation to the Regina Symphony Orchestra's Strings for Change Program. The program reaches over 7,000 inner-city students in Regina each year and strives to make orchestral music accessible to everyone and to strengthen the community.

SaskGaming also partnered with the Power of Pink to host their signature event in the Casino Regina Show Lounge. The Power of Pink supports the Hospitals of Regina Foundation and the Pasqua Hospital's Breast Assessment Centre. Casino Regina helped the event surpass its fundraising goal with a \$50,000 donation.

SaskGaming also supports charities that matter to its employees through two financial matching programs. In 2015-16, nearly \$12,000 was donated through the Dollars for Do-Gooders and the Employee Match Programs which reward employees and charities who work to improve the community.

The Dollars for Do-Gooders Program supports individual employees who donate personal time to registered charities. It allows a maximum donation of \$250 per year for a minimum of eight hours of personal time volunteered, donated to the registered charity on the employee's behalf. Some of the charities who benefited from the program are Ignite Adult Learning Centre, Souls Harbour Rescue Mission and Street Culture Kidz Project.

The Employee Match Program supports groups of employees fundraising on behalf of a charity. SaskGaming matches contributions up to \$1,000 per fundraising activity by a group of employees. The Canadian Cancer Society, Juvenile Diabetes Research Foundation and Carmichael Outreach, among other worthy charities, received funds through this great program.

Pay It Forward Food Drive

In November 2015, the Pay It Forward Food Drive was held to encourage staff and guests to bring non-perishable food items to the casinos for donation to the Regina Food Bank and the Moose Jaw & District Food Bank. In its second year at SaskGaming, a new twist was introduced in 2015 for SaskGaming employees. A department challenge was issued by Director of Guest & Community Relations, George Reed, which saw teams vying for a trophy and bragging rights in the corporation. The winners of the challenge was the 10-member President's office team who donated an average of 18 items per employee in the department.

In total, both properties donated 2,000 food items to help those less fortunate in their communities. SaskGaming also topped off the food donation with a \$17,247 cash donation to the Regina Food Bank, and a \$5,000 cash donation to the Moose Jaw & District Food Bank.

Sustainable Corporation

We demonstrate good governance, integrity and sound management practices to ensure the long-term sustainability of the corporation.

Sound Management

In 2015-16, SaskGaming continued to focus on rigorous expense management to help ensure it was able to exceed its financial commitment to the provincial GRF. This management included discretionary spending restraints, a freeze on out-of-scope pay increases, a freeze on out-of-province travel and strategic management of job vacancies.

In December 2015, SaskGaming introduced changes to its corporate structure. The changes were made to enable enhanced services, deliver new perspectives for corporate requirements and result in greater departmental collaboration with the ultimate aim of positioning the business for long-term growth and success. This restructure resulted in no job losses, no full-time employees were added, and in-scope staff at Casinos Regina and Moose Jaw were not affected by the changes.

In recognition of the corporation's contribution to Saskatchewan, the company was named to SaskBusiness magazine's list of Saskatchewan's Top 100 Businesses of 2015. SaskGaming placed 54th on the annual list which is ranked by net income.

Diversifying Products

Finding the right mix of products to keep our guests entertained is an important part of meeting our goal of a sustainable corporation. We are constantly researching new products and machines, listening to guests' preferences and employee suggestions, and considering industry trends to help meet this goal.

In February 2015, a new Touch Bet pit was opened at Casino Regina. The pit features two roulette tables, two baccarat tables and 18 Touch Bet terminals. The launch of the new pit has proven very successful, and staff were on hand to distribute special introductory play vouchers and to help guests learn how to play the new machines. Following that, three Touch Bet roulette terminals were introduced at Casino Moose Jaw. A variety of lottery products are available at Casino Regina's Whistle Stop Café and in June 2015, Keno was added to the lottery lineup. New branded slot machines including the Monopoly Big Money Wheel, Top Dollar Reel Multi-Play and Sherlock Holmes machines arrived in February 2016.



Investing in Our Properties

Part of ensuring the long-term sustainability of SaskGaming is to reinvest in our properties and 2015-16 saw many upgrades to our facilities. With the ease of guests in mind, new sliding doors were added to the east, central and west doors at Casino Regina. The new doors provide better access to elderly guests and guests with mobility issues. This renovation also took special care to preserve the heritage doors on site. Additionally, carpets were replaced in the busy main hallways at Casino Regina to ensure the property is looking its best. To ensure the best possible guest experience, the project was undertaken between 4 and 9 a.m. so there was no disruption to guests and minimal disruption to employees.

The upgrades extended to the exterior as the smoking patio at Casino Regina was renovated in January 2016. The renovations included increasing the patio's size and upgrading the outdoor heaters with the aim to improve the comfortability and ease of use for our guests.

We're very proud to operate Casino Regina in the beautiful and historic Union Station, and we are pleased to have received a Municipal Heritage Award for preserving the original facade of the property in March 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

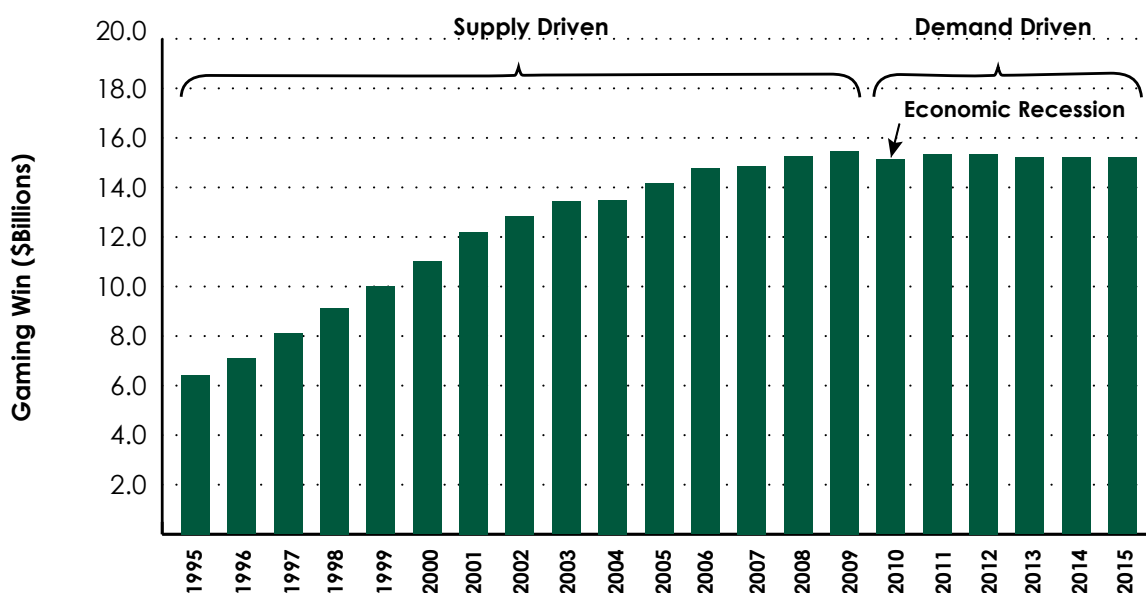
This Management Discussion and Analysis (MD&A) highlights the primary factors that impacted SaskGaming's financial and operating results for the 15-month period ending March 31, 2016. In 2015, SaskGaming changed its fiscal year end from December 31 to March 31. For this reason, results for the 12-month period ending December 31, 2015 will be compared to the December 31, 2014 results. Results for January 1 to March 31, 2016 are also discussed.

This report should be read in conjunction with the audited financial statements and accompanying notes. Using financial and performance results as its basis, the MD&A enables readers to view SaskGaming's past performance from the perspective of management. It also provides forward looking statements outlining SaskGaming's strategic priorities.

Gaming Industry Trends

Across Canada, the gaming industry is in a flat market phase. The graph below shows the Canadian gaming industry (casinos, video lottery terminals, electronic gaming devices and traditional lotteries) win trend from 1995 to 2015. Casino win in Canada peaked in 2009 at \$15.5 billion and then levelled off.

Canadian Gaming Industry Win Trends

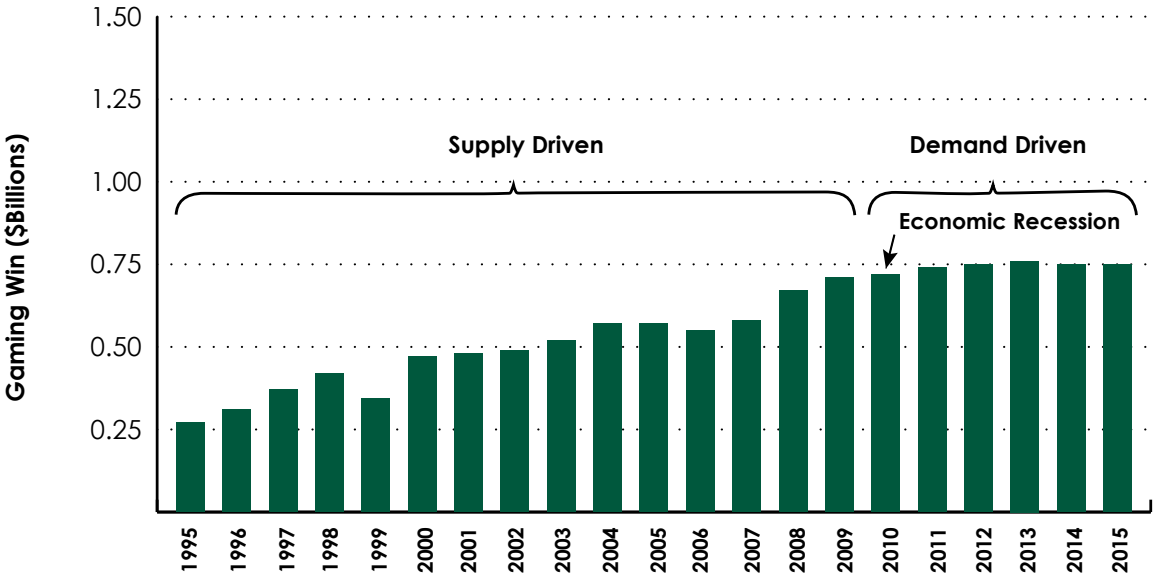


Note: Win generated by casino, EGD-VLT, EGD-Other and traditional lotteries are reported on a March 31st fiscal year end and represents approximately 92% of the total gaming win in Canada. All other sectors are generally reported on a calendar year end basis. For presentation purposes, fiscal and calendar year end data have been combined. For instance, March 31st, 2015 data has combined with December 31st, 2014 data and labelled "2015".

Source: HLT Advisory Inc. based on most recent data available from various provincial government agency/corporation annual reports and HLT estimates, subject to update as further information becomes available.

The experience in the gaming industry in Saskatchewan is very similar to the rest of Canada with a levelling trend in industry win since 2009.

Saskatchewan Gaming Industry Win Trends



Note: Win generated by casino, EGD-VLT, EGD-Other and traditional lotteries are reported on a March 31st fiscal year end and represents approximately 92% of the total gaming win in Canada. All other sectors are generally reported on a calendar year end basis. For presentation purposes, fiscal and calendar year end data have been combined. For instance, March 31st, 2015 data has combined with December 31st, 2014 data and labelled "2015".

Source: HLT Advisory Inc., based on most recent data available from various provincial government agency/corporation annual reports and HLT estimates, subject to update as further information becomes available.

2015 Financial Highlights

With a trend of declining slot revenues, SaskGaming made improvements to revenues in table games. The largest impact, however, was a continued focus on expenditure reduction. Expenses were reduced \$3.8 million compared to 2014, leading to an improvement in net income of \$2.0 million to \$26.9 million.

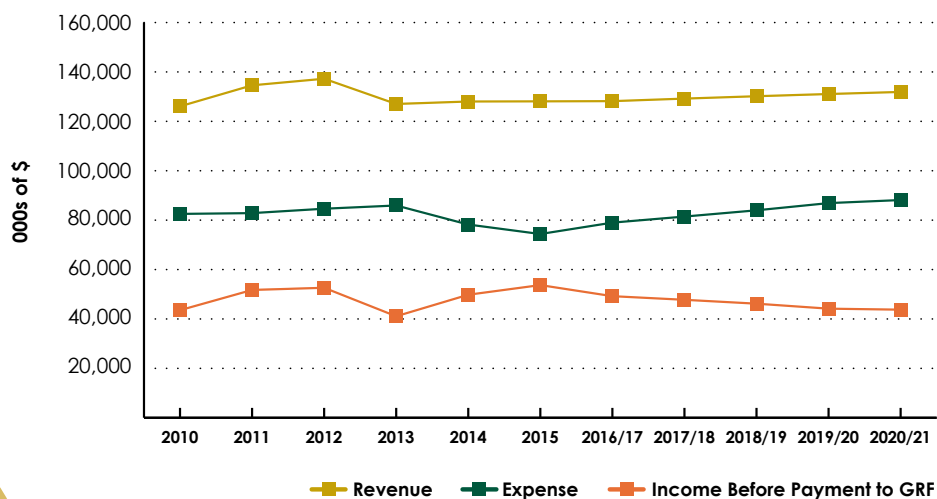
Highlights from the table below include:

- Slot revenues saw a decline of \$0.5 million, or 0.5 per cent;
- Table games revenues improved \$0.5 million, or 3.5 per cent, over 2014; and
- Food and beverage revenues saw a decline of \$0.1 million, or 1.1 per cent.

Revenue by Type (000s)	2010	2011	2012	2013	2014	2015	2015 Variance from Prior Year (\$)	2015 Variance from Prior Year (%)	2015/ 2016 15 months
Slots	107,719	114,224	114,077	102,899	103,007	102,476	(531)	-0.5%	126,272
Table Games	8,521	9,539	11,623	12,846	13,973	14,458	485	3.5%	18,073
Food & Beverage	6,195	7,218	7,409	7,467	7,090	7,015	(75)	-1.1%	8,766
Other	3,642	3,601	4,140	3,818	3,958	4,145	187	4.7%	5,082
Total Net Revenues	126,077	134,582	137,249	127,030	128,028	128,094	66	0.1%	158,193
Total Expenses	82,527	82,848	84,627	85,938	78,224	74,384	(3,840)	-4.9%	92,831
Income Before Payment to the GRF	43,550	51,734	52,622	41,092	49,804	53,710	3,906	7.8%	65,362
Payment to the GRF	21,504	25,867	26,311	20,546	24,902	26,855	1,953	7.8%	32,681
Net Income	22,046	25,867	26,311	20,546	24,902	26,855	1,953	7.8%	32,681

Outlook

SaskGaming forecasts modest revenue growth over the next five years. This will be challenged by inflationary pressures on expenses (e.g. wages). Expenditure reduction was the focus in 2014 and 2015. Going forward, SaskGaming will enhance customer service and pursue a wider demographic of guests by using new gaming products and entertainment offerings to maintain net income.



Performance Management

SaskGaming has a Performance Management Plan and tracks corporate performance using a Balanced Scorecard (BSC). The perspectives of the BSC align with SaskGaming's four strategic goals:

1. Guest Experience Excellence
2. Employee Experience Excellence
3. Social Responsibility
4. Sustainable Corporation

By achieving these goals SaskGaming will achieve long-term success.

In this section, the corporation reports on its achievements against the four strategic goals in 2015 (and the first three months of 2016), as tracked through the corporation's BSC measures. The BSC targets for 2016-17 are also included to give perspective on future performance expectations.

In the tables that follow the results can be interpreted as follows:

- Exceeded = 105 per cent or greater than target
- Achieved = 100 per cent to 104 per cent of target
- Progressing = 90 per cent to 99 per cent of target
- Not Met = Less than 90 per cent of target

Goal 1: Guest Experience Excellence

BSC MEASURES	2014 Actual	2015 Target	2015 Actual		2015/16 15 month Actual	2016/17 Target
Mystery Shopper	95.9%	93.0%	95.1%	Achieved	95.1%	95.0%
Guest Satisfaction	80.1%	82.0%	80.7%	Progressing	80.7%	82.0%
Guest Opinion About Safety on Premises	86.4%	85.0%	87.0%	Achieved	87.0%	87.0%

Strategy

In 2015-16, SaskGaming focused on guest services and guest safety to achieve the targets set for customer experience. SaskGaming provides excellent guest service based upon the GameOn guest service strategy. The GameOn strategy defines service standards and training for employees so they can provide the excellent experience that guests can expect to receive when visiting Casinos Regina and Moose Jaw.

SaskGaming has established guest advisory committees at Casinos Regina and Moose Jaw and has implemented a number of suggestions regarding cleanliness, security, amenities, guest experience and the Players Club Program.

SaskGaming also implemented a number of safety improvements in 2015. These included increased visibility and training of security personnel as well as lighting and parking service improvements at Casino Regina.

Result

In 2015, SaskGaming met its targets for Mystery Shopper¹ and Guest Opinion About Safety on Premises and was slightly below the target for Guest Satisfaction (80.7 per cent compared to the target of 82 per cent).

¹ The Mystery Shopper score measures the effectiveness of gaming floor staff to deliver on the GameOn service standards. It is measured through a Mystery Shopper Program conducted by an external research firm on behalf of SaskGaming.

Outlook

Looking forward, SaskGaming has increased the targets for Mystery Shopper and Guest Opinion about Safety on Premises in 2016-17 to drive even stronger performance. Employee training will focus on achieving even stronger results to provide new products and services, and to further engage our guests.

Goal 2: Employee Experience Excellence

BSC MEASURES	2014 Actual	2015 Target	2015 Actual		2015/16 15 month Actual	2016/17 Target
Employee Satisfaction	48.0%	N/A	N/A	N/A	N/A	50.0%
Service Component of Guest Satisfaction	83.9%	85.0%	85.0%	Achieved	85.0%	85.0%
Core Training	63.9%	80.0%	78.7%	Progressing	85.3%	85.0%
Employee Absenteeism	9.5%	8.5%	9.2%	Progressing	8.9%	8.0%
Aboriginal Representation	40.6%	42.0%	40.5%	Progressing	42.1%	40.5%

* Based on biennial survey. The next survey will be conducted in 2016.

Strategy

In 2015, to achieve goals related to Employee Experience, SaskGaming had a four-pronged approach:

- Employee Satisfaction;
- Corporate Learning Program;
- Employee Absenteeism; and
- Aboriginal Recruitment and Retention.

In 2015, SaskGaming management continued the implementation of the employee satisfaction action plan to address the root causes of issues and the drivers of satisfaction identified in the employee satisfaction survey conducted in 2014. The initiatives in the plan are designed to increase employee engagement through improved communication, employee development and by creating an organization that all employees can be proud of. The next employee satisfaction survey will be conducted in 2016.

Result

With a strong focus on customer service, SaskGaming employees achieved the Service Component of Guest Satisfaction measure in 2015.

SaskGaming continued to focus on the core learning curriculum through online and classroom courses to ensure each individual employee has the necessary knowledge, skills and abilities to be successful in their job. At 78.7 per cent, SaskGaming fell just short of its target (80.0 per cent) for Core Training in 2015. This was in part impacted by an expense management strategy implemented during the year. SaskGaming offered additional courses in the first three months of 2016 and exceeded the Core Training target by the end of March, 2016 (85.3 per cent).

Employee absenteeism continues to be a challenge for SaskGaming. In 2015, SaskGaming's Attendance Support Program (ASP) was successful in reducing absenteeism from 2014 levels but at 9.2 per cent, the corporation did not meet the target (8.5 per cent). Performance improved in the first three months of 2016 with the measure falling to 8.9 per cent. The target for 2016-17 has been dropped further to 8.0 per cent.

SaskGaming continued to use its Aboriginal representative workforce strategy to enhance Aboriginal employee recruitment and retention. In 2015, SaskGaming achieved 40.5 per cent Aboriginal representation (target 42.0 per cent). The target was exceeded in the first three months of 2016 (42.1 per cent).

Outlook

SaskGaming will continue with employee satisfaction initiatives and has increased the targets for the Core Training and Employee Absenteeism measures for 2016-17. The target for Aboriginal representation was reduced slightly to match the 2015 actual result.

Goal 3: Social Responsibility

BSC MEASURES	2014 Actual	2015 Target	2015 Actual		2015/16 15 month Actual	2016/17 Target
Guest Awareness of Responsible Gaming	58.5%	75.0%	80.1%	Exceeded	80.1%	76.0%
Public Opinion of Community Support	47.6%	50.0%	50.7%	Achieved	50.7%	50.0%
Aboriginal Sponsorship (% of Total Sponsorship)	26.4%	25.0%	26.4%	Exceeded	23.5%	25.0%

Strategy

In 2015-16, the strategic priorities for social responsibility were responsible gaming and community support. SaskGaming introduced a Responsible Gambling Framework which outlines the five components of the Responsible Gambling Program: informed decision-making, voluntary self-exclusion, staff training, gambling environment and marketing, and partnership and collaboration. In addition, the corporation implemented a disentanglement of winnings policy and procedures to allow SaskGaming to withhold winnings from individuals who have signed a voluntary self-exclusion agreement or are involuntarily banned from Saskatchewan's casinos. The purpose of the policy is to remove the temptation to gamble by denying excluded individuals the opportunity to win.

Result

Following the implementation of the British Columbia Lottery Corporation's (BCLC) highly-successful GameSense Responsible Gambling Program, SaskGaming also adopted BCLC's survey methodology to replace its previous Guest Awareness of Responsible Gaming measure in 2015. At 80.1 per cent, SaskGaming exceeded its 2015 target for Guest Awareness of Responsible Gaming.

In response to SaskGaming's continued support of the community, the corporation achieved its 2015 target (50 per cent) of Public Opinion of Community Support. Survey respondents were asked "How well is SaskGaming doing at giving back to the community through charitable or community donation and sponsorships?" In 2015, the proportion of respondents who believed that SaskGaming was doing at least somewhat well at giving back to the community (50.7 per cent) was up from 2014 (47.6 per cent).

To support the goal of supporting the community, in the 12 months of 2015 alone, SaskGaming provided over \$400,000 of sponsorships in four key areas:

1. Strengthening Our Community;
2. Promoting Community Pride;
3. Supporting Saskatchewan's Growth through Partnerships; and
4. Aboriginal People.

In 2015, SaskGaming provided \$115,805 in donations, sponsorships and in-kind support to Aboriginal organizations and individuals, exceeding the target of 25 per cent of total sponsorships.

Outlook

SaskGaming will continue to promote GameSense through player activities, including interactions between responsible gambling staff and guests. The target for Guest Awareness of Responsible Gaming has been increased slightly for 2016-17 (76 per cent). The successful community and Aboriginal support programs will continue in 2016-17. New programs including on-site entertainment and event-based charity support programs will be developed in 2016-17.

Goal 4: Sustainable Corporation

BSC MEASURES	2014 Actual	2015 Target	2015 Actual		2015/16 15 month Actual	2016/17 Target
Guest Count (000s of People)	3,540	3,583	3,538	Progressing	4,394	3,555
Net Revenues per Visit	\$36.16	\$36.50	\$36.21	Progressing	36.00	36.08
Income Before Payment to GRF (000s of \$)	49,804	50,082	53,710	Achieved	65,362	49,730
EBITDA Margin	50.0%	49.8%	51.7%	Achieved	51.1%	48.7%
Debt EBITDA Ratio	0.16	0.13	0.13	Achieved	0.10	0.10
Capital Asset Turnover Ratio	2.1	2.1	2.1	Achieved	2.7	2.2
Payroll Margin	29.5%	29.6%	29.2%	Achieved	28.5%	30.5%

Strategy

In 2015, to support the goals related to having a Sustainable Corporation, SaskGaming had four main initiatives:

- Guest Attraction and Retention;
- Product Modernization;
- Gaming Modernization; and
- Efficiency and Effectiveness.

Result

SaskGaming continued to refine its customer service, product offering (e.g. multi-denomination slot machines and Touch Bet games), Players Club offering, promotional offers, direct mail efforts, advertising strategies, VIP's initiatives and entertainment programs to attract guests. Despite these efforts, in 2015, SaskGaming was slightly under the targets for Guest Count (3.54 million vs. a target of 3.58 million) and Net Revenue per Visit (\$36.21 vs. a target of \$36.50). This led to overall revenue to the corporation being below the 2015 budget. In response, SaskGaming implemented a number of efficiency and cost saving initiatives. The reduction in expenses led to increased profitability. This is evident in the Income Before Payment to the General Revenue Fund measure of \$53.7 million which exceeded the target of \$50.1 million.

With effective expense management, SaskGaming was able to achieve all of the remaining financial metrics (EBITDA Margin, Debt EBITDA Ratio, Capital Asset Turnover Ratio and Payroll Margin).

Outlook

Operating in a mature market with flat revenues, SaskGaming will be challenged to maintain its current profit levels. The 2016-17 targets in the table indicate that the number of visits and spend per guest are expected to remain steady. To support this, and seek new revenue growth, SaskGaming is actively adapting its products and services to appeal to a wider demographic of guests. Training and other initiatives will seek to improve customer experience to levels that are even higher than are currently being achieved.

SaskGaming implemented a new corporate structure in December 2015. The new structure will enable enhanced services, deliver new perspectives for corporate requirements and result in greater departmental collaboration.

Risk Management

Since 2011, SaskGaming has had an Enterprise Risk Management (ERM) Program, as well as a corporate risk registry and an enterprise risk policy. When developing the initiatives to support the corporation's goals and objectives in the 2015-19 Performance Management Plan (PMP), the updated risk assessment results were considered. Each year, as part of the PMP process, SaskGaming reviews the risk assessment in detail with the Board of Directors.

Annually, the executive and senior management review the ERM process to determine which risks have been managed throughout the year, and which risks require further mitigation. Quarterly, the ERM is submitted to executive and the Board of Directors to discuss trends, strategies and emerging risks if any.

The Crown Investments Corporation (CIC) sets risk management minimum standards for all Crown corporations. In order to comply with these minimum standards, SaskGaming continues to enhance its current ERM Program. In doing so, SaskGaming completed the following activities as part of the annual review of its ERM Program:

- Reviewed the SaskGaming Enterprise Risk Management policy and framework;
- Revised the list of corporate risks and updated risk statements, where necessary;
- Conducted an inherent risk assessment – voted on likelihood and impact for new risks or where risk statements were changed;
- Conducted a residual risk assessment – voted on likelihood and impact of all risks; and
- Developed a prioritized corporate risk register and identified the top corporate-wide risks.

1. **Sustainable Income** – The inability to take advantage of opportunities to grow or support the business, in the community and the gaming industry, leads to a decline in SaskGaming's income as the traditional gaming market continues to mature.

Mitigation Activities: SaskGaming continued to evolve the Players Club Program and emphasize its competitive advantages in its marketing activities. Preliminary discussions were also carried out with respect to revamping the Players Club Program in 2016-17.

SaskGaming continued to look at new products and services for which it could introduce to guests at its casino properties, including new technology and expanded options on the gaming floor, the introduction of new entertainment platforms such as fantasy sports, and the roll out of new entertainment concepts for the Casino Regina Show Lounge.

With the development of the land north of Casino Regina, SaskGaming has looked for opportunities to provide input to the plans. Although development is still in the early stages, SaskGaming has a presence on the City of Regina's Downtown Revitalization Planning Committee and anticipates offering ideas and advice on what may be best suited for the parcel of land.

- 2. Regulatory Compliance** – Failure to comply with existing regulations or proactively adjust to changing regulations results in sanctions, litigation, and adverse publicity that can damage the corporation's reputation and financial well-being.

Mitigation Activities: SaskGaming is regulated by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). An established compliance regime exists at SaskGaming (including updated policies and procedures, training program, etc.), as required under the *Proceeds of Crime Money Laundering and Terrorist Financing Act* (PCMLTFA) and is reviewed by an independent third-party every two years to assess its effectiveness. The independent third party review was last conducted in 2014. In 2015-16, SaskGaming focused on updating its training program which was launched in early 2016. Also, all members of the Compliance unit will be required to receive certification in Anti-Money Laundering (AML) by the end of the 2016-17 fiscal year.

Independent Compliance and Surveillance units provide oversight for casino operations, conduct audits/investigations and report results to management. Compliance certification and sub-certification on applicable legislation is completed by SaskGaming executive.

A new surveillance system was installed at both Casinos Regina and Moose Jaw to allow for greater video retention periods using state-of-the art equipment.

The Saskatchewan Liquor and Gaming Authority (SLGA) provides quarterly reports to SaskGaming on the corporation's compliance with all provincial gaming legislation and regulations.

All privacy concerns are addressed immediately and freedom of information requests are handled in accordance with *The Freedom of Information and Protection of Privacy Act* by SaskGaming's Access & Privacy Officer. The corporation also has an active committee to address all issues related to Occupational Health and Safety.

- 3. Talent Management** – Not effectively developing and managing the culture, human resources and intellectual capital results in an unsatisfied workforce and the inability to sustain the capability of the corporation to achieve its business objectives. Talent management includes attraction, training, retention, succession planning, labour relations and safety.

Mitigation Activities: SaskGaming has online and classroom training that provides core, departmental and individual learning to all employees. Succession plans have been developed for the critical positions. An employee satisfaction survey was conducted in 2014 followed by an action plan to improve employee satisfaction. In 2015-16, progress was made towards addressing key issues noted in the 2014 survey. An Aboriginal representative workforce strategy exists to support the recruitment and retention of an Aboriginal workforce. An Attendance Support Program is also in place to improve attendance, reduce costs and avoid service disruptions.

In 2016-17, SaskGaming will implement a new learning management system to better support the online learning needs of all employees in an effort to improve employee satisfaction and core training. SaskGaming will also implement a Managed Abilities Program, which represents a significant enhancement to the current employee wellness programs.

- 4. Business Interruption** – SaskGaming is unable to provide services due to a business interruption (situations including: accidents, work stoppages, loss of a key supplier, sabotage, weather, technology failure) resulting in loss of revenue, dissatisfied guests, etc.

Mitigation Activities: SaskGaming reviews its Business Continuity Plan (BCP) for both Casinos Regina and Moose Jaw annually. Table-top exercises and fire drills are also conducted. Emergency measure procedures are available on the intranet to assist employees in responding to various emergency situations. The corporation will engage the services of a third-party expert to conduct a formal BCP Training Program in 2016-17 to all members of the BCP team.

All critical gaming applications are backed-up daily, and SaskGaming tests its recovery processes annually. In addition, SaskGaming carries business interruption insurance.

SaskGaming also maintains a crisis communications plan to support dissemination of critical information to guests, the general public and the media in the event of a major business interruption or emergency situation. This plan is reviewed annually by the Communications unit.

5. IT Infrastructure – Insufficient information technology infrastructure results in the inability to efficiently and effectively support the corporation's business and information systems requirements.

Mitigation Activities: There is a standardized process for assigning permissions within applications based on roles supplied by the application owners. Corporate Systems and Technology (CST) performs a semi-annual account audit on systems to ensure correct access has been given to users of those systems.

SaskGaming has policies on IT security and acceptable use of technology. SaskGaming will continue working on other IT policies and procedures in 2016-17. Information security awareness articles are regularly distributed to SaskGaming employees alerting them of potential risks and providing them with risk avoidance instructions. Annually, employees are required to reaffirm that they will abide by the Acceptable Use of Technology Policy.

SaskGaming continued its work on the development of an application life cycle methodology, which will be used to identify aging applications and ensure they are reviewed and updated in a timely manner.

SaskGaming engages multiple tools to monitor its network and suspicious activity is investigated, remediated and reported to SaskGaming management.

Stakeholder Engagement

SaskGaming believes communication with stakeholders should be open, transparent and dialogue-driven, so that we can build strong, lasting relationships with guests and the general public that contribute to our ongoing success.

Public and Guest Communications

In order to provide the general public with information on products, events, promotional offers and corporate announcements, SaskGaming utilizes a number of targeted communications channels.

Casino Regina and Casino Moose Jaw websites are SaskGaming's primary portals for sharing information with the general public. Housed on these websites are marketing materials and corporate news, quarterly financial updates, annual reports and information on opportunities for financial support through our Community Relations Program. Major corporate initiatives are also communicated through media releases, news conferences, social media and public events.

Players Club Members receive monthly Players Club Newsletters by mail or email (guests must opt-in to receive information by email). The publication provides updates on casino events and promotions, as well as restaurant features and the upcoming entertainment lineup at the Casino Regina Show Lounge and the Mae Wilson Theatre in Moose Jaw.

Direct advertising using online, radio, television, billboards and direct mail helps generate awareness about promotions, events and entertainment available at the casinos. Facebook, Twitter and Instagram are frequently utilized to promote products and services, and to engage in discussion with the general public.

Guest Engagement and Feedback

As part of our commitment to two-way communication, we provide our guests with many opportunities to offer their feedback. We follow-up with our guests about their comments and questions. We also track and analyze feedback so that we continue to offer guests the best possible experience at our casinos.

Guests can provide their feedback using surveys and paper comment cards, as well as by email and through in-person discussions.

Focus groups with guests and/or the general public are engaged on an ad hoc basis, and help gauge interest in new and potential initiatives at SaskGaming.

In order to maintain face-to-face feedback from our guests, SaskGaming holds Guest Advisory Committees at Casinos Regina and Moose Jaw. The committees offer invited guests the opportunity to provide regular feedback and advice covering a wide range of topics, including cleanliness, security, amenities, products, guest experience and the Players Club Program just to name a few. Offering guests a platform to share their opinions on guest experience, casino services, atmosphere and pricing helps Casinos Regina and Moose Jaw make better informed decisions, and supports the long-term growth of the corporation.

Exit surveys are also conducted with guests on a semi-annual basis. These surveys determine which services they feel are important, and how satisfied guests are with these same services. Guest experience results are gathered and tracked in our Balanced Scorecard in the areas of Guest Satisfaction, Service Component of Guest Satisfaction, Guest Opinion About Safety on Premises and Guest Awareness of Responsible Gaming.

Employee Communications

SaskGaming operates in a shift work environment, with only a small portion of our 800 staff working regular, corporate hours. As such, the majority of employees do not have access to a computer or a smart phone as part of their job duties. In order to reach all employees, a variety of communications channels must be employed.

A weekly newsletter, weekly email to managers, memos, the President's Blog, the corporate intranet and back-of-house announcements are some of the many channels through which employees receive their corporate news and information.

The weekly newsletter and corporate intranet are the primary methods of communication with employees. These channels update employees on current initiatives happening at the corporation and on the gaming floor. The newsletter is posted at Casinos Regina and Moose Jaw and distributed in the staff cafeteria and employee lounges. The newsletter is also posted on the intranet, which is accessible to all employees through their designated workstations or computers provided in employee lounges. The intranet is also home to documents, processes, procedures and manuals relevant to employees.

A question and answer feature posted on the intranet and bulletin boards provides employees the opportunity to ask questions of the senior leadership team. This is a highly effective communication tool, with approximately 190 questions received and answered throughout the 15-month period. The questions covered a broad range of topics – from the staff cafeteria to employee benefits to the music played on the gaming floors, and were answered by the appropriate manager, director or member of the Executive team.

SaskGaming often uses traditional and digital avenues to reach employees in the back-of-house areas. Paper posters are displayed on employee bulletin boards at Casinos Regina and Moose Jaw, and digital announcements are also played in rotation on televisions in high-traffic areas accessible only by employees.

Once a week, all employees who supervise staff at SaskGaming receive an email containing a summary of important news. This information is to be used in daily shift meetings with their employees. An annual employee meeting was held in January 2015. This meeting provides an opportunity for all employees to interact with the senior management team and learn more about important corporate initiatives. On an as-need basis, special employee communication and meetings are coordinated to support SaskGaming announcements.

In 2014, SaskGaming solicited employee feedback through a comprehensive employee satisfaction survey. Conducted on a biennial basis by an external company (to ensure anonymity and non-biased reporting), the survey provides SaskGaming with important information on where the corporation is meeting employee needs, and what areas employees think the corporation should put more effort into. The results from the 2014 survey were used to develop a comprehensive action plan to improve the employee experience at SaskGaming. The delivery of that plan continued in 2015-16, and will be revisited after the results of the 2016 survey are made available.

GameSense

SaskGaming's GameSense team kept busy in 2015-16 hosting a number of fun and informative player events at Casinos Regina and Moose Jaw. Throughout the year, thousands of guests chatted with GameSense Advisors to learn about topics like safe gambling practices, playing within limits and how games of chance work. The GameSense Program is an integral part of SaskGaming's commitment to being a socially responsible corporation.



Management's Report on Financial Statements

The accompanying financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial information included elsewhere in this annual report is consistent with that in the financial statements. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the period ended March 31, 2016 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority, assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records are maintained. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit and Finance Committee of the Board.

The Corporation's independent auditors, KPMG LLP, on behalf of management have examined the Corporation's financial statements as at March 31, 2016. The auditor's report, which follows, outlines the scope of their examination and sets forth their opinion.



Susan Flett
President & CEO



John Amundson
Sr. Vice President, Finance & IT

May 19, 2016

Management's Report on Internal Control over Financial Reporting

I, Susan Flett, the President & CEO of the Saskatchewan Gaming Corporation, and I, John Amundson, the Sr. Vice President, Finance & IT of the Saskatchewan Gaming Corporation, certify the following:

- a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Gaming Corporation (SaskGaming). Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2016.
- b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of SaskGaming do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.
- c. That SaskGaming is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskGaming has designed internal controls over financial reporting that are appropriate to the circumstances of SaskGaming.
- d. That SaskGaming conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, SaskGaming can provide reasonable assurance that internal controls over financial reporting as of March 31, 2016 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Susan Flett
President & CEO



John Amundson
Sr. Vice President, Finance & IT

May 19, 2016

Independent Auditors' Report

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying consolidated financial statements of Saskatchewan Gaming Corporation, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the fifteen month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saskatchewan Gaming Corporation as at March 31, 2016, and its consolidated financial performance and its consolidated cash flows for the fifteen month period then ended in accordance with International Financial Reporting Standards.

KPMG LLP

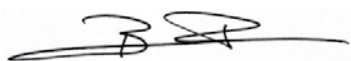
Chartered Professional Accountants
May 19, 2016
Regina, Canada

Saskatchewan Gaming Corporation

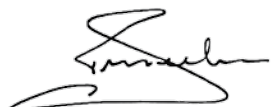
Consolidated Statement of Financial Position

As at (Thousands of Dollars)	Note	March 31 2016	December 31 2014
ASSETS			
Current			
Cash		\$ 17,721	\$ 10,343
Accounts receivable		205	257
Inventory		283	285
Prepaid expenses		435	588
		18,644	11,473
Property, plant and equipment	4	59,062	61,521
		<u>\$ 77,706</u>	<u>\$ 72,994</u>
LIABILITIES AND EQUITY			
Current			
Trade and other payables		\$ 10,552	\$ 9,785
Payable to the General Revenue Fund (GRF)	5	5,826	5,948
Dividend payable		4,660	4,802
Current portion of long-term debt	6	1,266	1,572
Current portion of finance lease obligation	7	312	275
		22,616	22,382
Long-term debt	6	-	1,674
Finance lease obligation	7	6,131	6,516
		28,747	30,572
Retained earnings		48,959	42,422
		<u>\$ 77,706</u>	<u>\$ 72,994</u>
Commitments and contingencies	8		
<i>(See accompanying notes)</i>			

On behalf of the Board:



Director



Director

Saskatchewan Gaming Corporation

Consolidated Statement of Comprehensive Income

For the period

(Thousands of Dollars)	Note	January 1, 2015 to	January 1, 2014 to
		March 31, 2016	December 31, 2014
Revenue	9	\$ 158,193	\$ 128,028
Operating expenses	10,17	77,342	64,027
Depreciation		7,054	6,967
Contractual obligations	8	3,769	3,015
Taxes	11	3,635	3,089
Finance expense	12	1,031	1,126
Income before payment to the GRF		65,362	49,804
Payment to the GRF	5	32,681	24,902
Net income		32,681	24,902
Other comprehensive income		-	-
Comprehensive income		\$ 32,681	\$ 24,902

(See accompanying notes)

Consolidated Statement of Changes in Equity

For the period

(Thousands of Dollars)	January 1, 2015 to March 31, 2016			January 1, 2014 to December 31, 2014		
	Retained Earnings	Equity Advance	Total	Retained Earnings	Equity Advance	Total
Balance, beginning of period	\$ 42,422	\$ -	\$ 42,422	\$ 37,442	\$ 4,000	\$ 41,442
Comprehensive income	32,681	-	32,681	24,902	-	24,902
Dividends	(26,144)	-	(26,144)	(19,922)	-	(19,922)
Repayment of equity advance	-	-	-	-	(4,000)	(4,000)
Balance, end of period	\$ 48,959	\$ -	\$ 48,959	\$ 42,422	\$ -	\$ 42,422

(See accompanying notes)

Saskatchewan Gaming Corporation

Consolidated Statement of Cash Flows

For the period

(Thousands of Dollars)	January 1, 2015 to March 31, 2016	January 1, 2014 to December 31, 2014
Operating activities		
Net income	\$ 32,681	\$ 24,902
Adjustments for:		
Finance expense	1,031	1,126
Depreciation	6,943	6,872
Loss on sale of property, plant and equipment	111	95
Changes in non-cash working capital balances:		
Accounts receivable	52	162
Inventory	2	36
Prepaid expenses	153	50
Trade and other payables	767	(2,025)
Payable to the GRF	(122)	2,681
	<u>41,618</u>	<u>33,899</u>
Investing activities		
Proceeds from sale of property, plant and equipment	82	22
Purchases of property, plant and equipment	(4,677)	(1,872)
	<u>(4,595)</u>	<u>(1,850)</u>
Financing activities		
Dividends paid	(26,286)	(16,698)
Interest paid	(1,031)	(1,126)
Repayment of short-term advance	-	(3,000)
Repayment of equity advance	-	(4,000)
Repayment of finance lease obligation	(348)	(247)
Repayment of long-term debt	(1,980)	(7,476)
	<u>(29,645)</u>	<u>(32,547)</u>
Increase (decrease) in cash	7,378	(498)
Cash, beginning of period	10,343	10,841
Cash, end of period	<u>\$ 17,721</u>	<u>\$ 10,343</u>

(See accompanying notes)

Saskatchewan Gaming Corporation

Notes to the Consolidated Financial Statements

March 31, 2016

1. Description of Business

The Saskatchewan Gaming Corporation (SaskGaming) is a corporation domiciled in Canada. The address of SaskGaming's registered office and principal place of business is 1880 Saskatchewan Drive, Regina, SK, S4P 0B2.

SaskGaming manages and operates Casino Regina and Casino Moose Jaw. SaskGaming was established under *The Saskatchewan Gaming Corporation Act* to establish and operate casinos in Saskatchewan; conduct and manage games of chance in casinos; and to establish and operate or to provide for the establishment and operation of any business or activity that it considers reasonably related to operating a casino. SaskGaming must operate in accordance with statutory provisions established under Section 207 of the Criminal Code of Canada and *The Alcohol and Gaming Regulation Act, 1997*. Regulation of SaskGaming's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

SaskGaming operates under the direction of its owner, Crown Investments Corporation of Saskatchewan (CIC). CIC is the Government of Saskatchewan's holding corporation for its commercial Crown corporations. The financial results of SaskGaming are included in the consolidated financial statements of CIC.

2. Basis of Preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements were authorized for issue by the Board of Directors on May 19, 2016.

b) Change of year-end

The Corporation has been directed to change its fiscal year end to March 31 to coincide with that of its owner. The first complete fiscal period will consist of the fifteen (15) months ending March 31, 2016, with comparatives for the twelve (12) month year ended December 31, 2014. As a result, information contained in these financial statements may not be comparable with previously reported information.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are classified as fair value through profit and loss, which are measured at fair value (Note 16).

d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is SaskGaming's functional currency.

e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Useful lives of property, plant and equipment (Note 3(e) and Note 4)
- Customer loyalty program (Note 3(c))

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by SaskGaming and its subsidiary.

a) Basis of consolidation

The consolidated financial statements include the accounts of SaskGaming and its wholly-owned subsidiary, SGC Holdings Inc. which is incorporated under *The Business Corporations Act (Saskatchewan)*. All intercompany transactions and accounts have been eliminated on consolidation.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots and liabilities under the Players Club Program.

Ancillary revenues include food, beverage, parking and Show Lounge revenue. Food, beverage and parking revenue is recognized when the goods and services are provided. Show Lounge revenue is recognized when the event occurs.

Revenues exclude the retail value of food, beverage and other promotional allowances provided on a complimentary basis to guests. The cost of providing the complimentary items is included in direct operating expenses.

c) Customer loyalty program

As part of its customer loyalty initiative, SaskGaming offers a Players Club Program to patrons. Under the program, club members accumulate reward points based on a combination of average bet, theoretical hold percentage, game speed and length of play at slot machines and tables. Members can redeem their points for cash or vouchers for free or discounted goods or services. SaskGaming records the points earned as a reduction of gaming revenue. A liability is accrued for the estimated cost of the earned points balance at the end of the period under the Players Club Program. If the patron chooses to redeem their points for a voucher for free or discounted goods or services, the revenue is determined by the fair value of the undelivered goods and services and is deferred until the promotional consideration is provided.

d) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined using the most recent replacement cost.

e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. SaskGaming ceases to capitalize borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

Assets are depreciated commencing in the year in which they are available for use, using the straight-line method over their useful lives as follows:

Building and renovations, including leased building	5 - 40 years
Furniture and equipment	3 - 20 years

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate.

f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to SaskGaming. All other leases are classified as operating leases.

Assets held under a finance lease are initially recognized as assets of SaskGaming and are measured at their fair value at the inception of the lease, or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expense and reduction of the lease obligation so as to achieve a constant rate on the remaining balance of the liability. The interest component is included in finance expense.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

g) Employee benefits

(i) Defined contribution plan

SaskGaming provides pension benefits to eligible employees through participation in a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the consolidated statement of comprehensive income when services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

h) Foreign currency

Transactions in foreign currencies are translated to the functional currency of SaskGaming at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. All gains and losses on translation of these foreign currency transactions are included in income in the current period.

i) Financial instruments

(i) Non-derivative financial assets and liabilities

SaskGaming classifies its financial instruments into one of the following categories: fair value through profit or loss; loans and receivables; and other liabilities. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as fair value through profit or loss and is recorded at fair value. Accounts receivable are classified as loans and receivable. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

SaskGaming has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to the GRF, dividend payable and long-term debt. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

SaskGaming derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by SaskGaming is recognized as a separate asset or liability. SaskGaming derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when SaskGaming has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in net income.

SaskGaming had no contracts with embedded derivatives as at March 31, 2016 (December 31, 2014 - no embedded derivatives).

j) Impairment

i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

ii) Non-financial assets

The carrying amounts of SaskGaming's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

k) Finance income and finance costs

Finance income comprises interest income on bank balances. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

l) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after March 31, 2016. SaskGaming is assessing the impact of these pronouncements on its results and financial position. These include:

IFRS 9, *Financial Instruments* (IFRS 9 (2014)) expands on IFRS 9 as issued in 2009. The 2010 version has a significant impact on financial liabilities designated under the fair value option. In addition, IFRS 9 (2010) retains virtually all of the classification and measurement guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 (2014) includes a new general hedge accounting standard which aligns hedge accounting with risk management. IFRS 9 is effective for periods beginning on or after January 1, 2018, with early adoption permitted. SaskGaming intends to early adopt for the period beginning April 1, 2017.

IFRS 15, *Revenue from Contracts with Customers* replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, and SIC 31 and provides for a single model that applies to contracts with customers with two approaches to recognizing revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018. SaskGaming intends to adopt on the date prescribed above.

IFRS 16, *Leases*, replaces IAS 17, *Leases*, which introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019. SaskGaming intends to adopt on the date prescribed above.

4. Property, Plant and Equipment

(Thousands of Dollars)	Land	Buildings and renovations	Furniture and equipment	Finance lease	Total
Cost					
Balance at January 1, 2014	\$ 15,154	\$ 43,153	\$ 36,521	\$ 8,743	\$ 103,571
Additions	-	202	1,670	-	1,872
Disposals	-	(579)	(1,651)	-	(2,230)
Balance at December 31, 2014	\$ 15,154	\$ 42,776	\$ 36,540	\$ 8,743	\$ 103,213
Balance at January 1, 2015	\$ 15,154	\$ 42,776	\$ 36,540	\$ 8,743	\$ 103,213
Additions	-	424	4,253	-	4,677
Disposals	-	-	(3,604)	-	(3,604)
Balance at March 31, 2016	\$ 15,154	\$ 43,200	\$ 37,189	\$ 8,743	\$ 104,286
Depreciation					
Balance at January 1, 2014	\$ -	\$ 11,829	\$ 23,148	\$ 1,956	\$ 36,933
Depreciation for the period	-	2,960	3,423	489	6,872
Disposals	-	(493)	(1,620)	-	(2,113)
Balance at December 31, 2014	\$ -	\$ 14,296	\$ 24,951	\$ 2,445	\$ 41,692
Balance at January 1, 2015	\$ -	\$ 14,296	\$ 24,951	\$ 2,445	\$ 41,692
Depreciation for the period	-	2,506	4,125	312	6,943
Disposals	-	-	(3,411)	-	(3,411)
Balance at March 31, 2016	\$ -	\$ 16,802	\$ 25,665	\$ 2,757	\$ 45,224
Carrying Amounts					
At December 31, 2014	\$ 15,154	\$ 28,480	\$ 11,589	\$ 6,298	\$ 61,521
At March 31, 2016	\$ 15,154	\$ 26,398	\$ 11,524	\$ 5,986	\$ 59,062

SaskGaming leases building and land under a finance lease agreement. At March 31, 2016, the net carrying amount of leased building was \$4,809 thousand (December 31, 2014 - \$5,122 thousand) and the leased land was \$1,176 thousand (December 31, 2014 - \$1,176 thousand).

5. Payment to the General Revenue Fund

SaskGaming pays monies to the General Revenue Fund (GRF) to the extent required to meet the Government's obligations under the *The Saskatchewan Gaming Corporation Act* to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund.

6. Long-term Debt

(Thousands of Dollars)	March 31, 2016	December 31, 2014
Building loan, repayable in monthly instalments of \$77 thousand including interest at 6.48%, due December 1, 2016	\$ 671	\$ 1,719
Building loan, repayable in monthly instalments of \$68 thousand including interest at 6.17%, due December 1, 2016	595	1,527
	1,266	3,246
Current portion	(1,266)	(1,572)
	\$ -	\$ 1,674

The above loans are secured by assets and a general security agreement and may only be repaid early with a penalty.

7. Finance Lease Obligation

Beginning in September 2002, SaskGaming leased the Casino Moose Jaw property for 25 years at an annual cost of \$900 thousand for the first ten years, and \$955 thousand annually thereafter. At the end of the lease, SaskGaming will acquire the property for the sum of one dollar.

(Thousands of Dollars)	March 31, 2016	December 31, 2014
Total future minimum lease payments	\$ 10,903	\$ 12,097
Less: future finance charges on finance lease	(4,460)	(5,306)
Present value of finance lease obligation	6,443	6,791
Less: current portion of finance lease obligation	(312)	(275)
Finance lease obligation	\$ 6,131	\$ 6,516

As at March 31, 2016, scheduled future minimum lease payments and the present value of finance lease obligation is as follows:

(Thousands of Dollars)	1 year	1 - 5 years	More than 5 years
Future minimum lease payments	\$ 955	\$ 3,820	\$ 6,128
Present value of finance lease obligation	312	1,626	4,505

Fair value of the finance lease obligation is \$7,948 thousand (2014 - \$8,283 thousand).

8. Commitments and Contingencies

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SaskGaming entered into an agreement with the Association to fulfill previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SaskGaming agreed to pay the Association monthly payments of \$235,417 for the first year following termination of the agreement and, subject to certain conditions, monthly payments of \$216,667 until 2027.

b) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SaskGaming entered into an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw.

Under this agreement, SaskGaming agreed to pay MJEX \$34,583 monthly, subject to certain conditions, starting in 2003 and continuing until 2028.

c) Litigation and claims

SaskGaming is involved in litigation and claims that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a material impact on the consolidated financial position or the consolidated results of operations of SaskGaming.

9. Revenue

(Thousands of Dollars)	January 1, 2015 to March 31, 2016	January 1, 2014 to December 31, 2014
Gaming revenue	\$ 144,345	\$ 116,980
Ancillary revenue	13,178	10,556
Other	670	492
	<u>\$ 158,193</u>	<u>\$ 128,028</u>

Ancillary revenues include revenue from food and beverage, parking, Show Lounge and other non-gaming related activities.

10. Operating Expenses

(Thousands of Dollars)	January 1, 2015 to March 31, 2016	January 1, 2014 to December 31, 2014
Salaries and employee benefits	\$ 45,084	\$ 36,142
Employee future benefits	2,047	1,681
Maintenance and supplies	8,562	7,162
Advertising, promotions and sponsorships	4,529	4,543
Food and beverage cost of goods sold	4,471	3,539
Lease and rental	2,504	2,162
Printing and communication	1,709	1,723
Professional services	1,666	1,595
Entertainment	2,606	1,836
Other direct operating	4,164	3,644
	<u>\$ 77,342</u>	<u>\$ 64,027</u>

11. Taxes

SaskGaming is on the prescribed list of lottery corporations pursuant to Section 188 of *The Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SaskGaming calculates and remits GST according to a formula prescribed by the Canada Revenue Agency (CRA). The formula requires SaskGaming to pay 10 per cent on the purchase of goods and services related to gaming activities.

GST and provincial sales tax on leased equipment is expensed over the term of the lease. Also included in taxes are grants in lieu of property tax.

As a provincial Crown corporation, SaskGaming is not subject to federal or provincial income or capital taxes.

12. Finance Expense

(Thousands of Dollars)	January 1, 2015 to March 31, 2016	January 1, 2014 to December 31, 2014
Interest on long-term debt	\$ 185	\$ 419
Interest on finance lease obligation	846	707
	<u>\$ 1,031</u>	<u>\$ 1,126</u>

13. Pension Plan

Substantially all of SaskGaming's permanent employees participate in the Public Employees Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors. The Public Employees Pension Plan is registered under *The Income Tax Act (Canada)* and is governed by the Plan board in accordance with *The Public Employees Pension Plan Act*. SaskGaming's financial obligation is limited to making the employer's required contributions for current service. During the 15 month period ending March 31, 2016, SaskGaming expensed \$2,047 thousand (12 month period ending December 31, 2014 - \$1,681 thousand) for the employer's required contributions.

14. Bank Indebtedness

SaskGaming has established a line of credit of \$3 million with its financial institution. The line of credit is unsecured. Interest is charged on the line of credit at the bank's prime rate. SaskGaming did not have any amount owing on the line of credit at March 31, 2016 (December 31, 2014 - nil).

15. Capital Management

SaskGaming's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of SaskGaming, and to ensure adequate returns to the owner. During the period, SaskGaming's owner required the Corporation to distribute 80 per cent (2014 - 80 per cent) of net earnings to the owner by way of dividend.

SaskGaming funds its capital requirements through internal operating activities and debt. SaskGaming's maximum debt level is determined by the Government of Saskatchewan through Order-in-Council. Through this process, SaskGaming may borrow up to \$56.2 million, which includes finance leases and temporary loans. SaskGaming also has an available line of credit of \$3.0 million at a financial institution.

SaskGaming monitors capital on the basis of the debt to adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) ratio. The ratio is calculated as total debt divided by adjusted EBITDA. Total debt includes long and short term debt and finance lease obligation. Adjusted EBITDA is calculated as revenue less operating expenses.

For fiscal 2016, SaskGaming's goal is a debt to EBITDA ratio of 0.10.

The debt to EBITDA ratio is as follows:

(Thousands of Dollars)	March 31, 2016	December 31, 2014
Long-term debt	\$ 1,266	\$ 3,246
Finance lease obligation	6,443	6,791
Total debt	\$ 7,709	\$ 10,037
	January 1, 2015 to March 31, 2016	January 1, 2014 to December 31, 2014
Revenue	\$ 158,193	\$ 128,028
Operating expenses	77,342	64,027
EBITDA	\$ 80,851	\$ 64,001
Debt to EBITDA ratio	0.10	0.16

16. Financial Risk Management

SaskGaming has exposure to the following risks from its use of financial instruments: market risk (foreign currency and interest rate risk), credit risk and liquidity risk.

a) Risk management

The Board of Directors has overall responsibility for the establishment and oversight of SaskGaming's risk management framework and is responsible for developing and monitoring SaskGaming's risk management policies.

SaskGaming's risk management policies are established to identify and analyze the risks faced by SaskGaming, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and SaskGaming's activities.

SaskGaming's Board of Directors oversees how management monitors compliance with SaskGaming's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by SaskGaming. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

b) Fair value

Fair values approximate amounts at which financial instruments could be exchanged in an orderly transaction between market participants based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The fair values of long-term debt and finance lease obligation are estimated by discounting the expected future cash flows using the interest rate of a Government of Canada bond with similar terms, adjusted for an appropriate risk premium.

The following table presents the carrying amount and fair value of SaskGaming's financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

(Thousands of Dollars)			March 31, 2016		December 31, 2014	
Financial Instruments	Classification ¹	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	\$ 17,721	\$ 17,721	\$ 10,343	\$ 10,343
Accounts receivable	L&R	Level Two	205	205	257	257
Trade and other payables	OFL	Level Two	10,552	10,552	9,785	9,785
Payable to the General Revenue Fund	OFL	Level Two	5,826	5,826	5,948	5,948
Dividend payable	OFL	Level Two	4,660	4,660	4,802	4,802
Long-term debt	OFL	Level Two	1,266	1,292	3,246	3,400

¹Classification:

FVTPL - Fair value through profit and loss

L&R - Loans and receivables

OFL - Other financial liabilities

c) Foreign exchange risk

SaskGaming faces exposure to the U.S./Canadian dollar exchange rate through the purchase of goods and services payable in U.S. dollars. The risk is not considered significant. There has been no change in the risk exposure from December 31, 2014.

d) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SaskGaming may be exposed to interest rate risk on future borrowings, however this risk is not considered significant. SaskGaming has not provided a sensitivity analysis of the impact of interest rate changes on net income as all of SaskGaming's debt is at fixed interest rates. There has been no change in the risk exposure from December 31, 2014.

e) Credit risk

SaskGaming does not extend credit to its gaming customers. Credit risk is limited to its accounts receivable balance which consists primarily of credit extended to business entities for business functions held at the Show Lounge. Credit risk is not considered significant. There has been no change in the risk exposure from December 31, 2014.

f) Liquidity risk

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

At March 31, 2016

(Thousands of Dollars)

Financial Liabilities	Carrying Amount	Total	Contractual cash flows				
			0-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Trade and other payables	\$ 10,552	\$ 10,552	\$ 10,552	\$ -	\$ -	\$ -	\$ -
Payable to GRF	5,826	5,826	5,826	-	-	-	-
Dividend payable	4,660	4,660	4,660	-	-	-	-
Debt	1,266	1,299	866	433	-	-	-
Finance lease obligation	6,443	10,903	478	478	955	2,865	6,127
	\$ 28,747	\$ 33,240	\$ 22,382	\$ 911	\$ 955	\$ 2,865	\$ 6,127

At December 31, 2014

(Thousands of Dollars)

Financial Liabilities	Carrying Amount	Total	Contractual cash flows				
			0-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Trade and other payables	\$ 9,785	\$ 9,785	\$ 9,785	\$ -	\$ -	\$ -	\$ -
Payable to GRF	5,948	5,948	5,948	-	-	-	-
Dividend payable	4,802	4,802	4,802	-	-	-	-
Debt	3,246	3,464	866	866	1,732	-	-
Finance lease obligation	6,791	12,097	478	478	955	2,865	7,321
	\$ 30,572	\$ 36,096	\$ 21,879	\$ 1,344	\$ 2,687	\$ 2,865	\$ 7,321

Management believes its ability to generate funds will be adequate to support these financial liabilities. There has been no change in the risk exposure from December 31, 2014.

17. Related Party Transactions

SaskGaming is indirectly controlled by the Government of Saskatchewan through its ownership of SaskGaming's parent, CIC. Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SaskGaming 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 "government-related entities"). SaskGaming 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.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. For the 15 month period ending March 31, 2016, the aggregate amount of SaskGaming's transactions with other government-related entities is approximately 7.1 per cent of direct operating expenses (12 month period ending December 31, 2014 - 7.1 per cent).

In addition, SaskGaming pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SaskGaming also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance.

Other amounts and transactions due to and from related parties are described separately in these consolidated financial statements and the notes thereto.

Key management personnel compensation

In addition to salaries, SaskGaming provides non-cash benefits to key management personnel, defined as the President, Vice Presidents and Board members of SaskGaming. Key management personnel compensation is comprised of:

(Thousands of Dollars)	January 1, 2015 to	January 1, 2014 to
	March 31, 2016	December 31, 2014
Short term employee benefits	\$ 1,776	\$ 1,401
Post-employment benefits (defined contribution pension plan)	73	67
	<u>\$ 1,849</u>	<u>\$ 1,468</u>



Any Car on the Lot grand prize winner

In May and June, guests at Casinos Regina and Moose Jaw had the chance to drive off with a brand new car in the Over the Top - Any Car on the Lot promotion. Six lucky finalists attended the grand prize party, but it was Clorice Koller who drove away with the big prize! Clorice chose a 2015 BMW X3 valued at \$64,000 as her new ride.

GOVERNANCE

Mandate and Authority

The Saskatchewan Gaming Corporation (SaskGaming) was established as a Treasury Board Crown corporation under *The Saskatchewan Gaming Corporation Act (1994)* with the mandate to establish and operate casinos in Saskatchewan. Effective April 1, 2008, SaskGaming became a Crown corporation under the direction of Crown Investments Corporation (CIC), the holding company for Saskatchewan's Crown corporations.

SaskGaming is accountable to the Government of Saskatchewan through a Board of Directors appointed by the Lieutenant Governor in Council. Through the Chair, the Board is accountable to the Minister Responsible for SaskGaming.

SaskGaming operates Casinos Regina and Moose Jaw under the regulatory authority of the Saskatchewan Liquor and Gaming Authority (SLGA). Day-to-day operating practices at the casinos are governed by provincial regulations. SaskGaming also operates in accordance with statutory provisions under the Criminal Code of Canada and *The Alcohol and Gaming Regulation Act, 1997*.

Profit Sharing

SaskGaming pays 50 per cent of its net income to the General Revenue Fund (GRF) to fulfill the government's legislated commitment to the First Nations Trust and the Community Initiatives Fund (CIF) as outlined in *The Saskatchewan Gaming Corporation Act*. Half of SaskGaming's commitment flows to the First Nations Trust and the other half flows to the Community Initiatives Fund (CIF).

- The First Nations Trust distributes funding to all First Nations in the province and requires these funds to be spent on economic development, social development, justice, educational development, recreational facilities development and operation, senior and youth programs, cultural development, community infrastructure, health initiatives and other charitable purposes.
- The CIF is overseen by the Ministry of Parks, Culture and Sport and provides grants to initiatives that enhance human development and community vitality.
 - By agreement, a portion of the funds established for the CIF are allocated to the Métis Development Fund, also known as the Clarence Campeau Development Fund (CCDF). Its mission is to improve the economic circumstances of Saskatchewan's Métis people by providing funding for business development, community economic development, development of management skills and assistance to new and existing Métis-owned businesses.
 - This agreement specifies an 80/20 split (CIF/CCDF) on the first \$10 million and an equal share (50/50) of any remaining revenues.

The remaining 50 per cent of SaskGaming's net income is available for dividend distribution through CIC for other priorities of government. The unused portion remaining is retained by SaskGaming for future needs.

Shareholder Direction and Communications

As the shareholder of SaskGaming, CIC establishes the general strategic direction (as it does for all subsidiary Crowns) and, in turn, SaskGaming supports that strategic direction.

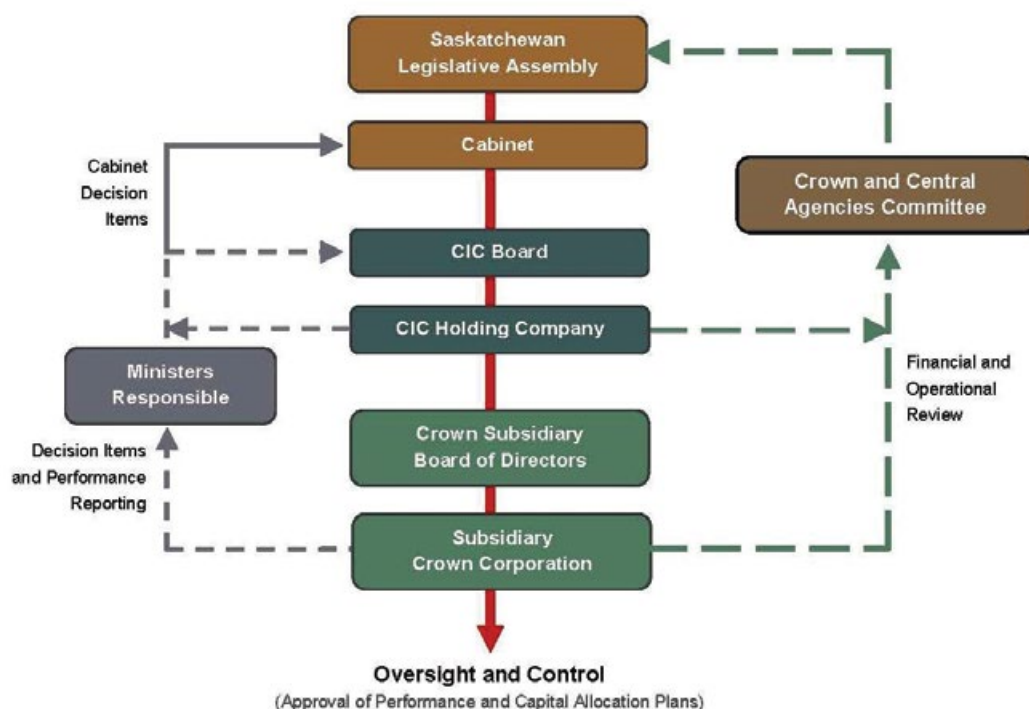
CIC communicates with SaskGaming through written policies or directives issued by CIC management or the CIC Board of Directors, and verbally through discussions with SaskGaming senior leaders. SaskGaming reports to CIC on a regular basis on matters such as the Balanced Scorecard results, financial statements and forecasts, capital expenditures and other requested information on an ad hoc basis. Where required by legislation or directive, SaskGaming submits information and/or decision items for review and approval by CIC and the provincial Cabinet.

The President & CEO of SaskGaming reports to a Board of Directors appointed by the Lieutenant Governor in Council. The Board is comprised of seven members, three of whom are nominated by the Federation of Sovereign Indigenous Nations (FSIN), formerly the Federation of Saskatchewan Indian Nations.

Through the Chair, SaskGaming's Board of Directors is accountable to the Minister Responsible for SaskGaming. The Minister functions as a link between SaskGaming and provincial Cabinet, as well as the Legislative Assembly of Saskatchewan.

The Legislative Assembly appoints members to the Standing Committee on Crown and Central Agencies at the beginning of each legislative session. This committee holds public hearings and is empowered to review the annual report, financial statements and operations of Crown corporations and related agencies. The Minister Responsible for SaskGaming and SaskGaming senior leaders are called before the Committee to answer questions about the year(s) under review.

The following chart illustrates the accountability structure for Crown corporations:



Regulatory Compliance

The Saskatchewan Gaming Corporation Casino Amendment Regulations, 2007, govern the day-to-day operating practices at Casinos Regina and Moose Jaw. SaskGaming is also subject to *The Financial Administration Act*, *The Tabling of Documents Act*, *The Crown Corporations Act*, *The Freedom of Information and Protection of Privacy Act* and *The Heritage Property Act*.

SaskGaming has detailed policies and procedures in place to ensure compliance with all regulatory standards, and also has a compliance officer tasked with ensuring we meet our obligations. SaskGaming representatives from Risk & Compliance and the Corporate Auditor meet quarterly with SLGA compliance investigators to discuss operational matters and to review new or existing policies and procedures. SaskGaming senior leaders are also in regular contact with SLGA through written and verbal interactions.

Role of the Board of Directors

The Board of Directors functions as a steward of the corporation and has a statutory authority and an obligation to manage the affairs and the business of the corporation. In satisfaction of this obligation, the Board provides oversight, while delegating to management the responsibility for day-to-day operations. The fundamental objective of the Board is to act in the best interests of SaskGaming, taking into account the public policy and business objectives of the corporation, with a view to enhancing shareholder value.

Visit casinoregina.com for the Board's terms of reference.

Board Composition

The composition of the Board of Directors is set out in SaskGaming's governing legislation. The Board consists of not more than seven members, who are appointed by the Lieutenant Governor in Council. Three members of the SaskGaming Board are nominated by the FSIN. Cabinet may fill any vacancy that occurs on the Board.

Board Appointment and Renewal

While the appointment of directors is ultimately made by the Lieutenant Governor in Council, it follows recommendations provided by CIC and the SaskGaming Board of Directors.

The Governance and Human Resources Committee leads the process for assessing the skills and competencies of Board and committee members to support the strategic direction and the operational needs of the corporation. The Committee, in compliance with the CIC Board of Directors Appointment Policy, reviews potential candidates and recommends approval of qualified candidates to the SaskGaming Board for consideration by the CIC Board of Directors. Recommendations may also include appropriate mix of skills, qualifications and expertise required for new directors.

Compensation Practices

Compensation rates for directors are set by the CIC Board of Directors. Directors receive quarterly retainers when they are engaged in work for the corporation, including performance of any duties on behalf of the corporation or as a member of a Committee of the Board.

The CIC Board sets compensation rates according to the level of responsibility of the Board. The quarterly retainer for members of the SaskGaming Board of Directors is \$5,000 for the Chair and \$3,500 per director.

Committee Chairs also receive a quarterly retainer and members of committees receive a per diem for attendance at meetings. The Chair of the Audit and Finance Committee receives a \$650 quarterly retainer and the Chair of the Governance and Human Resources Committee receives a \$500 retainer. The maximum per diem for members of committees is \$650 for a full-day and \$325 for a half-day meeting.

Board expenses for the 15-month fiscal period ending March 31, 2016 totalled \$164,298.

Code of Conduct

Members of the SaskGaming Board of Directors are governed by SaskGaming's Code of Business Conduct and Ethics Policy, and the CIC Code of Conduct for Directors of Subsidiary Crown Corporations. The CIC Code assists the Boards of subsidiary Crowns to more effectively fulfill their statutory and fiduciary obligations, and maintain a reputation for the highest standards of public trust and confidence in serving the interests of all stakeholders. The Governance and Human Resources Committee serves as Ethics Advisor to the Board, administers and enforces the CIC Code and reports annually to the Board on compliance with the Code.

CEO Assessment and Executive Compensation

The Board monitors and evaluates the performance of the President & CEO on an ongoing basis. The Board Chair with input from Board members annually reviews and recommends to the Board the performance objectives, work plans and development plans for the President & CEO for the upcoming year. The Committee, with the Chair of the Board, conducts an annual performance review of the President & CEO, based on agreed-upon objectives and developmental initiatives, which are approved by the Board and updated each year. The Committee shares the results of the annual performance review with the Board.

The executive compensation plan for Saskatchewan Crown corporations is defined by the shareholder, CIC. As a result, executive compensation at SaskGaming complies with the guidelines established by CIC's Crown Executive Compensation Policy, Procedures and Guidelines. Within the guidelines set by CIC, the Governance and Human Resources Committee monitors and annually reviews the compensation and benefit programs, policies and incentive compensation plans for executive and recommends to the Board, where appropriate, any changes to the compensation levels for the President & CEO or executive. Incentive compensation is tied to the achievement of corporate targets and the extent to which the targets are achieved determines executive eligibility for performance compensation.

Direct reports of the CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits and any changes to the Clerk of the Saskatchewan Legislature within 14 days. In addition, the Crown and Central Agencies Committee of the Legislative Assembly requires all Crown corporations, including SaskGaming, to file an annual Crown Payee Disclosure Report which includes the total compensation of executive members. The report is available on the CIC public website. The Governance and Human Resources Committee and the Board annually review the details of the report.

Succession Planning

SaskGaming has a workforce plan to ensure the corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Corporate Learning Framework, through which SaskGaming manages the development of desired competencies.

In support of SaskGaming's commitment to the training and development of employees, the Governance and Human Resources Committee approves and/or recommends the corporation's HR policies (that relate to the terms and conditions of employment and compensation), guidelines, procedures and systems, and reports changes in policies to the Board. The Committee annually reviews and makes recommendations to the Board regarding the corporation's Succession Planning and Retention Framework, which was reviewed in 2014 to help SaskGaming meet its current and long-term needs and ensures it can meet its business plan goals. The Committee annually reviews updates regarding identified critical positions and associated mitigation plans.

The Committee is also responsible for the succession plan for the President & CEO, annually updating the position description outlining primary duties, responsibilities and accountabilities and making recommendations regarding the succession plan to the Board. In 2015, the Board engaged the services of an executive search firm to aid in the recruitment of a new President & CEO. While the search was underway, Blaine Pilatzke was named Interim President & CEO to ensure solid leadership throughout the transition. After a comprehensive internal and nation-wide search, Susan Flett was appointed the corporation's President & CEO.

Board Committees

The Board has the authority to appoint any committees that it considers necessary for conducting the business of the corporation. The Board has developed terms of reference prescribing the scope, duties and responsibilities of the committees it has appointed to assist it in fulfilling its obligations.

Audit and Finance Committee

The mandate of the Audit and Finance Committee is to assist the Board in meeting its responsibilities by ensuring the adequacy and effectiveness of the corporation's financial reporting, internal controls, management information systems and risk management. The Audit and Finance Committee is directly responsible for the corporate audit function, approving the corporate audit charter, plan and resources and reviewing audit results. The Committee has responsibility to:

- Oversee the work of the Corporate Audit Department and External Auditor;
- Approve the Corporate Auditor's annual audit plan, including any significant mid-year changes to the plan;
- Resolve any disagreements regarding accounting, internal controls or auditing matters;
- Retain independent counsel, accountants or others to advise the Committee as required, or to assist in conducting an investigation; and
- Seek any information it requires from external parties or employees to conduct an investigation.

The Audit and Finance Committee has the authority to authorize investigations into any matter referred to it by the Board, or any other matter within the Committee's scope of responsibilities. The Committee meets in-camera with the corporation's Corporate Auditor, as necessary, to better understand the information presented by Corporate Audit or any other relevant issues. The Committee also meets regularly with the appointed External Auditor.

Key work of the Committee in 2015-16 included the review and recommendation for Board approval of the audit plan, the Crown Payee Disclosure Report, quarterly financial reports and quarterly Performance Management Plan reports. The Committee also considered and recommended approval for the revised Anti-Money Laundering and Terrorism Financing and Methods of Procurement policies. In addition, the committee approved the 2016 corporate audit work plan.

In 2015-16, the Audit and Finance Committee held five meetings.

Members: Blair Ross (Chair), Wes Becker (Ex-Officio), Bonnie Wallin, Patricia Thomson.

Governance and Human Resources Committee

The Governance and Human Resources Committee serves as an advisory body to the Board, providing leadership to the Board in relation to governance processes, policies and principles of the corporation and assisting the Board in nominating potential candidates for positions on the Board. The Committee oversees SaskGaming's overall employment environment and is responsible for the corporation's policies for human resource management, compensation and succession planning. This Committee also provides input annually to the Board on the performance objectives, work plans and development plans for the President & CEO. The committee also provides input to the Board Chair's annual performance review of the President & CEO.

The Committee develops and reviews the effectiveness of the corporation's governance practices and biennially reviews the terms of reference of the Board and its committees. The Committee annually reviews the corporation's diversity initiatives and monitors the Employee Code of Business Conduct and Ethics Policy and other workplace policies. It serves as Ethics Advisor to the Board, administering and enforcing the CIC's Code of Conduct for Directors of Subsidiary Crown Corporations and reporting annually to the Board on compliance with the Code.

Key work of the Committee in 2015-16 was the dissolution of the Capital Pension Plan and transition to the Public Employees Pension Plan as the pension provider for the corporation. The committee ratified the Retail Wholesale and Department Store Union (RWDSU) – Casino Regina memorandum of settlement, and approved the bargaining proposal, strategy and ultimately the memorandum of settlement for RWDSU – Casino Moose Jaw. The committee also reviewed the corporation's 2015-16 succession plan.

In 2015-16, the Governance and Human Resources Committee held five meetings.

Members: Patricia Thomson (Chair), Wes Becker (Ex-Officio), Bonnie Wallin, Danah Hysuick.

Governance Practices

SaskGaming's approach to corporate governance is substantially consistent with the guidelines set out in the Canadian Securities Administrators (CSA) National Policy 58-201 – Corporate Governance Guidelines and National Instrument 58-101 – Disclosure of Corporate Governance Practices.

The National Policy and National Instrument address the key areas of responsibility for effective corporate governance, including responsibility for stewardship of the corporation, the Board's role in working with management and the functioning of the Board. Although SaskGaming is not legally obligated to comply with CSA governance guidelines, the corporation has benchmarked its corporate governance practices against the CSA National Policy and National Instrument Guidelines in the following corporate governance scorecard.

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
1. Board of Directors Composition The Board should have a majority of independent directors.	There are seven members on the SaskGaming Board appointed by the Lieutenant Governor in Council. The Federation of Sovereign Indigenous Nations (FSIN) nominates three members and the provincial Cabinet appoints four members. All directors are independent.	Yes
Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors).	Saskatchewan Gaming Corporation, as a statutory Crown corporation, does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to SaskGaming.	Not Applicable
(a) Disclose the identity of directors; and (b) Describe who is independent and the basis for the determination of independence.	Wes Becker, Chair: Independent, retired banker. Blair Ross, Vice-Chair: Independent, President and COO, co-founder of SRG Security Resource Group. Danah Hysuick: Independent, Insurance Broker and Real Estate Agent. Bonnie Wallin: Independent, retired CEO of Mallard Diversified Services Inc. Patricia Thomson: Independent, FSIN appointee. Terry Lavallee: Independent, consultant at Red Thunder Consulting Firm, FSIN appointee. Alphonse Bird: Independent, President of Bird Boys Office and Furniture Supply Corporation, FSIN appointee. None of the directors or their "associates" work with or for the corporation, or have material contracts or relationships with the corporation, or have received remuneration from the corporation in excess of the fees and compensation as directors or committee members or as directors of subsidiaries of the corporation.	Yes
(c) Indicate whether directors are directors of any other issuer that is a reporting issuer.	SaskGaming does not have share capital, and therefore is not an issuer.	Not Applicable

(d) Do directors hold regularly scheduled in-camera meetings to facilitate open and candid discussion? If so, how many meetings were held in the previous 12 months?

At each regular meeting, the Board sets aside time on the agenda for an in-camera session where management is excused from the meeting. The Board held nine meetings in 2015-16.

Yes

(e) The Chair should be independent to provide leadership for the directors.

The Board structure of SaskGaming is such that the Chair of the Board is independent.

Yes

(f) Disclose the attendance record of each director for Board meetings held in the most recently completed financial year.

The following are the attendance statistics for Board meetings:

Provided

Director	Board	Audit & Finance	Governance & HR	Total
Becker	8/9	5/5	5/5	18/19
Bird	3/5			3/5
Hysuick	8/9		5/5	13/14
Lavallee	5/9			5/9
Ross	9/9	4/5		13/14
Thomson	9/9	5/5	5/5	19/19
Wallin	8/9	4/5	3/5	15/19

For the purposes of this report, members who attended meetings in part were considered to be present.

2. Board Mandate

The Board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the corporation and which delineates its roles and responsibilities, including responsibility for:

The Board has written terms of reference that set out its responsibility to function as stewards of the corporation, and the obligation to manage the affairs and business of the corporation. While the fundamental objective of the Board is to act in the best interests of the corporation, the Board has a responsibility to ensure congruence among shareholder expectations, corporate plans and management performance. The Board Terms of Reference are available to the public on the corporate website.

Yes

The Board adopts an Annual Work Plan to ensure the duties and responsibilities identified in the Terms of Reference are scheduled to be achieved.

(a) Satisfaction regarding the integrity of the Chief Executive Officer (CEO) and executive and the creation of a culture of integrity;

The CEO and executive act in accordance with the governing legislation, the corporation's Code of Business Conduct and Ethics Policy and Board Terms of Reference which are available to the public on the corporate website.

Yes

The Board has approved the "Integrity Matters" policy which provides a mechanism for anonymous internal reporting of actual or potential business misconduct.

Each of the committees established by the Board has its own Terms of Reference, which are available on the corporate website. Board members are also governed by the CIC's Code of Conduct for Directors of Subsidiary Crown Corporations.

(b) The adoption of a strategic planning process and approval of a strategic plan that takes into account, among other things, the opportunities and risks of the business;

SaskGaming has an integrated strategic planning process using the Balanced Scorecard methodology to build clarity about the strategic direction, ensure alignment with shareholder priorities and to translate that direction into a results-focused, actionable performance plan.

At the beginning of the process the Board of Directors engaged in a strategic planning event to review the environmental scan, determine the risks and impact on the corporation and the shareholder and determine a set of priorities for action over the next three to five years.

Yes

(c) The identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;

Management and the Board developed an Enterprise Risk Management Framework in 2009 that integrated the corporation's Risk Management Program into its annual planning process.

Risk is an important responsibility for the Board. It receives and discusses reports on corporate-wide risks and mitigation strategies quarterly, it receives a quarterly report on compliance with gaming regulations and instituted a quarterly compliance certificate process for the CEO and CFO in 2012.

Yes

(d) Succession planning, including appointing, training and monitoring senior management;

SaskGaming has a workforce plan to ensure the corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Corporate Learning and Development Plan, through which SaskGaming manages the development of desired competencies.

In support of SaskGaming's commitment to the training and development of employees, the Governance and Human Resources Committee approves and/or recommends the corporation's HR policies, guidelines, procedures and systems, and reports changes in policies to the Board. The Committee annually reviews and makes recommendations to the Board regarding the corporation's Succession Planning Framework, which was developed in 2011 to help SaskGaming meet its current and long-term needs and ensures it can meet its business plan goals. The Committee semi annually reviews updates regarding identified critical positions and associated mitigation plans.

The Committee is also responsible for the succession plan for the President & CEO, annually updating the position description outlining primary duties, responsibilities and accountabilities and making recommendations regarding the succession plan to the Board.

Yes

(e) A Communications Policy for the corporation;

SaskGaming is committed to the principles of transparency, openness and timeliness in communications with its owner, employees, stakeholders and the public. The corporation complies with communication requirements set by the shareholder. The Board approved a Communications Policy in 2009 that the corporation continues to follow.

Yes

(f) The integrity of the corporation's internal control and information management systems;

The Board has appointed an Audit and Finance Committee to assist the Board in fulfilling its responsibilities with respect to the adequacy and integrity of the corporation's financial reporting, internal control systems, risk management and relationship with external auditors. These areas are also audited by the Corporate Auditor as part of their annual work plan.

Yes

(g) Development of approach to corporate governance, principles and guidelines;

The Governance and Human Resources Committee is mandated through its Terms of Reference to be responsible to the Board for the development, review and effectiveness of SaskGaming's corporate governance practices. The Committee also serves as the Ethics Advisory to the Board.

Yes

SaskGaming undertook a review of the Board's and Board Committee's Terms of Reference in 2014, which included special emphasis on simplifying and streamlining reporting. Revised Terms of Reference for Board and Committees are available to the public on the corporate website. A review of the Terms of Reference is scheduled for 2016-17.

(h) General mandate re: stakeholder relations, and expectations and responsibilities of directors.

The duties of directors are set out in legislation. A Code of Conduct applicable to the directors of all subsidiary Crown corporations also guides members of the Board.

Yes

The primary responsibility of the Board of Directors is to foster the long-term success of the corporation consistent with the Board's responsibility to its shareholder.

The Chair of the Board participates in a CIC Chairs forum conducted by the statutory shareholder, where feedback and communication is provided to all Crown corporation Board Chairs on the expectations of the Holding Company as representatives of the shareholder.

Building on the base of directors' duties outlined in legislation, the Terms of Reference for the Board and its Committees are reviewed annually.

3. Position Descriptions

(a) The Board should develop position descriptions for the Chair of the Board and Chair of each Board Committee;

The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties and responsibilities of each.

Yes

(b) Together with the CEO, develop a position description for the CEO delineating management's responsibilities and approving corporate goals and objectives that the CEO is responsible to meet.

The Board has developed the Board's Terms of Reference which outlines the responsibilities of the Board and management.

Yes

The Board has approved a position description that sets out the primary duties, responsibilities and accountabilities of the President & CEO.

The Board has also approved policies for expenditure authorities for the President & CEO and executive officers. These policies clearly outline the limits of their authorities and the levels for which matters must receive Board approval.

The Board reviews and approves the annual Performance Management Plan, Balanced Scorecard targets and budget. The President & CEO is expected to deliver these outcomes.

4. Orientation and Continuing Education

The Board should ensure new directors receive comprehensive orientation and fully understand the role and the contribution they are expected to make; and, the Board should provide continuing education opportunities for all directors.

The Governance and Human Resources Committee has responsibility to provide an appropriate orientation program for new directors and a continuing education program for all directors.

Directors receive an orientation to the corporation and the industry from management. CIC delivers a comprehensive training program for directors focusing on best governance practices and the Board's role and responsibilities. Some Directors also undertook Governance training offered through CIC.

Yes

5. Code of Business Conduct and Ethics

(a) The Board should adopt a written Code of Business Conduct and ethics applicable to directors, officers and employees of the corporation which is designed to promote integrity and deter wrongdoing. The Code should address conflicts of interest, protection, proper use of corporate assets and opportunities, confidentiality, fair dealing, compliance with laws, rules and regulations and provide a mechanism to report illegal or unethical behaviour.

Directors of the corporation are required to abide by CIC's Code of Conduct for Directors of Subsidiary Crown Corporations. The Governance and Human Resources Committee, as the Ethics Advisor to the Board, is required to administer, monitor and enforce the Directors' Code of Conduct, which includes reporting annually to the Board concerning compliance. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination of their independence.

The Governance and Human Resources Committee annually reviews the enforcement of and compliance with corporate policies related to employee conduct, harassment and violence in the workplace.

Yes

(b) The Board should monitor compliance with the Code and grant any waivers required for directors and executive officers. Any waivers for a material departure from the Code for any directors or officers should be granted by the Board.

The Governance and Human Resources Committee monitors and reports annually to the Board concerning compliance with the CIC's Code of Conduct for Directors of Subsidiary Crown Corporations. The Committee also advises directors on conflicts of interest, including actions for avoiding a conflict or potential conflict of interest.

No waivers were granted in 2015-16.

Yes

6. Nomination of Directors

(a) The Board should appoint a nominating committee composed of entirely independent directors, with a written charter establishing the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure and operations.

SaskGaming does not have a separate nominating committee; however, SaskGaming's Governance and Human Resources Committee performs the function of a nominating committee.

As stated in the Terms of Reference, the Committee will, in compliance with the Crown Investments Corporation Board of Directors Appointment Policy, review potential candidates and recommend approval of qualified candidates to the Board for consideration by the CIC Board of Directors. The Committee also reviews and recommends a candidate for appointment of Chair of the Board, reviews and makes recommendations regarding the composition of the Board and the Committees, and reviews and recommends appropriate Committee structure.

All of the Governance and Human Resources Committee members are independent.

Yes

(b) The Board should adopt a nomination process which first considers the competencies and skills of the Board as a whole; assesses the competencies and skills possessed by each existing director; and identifies competencies and skills each new nominee would bring to the Board, including the ability to devote sufficient time and resources to the job.

The Governance and Human Resources Committee is responsible for assessing the skills and competencies of Board and Committee members to support the strategic direction and the operational needs of the corporation. The Board may make recommendations to the CIC Board respecting the appropriate mix of skills, qualifications and expertise required for new directors.

Yes

The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties, responsibilities and expectations of each position.

(For reference: *The Saskatchewan Gaming Corporation Act* requires appointment of directors through Order-in-Council, and limits the Board to recommend candidates only.)

7. Compensation

(a) The Board should appoint a compensation committee composed entirely of independent directors, with a written charter to establish the committee's purpose, responsibilities, member qualifications, appointment, removal, structure, operations and manner of reporting to the Board.

The Board has appointed a Governance and Human Resources Committee, which has responsibility to make recommendations to the Board on human resource and compensation-related matters. Written Terms of Reference prescribe the scope, duties and responsibilities of the Committee. The Committee has been given the authority to retain any outside advisor it deems necessary.

Yes

The Board monitors and evaluates the performance of the President & CEO on an ongoing basis. The Governance and Human Resources Committee conducts an annual performance review of the President & CEO.

The Governance and Human Resources Committee is comprised of independent directors.

(b) The compensation committee should be responsible for reviewing and approving corporate goals and objectives relative to the CEO's compensation, the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on the evaluation; as well as reviewing executive compensation prior to public disclosure.

The Governance and Human Resources Committee annually reviews and recommends to the Board the performance objectives, work plans and development plans for the President & CEO for the upcoming year.

Yes

The Committee, with the Chair of the Board, conducts an annual performance review of the President & CEO, based on agreed-upon objectives and developmental initiatives, which are approved by the Board and updated each year. The Committee shares the results of the annual performance review with the Board.

The Committee reviews the President & CEO position profile as required, or at least every three years, and recommends any amendments to the Board for approval.

The executive compensation plan for Saskatchewan Crown corporations is defined by CIC. As a result, executive compensation at SaskGaming aligns with the guidelines established by CIC. Within the guidelines set by CIC, the Governance and Human Resources Committee monitors and annually reviews the compensation and benefit programs, policies and incentive compensation plans for executive and recommends to the Board, where appropriate, any changes to the compensation levels for the President & CEO or executive. Incentive compensation is tied to the achievement of corporate targets and the extent to which the targets are achieved determines executive eligibility for performance compensation.

(b continued)

Direct reports of the CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits and any changes to the Clerk of the Saskatchewan Legislature within 14 days. In addition, the Crown and Central Agencies Committee of the Legislative Assembly requires all Crown corporations, including SaskGaming, to file an annual Crown Payee Disclosure Report which includes the total compensation of executive members. The report is available on the CIC public website. The Governance and Human Resources Committee and the Board annually review the details of the report.

Yes

(c) The compensation committee should be responsible to make recommendations to the Board with respect to director compensation.

Compensation levels for directors, the Chair of the Board and Committee Chairs are set by the CIC Board of Directors.

Yes

8. Other Board Committees

Identify standing committees other than audit, compensation and nominating, and describe their function.

The Board has the authority to appoint any committee it considers necessary for the efficient conduct of the affairs and business of the corporation.

Yes

9. Board Assessments

The Board, its committees and each individual director should be regularly assessed with respect to their effectiveness and contribution in terms of the board or committee's terms of reference, or an individual director's position description and competencies and skills.

The Board follows a process to evaluate the performance of the Board, Board Chair, Committees, Committee Chairs and individual directors. Evaluations are conducted biennially. The Board and Board Chair are evaluated one year, and the Committees, Committee Chairs and directors evaluated in the alternate year.

Yes

10. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its Board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The SaskGaming Board is appointed by the Lieutenant Governor in Council. Three members of the SaskGaming Board are nominated by the FSIN. Cabinet may fill any vacancy that occurs on the Board.

Yes

11. Policies Regarding the Representation of Women on the Board

(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The corporation does not appoint or hire the directors of the Board, so no policy relating to the identification and nomination of women directors exists. The SaskGaming Board is appointed by the Lieutenant Governor in Council. FSIN nominates three members and the provincial Cabinet appoints four members. Currently, three out of seven directors of the Board are women.

Yes

(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:

Not applicable

Not
Applicable

- (i) a short summary of its objectives and key provisions,
- (ii) the measures taken to ensure that the policy has been effectively implemented,
- (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and
- (iv) whether and, if so, how the Board or its nominating committee measures the effectiveness of the policy.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

Disclose whether and, if so, how the Board or nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the issuer does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer's reasons for not doing so.

The level of representation of women is considered when hiring at the executive officer level. Preference is given to qualified women during the hiring process.

Yes

**13. Consideration Given
to the Representation of
Women in Executive Officer
Appointments**

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

The level of representation of women is considered when hiring at the executive officer level. Preference is given to qualified women during the hiring process.

Yes

**14. Issuer's Targets Regarding
the Representation of Women
on the Board and in Executive
Officer Positions**

(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's Board or in executive officer positions of the issuer by a specific date.

SaskGaming has no target regarding the representation of women on the Board and no target regarding the representation of women in executive officer positions.

Not
Applicable

(b) Disclose whether the issuer has adopted a target regarding women on the issuer's Board. If the issuer has not adopted a target, disclose why it has not done so.

SaskGaming has not adopted a target as the Board is appointed by the Lieutenant Governor in Council.

Yes

(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

SaskGaming has not adopted a target as the representation of women in executive level positions is already considered during the hiring process.

Yes

(d) If the issuer has adopted a target referred to in either (b) or (c), disclose:

Not applicable

Not
Applicable

(i) the target, and

(ii) the annual and cumulative progress of the issuer in achieving the target.

15. Number of Women on the Board and in Executive Officer Positions

Forty-three per cent, or three out of seven directors on the board, are women.

Provided

(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

Sixteen per cent, or one out of six executive officers are women, (including the President & CEO).

Provided

Board of Directors

Wes Becker, Chair, of Regina, Saskatchewan retired from a career with CIBC having held various management positions, primarily within the bank's Commercial Banking division. Prior to retirement, Mr. Becker acted as the Program Director for the Agricultural Value-Added Loan Program, a partnership between CIBC, FCC and Western Economic Diversification. A fellow of the Institute of Canadian Bankers Professional Banking Program, Mr. Becker has served as Chair of the Saskatchewan Gaming Corporation's Board of Directors since April 1, 2008.

Blair Ross, Vice-Chair (Chair, Audit and Finance Committee), of Regina, Saskatchewan is co-founder of SRG Security Resource Group Inc. a Saskatchewan-based security firm providing investigation, security patrol, 24 CCTV real-time monitoring and information technology security services across Western Canada. Mr. Ross has over 25 years of experience in business with the majority of his experience gained in the private security industry. In those 25 years, he has built and managed security operations from the ground up. He has managed the security personnel at large scale events (e.g. the Pan American Games in Winnipeg) across Western Canada. A recipient of an Honourary Lifetime Big Brother award for his volunteer commitment, Mr. Ross has co-chaired the CTV Sandra Schmirler Charity Golf Classic. Currently, Mr. Ross serves as chair of Hospitals of Regina Foundation.



Board of Directors standing
(left to right):
Blair Ross, Wes Becker, Alphonse Bird,
Patricia Thomson,
Seated (left to right):
Danah Hysuick, Bonnie Wallin
Missing: Terry Lavallee

Danah Hysuick of Indian Head, Saskatchewan is an insurance broker, real estate agent and former business owner. She has attained the Canadian Accredited Insurance Broker designation and works at Indian Head Agencies. Ms. Hysuick served as the President of Forever Friends of Hope Foundation Incorporated, a fundraising organization which provides financial assistance and support to women facing cancer in Saskatchewan. In recognition of her work with this organization, she received the Community Leadership and Enhancement award at the 2013 YWCA Regina's Women of Distinction awards. Ms. Hysuick has earned the Chartered Director designation through the Directors College Chartered Director certification program. She is married and has two teenage children.

Bonnie Wallin of Wadena, Saskatchewan has spent the past 30 years working with adults with intellectual disabilities. She is recently retired and is a past member of the Saskatchewan Association of Rehabilitation Centers' Board of Directors. She has also served as a member of the SGI Board of Directors. Ms. Wallin is a former Chair of the Wadena Economic Development and Tourism Committee, a past Worthy Matron of the Order of the Eastern Star (Wadena chapter), and is an active member of the Royal Canadian Legion and Chair of the Wadena Community Cares Foundation.

Patricia Thomson (Chair, Governance and Human Resource Committee), a member of Carry the Kettle First Nation, is a wife, mother and grandmother. She has an extensive background in the areas of program management, development, implementation and delivery of First Nations services. Ms. Thomson has worked her way from the front line delivery of services to development and implementation of a wide range of services impacting First Nations people within the First Nations, provincial and federal governments. She has served on numerous boards, locally, regionally and nationally and continues to offer input into approaches that are sensitive to the needs of First Nations people, fosters relationships, and builds trust and understanding among partners.

Terry Lavallee of the Cowessess First Nation was raised and attended school at Cowessess and Broadview, graduated from Sheldon Williams High School in Regina and later attended the University of British Columbia and the University of Alberta. After leaving home, Mr. Lavallee spent time in Toronto where he organized cultural activities and founded a cultural dance group called "Indian Canada." Other accomplishments include: conducting audio-visual programming at the University of Alberta and Muskawachee Cultural College in Hobbema, Alberta; and organizing and maintaining a provincial sports organization in Alberta. On the national level, Mr. Lavallee was a member of the Council of Aboriginal Leaders for the Bank of Montreal, and is a member of the National Environment Committee. He also served on the Board of the Saskatchewan Indian Federated College. Mr. Lavallee has a Bachelor of Arts degree in Political Science and Administration from the University of Regina, and operates his own Red Thunder consulting firm.

Alphonse Bird of Montreal Lake, Saskatchewan is a member of the Montreal Lake Cree Nation. He has many years of experience in First Nations economic and social development, as well as Saskatchewan's gaming industry. Mr. Bird is a former Grand Chief of the Prince Albert Grand Council, Chief of the former Federation of Saskatchewan Indian Nations and Assembly of First Nations Regional Chief for Saskatchewan. He has also served on numerous boards and commissions, including a previous term at the Saskatchewan Gaming Corporation, the Saskatchewan Indian Gaming Authority, the Information Services Corporation, the Saskatchewan Indian Institute of Technology, the Saskatchewan Police Commission and more. He is the President of Bird Boys Office and Furniture Supply Corporation.

Executive Team

Susan Flett **President & CEO**

Susan joined SaskGaming in 2000 as Director of Player Relations and went on to become Director of Marketing in 2004. In 2010, Susan was appointed Vice President of Marketing and became the Chief Marketing Officer in 2013. In 2015, Susan was appointed President & CEO of the corporation.

Before joining the corporation, Susan held positions at Crown Life Canada, Crown Investments Corporation and Saskatchewan Transportation Company.

In 1999, Susan was honoured with the Lieutenant Governor's Medal for Outstanding Public Service in Saskatchewan, as a part of the Crown Investments Corporation of Saskatchewan Strategic Management Team and Corporate Secretariat.

In the community, Susan is a director on the Regina Symphony Orchestra board and serves on the Interjurisdictional Steering Committee of the Canadian Gaming Association.

Susan completed her Bachelor of Administration at the University of Regina. She also holds a Queen's University Certificate in Human Resource Management and completed the Executive Program at Queen's University.

John Amundson, FCPA, FCA
Senior Vice President of Finance & Information Technology

John joined SaskGaming in January 2016 following more than 22 years in financial management positions with Crown Investments Corporation. Prior to joining Saskatchewan's public service, John worked with Ernst & Young and KPMG.

John graduated from the University of Saskatchewan with a Bachelor of Commerce in 1988. He subsequently went on to earn the Chartered Accountant, Fellow Chartered Accountant and Fellow Chartered Professional Accountant designations.

During his career, John was highly involved in the Institute of Chartered Accountants of Saskatchewan, serving the association and its membership in various leadership roles including Chair of the Professional Conduct Committee, Chair of the Registration Committee, member of the Practice Appraisal Committee and member of council for both CPA Saskatchewan and the Institute of Chartered Accountants. He was also involved in the merger of Saskatchewan's accounting community into one organization, CPA Saskatchewan.

Gerry Fischer
Senior Vice President of Marketing & Business Planning

Gerry has been part of the SaskGaming team since day one, coming on board in 1996 as Director of Sales & Promotions. He became Vice President of Marketing the following year. In 2005, Gerry became the Vice President of Operations and was named the Chief Operating Officer in 2013. In 2015, Gerry moved into a new role as the Senior Vice President of Marketing & Business Planning.

With a strong background in corporate fundraising and event organization, Gerry has worked with groups including the Hospitals of Regina Foundation, the Canadian Master's Summer Sports Festival and the Children's Health Foundation.

His previous volunteer activities including chairing the Admin Student Alumni Association at the University of Regina, working as Vice President of Marketing for the 2003 Grey Cup, and working with Tourism Regina (Vice Chair), Tourism Moose Jaw, the McCain TSN Skins Game (Marketing Chair), the Prairie Fire Rugby Club and the Juvenile Diabetes Association.

Currently, Gerry serves as Vice Chair of the Regina Downtown Business Improvement District and as a member of the Royal Regina Golf Club Board.

Gerry holds a degree in Economics and a Bachelor of Administration from the University of Regina.

Dallas Ferguson,
Senior Vice President of Operations

Dallas originally joined SaskGaming in 1996, serving in several operational roles and also as Vice President of Human Resources & Aboriginal Affairs until 2007. After working in senior roles with the St. Eugene Golf Resort & Casino, Wal-Mart Canada and The Salvation Army, he returned to SaskGaming in January 2016 as Senior Vice President of Operations.

Dallas has completed a number of undergraduate programs in the hospitality and human resource management fields through Queen's University, the University of Guelph and the University of Nevada, Reno.

In his spare time Dallas is an avid golfer, hunter and fisherman. He is also a member of the Métis Nation – Saskatchewan, Local 13.

Bob Arlint
Vice President of Risk & Compliance

Bob joined SaskGaming in 2001 as a Gaming Control Officer. He later accepted the position of Manager of Gaming Control and Director of Security. Bob accepted the role of Vice President of Corporate Risk & Compliance in 2006.

Bob completed his undergraduate education in the Northwest Territories before studying Social Work at Red Deer College. He then returned north to work for the Government of the Northwest Territories' Department of Social Services. In 1976, he joined the Royal Canadian Mounted Police and served for 25 years in various postings throughout the Northwest Territories and Saskatchewan.

In the community, Bob serves on the Board of Directors of the Gaming Security Professionals of Canada. He is also actively involved in and a voting member of the Responsible Gambling Sub-Committee of the Interprovincial Lottery Corporation of Canada.



SaskGaming Executive
(left to right):
Blaine Pilatzke, Bob Arlint,
Gerry Fischer, Susan Flett, John
Amundson, Dallas Ferguson

Blaine Pilatzke
Vice President of Corporate Services

Blaine attended the University of Saskatchewan and graduated from the University of Regina.

Blaine spent 17 years working in the labour relations field before coming to SaskGaming in 2004 as Director of Labour Relations. He was appointed the Vice President of Human Resources in 2007 and became the Vice President of Corporate Services in 2015.

Prior to his labour relations career, Blaine worked as a Primary Products Inspector for the Food Production and Inspection branch of Agriculture Canada. There he became active in his union local, and in 1987 he became a Regional Representative with the Public Service Alliance of Canada.

Blaine is currently studying for a Masters of Human Resource Management at the Kenneth Levene Graduate School of Business.

Appendix

2016-20 Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Guest Experience Excellence			
Mystery Shopper Score Lead indicator Measured: Semi-annually Lead: Operations	<p>Mystery Shopper Score rates casino employee ability to provide customer service related to the following four dimensions of the GameOn customer service philosophy:</p> <ul style="list-style-type: none"> • Greeting guests; • Anticipating guest needs; • Meeting guest needs; and • Engaging guests. 	Objectively measures service quality provided by casino employees in the opinion of service quality experts.	<p>Measured semi-annually, an external consultant conducts a series of transactions with employees to quantitatively and qualitatively measure their service experience against the four service dimensions of the GameOn service philosophy using a five-point scale. The consultant uses a pre-planned checklist of service actions and behaviours to rate each dimension.</p> <p>In total, the Mystery Shopper survey assesses 18 specific staff positions at the two casinos. The target is to complete a total of 300 and 150 mystery shopper transactions at Casino Regina and Casino Moose Jaw respectively.</p> <p>The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).</p>
Guest Satisfaction Survey Lead indicator Measured: Semi-annually Lead: Marketing and Operations	<p>The corporation measures three aspects of Guest Satisfaction: Service, Products and Property. An average score is calculated for CR and CMJ.</p>	Objectively measures guests' overall satisfaction with their casino experience.	<p>Exit surveys are conducted on a semi-annual basis as guests are leaving the properties.</p> <p>Guests are asked to rate their satisfaction, on a scale of 1 to 10, on a series of questions on employee service, product delivery and property attributes.</p> <p>The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).</p>

	2016-17 Target Explanation	2017-2020 Trend Explanation	L-T Optimal Targets
	<p>The Mystery Shopper score is already at a high level. Historically with other surveys, once over the 80% barrier, the score is difficult to increase.</p> <p>Based on the recent survey results SaskGaming has set a target of 95% for 2016 as it believes this represents an optimal target for this measure.</p>	<p>Management has set a target of 95% through the forecast period for the Mystery Shopper measure since this is the optimal target.</p>	95%
	<p>Based on historical survey results, SaskGaming has set a 2016-17 target of 82% as it believes this represents an optimal target for this measure.</p>	<p>Management has set a target of 82% through the forecast period.</p>	<p>Based on historical survey results and trends, SaskGaming has set a target of 82% as an optimal target.</p>

Measure	Description	Purpose	Methodology	
Guest Experience Excellence				
Guest Opinion about Safety on Premises Lag Indicator Measured: Semi-annually Lead: Operations	A measure of casino visitors' opinion of personal safety measures at Casino Regina and Casino Moose Jaw.	SaskGaming is committed to ensuring the safety of our employees and patrons. Security and integrity is a pillar of SaskGaming's Corporate Social Responsibility Framework.	<p>Exit surveys are conducted on a semi-annual basis. Guests are asked to rate their satisfaction, on a scale of 1 to 10, with personal safety measures at Casino Regina and Casino Moose Jaw.</p> <p>The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).</p>	
Employee Experience Excellence				
Employee Satisfaction Lead indicator Measured: Bi-annually Lead: Human Resources	Measures SaskGaming employees' level of satisfaction with their work environment.	The purpose of the survey is to confirm or discover what motivates employees, what drives loyalty and what genuinely keeps employees happy in order to increase staff retention and reduce turnover.	<p>SaskGaming implements the survey bi-annually. The results are reviewed by an internal committee to determine the responses and actions that are required.</p> <p>The Employee Satisfaction Survey is based on the National Business Research Institute's (NBRI) employee survey.</p> <p>The score represents the percentile mean that SaskGaming achieves in its peer industry group.</p>	
Service Component of Guest Satisfaction Lead indicator Measured: Semi-annually Lead: Operations	The corporation measures three aspects of Guest Satisfaction: Service, Products and Property. This is simply the Service component of that survey. An average score is calculated for Casino Regina and Casino Moose Jaw.	<p>Objectively measures service quality provided by casino employees in the opinion of guests.</p> <p>This measure is a proxy for the effectiveness of SaskGaming's hiring and training programs.</p>	<p>Exit surveys are conducted as guests are leaving the properties.</p> <p>Guests are asked to rate their satisfaction, on a scale of 1 to 10, a specific question regarding the overall satisfaction with the service received from casino staff across a number of areas of service.</p> <p>The scores from Casino Regina and Casino Moose Jaw are weighted on an 80/20 basis. This rule of thumb reflects the importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).</p>	

	2016-17 Target Explanation	2017-2020 Trend Explanation	L-T Optimal Targets
	Based on historical survey results, SaskGaming has set a 2016-17 target of 87% as it believes this also represents an optimal target for this measure.	Management has set a target of 87% through the forecast period for the Guest Opinion about Safety measure.	Management chose 87% as an optimal target to show its commitment in continuous improvement in the safety of its premises.
	<p>The score of Employee Satisfaction remained at 48.0 per cent since 2012.</p> <p>With the employee satisfaction action plan that aims to address issues identified in the 2014 survey, SaskGaming anticipates the score will increase to 50.0 per cent in the 2016-17 survey.</p>	Targets of 50.0 per cent for the forecast period has been chosen based upon previous survey results.	Based upon previous survey results, the long-term optimal target for Employee Satisfaction is "at or above 50.0 percentile."
	<p>The Service Component of Guest Satisfaction measure Started in 2012. Since then, it has hovered around the 83% mark.</p> <p>Like the Guest Satisfaction measures, Service Component of Guest Satisfaction is already at a high level.</p> <p>Historically with other surveys, once over the 80% barrier, the score has increased at a decreasing rate.</p> <p>The corporation has set a 2016-17 target of 85.0% as it believes this represents an optimal target for this measure.</p>	SaskGaming expects the score will stabilize at 85% through the forecast period.	Based upon historical survey results, the corporation has chosen 85% as an optimal target.

Measure	Description	Purpose	Methodology
Employee Experience Excellence			
Core Training Lag Indicator Measured: Quarterly Lead: Human Resources	<p>This measure indicates an average percentage of core training completion across all employees on the six core training modules within SaskGaming's Core Learning Program:</p> <ul style="list-style-type: none"> • Orientation; • Access to Information & Privacy; • Health & Safety for New Workers; • Diversity and Inclusion in the Workplace; • Respectful Workplaces; and • Responsible Gaming Level I. 	<p>Objectively measure the percentage of core training completion across all SaskGaming's workforce. Serves as a complement to the Service Component of Guest Satisfaction measure above, which measures training effectiveness in terms of the quality of service provided to guests.</p>	<p>Core Training is calculated as an average across all employees.</p> <p>Core Training % = total modules completed / # of employees / 6 x 100</p> <p>Employees who are on leave of absence and casual employees are ineligible in this measure.</p>
Employee Absenteeism Lag Indicator Measured: Quarterly Lead: Human Resources	<p>This measure indicates the share of employees who are absent from work due to illness with or without pay, injury, leave without pay and pressing necessity.</p>	<p>Excessive absenteeism leads to higher labour costs from increased overtime and/or staffing levels. This measure will be used to track the corporation's progress in reducing absenteeism levels with its new Attendance Support Program.</p>	<p>Employee Absenteeism is a weighted average of absenteeism rates by union and non-union staff.</p> <p>Employee Absenteeism Rate = $\frac{[(\text{Unionized employees absent hours} + \text{Non-Union Employees absent hours}) / (\text{Unionized employees total work hours} + \text{Non-Union Employees total work hours})] \times 100}$</p>
Aboriginal Representation Lead indicator Measured: Quarterly Lead: Human Resources	<p>This measure focuses our employee attraction and retention efforts to achieve 50% Aboriginal representation as per the framework agreement with the Federation of Sovereign Indigenous Nations (FSIN). SaskGaming also works toward meeting other Saskatchewan Human Rights Commission designated work group targets but the emphasis is placed on Aboriginal representation.</p>	<p>A measure of Aboriginal representation of SaskGaming's workforce.</p>	<p>Using information from the Human Resource information system, a percentage is calculated for the self-declared Aboriginal in relative to the total number of employees. Note: this calculation does not include 'casual' employees who have not worked in the past three months.</p>

	2016-17 Target Explanation	2017-2020 Trend Explanation	L-T Optimal Targets
	<p>2013 was the first year the Core Learning Program was fully implemented.</p> <p>Based on previous experience, the corporation is increasing its 2016-17 target from 80% in 2015 to 85%.</p>	<p>Target is expected to increase by five percentage points after 2016-17 to 90%. The 90% target has been chosen by recognizing that, due to the approximate 20% staff turnover at SaskGaming each year, it will not likely be possible to achieve 100%.</p>	<p>The 90% target is believed to be an optimal, long-term target because of the staff turnover annually.</p>
	<p>2014 was the first year this measure was reported.</p> <p>SaskGaming has tracked this measure internally in previous years. The 8.0% target has been set for 2016-17 with an aim to improve on the 2015 result of 9.2%.</p>	<p>The Attendance Support Program is expected to reduce absenteeism. Based on this, SaskGaming is targeting a reduction through the forecast period.</p>	<p>The corporation has set an optimal long-term target of 6% given this will represent a significant improvement during the forecast period while recognizing there will always be a certain amount of absenteeism in a shift-work environment.</p>
	<p>Due to increased competition for labour resources, the Aboriginal employees leaving the corporation is at a higher rate of those being hired; as a result, the Aboriginal representation at SaskGaming's workforce is on a declining trend. Based upon previous experience, a target of 40.5% is chosen for this measure.</p>	<p>Based upon the trend and the reality of the labour market, the long-term target for this measure is adjusted from 44% to 41.3%.</p>	<p>N/A</p>

Measure	Description	Purpose	Methodology
Social Responsibility			
Guest Awareness of Responsible Gaming Lag Indicator Measured: Semi-annually Lead: Risk & Compliance	A measure of casino visitors' awareness of the responsible gambling information and support programs offered by SaskGaming.	SaskGaming is committed to offering casino entertainment in a socially responsible manner. This includes providing all guests with information and education about the casino environment so they can make informed, responsible choices about their play.	<p>Following the implementation of the British Columbia Lottery Corporation's (BCLC) GameSense Responsible Gambling Program, in 2015 SaskGaming also adopted the BCLC's methodology for measuring the awareness of the program.</p> <p>The new methodology prompts respondents' recalls by asking if they remember specific elements of the GameSense Program as they are leaving the properties.</p> <p>The scores from Casino Regina and Casino Moose Jaw are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc.).</p>
Public Opinion of Community Support Lag Indicator Measured: Annually Lead: Marketing	A measure of public opinion in Saskatchewan of SaskGaming's performance in supporting and giving back to the community.	SaskGaming is committed to enhancing the quality of life for Saskatchewan people. This includes reaching out to communities with support, volunteerism and sponsorship of worthwhile events and organizations. Community support is a pillar of SaskGaming's Corporate Social Responsibility Framework.	As part of an online, web-based provincial survey, respondents are asked "How well is SaskGaming doing at giving back to the community through charitable or community donation and sponsorships?" Respondents answer using a 5-point Likert Scale answer format (i.e. respondents choose an answer from 'very well', 'well', 'somewhat well', 'not well' and 'unsure'). The measure sums all the respondents who indicated that the casinos do somewhat well, well, or very well.
Aboriginal Sponsorship Lag Indicator Measured: Annually Lead: Marketing	The percentage of SaskGaming's sponsorship expenditures that are directed to Aboriginal individuals, organizations or programs.	SaskGaming is targeting a specific percentage of its annual sponsorship expenditures toward Aboriginal people. The corporation's Community Giving strategy states that it will place a priority on supporting initiatives that positively influence the lives of Aboriginal people, and/or support improved education and pre-employment training for Aboriginal people who reside near its core communities.	Percentage of SaskGaming's total sponsorship and through its Community Giving Program that are directed to Aboriginal individuals, organizations or programs. Organizations or programs applying for sponsorships will be asked to identify whether their project/event targets benefits Aboriginal people.

	2016-17 Target Explanation	2017-2020 Trend Explanation	L-T Optimal Targets
	Now the corporation has some experience with the new methodology from 2015, it is recommended the target be set at 76%.	Target is expected to increase by four percentage points from 76% in 2016-17 to 80%.	No long-term, optimal target has been developed yet because of the recent change in the methodology. This may be reviewed as the corporation obtains more experience with the new methodology.
	<p>The 2016-17 score for the Public Opinion of Community Support remains at 50%.</p> <p>SaskGaming is committed to contribute 1% of its Net Income Before Payment to the GRF on community support. The corporation believes that an appropriate, sustainable target for this measure is 50%.</p>	Based on its current sponsorship activities, SaskGaming expects the Public Opinion of Community Support measure to stabilize at 50% through the forecast period.	Given its reduction of resources devoted to Community Support, SaskGaming believes a long-term target of 50% is sustainable and achievable.
	<p>2012 was the first year the Aboriginal Sponsorship measure was reported.</p> <p>It is expected that Aboriginal Sponsorship will stabilize at 25% based on current sponsorship strategy.</p>	SaskGaming expects the score will stabilize at 25% through the forecast period.	SaskGaming believes a target of 25% is a long-term optimal target because it is based on a percentage that is equal to the 25% of SaskGaming's net profit that is directed to Saskatchewan First Nations through the First Nations Trust. This share is also felt to be a sustainable share of the sponsorship funding given the many laudable causes that could be supported in the Regina and Moose Jaw areas.

Measure	Description	Purpose	Methodology
Sustainable Corporation			
Guest Count Lead Indicator Measured: Daily Lead: Marketing	<p>Guest count measures the number of guests visiting Casino Regina and Casino Moose Jaw annually.</p>	<p>Guest count measures are used to evaluate the success of attraction programming, including promotions, to establish revenue targets and calculate profitability of Players Club states.</p>	<p>Guest count is measured by sensors in the entrance areas that count the number of times guests enter or exit the facility. One guest visiting three times counts as three guests.</p>
Net Average Guest Spend Lag Indicator Measured: Quarterly Lead: Operations	<p>This is a measure of how much each guest, on average, spends per visit at Casinos Regina and Moose Jaw. This measures \$/visit.</p>	<p>The Net Average Guest Spend measure is used to evaluate the success of marketing activities to increase guest spend per visit. Combined with Guest Count, this measure is used to establish revenue targets and calculate profitability of Players Club states.</p>	<p>Net Average Guest Spend = Net Revenues/Total Guest Visits</p>
Income Before Payment to GRF Lag indicator Measured: Quarterly Lead: Finance & Administration	<p>A measure of profitability over a period of time.</p>	<p>Net income is typically used by investors and lenders as a determination of the firm's profitability. This measure shows Income Before Payment to the Government of Saskatchewan's General Revenue Fund (GRF) since the GRF payment is a distribution of income, similar to dividends being paid by a private corporation, and does not reflect SaskGaming's operations.</p>	<p>Revenue – (operating expenses + interest expense + depreciation + taxes).</p>
EBITDA Margin Lag indicator Measured: Quarterly Lead: Finance & Administration	<p>SaskGaming has chosen to use Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as an operational efficiency measure.</p>	<p>EBITDA margin is used by investors and lenders as a determination of the firm's profitability.</p>	<p>(Revenue – Direct operating expenses)/Revenue * 100%</p>

	2016-17 Target Explanation	2017-2020 Trend Explanation	L-T Optimal Targets
	SaskGaming has set its 2016-17 guest count number at 3.55 million between the two properties. SaskGaming expects the guest count at Casino Moose Jaw will remain at 2015 level. Due to the malfunctioning of a door sensor at Casino Regina, the actual guest count for 2014 and estimated guest count for 2015 were used to project for 2016-17.	SaskGaming expects the guest counts to grow modestly in 2017 and stabilize from 2018 to 2020. Further improvements to the door sensing system may lead to adjustments of the target.	N/A
	The 2016-17 Budget target is \$36.08 per guest. This target is crafted upon recent average guest spends.	Average guest spend is currently anticipated to increase modestly through the forecast period.	N/A
	The 2016-17 target is \$49.7M.	Income Before Payment to the GRF is expected to trend slightly downward during the forecast period. It is expected that the revenue will grow slower than the operating costs, which is driven by inflationary pressures on wages and other inputs.	N/A
	The 2016-17 target is 48.7%, which is lower than the 49.8% in the 2015 Budget.	EBITDA Margin is expected to decline through the forecast period. This trend is based on revenues growing more slowly than operating expenses increasing, which are driven by inflationary pressures on wages and other inputs.	SaskGaming has revised the long-term, optimal target for EBITDA Margin to 44.4% based upon its financial projection and industry trend.

Measure	Description	Purpose	Methodology
Sustainable Corporation			
Debt EBITDA (DE) Ratio Lag indicator Measured: Quarterly Lead: Finance & Administration	<p>This provides an estimate of the minimum length of time it could take SaskGaming to repay its long-term debt from operating income.</p>	<p>It measures the organization's capacity to repay long-term debt on a timely basis.</p> <p>SaskGaming worked with a consultant (HLT Advisory) in determining a number of new financially-related measures. The Debt EBITDA Ratio replaces the Debt/Equity Ratio previously used, based on the consultant's advice that the Debt/Equity Ratio is not an appropriate metric to measure solvency for the gaming industry in Canada because there is little equity since there is minimal paid-in capital and retained earnings due to government policy.</p>	<p>DE = Long-term Debt/EBITDA</p>
Capital Asset Turnover (CAT) Ratio Lag Indicator Measured: Annually Lead: Finance & Administration	<p>Represents SaskGaming's ratio of revenues to capital assets.</p>	<p>The casino gaming industry is capital intensive. The CAT Ratio measures SaskGaming's effectiveness at generating revenues from its capital assets (investments).</p>	<p>CAT = Revenue/Capital Assets</p>
Payroll Margin Lag indicator Measured: Quarterly Lead: Finance & Administration	<p>Measures the ratio of payroll to revenue.</p>	<p>Payroll is a significant operating cost of a casino. Payroll margin indicates if the use of payroll is efficient and effective, ensuring the financial success of the operation.</p>	<p>Payroll Margin = Total Payroll (Salaries, Wages and Benefits)/ Revenue *100</p>

	2016-17 Target Explanation	2017-2020 Trend Explanation	L-T Optimal Targets
	The 2016-17 target is 0.10 and is below the 2015 budget target of 0.13. This target is set as SaskGaming continues to pay down long-term debt.	The Debt EBITDA ratio is expected to decline to 0.08 as SaskGaming continues to pay down long-term debt.	SaskGaming has chosen an optimal target for Debt EBITDA ratio of 0.25. This target was chosen based on a combination of information in HLT Advisory Inc.'s Financial Ratio Analysis report in 2011 and SIGA results in 2011 and 2012.
	The 2016-17 target is 2.2. This is due to forecast reduced capital assets.	The Capital Asset Turnover ratio is expected to move up slightly through the forecast period. This is based on modest revenue growth and a decreasing capital base.	SaskGaming has chosen an optimal target for the CAT Ratio of 2.5. This target was chosen based on a combination of information in HLT Advisory Inc.'s Financial Ratio Analysis report in 2011 and SIGA results in 2011 and 2012.
	The 2016-17 target is 30.5%. This is higher than the 29.6% target in the 2015 Budget. The increase is driven by anticipated wage increases.	SaskGaming's Payroll Margin is expected to rise throughout the forecast period.	SaskGaming has chosen an optimal target for Payroll Margin of 32.0%. This target was chosen based on a combination of information in HLT Advisory Inc.'s Financial Ratio Analysis report in 2011 and SIGA results in 2011 and 2012.

