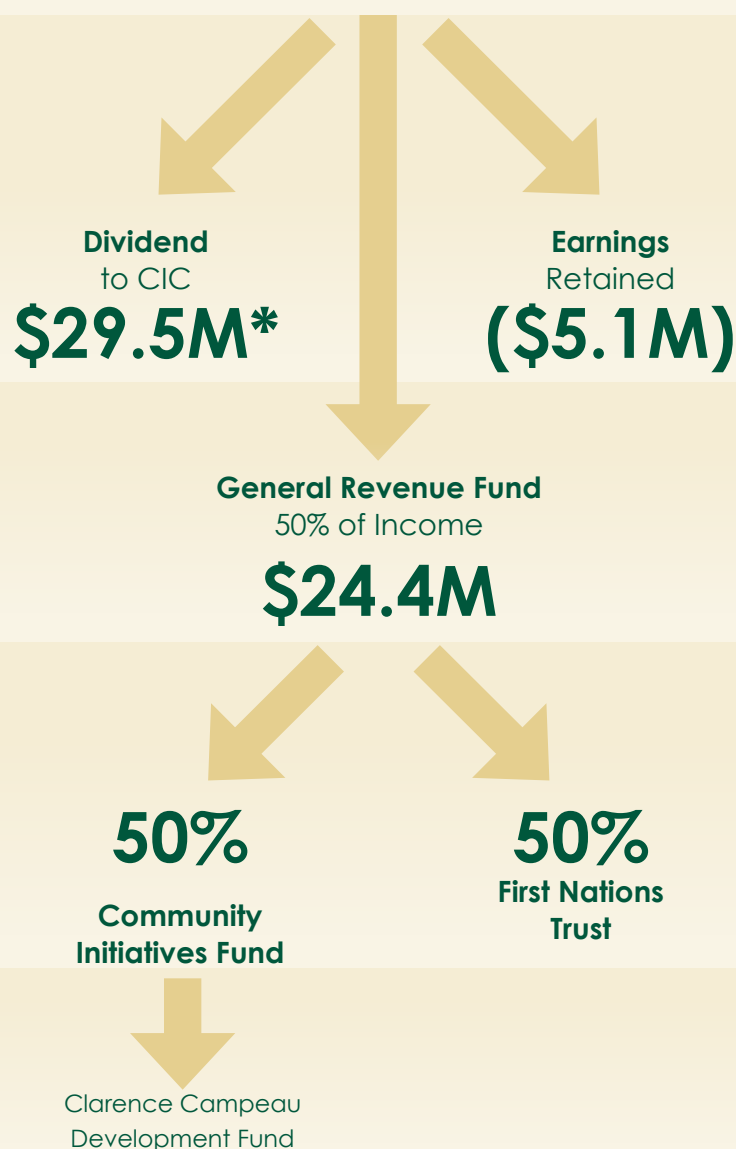


PROFIT SHARING

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 48 for details.

SASKGAMING
2016-17 Income

\$48.8M



*SaskGaming's dividend payment to the Crown Investments Corporation is set each year at a percentage of the corporation's income. In 2016-17, regular dividends were \$19.5 million, plus an additional special dividend of \$10.0 million.

OPERATIONAL HIGHLIGHTS

TOTAL GUEST COUNT	3,502,360
Casino Regina	2,856,677
Casino Moose Jaw	645,683
GUEST SATISFACTION	80.0%
MYSTERY SHOPPER	96.6%
GUEST OPINION ABOUT SAFETY ON PREMISES	85.4%

FINANCIAL HIGHLIGHTS

REVENUE
\$124.2 MILLION

EXPENSES
\$75.4 MILLION

INCOME
BEFORE PAYMENT TO THE GRF
\$48.8 MILLION

PAYMENT
TO THE GRF
\$24.4 MILLION

DIVIDEND DECLARED TO
CROWN INVESTMENTS CORPORATION
\$29.5 MILLION

Table of Contents

Year at a Glance/Profit Sharing	3
Vision, Mission and Values	5
Letter of Transmittal	6
Message from the Minister	7
Message from the Chair	8
Message from the President and CEO	9
SASKGAMING YEAR IN REVIEW	
Guest Experience	10
Employee Experience	10
Social Responsibility	11
Sustainable Corporation	11
MANAGEMENT'S DISCUSSION AND ANALYSIS	
Financial Results	14
Liquidity and Capital Resources	19
Strategic Scorecard Measures and Performance Management	20
Risk Management and Disclosure	24
Stakeholder Engagement	27
FINANCIAL RESULTS	
Management's Report on Financial Statements	29
Management's Report on Internal Control over Financial Reporting	30
Independent Auditor's Report	31
Financial Statements and Notes	32
GOVERNANCE	
Mandate and Authority	48
Role of the Board of Directors	50
Board Committees	52
Governance Practices	53
Board of Directors	64
Executive Team	65
APPENDIX	
Balanced Scorecard Reference Table	68

Vision, Mission and Values

Vision

SaskGaming is the very best at providing our guests with an engaging and entertaining experience at Casinos Regina and Moose Jaw.

Mission

We offer outstanding 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

Integrity – We are honest, fair and honour our commitments to our stakeholders and community. We accept responsibility for our actions, both personally and professionally.

Diversity – We embrace diverse backgrounds. Together we respect our shared responsibilities to our guests, communities and each other.

Passion – We achieve our goals with enthusiasm, and we share in the fun experience we provide for our guests.

Creativity – We seek new ways to continuously improve our products, processes, skills and knowledge.

Letter of Transmittal

Regina, Saskatchewan
May 18, 2017

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, 2017, 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,

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

Christine Tell
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 2016-17 Annual Report.

Through a firm commitment to its four corporate goals, SaskGaming was able to contribute \$24.4 million to the General Revenue Fund (GRF) in the 2016-17 fiscal year.

During a time of economic challenge and a mature gaming market, SaskGaming's dedication to guest service excellence, the employee experience, social responsibility and sustainability are the pillars that support the corporation's performance. In particular, the corporation's commitment to sound fiscal management through comprehensive expense management is worthy of note.



The 2016-17 year marks Casino Regina's 20th anniversary and provides the opportunity to heed the significant contribution the corporation has made to the province over the past two decades. Since its inception, SaskGaming has contributed an impressive \$533 million to the GRF to benefit the people of Saskatchewan.

I extend thanks to the SaskGaming Board of Directors, the management team and all employees for their dedication and innovation over the past year which afforded a positive result for the Saskatchewan people.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Christine Tell', with a stylized, flowing script.

Christine Tell
Minister Responsible for Saskatchewan Gaming Corporation

Message from the Chair

This fiscal year held some challenges for SaskGaming, but was also a year of celebration as Casino Regina marked its 20th anniversary. A unique and exciting event, Charity Championship, was developed to celebrate the milestone year. Charity Championship brought together teams of friends, families and coworkers at Casino Regina to compete for the charity of their choice, and all told, over \$72,000 was raised for 30 Saskatchewan charities and non-profits. It was a wonderful event that exemplified SaskGaming's giving and fun spirit and the great work achieved through the Community Relations program.

Over the past two decades the Community Relations program has provided millions of dollars to hundreds of community groups in Saskatchewan and supported SaskGaming employees as they volunteered thousands of hours to a wide range of causes. This giving is on top of the substantial contribution made to the General Revenue Fund (GRF) which distributes funds to the First Nations Trust, the Community Initiatives Fund and the Clarence Campeau Development Fund.



In the twelve month year ending March 31, 2017, the corporation declared a \$29.5 million dividend to Crown Investments Corporation of Saskatchewan and \$24.4 to the GRF. In a time of a maturing gaming market and economic challenge, this is a strong result to benefit the province.

The result was largely achieved by expense management initiatives, including restrictions on discretionary spending, managing vacancies and out-of-province travel, among others. Difficult decisions were made, but ultimately the corporation rose to the challenge to maximize profit to benefit the people of Saskatchewan. I want to thank the management team and all staff for coming together to implement and facilitate these initiatives which allowed the corporation to achieve its GRF target.

In what is my first year as Chair of the Board, I'm pleased to have the opportunity to welcome CeCe Baptiste and Eileen Libby, Q.C. to the Board of Directors.

Ms. Baptiste is a Strategic Planning Advisor who brings with her experience in governance, finance and management. Ms. Libby is a partner at MacPherson Leslie & Tyerman LLP where she has acted as counsel on a full range of labour relations and employment law matters. I look forward to working with them in the coming years.

I'm also pleased to share that Patricia Thomson has been appointed Vice-Chair of the Board of Directors – the first Indigenous woman to hold this position on any Saskatchewan Crown Corporation Board. I extend my congratulations to Ms. Thomson and look forward to working with her in her new capacity as Vice-Chair.

I would like to share my sincere thanks to former Board Chair Wes Becker and former board member Bonnie Wallin whose terms on the board ended in 2016. Their significant efforts and commitment have left a positive and lasting impact on the corporation.

On behalf of the Board of Directors, it's my pleasure to thank the entire SaskGaming team for contributing to the corporation's success in 2016-17.

A handwritten signature in black ink, appearing to read 'Blair Ross'.

Blair Ross
Chair of the Board of Directors

Message from the President and CEO

It has been a challenging year for the province, and providing a solid financial return to the people of Saskatchewan is more important than ever. In 2016-17, SaskGaming delivered a \$24.4 million payment to the General Revenue Fund through rigorous expense management, but also by investing in our guests and employees through new products, services and opportunities.

In 2016-17, SaskGaming continued to focus its efforts on enhancing the guest experience at Casinos Regina and Moose Jaw. From new tournament slot machines and the re-introduction of the Diamond Poker Classic, to enhancing the audio system for the Casino Regina Show Lounge, SaskGaming made several improvements to the entertainment products available at both of our properties. And those improvements resulted in an overall guest satisfaction score of 80.0 per cent.



The corporation also saw an improvement in its Mystery Shopper score, with an increase from 95.1 per cent in 2015-16 to 96.6 per cent in 2016-17. Employees are the backbone of our corporation, and this jump in the overall score is thanks to the outstanding experience that they deliver day in and day out to our valued guests and stakeholders.

Critical to delivering our outstanding guest experience is ensuring an excellent employee experience. The results of the biennial employee satisfaction survey are a testament to this, with the results revealing a significant improvement in overall satisfaction. So significant, the corporation's scores rose 11 percentiles since the previous survey in 2014.

In order to build on the momentum of these latest survey results, the corporation revamped its employee satisfaction committees at Casinos Regina and Moose Jaw. These committees now include representatives from a variety of units and roles, with the purpose of consulting with employees and helping to grow those results into the future. I look forward to acting on both committees' recommendations in the coming year, and to continue focusing on the corporation's most important relationships – our guests and our people.

Thanks to all SaskGaming employees for their continued support and hard work during the past twelve months, and to our guests at Casinos Regina and Moose Jaw for their patronage. The corporation's future remains strong, and we look forward to delivering on our fiscal and corporate goals for the benefit of the province.

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

Susan Flett
President and CEO

SASKGAMING YEAR IN REVIEW

Guest Experience

When it comes to the guest experience at Casinos Regina and Moose Jaw, SaskGaming's goal is to exceed expectations and deliver a top-notch experience. To help meet that goal SaskGaming explores industry trends in new games, products and services, and introduces the best of these trends. In 2016-17, this resulted in a number of exciting changes to the guest experience.

The Casino Regina Show Lounge is considered one of the best places in Regina to take in music and entertainment, and that experience has been further enhanced since a sound system improvement project was completed in July. Now, guests will notice even better audio as new main loudspeakers, subwoofers, stage fill loudspeaker and amplifiers were installed.

Also in July, SaskGaming modernized its slot tournament technology. A specialized slot tournament system was installed at Casinos Regina and Moose Jaw. With this new technology, guests at both casinos are now able to participate in slot tournaments right on the gaming floor and the new machines can be seamlessly switched between tournament and non-tournament mode, improving the guest experience.

Acting on guest feedback, a number of slot machines at Casino Regina were repositioned to provide shorter rows that no longer face away from the aisle. The new configuration is more comfortable for guests and provides a better gaming experience.

After an eight-year hiatus, the Diamond Poker Classic returned to Casino Regina in May 2016. Requiring all-hands-on-deck from casino staff, the tournament provided a third opportunity for players to join in the sizable prize pool, and experience the fun and excitement of live tournament action. The tournament champion took home over \$22,000, a ring and earned a spot on the champion's banner.

In total, Casinos Regina and Moose Jaw saw over 3.5 million guest visits, gave away nearly \$1 million worth of prizes in over 75 promotions, and awarded \$3.2 million in coupons and free play prizes throughout the year. Additionally, there were over 13,400 new Players Club Member sign ups and over 154,000 members accessed the Players Club Kiosks. And to top the year off, 50,918 guests enjoyed 85 shows in the Casino Regina Show Lounge.

To complement all the improvements made at Casinos Regina and Moose Jaw in 2016-17, SaskGaming employees continued to deliver amazing guest service. For their efforts in this area, the corporation was named a Service Excellence Award finalist for the Saskatchewan Tourism Awards of Excellence.

Employee Experience

Creating an excellent employee experience remained a top priority at SaskGaming in 2016-17. SaskGaming is a diverse company with the highest indigenous representation in all of the Government of Saskatchewan at 41.7 per cent; 17.3 per cent of the corporation's work place is visible minorities and four per cent persons with disabilities. The corporation honours that diversity by supporting initiatives like the Aboriginal Employees' Network (AEN) which promotes inclusivity and awareness of First Nations, Métis and Inuit culture, history, beliefs and traditions at SaskGaming. In 2016-17, AEN hosted a variety of events to support its mission, including an equestrian workshop at the Misatim Manokewin Cultural & Spiritual Camp, a special screening of *We Were Children* which recounts the experience of residential school survivors, and a craft activity for the children of SaskGaming employees.

In May, a third-party consulting group conducted the biennial employee satisfaction survey to capture the opinions and attitudes of SaskGaming employees. The results from the survey became available in August and revealed an improvement in employee satisfaction. Overall, the corporation jumped from the 48th percentile in 2014 to the 59th percentile in 2016. While this increase is considerable, SaskGaming is committed to building on the results and continues to enhance the employee experience. To do this, two employee satisfaction committees – one for each property – were formed. The committees are

comprised of representatives from front-line, corporate, union and management staff, and will help address issues relating to the employee experience.

A number of initiatives were completed in 2016-17 to help improve the employee experience. An online learning management system, The Learning Hub, was launched to deliver the training our employees need to be effective in their current jobs and to help build their careers. An upgrade was also completed to the online employee scheduling system providing improved functionality and a more intuitive user interface, and to lay the ground work for additional features to be introduced in 2017-18.

SaskGaming launched the Managed Abilities Program (MAP) in April 2016. The pilot project is administered by a third-party that specializes in assisting employees with their health care needs while they remain at work, as well as returning employees to the workplace after injury or illness. The purpose of the program is to provide coordinated assistance and rehabilitation to employees during illness, injury and impairment and provides the structure and access to resources necessary to incorporate accommodation of impairment into everyday business and minimize employee absence.

SaskGaming was also honoured to be named one of Saskatchewan's Top Employers in 2017 by Mediacorp Canada Inc. The designation recognizes Saskatchewan employers that lead their industries in providing exceptional places to work.

Social Responsibility

SaskGaming is committed to operating in a socially responsible manner by being a good corporate citizen and adhering to gaming industry best practices. In 2016-17, the corporation demonstrated that commitment through a number of charitable initiatives.

Casino Regina's 20th anniversary provided a great opportunity to invite the community to celebrate through a new charitable giving event, Charity Championship. A total of 32 teams of four competed to win \$20,000 for their favourite charity. Teams were asked to fundraise for their charities in advance of the event and they stepped up in a big way, raising \$45,500. In total, Charity Championship raised more than \$72,000 for 30 charitable organizations in Saskatchewan.

SaskGaming also stepped up to help its neighbours in need by hosting a Fort McMurray relief benefit concert in the Casino Regina Show Lounge. The benefit concert supported those affected by the wildfire in Fort McMurray in May. SaskGaming donated all proceeds from the benefit concert to the Canadian Red Cross, and internally employees purchased tickets for a staff raffle to help raise additional funds. More than \$20,000 was raised and donated to support the cause.

Donation boxes were introduced on the gaming floors at Casinos Regina and Moose Jaw for guests to donate unwanted cash-out vouchers to charity. Every quarter, a new charity is selected as a recipient and SaskGaming matches the funds donated. In 2016-17, the funds were directed to the Canadian Cancer Society and the Regina and Moose Jaw Transition Houses.

Casinos Regina and Moose Jaw were also proud to have been granted reaccreditation through the Responsible Gambling Council's Responsible Gambling Check program in 2016-17. To earn reaccreditation both properties were subject to customer surveys, mock self-exclusion exercises, on-site interviews and physical reviews of the gaming floors and back-of-house areas. Corporate policies, procedures and documentation were also reviewed and a staff survey was conducted. Casinos Regina and Moose Jaw earned the highest overall scores in the areas of employee training and gambling policies.

Sustainable Corporation

In order to continue to deliver on its commitment to the people of Saskatchewan and ensure the corporation's long-term sustainability, SaskGaming practices good governance, integrity and sound management. In 2016-17, the corporation demonstrated its commitment to these tenets in a number of ways.

SaskGaming continues to diversify the products, services and entertainment available at its properties to keep guests entertained and to remain on the cutting edge of gaming innovation. This strategy includes attracting new guests to develop a future core market while ensuring the current core market remain satisfied and continues to enjoy an entertaining experience. To this end, electronic blackjack was installed at Casino Regina featuring a lower minimum bet than live tables, and offering a unique and friendly environment for new blackjack players to test out the game. Also at Casino Regina, sporting events like the UFC were introduced to provide a diverse entertainment experience and create a fun atmosphere targeted at a younger demographic. The Casino Regina Show Lounge also continued to offer general admission and twice-nightly shows, which appeal to new guests.

Expense management played an important role in helping SaskGaming deliver its payment to the GRF. Through restrictions on discretionary spending, overtime and out-of-province travel, as well as vacancy management and deferred projects, the corporation realized \$2.9 million in savings. SaskGaming was also able to make reinvestments in its properties such as a sidewalk replacement at Casino Regina to ensure the health and safety of guests and employees.

SaskGaming is proud to have earned the 42nd spot in SaskBusiness Magazine's Top 100 Companies list, which ranks Saskatchewan-based companies on their gross sales within the province.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) highlights the key factors that impacted SaskGaming's financial and operating results for the 12-month period ending March 31, 2017. In 2015, SaskGaming changed its fiscal year end from December 31 to March 31, resulting in a 15-month reporting period ending March 31, 2016. For the purposes of this MD&A, results for the 12-month period ending March 31, 2017 will be compared to the 12-month period ending March 31, 2016.

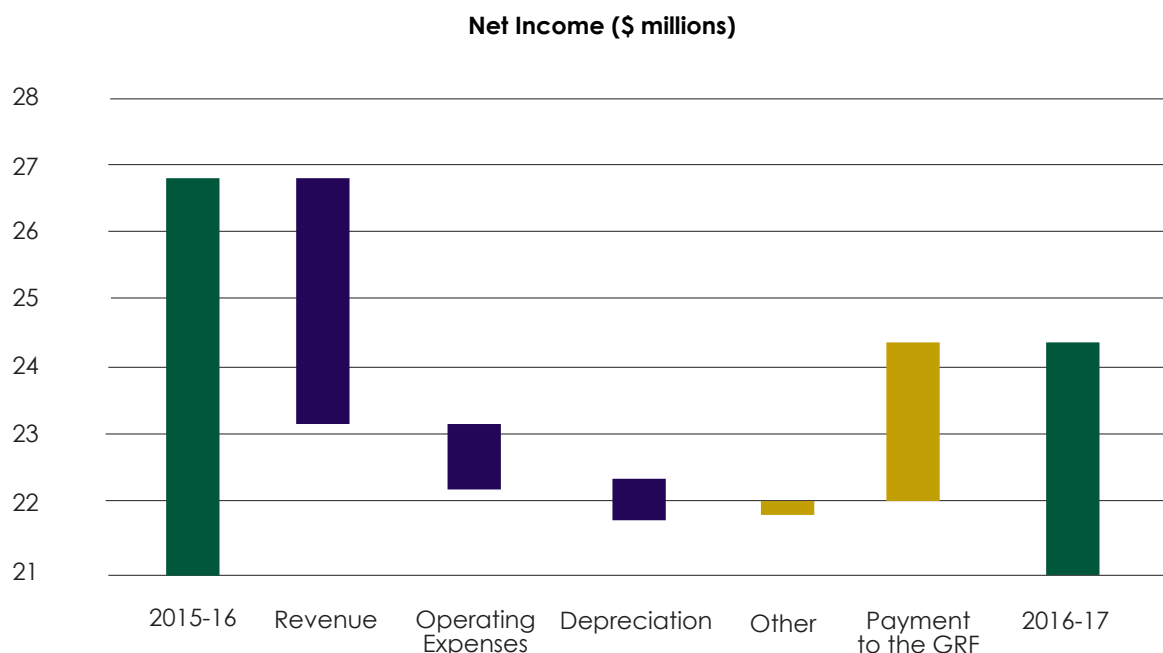
The MD&A should be read in conjunction with the audited financial statements and accompanying notes, which have been prepared in accordance with International Financial Reporting Standards (IFRS). Using the financial and performance results as its basis, the MD&A enables readers to view SaskGaming's past performance. It also provides forward-looking statements outlining SaskGaming's priorities. All forward-looking statements reflect SaskGaming's best estimates and assumptions based on information available at the time the statements were made. However, actual results and events may vary significantly from those included in, contemplated by, or implied by such statements.

SaskGaming manages and operates Casinos Regina and Moose Jaw. SaskGaming was established to operate casinos in Saskatchewan; conduct and manage games of chance in casinos; and to establish and operate or to provide for establishment and operation of any business or activity that it considers reasonably related to operating a casino.

For the past nine years, the Canadian gaming industry has been in a mature market position punctuated by lower annual revenue growth and increasing operational costs. SaskGaming has not been precluded from the issues associated with stagnating growth in a mature market environment and has now entered into the decline phase of the cycle. Despite these challenges, SaskGaming is poised for sustainability and long-term success due to its focus on customer service, employee excellence, innovation, expense management and productivity.

Financial Results

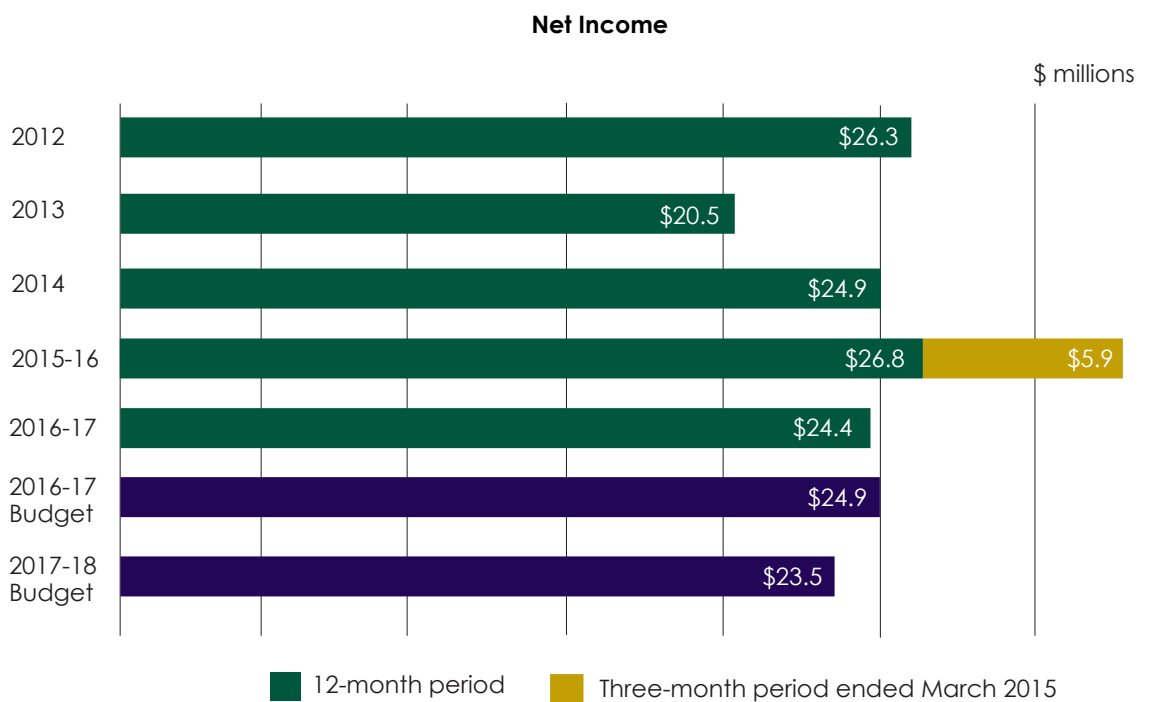
Net Income



The above chart reflects the 12-month period ending March 31, 2017, as compared to the 12-month period ending March 31, 2016.

Net income for the period ending March 31, 2017 was \$24.4 million, a decrease of \$2.4 million (9.0 per cent) from the period ending March 31, 2016.

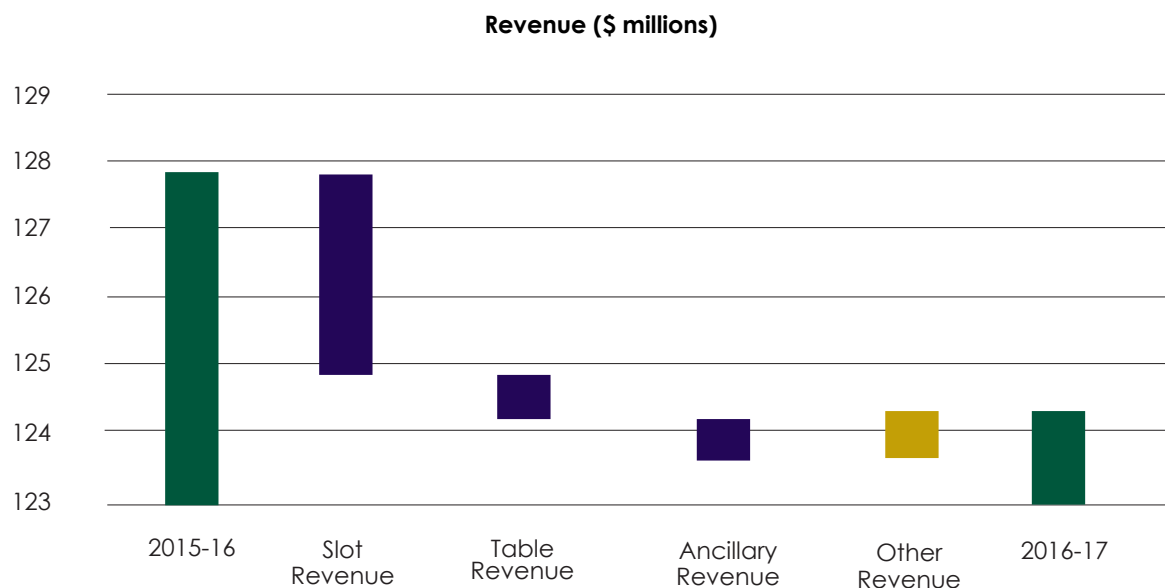
- Revenue declined by \$3.6 million (2.8 per cent) as a result of decreased gaming revenue.
- Operating expenses increased by \$0.9 million (1.4 per cent) primarily due to increased salaries and employee benefits.
- Depreciation increased by \$0.4 million (7.9 per cent) due largely to a loss on disposal of property, plant and equipment related to the updating of slot machines, and the retirement of older, under-performing products.
- Payment to the General Revenue Fund (GRF) decreased by \$2.4 million (9.0 per cent) as a direct result of the overall decrease in income for 2016-17.



Net income has declined over the past few years due to a number of factors in the industry outside the control of SaskGaming. Across Canada, the maturation of the gaming industry has resulted in a flat or declining market phase. The experience in the Canadian gaming industry is similar to the decline in gaming revenue SaskGaming is experiencing, as a result of decreased guest spend per visit.

SaskGaming has responded to these challenges with the continual introduction of new gaming products, services and cost containment strategies. In response to a declining revenue base, SaskGaming underwent a corporate restructure in 2013, which contributed to lower net income in that year. SaskGaming has prudently managed its operating expenses since 2013, which has allowed SaskGaming to maintain a stable net income level.

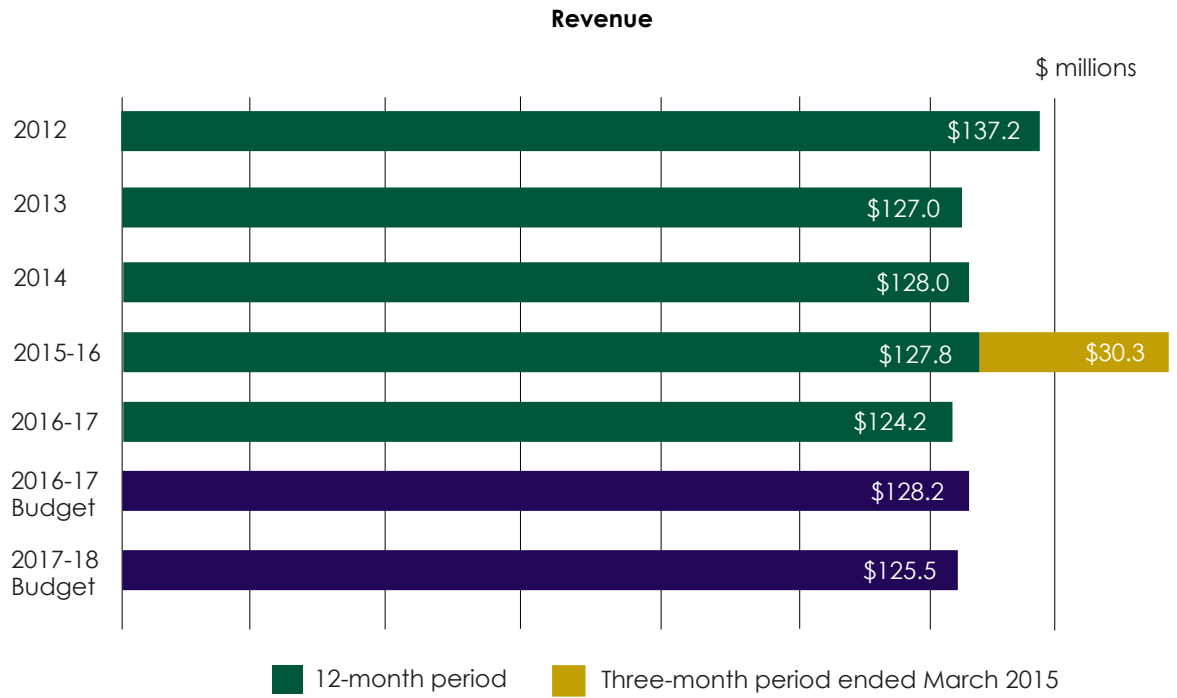
Revenue



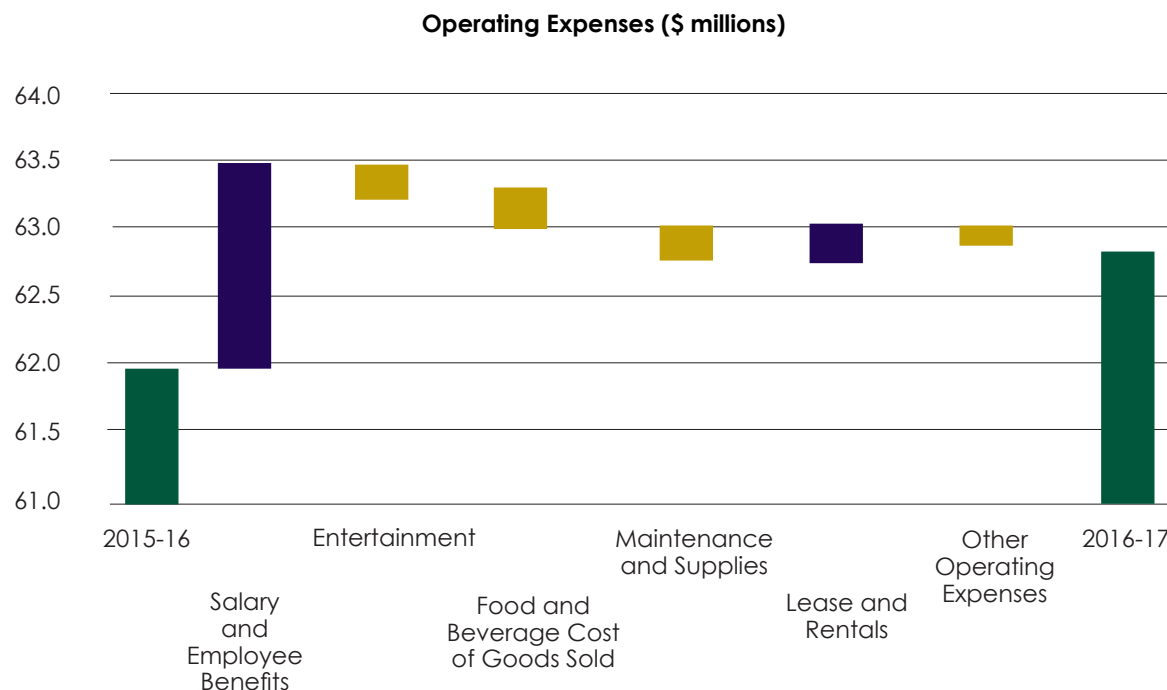
The above chart reflects the 12-month period ending March 31, 2017, as compared to the 12-month period ending March 31, 2016.

Revenues for the period ending March 31, 2017 were \$124.2 million, which was \$3.6 million (2.8 per cent) lower than the period ending March 31, 2016.

- Slot revenue decreased by \$3.1 million (3.0 per cent), which was the main cause of the decrease in overall revenue. This was primarily due to decreased average spend per guest at both Casinos Regina and Moose Jaw, which is consistent with the mature gaming industry in Canada.
- Table revenue decreased by \$0.6 million (4.2 per cent), largely due to gaming volatility.
- Ancillary revenue decreased by \$0.6 million (5.1 per cent). This decrease was primarily as a result of lower food and beverage sales to guests.
- Other revenue, consisting of several miscellaneous revenue sources, showed an overall increase from the prior period of \$0.6 million (106.6 per cent).



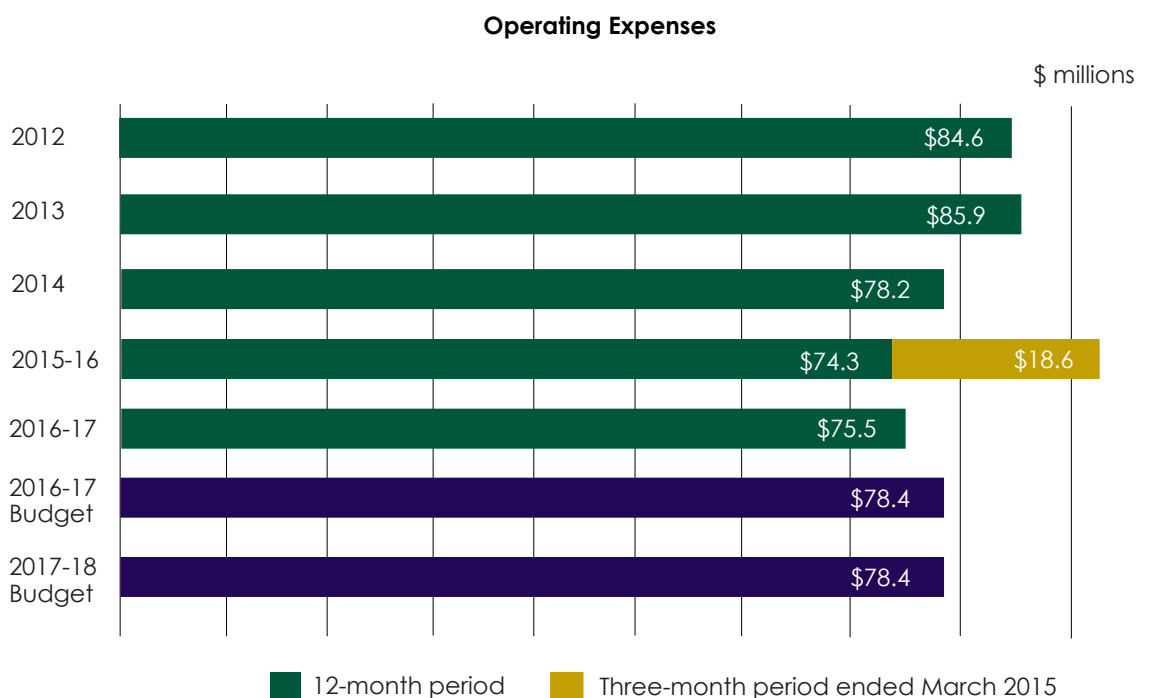
Operating Expenses



The above chart reflects the 12-month period ending March 31, 2017, as compared to the 12-month period ending March 31, 2016.

Operating expenses for the period ending March 31, 2017 were \$62.9 million, which was an overall increase of \$0.9 million (1.4 per cent) from the period ending March 31, 2016.

- Salaries and employee benefits increased by \$1.5 million (3.9 per cent) primarily due to economic increases and severance paid due to corporate restructuring.
- Entertainment costs decreased by \$0.2 million (11.0 per cent). This was a result of decreased entertainment expenses and management of hospitality costs.
- Food and beverage cost of goods sold decreased by \$0.2 million (6.7 per cent), consistent with the overall decrease in food and beverage revenue.
- Maintenance and supplies expense decreased by \$0.2 million (3.2 per cent), which was primarily due to cost containment strategies.
- Lease and rental expense increased by \$0.2 million (12.5 per cent), largely due to the addition of new slot machine leases, as well as foreign exchange fluctuations.
- Other operating expense categories showed a collective decrease of \$0.2 million (1.5 per cent).



Liquidity and Capital Resources

SaskGaming secures capital investment dollars through a combination of internally generated cash from operations 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.

Currently, SaskGaming has an outstanding finance lease for the Casino Moose Jaw property for \$6.1 million (March 31, 2016 - \$6.4 million). Previously outstanding long-term debt was repaid during the year. For the period ending March 31, 2017, SaskGaming invested a total of \$4.0 million (March 31, 2016 - \$3.2 million) in capital infrastructure. SaskGaming does not anticipate any new borrowing for 2017-18.

SaskGaming is required to distribute 50 per cent (March 31, 2016 - 50 per cent) of income to the GRF each year. For the period ending March 31, 2017, SaskGaming is required to distribute \$24.4 million (March 31, 2016 - \$26.8 million) to the GRF.

SaskGaming is also required to distribute 80 per cent of income after payment to the GRF to its owner, Crown Investments Corporation (CIC), in the form of a dividend. For the period ending March 31, 2017, SaskGaming paid dividends of \$19.5 million (March 31, 2016 - \$21.0 million) to CIC. In addition, SaskGaming will also pay CIC a special one-time dividend of \$10.0 million to be paid by June 30, 2017 to meet the owner's cash flow requirements.

Strategic Scorecard Measures & Performance Management

Corporate Strategy

SaskGaming's vision is to be the very best in providing gaming entertainment to our guests. To achieve this vision, SaskGaming has four strategic priorities – Guest Experience Excellence, Employee Experience Excellence, Social Responsibility and Sustainable Corporation. These priorities align with the following Saskatchewan Crown sector strategic priorities:

- Customer Focus
- Financial Stability
- Private Sector Engagement
- Infrastructure Investment
- Skilled Labour Shortage

Each year, as a part of the business planning process, SaskGaming incorporates the Crown sector strategic priorities into its plan and measures SaskGaming's progress towards achieving its goals through the balanced scorecard. The scorecard, including metrics and targets, is approved by SaskGaming's Board of Directors and CIC's Board of Directors. SaskGaming reports on its achievements against its balanced scorecard targets quarterly.

Balanced Scorecard Performance Measures

The following discussion outlines SaskGaming's performance relative to its balanced scorecard measures for the 12 months ended March 31, 2017.

In the tables below 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

Guest Experience Excellence

BSC MEASURES	2015-16 Actual	2016-17 Target	2016-17 Actual		2017-18 Target
Mystery Shopper	95.1%	95.0%	96.6%	Achieved	91.0%
Guest Satisfaction	80.7%	82.0%	80.0%	Progressing	82.0%
Guest Opinion About Safety on Premises	87.0%	87.0%	85.4%	Progressing	N/A

Strategy

To achieve guest experience excellence, SaskGaming focused on its Guest Service Strategy, which included the GameOn guest service program and guest advisory committees designed to gain important feedback directly from guests. SaskGaming also focused on improving guest safety which, was identified as an important factor in guest satisfaction.

Result

In 2016-17, SaskGaming achieved its Mystery Shopper target. This performance represents a 1.6 per cent improvement over the same period in 2015-16. While SaskGaming was slightly below its 2016-17 targets for Guest Satisfaction and Guest Opinion About Safety on Premises, these measures have been consistently above 80 per cent and are very positive results for the corporation.

2017-18 Focus

In 2017-18, the corporation will focus on the "Engage" component of the GameOn guest service program. SaskGaming will also continue to invest in products and service offerings that appeal to a wider customer base, and that will gradually attract younger guests without alienating the corporation's current core market. This will be achieved by modernizing product offerings and creating a more social and entertainment-based experience. In line with this, a new measure to track SaskGaming's younger guests' satisfaction will be added to the balanced scorecard.

In 2017-18, the Mystery Shopper measure is being redesigned to provide an enhanced focus on tracking success in improving the customer engagement aspects of the GameOn guest service program. Because this is the most challenging component of guest experience, the target has been reduced from 95.0 per cent to 91.0 per cent. To continue to drive for better performance in customer service, the Guest Satisfaction target for next year has been increased from 80.0 per cent to 82.0 per cent. The measure for Guest Opinion About Safety on Premises is being removed because multiple safety enhancements have been successfully implemented in recent years. Customer safety awareness will continue to be tracked internally.

Employee Experience Excellence

BSC MEASURES	2015-16 Actual	2016-17 Target	2016-17 Actual		2017-18 Target
Employee Satisfaction	N/A	50.0%	59.0%	Exceeded	60.0%
Service Component of Guest Satisfaction	85.0%	85.0%	83.4%	Progressing	N/A
Core Training	85.3%	85.0%	77.5%	Progressing	80.0%
Employee Absenteeism	8.6%	8.0%	8.3%	Progressing	6.5%
Indigenous Representation	42.1%	40.5%	41.7%	Achieved	42.0%

Strategy

In 2016-17, SaskGaming addressed the following four key drivers of employee excellence:

- Employee Satisfaction
- Corporate Learning Program
- Employee Absenteeism
- Indigenous Recruitment and Retention

SaskGaming has implemented a plan to increase employee engagement through improved communication, employee development and by creating an organization that all employees can be proud of.

While 2016-17 was a challenging budget year, SaskGaming continued to invest in staff development and training, and in some cases internal staff assumed responsibility for training that typically required an external facilitator.

Employee absenteeism continues to be a challenge for SaskGaming. Employee absenteeism is a complex issue and occurs for a variety of reasons for different employees. Therefore, there is no single, simple solution and it requires different interventions to successfully reduce absenteeism. Through the Attendance Support Program and the Managed Abilities Program, SaskGaming continues to reduce absenteeism in the corporation.

SaskGaming continues to be a leader in sustaining a diverse workforce in Saskatchewan with 41.7 per cent of staff being of indigenous descent and 17.3 per cent being visible minorities.

Result

SaskGaming's employee satisfaction survey results were benchmarked against other North American casino organizations excluding casinos with hotels. SaskGaming saw an improvement in overall employee satisfaction from the 48th percentile in 2014 to 59th percentile in 2016.

At 83.4 per cent the Service Component of Guest Satisfaction was slightly below the 2016-17 target of 85.0 per cent. SaskGaming prioritizes services that are most important to customers, and these services consistently rank high. The corporation also identifies areas of weakness so that improvements can be made.

SaskGaming's Core Training measure was 8.8 per cent below its 2016-17 target and down 9.1 per cent when compared to the same period in 2015-16. The reduction in training was caused by financial restraint measures that were implemented in the second half of 2016-17.

SaskGaming was slightly short of the 2016-17 target for Employee Absenteeism by 0.3 percentage points, however, the 2016-17 score represent a 3.5 per cent improvement when compared to the same period in 2015-16.

At 41.7 per cent, SaskGaming achieved its 2016-17 target for Indigenous Representation. This is consistent with last year's result of 42.1 per cent. Indigenous Representation remains a challenging measure, but through the Aboriginal Representative Workforce Strategy and the Aboriginal Employees' Network, SaskGaming strives to be a leader in indigenous recruitment and retention.

2017-18 Focus

SaskGaming's strategic direction will focus on making significant investments in its employees to ensure they are inspired, engaged and developed. Priority will be on the continued implementation of the Learning Framework, a leadership training program, and other programs and services that will support filling the knowledge gaps that exist in the corporation. A new guest service training program will be introduced to improve the "Engage" aspect of the GameOn guest service program.

The target for the Employee Absenteeism measure has been reduced to 6.5 per cent for 2017-18. The methodology for this measure is being changed in order to eliminate the impact long-term absenteeism (e.g. Workers Compensation) has on the measure, as this type of absenteeism is not targeted in the corporation's Attendance Support Program.

Social Responsibility

BSC MEASURES	2015-16 Actual	2016-17 Target	2016-17 Actual		2017-18 Target
Guest Awareness of Responsible Gambling	80.1%	76.0%	79.7%	Achieved	80.0%
Public Opinion of Community Support	50.7%	50.0%	51.5%	Achieved	50.0%
Indigenous Sponsorship (% of Total Sponsorship)	23.5%	25.0%	34.8%	Exceeded	25.0%

Strategy

SaskGaming acts with integrity and builds trusted relationships with its guests, stakeholders, regulators and the communities in which it operates. SaskGaming uses the successful GameSense responsible gambling program and its strong, proven risk and compliance regime to create a responsible gambling environment in its casinos. In 2016-17, Casinos Regina and Moose Jaw were reaccredited through the Responsible Gambling Council of Canada's Responsible Gambling Check Program.

Part of SaskGaming's commitment to the community is to invest approximately 1.0 per cent of its income before payment to the General Revenue Fund to community sponsorships, in-kind support and

donations, with 25.0 per cent of those investments allocated to indigenous projects, programs and initiatives.

In 2016-17, SaskGaming held an innovative charity event, Charity Championship, which saw 32 teams from across the province compete in a giant inflatable obstacle course in the Casino Regina parking lot for a portion of a \$20,000 prize pool for a charity of their choice. Overall, the event raised more than \$72,000 for 30 charitable organizations in the province.

Result

The GameSense responsible gambling program and SaskGaming's overall commitment to community support helped the corporation achieve its targets for Guest Awareness of Responsible Gambling and Public Opinion of Community Support at 4.9 per cent and 3.0 per cent above their 2016-17 targets respectively.

SaskGaming exceeded the target for the percentage of sponsorships allocated to indigenous projects, programs and initiatives. This was mainly due to the proceeds from two successful Casino Regina shows held in November, directed towards indigenous sponsorship, organizations and events.

2017-18 Focus

SaskGaming will continue to review its compliance regime and implement new ways of delivering responsible gambling to the community.

SaskGaming will also continue to support organizations, events and projects that celebrate and promote diversity and culture. SaskGaming places a priority on strategic partnerships with organizations that provide an opportunity to increase brand awareness, drive traffic and/or enhance relationships with key stakeholders.

Sustainable Corporation

BSC MEASURES	2015-16 Actual	2016-17 Target	2016-17 Actual		2017-18 Target
Guest Count (000s)	3,421	3,388	3,502	Achieved	3,600
Net Average Guest Spend (\$/Guest)	37.40	37.80	35.50	Progressing	34.85
Income Before Payment to the GRF (000s of \$)	53,582	49,730	48,750	Progressing	47,066
EBITDA Margin	51.5%	48.7%	49.4%	Achieved	48.2%
Debt EBITDA Ratio	0.1	0.1	0.1	Achieved	12.0%*
Capital Asset Turnover Ratio	2.2	2.2	2.2	Achieved	N/A**
Payroll Margin	29.3%	30.5%	31.4%	Progressing	30.6%

*In 2017-18, the corporation will change its debt measure to debt/equity ratio.

** In 2017-18, Capital Asset Turnover Ratio will no longer be measured.

Strategy

SaskGaming continues to operate in a mature gaming market where flattening revenues are commonplace. In response, SaskGaming continues to leverage the effectiveness of its Players Club program and use targeted promotions and advertising to grow its brand and drive current and new guests to both casinos. SaskGaming also organized various employee and guest events in 2016-17 to celebrate Casino Regina's 20th anniversary. Entertainment Services expanded its offerings by increasing the type and number of events in the Casino Regina Show Lounge to include game shows,

twice-nightly shows and general admission shows targeting a younger demographic. SaskGaming also optimized its slot machine offerings and acquired various games that appeal to a more diverse demographic. These initiatives have allowed SaskGaming to welcome over 3.5 million guests in 2016-17.

Result

Casinos Regina and Moose Jaw continue to be a major destination for entertainment. Together, the casinos welcomed over 3.5 million guests in 2016-17, up 81,000 guests or 2.4 per cent from the 2015-16 fiscal year and 3.5 per cent above the 2016-17 target. However, SaskGaming operates in a mature market, and net spend per guest continues to decline. SaskGaming posted an average net spend per guest of \$35.50 for 2016-17. This was 6.1 per cent below the 2016-17 target. The impact of reduced revenue on income before payment to the GRF was partially offset by SaskGaming's operational efficiency measures along with deferred projects which led to a \$2.9 million decrease in 2016-17 expenses. SaskGaming's income before payment to the GRF was \$48.8 million. This was almost \$1.0 million or 2.0 per cent below the 2016-17 target, and a 9.0 per cent decrease when compared to the 2015-16 fiscal year.

SaskGaming achieved the 2016-17 targets for EBITDA Margin, Debt EBITDA Ratio and Capital Asset Turnover Ratio and was slightly below the target for Payroll Margin.

2017-18 Focus

SaskGaming has a long-term capital plan (2017-21) to refresh and renovate its properties, invest in information technology infrastructure and leverage potential opportunities from the City of Regina's Railyard Renewal project. Achieving these initiatives will help ensure SaskGaming's continued sustainability.

Risk Management and Disclosure

SaskGaming's Enterprise Risk and Opportunities Management (EROM) program has been in place since 2011 and includes a policy, framework and corporate risk and opportunities register. Updated risk and opportunities assessment results were considered in the development of initiatives to support the corporation's goals and objectives in the 2016-2020 Performance Management Plan (PMP). SaskGaming reviews the assessment with the Board of Directors each year as part of the PMP process.

SaskGaming continues to enhance its EROM program and comply with the risk and opportunities management minimum standards set out by Crown Investments Corporation. In doing so, SaskGaming completed the following activities as part of the annual review of its EROM program:

- Updated the SaskGaming EROM policy and framework, which included refining the risk tolerance guide;
- Revised the list of corporate risks and opportunities and updated the risk and opportunity statements, where necessary;
- Conducted an inherent risk assessment, and voted on likelihood and impact for new risks and opportunities or where statements were changed from the prior year;
- Conducted a residual risk assessment, and voted on likelihood and impact to identify the top residual risks; and
- Developed a prioritized corporate risk and opportunities register and identified the top corporate-wide risks.

To actively manage and monitor corporate risks, all risks defined as "top corporate-wide risks" are reviewed and reported quarterly to the Executive Sub-Committee and the Board of Directors.

Separated by risk category below are SaskGaming's top corporate-wide risks, as well as the mitigation activities that address each risk.

Strategic Risk

Sustainable Income	
Risk	Mitigation Activities
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.	Continued evolution of the Players Club program and emphasis of the competitive advantages in SaskGaming's marketing activities.
	Development of a comprehensive plan regarding the modernization of SaskGaming's business model to support long-term sustainability.
	With the development of the land north of Casino Regina (Railyard Renewal project), SaskGaming has looked for opportunities to provide input into the plans.

Compliance & Reporting Risk

Regulatory Compliance	
Risk	Mitigation Activities
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.	An established compliance regime exists at SaskGaming (including updated policies and procedures, a training program, etc.), as required under <i>The Proceeds of Crime Money Laundering and Terrorist Financing Act</i> and is reviewed by an independent third party every two years to assess its effectiveness.
	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.
	The Saskatchewan Liquor and Gaming Authority 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 <i>The Freedom of Information and Protection of Privacy Act</i> by SaskGaming's Access and Privacy Officer.

Operational Risk

IT Infrastructure and Resources	
Risk	Mitigation Activities
Insufficient information technology infrastructure or resources, or the inability to leverage technological innovation results in the inability to efficiently and effectively support the corporation's business and information systems requirements.	Implementation of networking best practices to ensure no single points of failure exist within SaskGaming's wide area network (WAN) and local area network (LAN) segments where redundancy is required.
	Critical network equipment follows a hardware refresh cycle to ensure it is replaced before it reaches its functional end of life.
	SaskGaming conducts testing on its network on an annual basis to identify potential security risks.
	The Corporate Systems and Technology unit maintains a resource plan to capture the resource requirements to cover core work, the IT program and non-standard service requests and compares it against the existing capacity to determine where and what types of additional resources are required.
	SaskGaming utilizes multiple tools to monitor its network. Suspicious activity is investigated, remediated and reported to SaskGaming management.

Product Development and Selection	
Risk	Mitigation Activities
Developing or selecting products and services that do not meet the current and evolving needs of our target markets or the failure to price them effectively results in loss of business and declining profits.	Guest Advisory Committees at Casinos Regina and Moose Jaw are consulted on new and existing products and services to obtain feedback on guest satisfaction.
	Operations management actively monitors gaming results to determine if changes are needed to existing products and services.
	Entertainment offerings are being targeted to younger demographics to complement historically successful genres.

Talent Management	
Risk	Mitigation Activities
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. This includes attraction, training, retention, succession planning, labour relations and safety.	SaskGaming's maintains an integrated Corporate Learning System that supports core, departmental and individual learning as well as organizational reporting.
	A comprehensive Learning Framework identifies key behaviours, expectations and learning needs for all levels within the organization.
	A Succession Planning and Management Framework is in place and succession plans have been developed for critical positions.
	A biennial employee satisfaction survey is conducted. Cross-departmental committees at Casinos Regina and Moose Jaw develop strategies to address root causes of dissatisfaction.
	An Attendance Support Program and Managed Abilities Program assist managers in addressing employee absenteeism.

Stakeholder Engagement

SaskGaming knows that the key to successful relationships is maintaining transparent two-way communication. This is why we employ a variety of channels to connect with the Saskatchewan public, our guests and employees.

Public and Guest Communications

Casinos Regina and Moose Jaw interact with the public through traditional print media, as well as digital and online tools.

Members of the Players Club program receive a monthly newsletter by mail or email that provides information about casino events, promotions, and food and beverage features. They can also access their Players Club profile and other features on Casinos Regina and Moose Jaw's websites and the Players Club kiosks on the gaming floors.

The corporation leverages various social media platforms, including Instagram, Facebook and Twitter to interact with the general public, and responds to all public inquiries received by email within two business days.

Corporate information like quarterly financial statements, annual reports and media releases are available on Casinos Regina and Moose Jaw's websites, while targeted advertising is conducted using radio, television, billboards, mail and online.

Guest Engagement and Feedback

There are number of ways guests can submit feedback and engage with SaskGaming, including comment cards, email, in-person discussions and surveys. Additionally, focus groups with guests and/or the general public are held on an as-needed basis.

The corporation also holds regular meetings with guests through its Guest Advisory Committees to solicit feedback from guests on a number of topics, including the guest experience, casino services, atmosphere and pricing.

As part of the corporation's balanced scorecard measures, exit surveys are conducted to track opinions in the areas of Guest Satisfaction, Service Component of Guest Satisfaction, and Guest Awareness of Responsible Gaming. For more information on 2016-17 balanced scorecard results, see page 20.

Employee Communications

Casinos Regina and Moose Jaw operate in a unique shift work environment where access to email or a smartphone is limited – especially among gaming floor staff – and operating hours are long and varied between the two properties. As such, SaskGaming utilizes a range of communications channels in order to reach employees from all levels of the corporation.

A weekly employee newsletter and access to a corporate intranet site are the two primary methods of communication with all employees. Relevant corporate news is shared on the intranet, along with static content like policies, procedures, forms and manuals. The weekly employee newsletter also features the most up-to-date information for employees and is posted on bulletin boards in the back-of-house areas at Casinos Regina and Moose Jaw.

Other employee communication channels include: a weekly email blast to managers and supervisors, which provides them with strategic and operational information they need to lead their teams in their team meetings; corporate memos from senior leaders that provide direction on a variety of topics; a Q&A feature that allows any employee to submit their questions anonymously to be answered by the appropriate member of the management team; blog posts from the President and CEO to share corporate information with all employees, and back-of-house announcements such as posters that share upcoming events or causes.

In 2016, SaskGaming conducted its biennial employee satisfaction survey to solicit feedback on the employee experience. The survey is conducted by a third party consultant to ensure anonymity and non-biased reporting. The results are used to develop a strategy to improve the employee experience with the help of the Employee Satisfaction Committees at Casinos Regina and Moose Jaw.

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, 2017 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, 2017. The auditor's report, which follows, outlines the scope of their examination and sets forth their opinion.



Susan Flett
President and CEO



John Amundson
Sr. Vice President, Finance and IT

May 18, 2017

Management's Report on Internal Control over Financial Reporting

I, Susan Flett, the President and CEO of the Saskatchewan Gaming Corporation, and I, John Amundson, the Sr. Vice President, Finance and 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, 2017.
- 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, 2017 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Susan Flett
President and CEO



John Amundson
Sr. Vice President, Finance and IT

May 18, 2017

Independent Auditor's 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, 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the year 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, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants
May 18, 2017
Regina, Canada

Saskatchewan Gaming Corporation

Consolidated Statement of Financial Position

As at (Thousands of Dollars)	Note	March 31, 2017	March 31, 2016
ASSETS			
Current			
Cash		\$ 21,705	\$ 17,721
Accounts receivable		131	205
Inventory		281	283
Prepaid expenses		440	435
		22,557	18,644
Property, plant and equipment	4	56,948	59,062
		<u>\$ 79,505</u>	<u>\$ 77,706</u>
LIABILITIES AND EQUITY			
Current			
Trade and other payables		\$ 8,951	\$ 10,552
Payable to the General Revenue Fund (GRF)	5	5,786	5,826
Dividend payable		14,803	4,660
Current portion of long-term debt	6	-	1,266
Current portion of finance lease obligation	7	346	312
		29,886	22,616
Finance lease obligation	7	5,785	6,131
		35,671	28,747
Retained earnings		43,834	48,959
		<u>\$ 79,505</u>	<u>\$ 77,706</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	April 1, 2016 to March 31, 2017	January 1, 2015 to March 31, 2016
Revenue	9	\$ 124,213	\$ 158,193
Operating expenses	10,17	62,862	77,342
Depreciation		5,976	7,054
Contractual obligations	8	3,015	3,769
Taxes	11	2,934	3,635
Finance expense	12	676	1,031
		75,463	92,831
Income before payment to the GRF		48,750	65,362
Payment to the GRF	5	24,375	32,681
Net income		24,375	32,681
Other comprehensive income		-	-
Comprehensive income		\$ 24,375	\$ 32,681

(See accompanying notes)

Consolidated Statement of Changes in Equity

For the period

(Thousands of Dollars)	April 1, 2016 to March 31, 2017	January 1, 2015 to March 31, 2016
Retained earnings, beginning of period	\$ 48,959	\$ 42,422
Comprehensive income	24,375	32,681
Dividends	(29,500)	(26,144)
Retained earnings, end of period	\$ 43,834	\$ 48,959

(See accompanying notes)

Saskatchewan Gaming Corporation

Consolidated Statement of Cash Flows

For the period

(Thousands of Dollars)	April 1, 2016 to March 31, 2017	January 1, 2015 to March 31, 2016
Operating activities		
Net Income	\$ 24,375	\$ 32,681
Adjustments for:		
Finance expense	676	1,031
Depreciation	5,575	6,943
Loss on sale of property, plant and equipment	401	111
Changes in non-cash working capital balances:		
Accounts receivable	74	52
Inventory	2	2
Prepaid expenses	(5)	153
Trade and other payables	(1,601)	767
Payable to the GRF	(40)	(122)
	<u>29,457</u>	<u>41,618</u>
Investing activities		
Proceeds from sale of property, plant and equipment	110	82
Purchases of property, plant and equipment	(3,972)	(4,677)
	<u>(3,862)</u>	<u>(4,595)</u>
Financing activities		
Dividends paid	(19,357)	(26,286)
Interest paid	(676)	(1,031)
Repayment of finance lease obligation	(312)	(348)
Repayment of long-term debt	(1,266)	(1,980)
	<u>(21,611)</u>	<u>(29,645)</u>
Change in cash	3,984	7,378
Cash, beginning of period	17,721	10,343
Cash, end of period	<u>\$ 21,705</u>	<u>\$ 17,721</u>

(See accompanying notes)

Saskatchewan Gaming Corporation

Notes to the Consolidated Financial Statements

March 31, 2017

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 is an agent of Her Majesty in Right of the Province of Saskatchewan, and, as a provincial Crown corporation, is not subject to provincial or federal income and capital taxes.

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 18, 2017.

b) Change of year-end

In 2015, the Corporation was directed to change its fiscal year end to March 31 to coincide with that of its owner. The current fiscal year consists of the twelve (12) months ended March 31, 2017, with comparative information for the fifteen (15) months ended March 31, 2016.

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 and dividend payable. 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, 2017 (March 31, 2016 - 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, 2017. 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. SaskGaming does not expect any material changes with the adoption of this standard.

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. SaskGaming does not expect any material changes with the adoption of this standard.

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. SaskGaming does not expect any material changes with the adoption of this standard.

IAS 7, *Statement of Cash Flows*, has been amended to require a reconciliation of opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes. IAS 7 is effective for fiscal years beginning on or after January 1, 2017. SaskGaming intends to adopt on the date prescribed above. SaskGaming does not expect any material changes with the adoption of this standard.

4. Property, Plant and Equipment

(Thousands of Dollars)	Land	Buildings and renovations	Furniture and equipment	Finance lease	Total
Cost					
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
Balance at April 1, 2016	\$ 15,154	\$ 43,200	\$ 37,189	\$ 8,743	\$ 104,286
Additions	-	645	3,327	-	3,972
Disposals	-	-	(3,258)	-	(3,258)
Balance at March 31, 2017	\$ 15,154	\$ 43,845	\$ 37,258	\$ 8,743	\$ 105,000
Depreciation					
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
Balance at April 1, 2016	\$ -	\$ 16,802	\$ 25,665	\$ 2,757	\$ 45,224
Depreciation for the period	-	1,902	3,423	250	5,575
Disposals	-	-	(2,747)	-	(2,747)
Balance at March 31, 2017	\$ -	\$ 18,704	\$ 26,341	\$ 3,007	\$ 48,052
Carrying Amounts					
At March 31, 2016	\$ 15,154	\$ 26,398	\$ 11,524	\$ 5,986	\$ 59,062
At March 31, 2017	\$ 15,154	\$ 25,141	\$ 10,917	\$ 5,736	\$ 56,948

SaskGaming leases building and land under a finance lease agreement. At March 31, 2017, the net carrying amount of leased building was \$4,559 thousand (March 31, 2016 - \$4,809 thousand) and the leased land was \$1,176 thousand (March 31, 2016 - \$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 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, 2017	March 31, 2016
Building loan, repayable in monthly instalments of \$77 thousand including at 6.48%, due December 1, 2016	\$ -	\$ 671
Building loan, repayable in monthly instalments of \$68 thousand including interest at 6.17%, due December 1, 2016	-	595
	-	1,266
Current portion	-	(1,266)
	\$ -	\$ -

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, 2017	March 31, 2016
Total future minimum lease payments	\$ 9,948	\$ 10,903
Less: future finance charges on finance lease	(3,817)	(4,460)
Present value of finance lease obligation	6,131	6,443
Less: current portion of finance lease obligation	(346)	(312)
Finance lease obligation	\$ 5,785	\$ 6,131

As at March 31, 2017, 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 of lease payments	\$ 955	\$ 3,820	\$ 5,173
Present value of finance lease obligation	346	1,802	3,983

Fair value of the finance lease obligation is \$7,339 thousand (2016 - \$7,948 thousand) (Note 16(b)).

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)	April 1, 2016 to March 31, 2017	January 1, 2015 to March 31, 2016
Gaming revenue	\$ 112,785	\$ 144,345
Ancillary revenue	10,208	13,178
Other	1,220	670
	<u>\$ 124,213</u>	<u>\$ 158,193</u>

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

10. Operating Expenses

(Thousands of Dollars)	April 1, 2016 to March 31, 2017	January 1, 2015 to March 31, 2016
Salaries and employee benefits	\$ 37,244	\$ 45,084
Employee future benefits	1,725	2,047
Maintenance and supplies	6,717	8,562
Advertising, promotions and sponsorships	3,818	4,529
Food and beverage cost of goods sold	3,371	4,471
Lease and rental	2,234	2,504
Printing and communication	1,421	1,709
Professional services	1,250	1,666
Entertainment	1,833	2,606
Other direct operating	3,249	4,164
	<u>\$ 62,862</u>	<u>\$ 77,342</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

(Thousand of Dollars)	April 1, 2016 to March 31, 2017	January 1, 2015 to March 31, 2016
Interest on long-term debt	\$ 33	\$ 185
Interest on finance lease obligation	643	846
	<u>\$ 676</u>	<u>\$ 1,031</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 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 12 month period ending March 31, 2017, SaskGaming expensed \$1,725 thousand (15 month period ending March 31, 2016 - \$2,047 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, 2017 (March 31, 2016 - 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 declare 80% (2016 - 80%) of net earnings to the owner by way of dividend. SaskGaming's owner also required the Corporation to declare an additional \$10 million dividend to be paid by June 30, 2017 to meet the owner's cash flow requirements.

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 2017, 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, 2017	March 31, 2016
Long-term debt	\$ -	\$ 1,266
Finance lease obligation	6,131	6,443
Total debt	<u>\$ 6,131</u>	<u>\$ 7,709</u>
	April 1, 2016 to March 31, 2017	January 1, 2015 to March 31, 2016
Revenue	\$ 124,213	\$ 158,193
Operating expenses	62,862	77,342
EBITDA	<u>\$ 61,351</u>	<u>\$ 80,851</u>
Debt to EBITDA ratio	<u>0.10</u>	<u>0.10</u>

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, 2017		March 31, 2016	
Financial Instruments	Classification ¹	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	\$21,705	\$21,705	\$17,721	\$17,721
Accounts receivable	L&R	Level Two	131	131	205	205
Trade and other payables	OFL	Level Two	8,951	8,951	10,552	10,552
Payable to the GRF	OFL	Level Two	5,786	5,786	5,826	5,826
Dividend payable	OFL	Level Two	14,803	14,803	4,660	4,660
Long-term debt	OFL	Level Two	-	-	1,266	1,292

¹ Classification:

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 March 31, 2016.

d) 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 March 31, 2016.

e) 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, 2017
(Thousands of Dollars)

Financial Liabilities	Carrying Amount	Contractual Cash Flows					
		Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	More than 5 years
Trade and other payables	\$ 8,951	\$ 8,951	\$ 8,951	\$ -	\$ -	\$ -	\$ -
Payable to GRF	5,786	5,786	5,786	-	-	-	-
Dividend payable	14,803	14,803	14,803	-	-	-	-
Finance lease obligation	6,131	9,948	478	478	955	2,865	5,172
	\$ 35,671	\$ 39,488	\$ 30,018	\$ 478	\$ 955	\$ 2,865	\$ 5,172

At March 31, 2016
(Thousand of Dollars)

Financial Liabilities	Carrying Amount	Contractual Cash Flows					
		Total	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

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 March 31, 2016.

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 recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. For the 12 month period ending March 31, 2017, the aggregate amount of SaskGaming's transactions with other government-related entities is approximately 7.2 per cent of direct operating expenses (15 month period ending March 31, 2016 - 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)	April 1, 2016 to March 31, 2017	January 1, 2015 to March 31, 2016
Short-term employee benefits	\$ 1,412	\$ 1,776
Post-employment benefits (defined contribution pension plan)	66	73
	<u>\$ 1,478</u>	<u>\$ 1,849</u>

One board member is a partner in an organization that provided \$5 thousand of professional services to SaskGaming, since being appointed to the board on November 24, 2016. These services were recorded in operating expenses in the Statement of Operations and are routine operating transactions in the normal course of business.

GOVERNANCE

Mandate and Authority

The Saskatchewan Gaming Corporation (SaskGaming) was established as a Treasury Board Crown corporation under *The Saskatchewan Gaming Corporation Act* 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 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 balanced scorecard results, financial statements and budget forecasts, capital expenditures and other requested information on an ad hoc

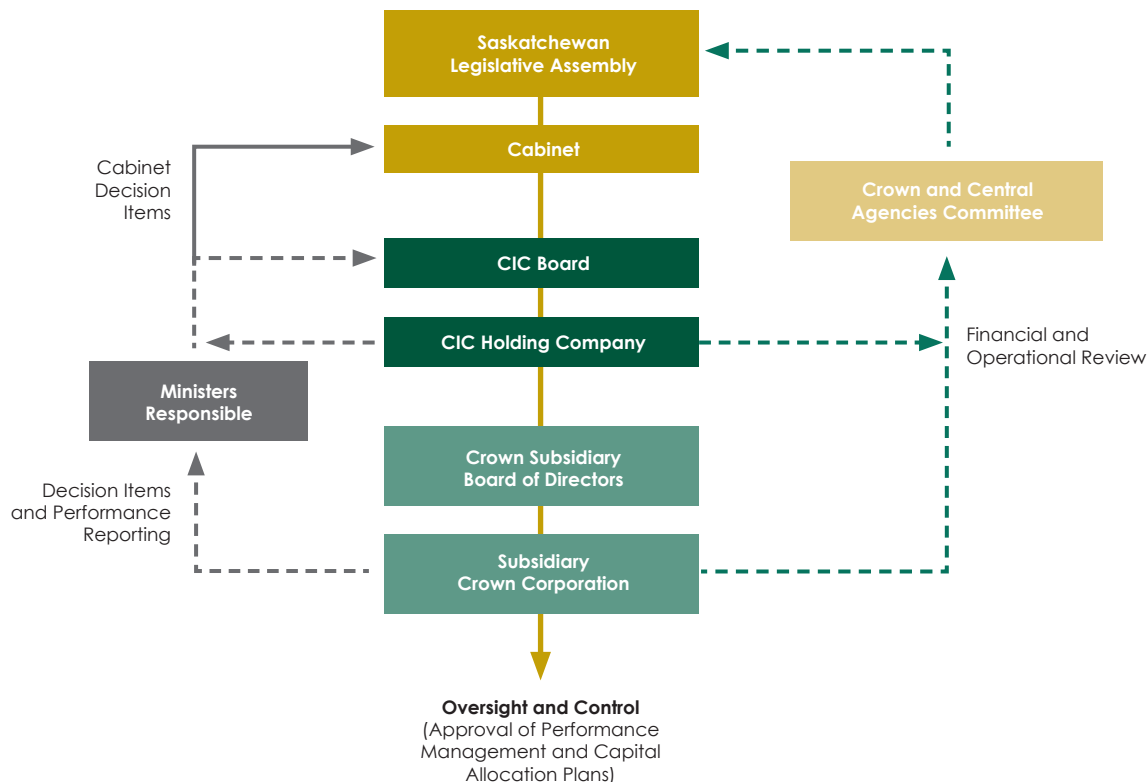
basis. Where required by legislation or directive, SaskGaming submits information and/or decision items for review and approval by CIC and the provincial Cabinet.

The President and 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).

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 management 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, all of 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 fiscal period ending March 31, 2017 totalled \$131,198.

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 and 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 and CEO for the upcoming year. The committee, with the Board Chair, conducts an annual performance review of the President and 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 President and CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits, and any changes to their compensation and benefits, to Clerk of the Saskatchewan Legislature within 14 days of the change. In addition, the Standing Committee on Crown and Central Agencies 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 and CEO, and annually updates the position description to the outline primary duties, responsibilities and accountabilities of the position and makes recommendations regarding the succession plan to the Board.

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 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 Auditor 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 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 2016-17 included the review and recommendation for Board approval of the corporation's audit plan, the 2015-16 Annual Report, the Crown Payee Disclosure Report, the public quarterly financial reports and quarterly Performance Management Plan reports. The committee also considered and recommended approval of the Internal Auditors External Quality Assessment Review Recommendation Plan, the CEO/CFO Certification Report and the Anti-Money Laundering Compliance Regime Review Results. In addition, the committee approved the 2016 corporate Internal Audit Work Plan.

In 2016-17, the committee held a total of three meetings.

Members: Blair Ross (Chair), Wes Becker (Ex-Officio until Nov. 24, 2016), Bonnie Wallin (until Nov. 24, 2016), Patricia Thomson (from Nov. 24, 2016), CeCe Baptiste (from Nov. 24, 2016) and Danah White.

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. The committee also provides input annually to the Board on the performance objectives, work plans and development plans for the President and CEO. The committee also provides input to the Board Chair's annual performance review of the President and 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 corporation's Code of Business Conduct

and Ethics Policy and other workplace policies. It serves as ethics advisor to the Board, administering and enforcing CIC's Code of Conduct and reporting annually to the Board on compliance with the Code.

Key work of the committee in 2016-17 was the review, amendment and approval by the Board of Directors of the Board and committee's Terms of Reference and position descriptions. The change in year end from a calendar year to a fiscal year required minor changes to facilitate this direction. The corporation undertook an extensive human resource policy review. Where the policies related to the terms and conditions of employment or remuneration, these policies were reviewed by the committee and approved by the Board of Directors. The committee also engaged in bargaining preparation and approved the bargaining proposals and strategies for the PSAC and IATSE – Casino Regina bargaining units.

In 2016-17, the committee held a total of four meetings.

Members: Patricia Thomson (Chair), Blair Ross (Ex-Officio from Nov. 24, 2016), Wes Becker (Ex-Officio until Nov. 24, 2016), Alphonse Bird (from Nov. 24, 2016), Eileen Libby (from Nov. 24, 2016), Bonnie Wallin (until Nov. 24, 2017) and Danah White.

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 subsidiary 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

Blair Ross, Board Chair: Independent, President and COO, co-founder of SRG Security Resource Group.

Yes

(b) Describe who is
independent and the basis
for the determination of
independence.

Patricia Thomson, Board Vice-Chair: Independent, FSIN appointee.

CeCe Baptiste: Independent, Strategic Planning Advisor at the University of Saskatchewan.

Alphonse Bird: Independent, President of Bird Boys Office and Furniture Supply Corporation, FSIN appointee.

Eileen Libby: Independent, Partner at MacPherson Leslie & Tyerman LLP.

Terry Lavallee: Independent, consultant at Red Thunder Consulting Firm, FSIN appointee.

Danah White: Independent, Insurance Broker and Real Estate Agent.

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.

(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 2016-17.

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
Baptiste	4/5	1/1	-	5/6
Becker	4/4	2/2	3/3	9/9
Bird	5/9	-	1/1	6/10
Lavallee	7/9	-	-	7/9
Libby	3/5	-	0/1	3/6
Ross	8/9	3/3	1/1	12/13
Thomson	3/9	3/3	4/4	10/16
Wallin	3/4	2/2	2/3	7/9
White	8/9	1/1	3/3	12/13

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

Please note - Becker's and Wallin's terms ended Nov. 24, 2016 when Baptiste's and Libby's terms began.

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.

Yes

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.

(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 and Opportunities Management Framework in 2009 that integrated the corporation's Risk Management Program into its annual planning process.

Yes

Risk is an important responsibility of 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.

(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.

Yes

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 and CEO, annually updating the position description outlining primary duties, responsibilities and accountabilities and making recommendations regarding the succession plan to the Board.

(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 Internal 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 advisor to the Board.

Yes

SaskGaming undertook a review of the Board's and Board Committee's Terms of Reference in 2016-17. Revised Terms of Reference for Board and Committees are available to the public on the corporate website.

(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 Board Chair and Chair of each Board committee;

The Board has developed position descriptions for the Board Chair, 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 outline 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 and CEO.

The Board has also approved policies for expenditure authorities for the President and 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 and 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.

Yes

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.

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 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 2016-17.

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 CIC 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 Board Chair, 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

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(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.	<p>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.</p> <p>The Board has developed position descriptions for the Board Chair, the committee Chairs and individual directors which set out the duties, responsibilities and expectations of each position.</p> <p>(For reference: <i>The Saskatchewan Gaming Corporation Act</i> requires appointment of directors through Order-in-Council, and limits the Board to recommend candidates only.)</p>	Yes

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 the 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.

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

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

Yes

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 and CEO for the upcoming year.

Yes

The committee, with the Board Chair, conducts an annual performance review of the President and 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 and 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 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 and 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 of the change. In addition, the Standing Committee on Crown and Central Agencies 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.

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

Compensation levels for directors, the Board Chair 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. The FSIN nominates three members and the Cabinet appoints four members. Currently, four out of seven directors of the Board are women.

Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
<p>(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:</p> <ul style="list-style-type: none"> (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. 	Not applicable.	Not applicable.
<p>12. Consideration of the Representation of Women in the Director Identification and Selection Process</p> <p>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.</p>	<p>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.</p>	Yes
<p>13. Consideration Given to the Representation of Women in Executive Officer Appointments</p> <p>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.</p>	<p>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.</p>	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
<p>14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions</p> <p>(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.</p>	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
<p>(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.</p>	SaskGaming has not adopted a target as the Board is appointed by the Lieutenant Governor in Council.	Yes
<p>(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.</p>	SaskGaming has not adopted a target as the representation of women in executive level positions is already considered during the hiring process.	Yes
<p>(d) If the issuer has adopted a target referred to in either (b) or (c), disclose:</p> <p>(i) the target, and</p> <p>(ii) the annual and cumulative progress of the issuer in achieving the target.</p>	Not applicable	Not applicable
<p>15. Number of Women on the Board and in Executive Officer Positions</p> <p>(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p>	Fifty-seven per cent, or four out of seven directors on the board, are women.	Provided
<p>(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.</p>	Thirty-three per cent, or two out of six executive officers are women, (including the President and CEO).	Provided

Board of Directors

Blair Ross, Board 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 the Hospitals of Regina Foundation.

Patricia Thomson, Board Vice-Chair (Chair, Governance and Human Resource Committee), is member of Carry the Kettle Nakota Band. Ms. Thomson has extensive expertise in management, administration and operations in business. She brings to the board a record of clear decision making, team leadership skills to drive critical strategic shifts, can realize peak performance for top quality organizations and brings governance integrity. She has proven to excel in operations, leadership and organizational development. Ms. Thomson personal goals align with an executive that possesses the proven ability to empower individuals and groups to build strong organizations.

CeCe Baptiste, CPA, CMA, ICD.D, is a Strategic Planning Advisor with the University of Saskatchewan. CeCe Baptiste has over 14 years of experience in financial oversight, operations management, and strategic planning. She has worked with numerous organizations, including provincial government, crown corporations, and banking institutions. Her current role with the University of Saskatchewan focuses on institutional projects such as tuition planning and management, policy development, and institutional strategic planning. Ms. Baptiste has served on numerous boards and committees throughout her career. Currently she is the board Chair of the United Way of Saskatoon and Area, serves on the Finance Committee of West Wind Aviation as well as board member of SaskGaming, and is the past president of the Saskatoon Aboriginal Professionals Association. Ms. Baptiste was nominated for the 2015 YWCA Woman of Distinction award in the Leadership Category, and received the inaugural FSIN Strength of Our Women award in Business that same year. A commerce graduate, Ms. Baptiste supplemented her business degree with the Certified Management Accountant designation as well as the Institute of Corporate Directors designation. Ms. Baptiste is committed to enhancing the lives of Indigenous peoples in Saskatoon, and devotes her energy to building partnerships between the Indigenous and the non-Indigenous community, through active promotion of leadership at board tables. She has two daughters and is from Little Pine First Nation.

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 Federation of Sovereign Indigenous Nations and Assembly of First Nations Regional Chief for Saskatchewan. He has also served on numerous boards and commissions, including a previous term at SaskGaming, 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.

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 Muskwachee 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 the Red Thunder consulting firm.

Eileen Libby, Q.C., of Regina, Saskatchewan, is a partner at MacPherson Leslie & Tyerman LLP. She acts as counsel to employers in a full range of labour relations and employment law matters, including collective bargaining negotiations, arbitrations, restructurings, labour relations board matters, human rights proceedings, and occupational health and safety matters. Ms. Libby also practices extensively in the areas of professional regulation and health law. Ms. Libby has appeared before all levels of courts in Saskatchewan, the Canada Industrial Relations Board, the Saskatchewan Labour Relations Board, boards of arbitration, human rights tribunals and professional regulatory bodies. Ms. Libby serves on a number boards and associations, including the Law Foundation of Saskatchewan and Women Entrepreneurs of Saskatchewan. She has received numerous awards and distinctions, including Administrative and Public Lawyer of the Year (2016) and Labour and Employment Lawyer of the Year (2012) by Best Lawyers.

Danah White of Indian Head, Saskatchewan is an insurance broker, real estate agent and branch manager for Hub International. She has attained the Canadian Accredited Insurance Broker designation through IBAS and the Chartered Director designation through McMaster University. Ms. White is the past president of Forever Friends of Hope Foundation Incorporated, which provides funding to women in Saskatchewan after a cancer diagnosis. She has two adult children.

Executive Team

Susan Flett **President and 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 and 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 Strategic Management Team and Corporate Secretariat.

Her previous community service included serving as a director on the board of the Moose Jaw Multiplex and the Regina Symphony Orchestra.

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 and 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 and Business Planning**

Gerry has been part of the SaskGaming team since day one, coming on board in 1996 as Director of Sales and 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 and 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, serving 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, the Juvenile Diabetes Association and as a director of the Royal Regina Golf Club Board.

Currently, Gerry serves on the Regina Downtown Business Improvement District Board of Directors.

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 and 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.

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 currently serves on the Board of Directors of the Ignite Adult Learning Centre.

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

Tara Kucher
Executive Director of Risk and Compliance

Tara joined SaskGaming in 2002 as the Director of Internal Audit before becoming the Director of Risk and Compliance in 2015. In 2017, Tara was promoted to the role of Executive Director of Risk and Compliance.

Prior to her tenure at SaskGaming, Tara worked in the auditing field at Canada Life and at the Provincial Auditor of Saskatchewan.

In addition to over 20 years of experience in her field, Tara holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Professional Accountant, Certified Internal Auditor, Certified Fraud Examiner and maintains Certification in Risk Management Assurance.

APPENDIX

2017-21 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 customer service program 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 Casinos Regina and Moose Jaw.</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 Casinos Regina and Moose Jaw are weighted on an 80/20 basis. This breakdown reflects the importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc.).</p>	

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	<p>The Mystery Shopper survey will be revamped for the 2017-18 Balanced Scorecard to place more weight on the engagement dimension of the GameOn customer service program.</p> <p>Based on the analysis of recent survey results of the engage dimension, SaskGaming has set a target of 91 per cent for 2017-18.</p>	<p>The current Mystery Shopper score is already at a high level, over the 90 per cent barrier. However, the weight applied to the engagement dimension of the Mystery Shopper score is going to be reviewed. Since the score for this dimension has historically been lower than the other dimensions (75 to 80 per cent) the overall target score has been reduced to 91 per cent. It is expected to trend back to 95 per cent as enhanced employee customer service training is completed.</p>	<p>Management has set a long-term target of 95 per cent. This target is to be achieved over three years.</p>
	<p>Based on historical survey results, SaskGaming revised this target in 2016-17 to 82 per cent and still believes this represents an optimal target for this measure.</p>	<p>Management has set a target of 82 per cent through the forecast period.</p>	<p>Based on historical survey results and trends, SaskGaming has set a target of 82 per cent as an optimal target.</p>

Appendix

2017-21 Balanced Scorecard Reference Table

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 Casinos Regina and 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.	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 Casinos Regina and Moose Jaw. The scores from Casinos Regina and Moose Jaw are weighted on an 80/20 basis. This breakdown reflects the importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc.).	
Employee Experience Excellence				
Employee Satisfaction Lead indicator Measured: Biennially Lead: Corporate Services	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/reduce turnover	SaskGaming will implement the survey biennially. The results will be reviewed by an internal committee to determine the responses and actions that are required. The employee satisfaction survey is managed by the National Business Research Institute.	

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	This measure will be removed from the 2017-18 Balanced Scorecard. Improvements were made to enhance safety and this measure will now be tracked internally.	N/A	N/A
	<p>SaskGaming made a remarkable increase in its Employee Satisfaction score on the 2016-17 employee survey.</p> <p>The score for Employee Satisfaction moved to the 59th percentile from the 48th percentile that was achieved in 2014. A 2017-18 target of 60th percentile has been established to maintain this strong performance.</p>	With Employee Satisfaction Action Committees that aim to address issues identified in the 2016-17 survey, SaskGaming anticipates the score will increase to the 75 th percentile over the next five years.	A long-term target of increasing employee satisfaction to the 75 th percentile has been chosen based upon the implementation of training and other employee initiatives.

Appendix

2017-21 Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Employee Experience Excellence			
Service Component of Guest Satisfaction Lead indicator Measured: Semi-annually Lead: Operations	<p>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 Casinos Regina and Moose Jaw.</p>	<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, with the service received from casino staff across a number of areas of service.</p> <p>The scores from Casinos Regina and Moose Jaw are weighted on an 80/20 basis. This breakdown reflects the importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc.).</p>
Core Training Lag indicator Measured: Quarterly Lead: Corporate Services	<p>This measure indicates an average percentage of employees who have completed the six core training modules within SaskGaming's Core Learning Program:</p> <ul style="list-style-type: none"> • Orientation; • Access to Information and Privacy; • Health and Safety for New Workers; • Diversity and Inclusion in the Workplace; • Respectful Workplaces; and • Responsible Gaming Level I. 	<p>Objectively measures the percentage of core training completion amongst 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 lighting and sound employees are ineligible in this measure.</p>

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	<p>This measure will be removed from the Balanced Scorecard in 2017-18. Management determined this measure was being adequately tracked in the Guest Satisfaction measure.</p>	N/A	N/A
	<p>The corporation has maintained a high score for this measure over the previous years.</p> <p>New for 2017-18 is the introduction of a new Customer Service training module, increasing SaskGaming's Core Learning Program to seven modules.</p> <p>Based on this addition and previous experience, SaskGaming has revised the 2017-18 target downward to allow time for all employees to get the training done. A target of 80 per cent has been set for 2017-18.</p>	<p>Management expects the target to increase moderately as all employees take the new training module.</p>	<p>Because SaskGaming's staff turnover is approximately 20 per cent each year, a 90 per cent target is believed to be an optimal, long-term target.</p>

Appendix

2017-21 Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Employee Experience Excellence			
Employee Absenteeism Lag indicator Measured: Quarterly Lead: Corporate Services	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.	Excessive absenteeism leads to higher labour costs from increased overtime and/or staffing levels. This measure is used to track the corporation's progress in reducing absenteeism levels with its Attendance Support Program.	<p>Employee Absenteeism is a weighted average of absenteeism rates by union and non-union staff.</p> <p>Employee Absenteeism Rate = $\frac{[(\text{Unionized employees absent hours} + \text{Non-union employees absent hours}) / (\text{Unionized employees total work hours} + \text{Non-union employees total work hours})] \times 100}{1}$</p>
Indigenous Representation Lead indicator Measured: Quarterly Lead: Corporate Services	This measure focuses our employee attraction and retention efforts to achieve 50% indigenous 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.	A measure of indigenous representation within SaskGaming's workforce.	<p>The percentage of the total number of employees who have self-declared as Indigenous people.</p> <p>Note: this calculation does not include casual employees who have not worked in the past three months.</p>

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	<p>The 2017-18 target is therefore set at 6.5 per cent. For 2017-18, "planned absenteeism" (for example, long-term absences such as Worker Compensation injuries) are being removed from the calculation because the Attendance Support Program is not intended to reduce this type of absenteeism.</p>	<p>The corporation will continue with the Attendance Support Program and is expected to further reduce absenteeism, particularly among unionized employees.</p>	<p>SaskGaming is targeting a long-term optimal target of 5.5 per cent.</p>
	<p>Due to increased competition for labour resources and SaskGaming's challenging work environment, Indigenous employees are leaving the corporation at a higher rate than those being hired - this is despite an indigenous hiring rate of over 40 per cent. As a result, the target for Indigenous representation at SaskGaming was reduced to 40.5 in 2016-17. In 2017-18 this target will increase to 42 per cent.</p>	<p>Indigenous representation is expected to increase at a modest rate over the next five years based on hiring practices and other programs to attract and retain indigenous employees.</p>	<p>Based on the trend and the reality of the labour market, the long-term target for this measure is 43 per cent.</p>

Appendix

2017-21 Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Social Responsibility			
Guest Awareness of Responsible Gambling Lag indicator Measured: Semi-annually Lead: Risk and 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 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 Casinos Regina and Moose Jaw are weighted on an 80/20 basis. This breakdown 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, provincial survey, respondents are asked "How well is SaskGaming doing at giving back to the community through charitable or community donations and sponsorships?" Respondents answer using a five-point Likert Scale (i.e. respondents choose an answer from 'very well', 'well', 'somewhat well', 'not well' and 'unsure'). The measure is the percentage all the respondents who indicated that the casinos do somewhat well, well or very well.

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	<p>The corporation has maintained a high score since the adoption of the BCLC methodology. As a result, SaskGaming has revised its target upward to 80 per cent.</p>	<p>Awareness of responsible gambling is expected to increase moderately over the next five years as SaskGaming supports this important programming.</p>	<p>SaskGaming set a new long-term optimal target of 82 per cent to drive performance.</p>
	<p>The 2017-18 target score for the Public Opinion of Community Support measure will remain at 50 per cent.</p>	<p>SaskGaming is adapting community support programs to make them more focused on key result areas and more visible. Because of this, SaskGaming expects the Public Opinion of Community Support measure to improve through the forecast period.</p>	<p>A long-term optimal target of 55 per cent has been set to reflect efforts to get more impact from community support programs.</p>

Appendix

2017-21 Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Social Responsibility				
Indigenous Sponsorship Lag indicator Measured: Annually Lead: Marketing	The percentage of SaskGaming's sponsorship expenditures that are directed to Indigenous individuals, organizations or programs.	SaskGaming is targeting a specific percentage of its annual sponsorship expenditures toward Indigenous people. The corporation's Community Giving strategy states that it will place a priority on supporting initiatives that positively influence the lives of Indigenous people, and/or support improved education and pre-employment training for Indigenous people who reside near its core communities.	The percentage of SaskGaming's total sponsorship, through its Community Giving program that are directed to Indigenous individuals, organizations or programs. Organizations or programs applying for sponsorships will be asked to identify whether their project/event targets or benefits Indigenous people.	
Sustainable Corporation				
Guest Count Lead indicator Measured: Daily Lead: Marketing	Guest count measures the number of guests visiting Casinos Regina and Moose Jaw annually.	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.	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.	

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	SaskGaming continues to use its sponsorship strategy with a planned target of 25 per cent.	SaskGaming expects the measure to remain at 25 per cent through the forecast period.	SaskGaming believes 25 per cent is an optimal target for the long-term because it is equal to the 25 per cent of SaskGaming's net income that is directed to Saskatchewan First Nations through the First Nations Trust. This is also felt to be a sustainable share of the sponsorship funding, given the many worthwhile causes that could be supported in the Regina and Moose Jaw areas.
	SaskGaming has set its 2017-18 guest count target at 3.6 million between the two properties. This number is based on past trends.	SaskGaming expects guest count to be stable for the first two years, and then anticipates moderate growth.	Management set a long-term optimal target of 4.2 million based on enhanced products to attract guests over the long term.

Appendix

2017-21 Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Sustainable Corporation				
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.</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 the various Players Club tiers.</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. As such, this measure shows Income Before Payment to the 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>Income Before Payment to the GRF = Revenue – (operating expenses + interest expense + depreciation + taxes)</p>	

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	The 2017-18 target is \$34.85 per guest. This target is based on the forecasted revenue and guest count numbers.	Average guest spend is currently anticipated to decrease over the forecast period as revenues are forecast to fall due to a mature market.	Management does not set an optimal target for this measure.
	The 2017-18 target is \$47.1 million. This is approximately \$2.6 million less than the \$49.7 million target for 2016-17.	Income Before Payment to the GRF is expected to maintain a downward trend during the forecast period. Increases in operating costs are driven by inflationary pressures on wages and other inputs.	Management does not set a long-term optimal target for this measure.

Appendix

2017-21 Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Sustainable Corporation				
EBITDA Margin Lag indicator Measured: Quarterly Lead: Finance and Administration	SaskGaming has chosen to use Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as an operational efficiency measure.	EBITDA Margin is used by investors and lenders as a determination of the firm's profitability.	EBITDA Margin = (Revenue – Direct operating expenses) / Revenue * 100%	
Debt EBITDA (DE) Ratio Lag indicator Measured: Quarterly Lead: Finance and Administration	This provides an estimate of the minimum length of time it could take SaskGaming to repay its long-term debt from operating income.	<p>DE Ratio 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 DE 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>	DE = Long-term debt/EBITDA	

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	<p>The 2017-18 target is 48.2 per cent, which is lower than the 48.7 per cent in the 2016-17 Budget. 2017-18 revenue is projected to decline slightly, while operating expenses are projected to increase compared to 2016-17.</p>	<p>EBITDA Margin is expected to decline through the forecast period from 48.2 per cent in 2017-18 to 44.6 per cent in 2021-22. Trends are based on revenues growing slightly slower than operating expenses. The increase in operating expenses is driven by inflationary pressures on wages and other inputs.</p>	<p>SaskGaming has revised the long-term optimal target for EBITDA Margin from 47.0 per cent to 44.4 per cent based upon its financial projection and industry trends.</p>
	<p>This measure will be removed from the 2017-18 Balanced Scorecard and replaced with a debt/equity ratio which is a more consistent measure of financial flexibility.</p>	<p>N/A</p>	<p>N/A</p>

Appendix

2017-21 Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Sustainable Corporation				
Capital Asset Turnover (CAT) Ratio Lag indicator Measured: Annually Lead: Finance and Administration	Represents SaskGaming's ratio of revenues to capital assets.	The casino gaming industry is capital intensive. The CAT Ratio measures SaskGaming's effectiveness at generating revenues from its capital assets (investments).	CAT Ratio = Revenue/Capital Assets	
Payroll Margin Lag indicator Measured: Quarterly Lead: Finance and Administration	Measures the ratio of payroll to revenue.	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.	Payroll Margin = Total Payroll (Salaries, Wages and Benefits)/ Revenue *100	

	2017-18 Target Explanation	2017-2021 Trend Explanation	L-T Optimal Targets
	This measure will be removed from the 2017-18 Balanced Scorecard. Originally included to track investment returns, management determined that other measures in the Balanced Scorecard were sufficient.	N/A	N/A
	<p>The 2017-18 target is 30.6 per cent, 0.1 percentage points above the 2016-17 target of 30.5 per cent.</p> <p>The 2017-18 target is based on maintaining active FTE management.</p>	SaskGaming's Payroll Margin is expected to rise throughout the forecast period to 33.1 per cent by 2021-22 based on revenue growing slower than anticipated wage increases.	SaskGaming has chosen a long-term optimal target for Payroll Margin of 32.0 per cent.

SaskGaming

