



SaskGaming



2017-18 ANNUAL REPORT

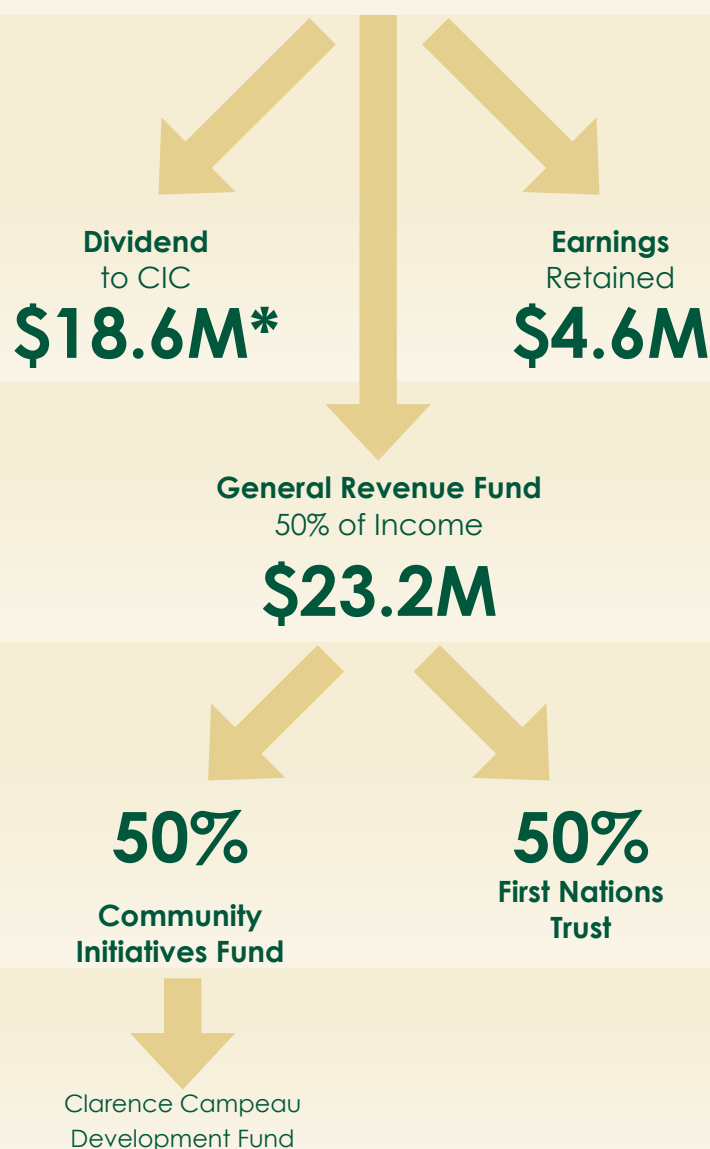
PROFIT SHARING

Saskatchewan Gaming Corporation's (SaskGaming) profits support people, programs and services throughout Saskatchewan. Half of the corporation's net income is paid to the General Revenue Fund each year to support the provincial government's commitment to the First Nations Trust, Community Initiatives Fund and Clarence Campeau Development Fund.

SASKGAMING

2017-18 Income

\$46.4M



*SaskGaming's dividend payment to the Crown Investments Corporation is set each year at a percentage of the corporation's income.

OPERATIONAL HIGHLIGHTS

TOTAL GUEST COUNT **3,512,803**

Casino Regina 2,801,486
Casino Moose Jaw 711,317

GUEST SATISFACTION **78.1%**

MYSTERY SHOPPER **91.7%**

**YOUNG DEMOGRAPHIC
GUEST SATISFACTION** **85.7%**

FINANCIAL HIGHLIGHTS

REVENUE

\$119.4 MILLION

EXPENSES

\$73.0 MILLION

INCOME

BEFORE PAYMENT TO THE GRF

\$46.4 MILLION

PAYMENT

TO THE GRF

\$23.2 MILLION

DIVIDEND DECLARED TO
CROWN INVESTMENTS CORPORATION

\$18.6 MILLION

Table of Contents

Year at a Glance/Profit Sharing	3
Vision, Mission, Values and Strategic Goals	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	11
Responsible Corporation	11
Financial Sustainability	12
MANAGEMENT'S DISCUSSION AND ANALYSIS	
Financial Results	14
Liquidity and Capital Resources	19
Strategic Scorecard Measures and Performance Management	20
Risk Management and Disclosure	25
Stakeholder Engagement	29
FINANCIAL RESULTS	
Management's Report on Financial Statements	30
Management's Report on Internal Control over Financial Reporting	31
Independent Auditor's Report	32
Financial Statements and Notes	33
GOVERNANCE	
Mandate and Authority	50
Role of the Board of Directors	52
Board Committees	54
Governance Practices	55
Board of Directors	66
Executive Team	67
APPENDIX	
Balanced Scorecard Reference Table	70

Vision, Mission, Values and Strategic Goals

Vision

We are the number one entertainment choice in our markets.

Mission

We offer an outstanding casino entertainment experience 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

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

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

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.

Strategic Goals

1. Guest Experience

We continually strive to exceed our guests' expectations.

2. Employee Experience

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

3. Responsible Corporation

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

4. Financial Sustainability

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

Letter of Transmittal

Regina, Saskatchewan
July 9, 2018

To His Honour,
The Honourable W. Thomas Molloy, O.C., S.O.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, 2018, 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 Scott Moe and the Government of Saskatchewan, I am pleased to present the Saskatchewan Gaming Corporation's 2017-18 Annual Report.

Although SaskGaming operates in a mature gaming market, it remained committed to *Meeting the Challenge* of the Government of Saskatchewan's current fiscal situation. The corporation contributed a generous \$23.2 million to the General Revenue Fund (GRF) in 2017-18 through robust expense management and by delivering on its four corporate goals.

In 2017-18, SaskGaming celebrated 15 years of operation at Casino Moose Jaw. This milestone casts light on the important economic and financial contributions the casino has made to the City of Moose Jaw and the province as a whole. In fact, over the past 22 years, SaskGaming through Casinos Regina and Moose Jaw has endowed upwards of half a billion dollars to the GRF to support people, programs and services throughout Saskatchewan.

As a Crown corporation, SaskGaming is a foremost contributor to the success of our province. I want to thank all SaskGaming employees, the management team and the Board of Directors for their hard work and dedication to the corporation in 2017-18.

Respectfully submitted,



Christine Tell
Minister Responsible for Saskatchewan Gaming Corporation



Message from the Chair

After celebrating SaskGaming and Casino Regina's 20th anniversary in 2016-17, it was time to roll out the red carpet for the corporation's sister location. In 2017-18, Casino Moose Jaw marked 15 years of operation. The milestone year included an event on March 15, 2018 to welcome Casino Moose Jaw's 10 millionth guest.

SaskGaming hosted its second annual Charity Championship fundraising event, which welcomed 31 teams and resulted in over \$70,000 in donations to 24 charities and non-profit organizations in Saskatchewan. This is on top of the corporation's Community Giving program, which provided \$374,188 to community projects, programs and events in 2017-18.

Despite the fiscal pressures faced by the corporation due to a slowdown in the provincial economy, SaskGaming was staunch in its management of discretionary spending. The payoff was noteworthy and will ensure the people of this province continue to benefit from the great work of the corporation.


The First Nations Trust, Community Initiatives Fund and Clarence Campeau Development Fund received a significant contribution from SaskGaming through the General Revenue Fund (GRF). In the twelve months ending March 31, 2018, the corporation paid \$23.2 million to the GRF and provided a dividend payment of \$18.6 million to its shareholder, Crown Investments Corporation.

This year, Cadmus Delorme and Ernest Standingready were welcomed to the SaskGaming Board as new directors.

Cadmus Delorme is the Chief of Cowessess First Nation and was named one of CBC Saskatchewan's Future 40, which celebrates the province's new generation of leaders, builders and change-makers under the age of 40.

Ernest Standingready is a First Nations leader and 20-year veteran of the Saskatchewan gaming industry, having worked many roles in casino operations from the front line to executive management with the Saskatchewan Indian Gaming Authority. I look forward to working with both Cadmus and Ernest in my capacity as Board Chair.

On behalf of the Board of Directors, I would like to extend my sincere thanks to the SaskGaming team for meeting the corporation's goals, delivering an outstanding customer experience to guests and supporting employee satisfaction. It is through your ongoing commitment that SaskGaming will continue to make an important contribution to this province.



Blair Ross
Chair of the Board of Directors



Message from the President and CEO

It was another successful year at SaskGaming. The corporation delivered on its target for payment to the General Revenue Fund and was named as one of the province's top 100 employers by MediaCorp Canada Inc.

SaskGaming is in the second year of a five-year plan to revitalize its casino properties. Central to that plan is not just aesthetic modifications to Casinos Regina and Moose Jaw, but also strategic changes that are helping to attract and grow the future core gambling market. These include the introduction of cutting-edge gaming products, the addition of Thursday night poker tournaments at Casino Regina, exciting entertainment options in the Casino Regina Show Lounge that target a younger audience and the return of the wildly successful Charity Championship fundraising event.



The corporation made great headway on upgrading the network infrastructure on its gaming floors. A modernized gaming network means guests at Casinos Regina and Moose Jaw will have access to exciting new features that will improve their gaming experience. Casino Regina also delivered four successful poker tournaments in 2017-18, with competitors flocking to the Queen City from across the province and western Canada. Not to mention, Casinos Regina and Moose Jaw welcomed over 3.5 million guests to their properties in 2017-18.

In 2017-18, Casino Moose Jaw turned 15! Although it feels like yesterday that it opened its doors, the corporation celebrated in style by welcoming to the property its 10 millionth guest in March 2018. Casino Moose Jaw is one of the City of Moose Jaw's largest employers and a foremost tourist destination. Cheers to the casino's valued employees and guests for many more years of success.

The employee experience is paramount at SaskGaming. After all, an outstanding guest experience is bred from a positive workforce. In 2017-18, the corporation exceeded on its employee satisfaction target with the introduction of new management training for middle and senior management, electronic shift bidding for unionized floor staff, and new employee-led committees that target the social and experiential aspects of the employee experience.

By remaining resolute in our focus on guests and employees, SaskGaming – through Casinos Regina and Moose Jaw – is poised to deliver positive results to its customers, shareholders and the people of Saskatchewan for years to come. Thank you to all SaskGaming employees for their enthusiasm and hard work over the past twelve months.

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

Susan Flett
President and CEO

SASKGAMING YEAR IN REVIEW

Guest Experience

Guest experience is paramount at Casinos Regina and Moose Jaw.

In 2017-18, SaskGaming analyzed industry trends to enhance the gaming experience at Casinos Regina and Moose Jaw and debuted cutting-edge products on the gaming floor. Several slot machines were replaced with new themed machines outfitted with the latest technology and larger, curved display panels including *World of Wonka*, *The Walking Dead* with surround-sound iChairs, *House of Cards*, *Harley Davidson* and *Twin Fire* slots, as well as a two Quick Hit Cash Wheel machines specific to Casino Moose Jaw.

In addition, Casino Regina removed the craps table from the gaming floor to make room for a new table game, Chase the Flush, which Casino Regina unveiled on March 22, 2018. Chase the Flush will be added to Casino Moose Jaw's gaming floor in late 2018.

Modernizing the gaming experience at our properties is only one piece of the guest experience. The Casino Regina Show Lounge, known for its Vegas-style entertainment and live music, continued to offer exciting entertainment options in 2017-18 that garnered the attention of a younger demographic. The Show Lounge hosted 76,973 guests at 180 events, including Nelly, Letterkenny Live, Glass Tiger, The Oak Ridge Boys, Howie Mandel, Reveen and Theory of a Deadman, just to name a few.

This year, visitors of Casinos Regina and Moose Jaw enjoyed a unique guest experience through a variety of in-house promotions including Treasure Hunt, Frosty Fortune and a chance to win a new Cadillac with the Caddy Cash-In promotion.

Casinos Regina and Moose Jaw kicked off 2018 with the Quest for the Queen promotion giving guests a chance to win a progressive jackpot starting at \$50,000 and growing by \$10,000 each week until the queen of diamonds is found. At the end of March 2018, the jackpot remained unclaimed at \$150,000.

In June 2017, Casino Regina introduced a monthly Thursday night poker tournament, in addition to its weekly Tuesday night poker tournament. Casino Regina also transformed the Show Lounge into one of Canada's premiere poker venues to play host to the Diamond Poker Classic, the Harvest Poker Classic and the Station Poker Classic. These three events welcomed over 2,600 participants from across North America and generated combined prize pools of over \$1.7 million.

Casino Regina introduced free parking for all gaming guests at the beginning of December 2017. The change added an element of convenience for our valued patrons. Guest parking rates remained the same at Casino Moose Jaw.

On September 6, 2017, Casino Moose Jaw celebrated 15 years as a major entertainment destination in our province. As part of the festivities, staff treated guests to complimentary snacks and beverages during their visit. The casino hosted a slot tournament with the finals tied into the anniversary, conducted a hot seat anniversary promotion with \$3,500 awarded to unsuspecting guests and distributed 15th anniversary commemorative pins to everyone in attendance.

One of Moose Jaw's largest employers, Casino Moose Jaw welcomes nearly 2,200 guests each day. On March 15, 2018, Casino Moose Jaw celebrated its 10 millionth guest to the property with a cash giveaway to one lucky guest.

In 2017-18, Casinos Regina and Moose Jaw welcomed over 3.5 million visitors, gave away more than \$1 million worth of prizes in over 70 promotions, and awarded \$3.5 million in coupons and free play prizes throughout the year.

Thanks to the outstanding customer experience delivered to guests, the corporation exceeded its Mystery Shopper target with a score of 91.7 per cent.

SaskGaming's Guest Satisfaction scores remained strong at 78.1 per cent, with Younger Demographic Guest Satisfaction hitting 85.7 per cent.

Employee Experience

SaskGaming is proud to offer employees an inclusive work environment and the opportunity to establish and grow their careers with the corporation.

The corporation has a keen focus on diversity with the highest Indigenous representation across the Government of Saskatchewan at 42.1 per cent. In 2017-18, SaskGaming's workforce included 17.5 per cent visible minorities and 4.4 per cent persons with disabilities.

For the second year in a row, MediaCorp Canada Inc. recognized SaskGaming as one of Saskatchewan's Top Employers. Ranked alongside other industry leaders in offering employees an exceptional place to work, SaskGaming's positive work environment, employee benefits, diversity and community involvement made the corporation stand out.

Staff at Casinos Regina and Moose Jaw have been actively engaged in enhancing the work environment through new employee-led committees that target the social and experiential aspects of the employee experience at SaskGaming. As well, the corporation introduced new management training for middle and senior management. The training provided managers with additional tools in leading and supervising staff, and has fostered a coordinated approach to employee leadership.

SaskGaming successfully launched a new online e-Personality service for employees to access pay and benefit information at their convenience. This new service eliminates the need to print payroll information, thus resulting in a reduced carbon footprint.

The corporation also made a number of upgrades to the Kronos workforce management software and introduced a mobile app to assist staff with viewing schedules, bidding for shifts, submitting time off requests and keeping track of accruals.

In 2017-18, the Aboriginal Employees Network (AEN) rebranded to the Indigenous Employees Network (IEN). The IEN hosted a variety of events to support its mission, including an annual wall calendar sale with a generous donation to the North Central Family Centre, a colonization blanket exercise, among many other events.

In 2017-18, the Core Training target was surpassed by over nine per cent for a total of 89.5 per cent. The corporation saw a vast improvement in Employee Absenteeism with the rate decreasing to 5.5 per cent – a year-over-year improvement of 34 per cent.

Responsible Corporation

SaskGaming remains committed to social responsibility by supporting guests in making informed gaming decisions, providing a safe environment for staff and guests, and through its dedication to a number of charitable initiatives across the province.

The 2017-18 Charity Championship – SaskGaming's flagship fundraising event – took place August 11, 2017 at Casino Regina. The event welcomed 31 teams and resulted in \$70,081 in donations to 24 charities and non-profit organizations in Saskatchewan.

Donation boxes on the gaming floors at Casinos Regina and Moose Jaw were introduced for guests to donate their cash-out vouchers to charity, with SaskGaming matching all funds donated. In 2017-18, the donation box funds were endowed to the Canadian Red Cross (\$2,049), the Heart & Stroke Foundation of Canada (\$3,245), Chili for Children (\$2,083), Hunger in Moose Jaw (\$520), as well as the Alzheimer Society of Saskatchewan (\$2,600).

SaskGaming made significant progress in the replacement of surveillance cameras, moving from analog to digital. This advanced technology improves SaskGaming's ability to ensure the safety of staff and guests and meet regulatory obligations. Also in 2017-18, SaskGaming had the opportunity to host the Annual General Meeting of the Gaming Security Professionals of Canada (GSPC). The GSPC is a not-for-profit organization representing major gaming organizations across Canada. Its goal is to facilitate the safety, security and integrity of the Canadian gaming industry, as well as provide a forum for members to communicate, educate and share best practices.

Casinos Regina and Moose Jaw are proud to have completed the Responsible Gambling Council of Canada's Responsible Gambling (RG) Check annual update in 2017-18. The RG Check program is part of the corporation's ongoing commitment to responsible gambling programming that ensures players are making healthy and informed decisions about their play.

Financial Sustainability

SaskGaming is dedicated to the people of Saskatchewan and the long-term sustainability of the corporation.

The company supported all efforts made by government to bring the province's finances back to balance. The corporation achieved expense savings in 2017-18 through restricted discretionary spending, limited out-of-province travel, rigorous overtime and vacancy approvals processes, among many other efforts.

SaskGaming is in the second year of a five-year plan to revitalize Casinos Regina and Moose Jaw. The corporation continues to reinvest in both properties with upgrades to the gaming network infrastructure, replacement of sidewalks and canopies at Casino Regina, installation of two new LED roof-top signs at Casino Regina, as well as the replacement of carpet in high traffic areas at Casino Moose Jaw.

SaskGaming is proud to have earned the 47th spot in SaskBusiness Magazine's Top 100 Companies list, which ranks Saskatchewan-based companies on their total 2017 revenue against other companies in the province.

The corporation remained committed to supporting programs and services that benefit people across the province, including our First Nations and Métis communities. The corporation endowed \$11.6 million to both the First Nations Trust and the Community Initiatives Fund to support Saskatchewan Indigenous communities in areas such as entrepreneurship and social justice.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) highlights the primary factors that impact SaskGaming's financial and operating results for the year ending March 31, 2018. For the purposes of this MD&A, results for the year ending March 31, 2018 are compared to the year ending March 31, 2017.

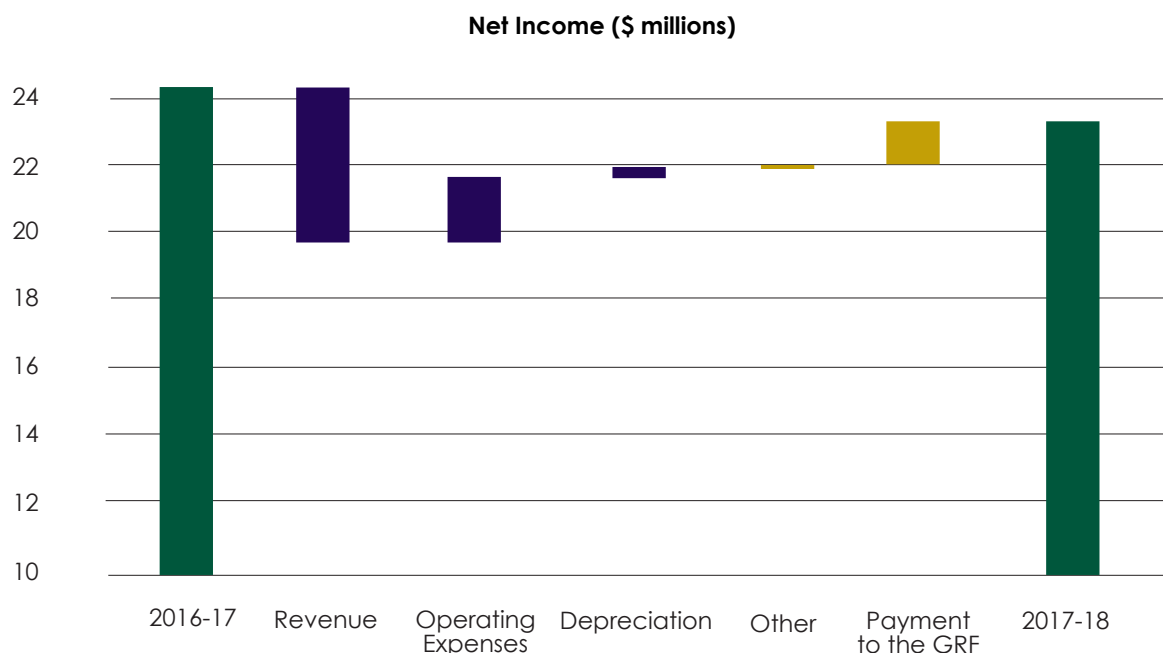
The MD&A should be read in conjunction with the audited financial statements and accompanying notes, which have been prepared in accordance with International Financial Reporting Standards (IFRS). Using the financial and performance results as its basis, the MD&A enables readers to view SaskGaming's past performance from the perspective of management. 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.

The Canadian gaming industry has been in a mature market position for the past 10 years. Mature markets exhibit lower annual revenue growth, and operating costs that continue to rise by the cost of inflation. The Saskatchewan gaming marketplace has strong spend per adult, and remains the highest jurisdiction spend in Canada and one of the highest in North America. As a result of this trend, revenue growth becomes even more of a challenge. SaskGaming is meeting these challenges by focusing on customer service, employee excellence, innovation, expense management and productivity.

Financial Results

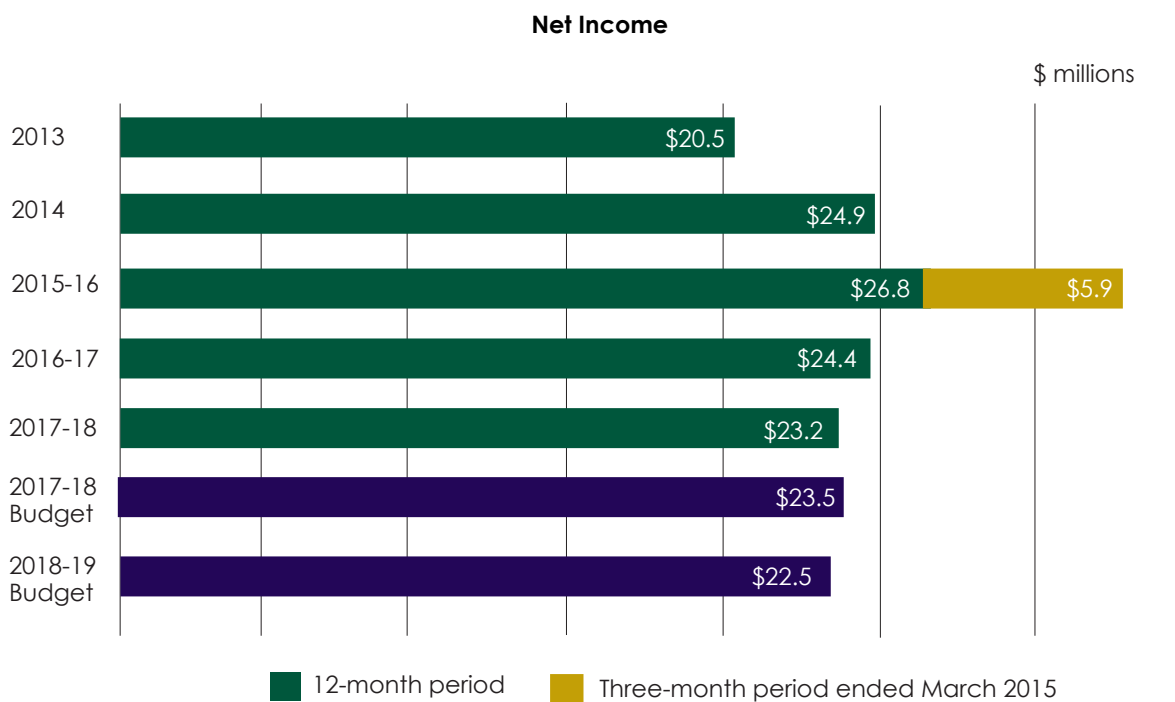
Net Income



The above chart reflects the year ended March 31, 2018, as compared to the year ended March 31, 2017.

Net income for the year ended March 31, 2018 was \$23.2 million, a decrease of \$1.1 million (4.7 per cent) from the year ended March 31, 2017.

- Revenue declined by \$4.7 million (3.8 per cent) as a result of decreased gaming revenue.
- Operating expenses decreased by \$2.0 million (3.2 per cent) primarily due to decreased salaries and employee benefits. It is worth noting that overtime was reduced by 38 per cent from the previous year.
- Depreciation decreased by \$0.4 million (5.9 per cent) largely due to fewer losses on disposal of property, plant and equipment — specifically related to the replacement of slot machines and the retirement of under-performing product.
- Payment to the GRF decreased by \$1.1 million (4.7 per cent) as a direct result in the overall decrease in Income Before Payment to the GRF for 2017-18.

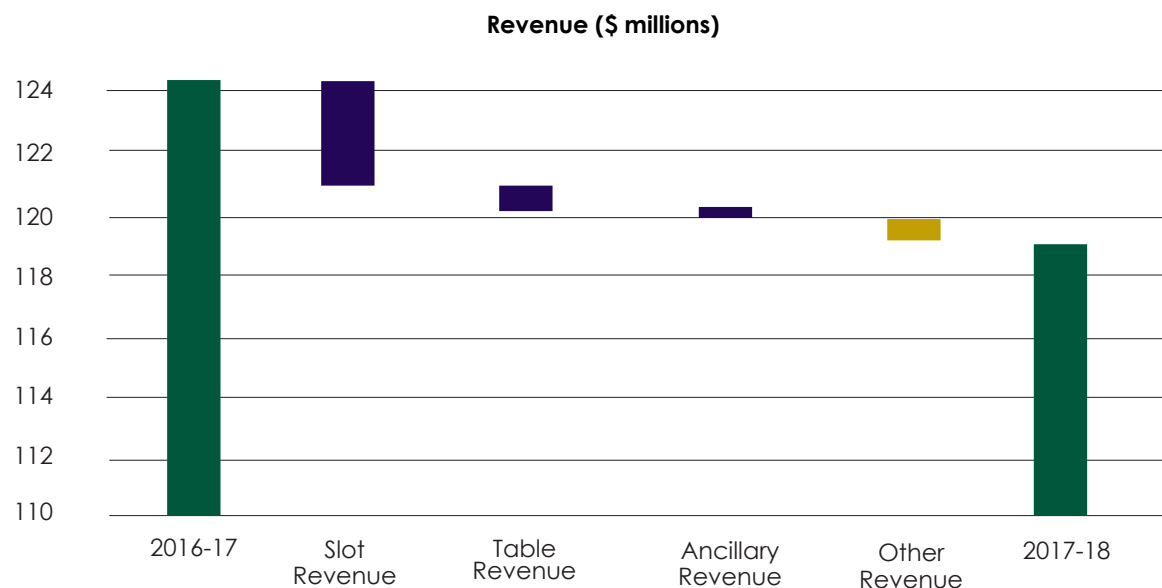


Net income has declined over the past few years due to a number of industry factors outside the control of SaskGaming. Across Canada, the maturation of the gaming market has resulted in flat or declining revenues. This market maturation combined with a slowdown in the Saskatchewan economy due to lower commodity prices has resulted in decreased annual revenues. Entertainment venues and restaurants have been hit particularly hard, as austerity budgets have lowered discretionary spending in the marketplaces in which SaskGaming operates.

Guest counts at both Casinos Regina and Moose Jaw have remained strong. It is expected that improvement in the Saskatchewan economy will increase revenue over time. SaskGaming continues to introduce new gaming products and services to ensure our guests are provided an outstanding experience when visiting our casinos.

SaskGaming continues to modernize the gaming floors at Casinos Regina and Moose Jaw to offer guests a more interactive gaming experience. In 2018, the corporation introduced a high speed gaming floor and increased its capital investment to continue this modernization trend.

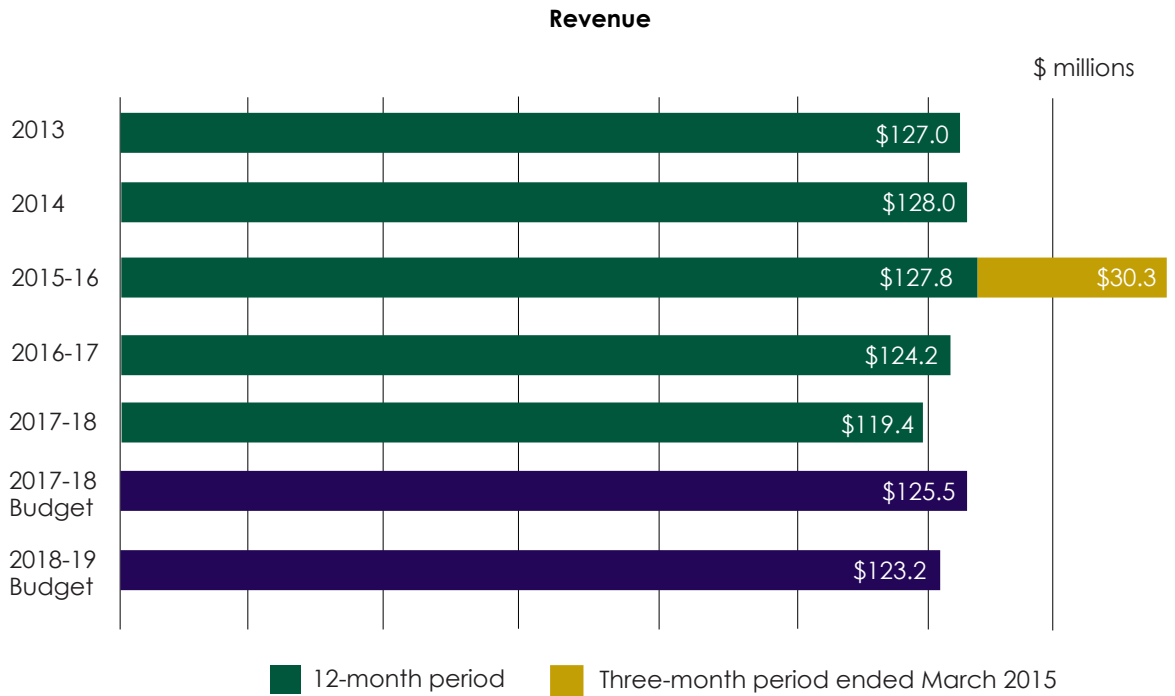
Revenue



The above chart reflects revenues by line of business for the year ended March 31, 2018, as compared to the year ended March 31, 2017.

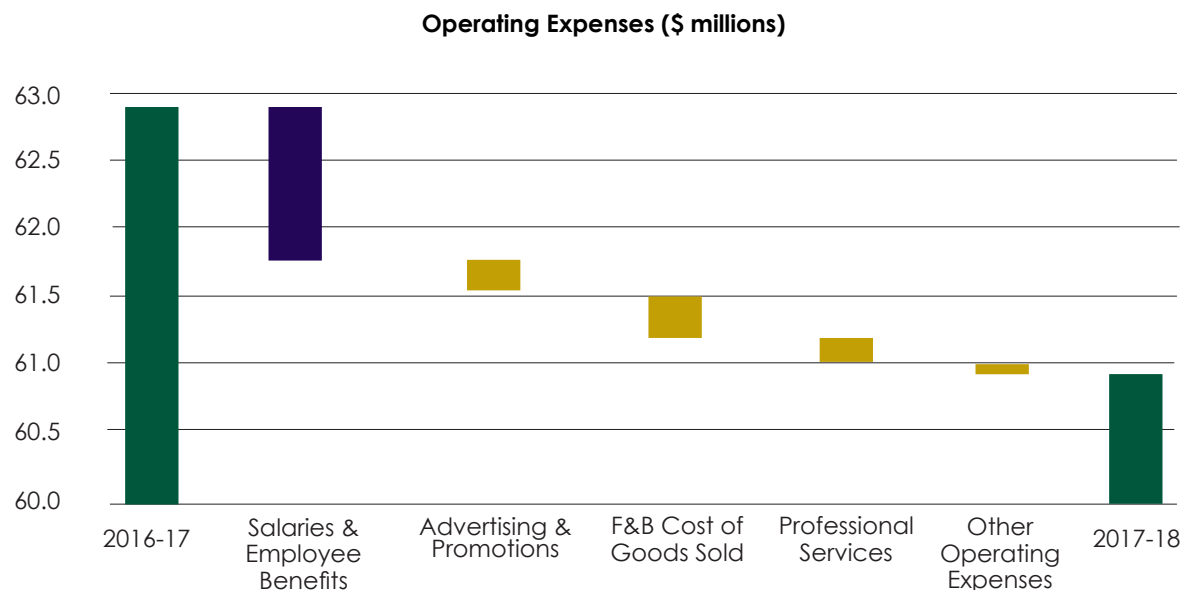
Revenues for the year ended March 31, 2018 were \$119.4 million, which was \$4.7 million (3.8 per cent) lower than the year ended March 31, 2017.

- Slot revenue decreased by \$3.2 million (3.3 per cent), which is the main cause of the decrease in overall revenue. This was primarily due to lower average spend per guest at both Casinos Regina and Moose Jaw, which is consistent with the mature gaming industry in Canada.
- Table games revenue decreased by \$0.8 million (5.5 per cent), largely due to lower demand, as well as gaming volatility.
- Ancillary revenue decreased by \$0.1 million (1.4 per cent). In 2017-18, SaskGaming implemented a new ticketing system for Show Lounge events, which resulted in fewer shows during the implementation period, lower ticket sale revenue, and lower food and beverage revenue.
- Other revenue, consisting of several miscellaneous revenue sources, showed a year-over-year decrease of \$0.6 million (50.6 per cent).



Revenues remained consistent between 2013 and 2016. Decreased revenues from 2016-17 and 2017-18 reflect declining results in gaming across Canada, as well as a slower Saskatchewan economy. SaskGaming has implemented a number of strategies to increase revenue, including technology modernization, product development, and the introduction of new amenities and attractions at Casinos Regina and Moose Jaw.

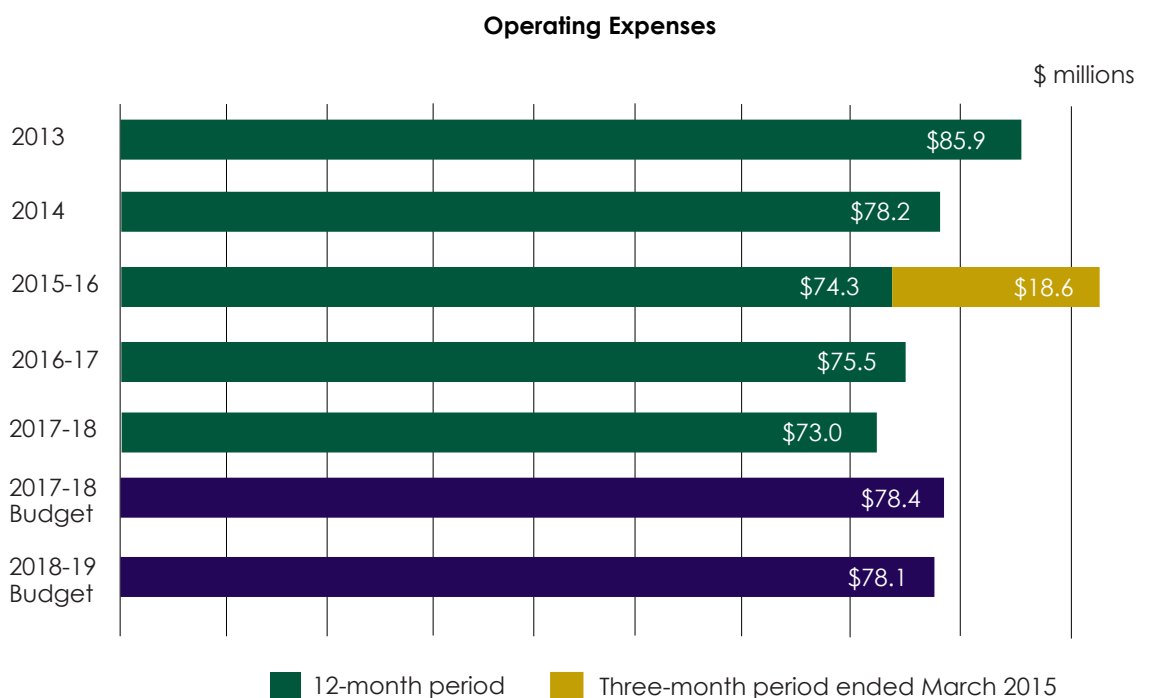
Operating Expenses



The above chart reflects the year ended March 31, 2018, as compared to the year ended March 31, 2017.

Operating expenses for the year ended March 31, 2018 were \$60.9 million, which was an overall decrease of \$2.0 million (3.2 per cent) from the year ended March 31, 2017.

- Salaries and employee benefits decreased by \$1.2 million (3.2 per cent) primarily due to management of overtime, effective scheduling to match staffing levels with guest counts, a reduction of severance paid compared to 2016-17, as well as lower overall full-time equivalents in 2017-18.
- Advertising and promotion costs decreased by \$0.2 million (4.8 per cent). This is a result of decreased newspaper and outdoor advertising, offset by increased online advertising.
- Food and beverage cost of goods sold decreased by \$0.3 million (7.8 per cent), consistent with the overall decrease in food and beverage revenue.
- Professional services decreased by \$0.1 million (8.2 per cent), which was primarily due to lower required consulting and legal services in 2017-18.
- Other operating expense categories showed a collective decrease of \$0.2 million (1.4 per cent).



SaskGaming has managed expenses over the five year period in an effective and prudent manner to reflect the corporation's continued commitment to providing excellent customer service in the most efficient manner possible. Decreases in expenses stem from ensuring overtime use is effective and efficient, and that staffing levels compliment customer demand.

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 of \$5.8 million (March 31, 2017 – \$6.1 million). For the period ending March 31, 2018, SaskGaming invested a total of \$5.5 million (March 31, 2017 – \$4.0 million) in capital infrastructure. SaskGaming does not anticipate any new borrowing for 2018-19.

SaskGaming is required to distribute 50 per cent (March 31, 2017 – 50 per cent) of income to the GRF each year. For the period ending March 31, 2018, SaskGaming is required to distribute \$23.2 million (March 31, 2017 – \$24.4 million) to the GRF.

SaskGaming is also required to distribute 80 per cent of its 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, 2018, SaskGaming paid dividends of \$28.2 million (March 31, 2017 – \$19.5 million) to CIC. Payments of dividends in 2018 included a special dividend of \$10.0 million, declared in 2017 and paid in June 2018, to meet CIC's cash flow requirements.

Strategic Scorecard Measures & Performance Management

Corporate Strategy

SaskGaming's vision is to be the number one entertainment choice in our markets. To achieve this vision, SaskGaming has four strategic priorities – Guest Experience Excellence, Employee Experience Excellence, Responsible Corporation and Financial Sustainability. These priorities align with the following Saskatchewan Crown sector strategic priorities:

- Customer Focus
- Financial Sustainability
- Infrastructure Investment
- Private Sector Engagement
- Skilled Labour Force

Each year, as part of the business planning process, SaskGaming measures the progress towards achieving the corporation's strategic priorities through the balanced scorecard. The scorecard, including metrics and targets, is approved by SaskGaming's Board of Directors and Crown Investments Corporation's (CIC) 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, 2018.

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

BSC MEASURES	2016-17 Actual	2017-18 Target	2017-18 Actual		2018-19 Target
Guest Count (000s)	3,502	3,600	3,513	Progressing	3,600
Mystery Shopper	96.6%	91.0%	91.7%	Achieved	92.0%
Guest Satisfaction	80.0%	82.0%	78.1%	Progressing	80.0%
Younger Demographic Guest Satisfaction	N/A	86.0%	85.7%	Progressing	87.0%

Strategy

To achieve guest experience excellence, SaskGaming focused on its GameOn customer service strategy. This strategy ensures employees are providing guests with an engaging experience at Casinos Regina and Moose Jaw. The corporation also upgraded the network infrastructure on its gaming floors. By investing in innovative products and services, SaskGaming ensures an 'Always Entertaining' guest experience.

To guarantee future sustainability, SaskGaming researched new products, services, amenities and entertainment offerings that appeal to Casinos Regina and Moose Jaw's current core market, as well as the emerging generation of guests.

Result

In 2017-18, Casinos Regina and Moose Jaw welcomed over 3.5 million guests.

SaskGaming revised the Mystery Shopper methodology and put a greater focus on the customer engagement aspects of the GameOn customer service strategy. For 2017-18, SaskGaming's Mystery Shopper score was 91.7 per cent – slightly above the target.

The Guest Satisfaction result was 78.1 per cent, which was four percentage points below this year's target. Overall, guests expressed satisfaction with the services and staff at both properties. However, some guests attributed their dissatisfaction to being unlucky in their gaming experience. Younger guests visiting Casinos Regina and Moose Jaw expressed satisfaction with the services and amenities provided to them with a score of 85.7 per cent.

2018-19 Focus

In 2018-19, the corporation will focus on enhancing our guest experience and widening the customer base through a modernized gaming floor and innovative product offerings that appeal to SaskGaming's emerging generation of guests.

Casinos Regina and Moose Jaw will continue to embrace the GameOn customer service strategy and identify opportunities to increase effectiveness of all customer interactions.

SaskGaming will introduce a new Guest Experience Strategy that will help strengthen the standards and approach to GameOn. These changes will put a renewed focus on the "engage and entertain" portion of the GameOn customer service strategy.

Employee Experience

BSC MEASURES	2016-17 Actual	2017-18 Target	2017-18 Actual		2018-19 Target
Employee Satisfaction	59.0%	N/A	N/A	No Report	60.0%*
Core Training	77.5%	80.0%	89.5%	Exceeded	85.0%
Employee Turnover Rate (Employee's First Two Years)	N/A	47.0%	55.6%	Not Met	N/A**
Employee Absenteeism	8.3%	6.5%	5.5%	Exceeded	5.0%
Indigenous Representation	41.7%	42.0%	42.1%	Achieved	43.0%

*conducted biennially **will not be included in the 2018-19 balanced scorecard.

Strategy

In 2017-18, SaskGaming addressed the following four key areas of employee excellence:

- Employee Satisfaction
- Core Training
- Employee Absenteeism
- Indigenous Representation

SaskGaming's Employee Engagement Committee reviewed outcomes from the 2016-17 employee satisfaction survey and offered recommendations to ensure employees were proud of and engaged in their workplace.

The corporation continues to make significant efforts to invest in employees. In 2017-18, SaskGaming delivered an updated core learning curriculum which integrates online and classroom learning to ensure each employee has the knowledge and skills to be successful in their job.

In an effort to reduce employee absenteeism, SaskGaming continued to build on its positive corporate culture with initiatives that support employee wellness including the Managed Abilities Program and the Attendance Support Program. Together, these programs helped to reduce absenteeism by managing frequent absences and helping to understand patterns in employee absences.

SaskGaming is committed to offering employees an inclusive work environment with a strong focus on diversity. In 2017-18, the corporation continued to recruit and retain Indigenous employees to maintain the highest Indigenous representation across the Government of Saskatchewan.

Result

SaskGaming continues to invest in employees and provide an opportunity to establish and grow their careers with the corporation.

In 2017-18, SaskGaming introduced situational leadership training to senior and middle managers, with the majority of management completing the program in the fiscal year. SaskGaming exceeded on its Core Training Target of 80.0 per cent, with a result of 89.5 per cent for the year.

For employees with less than two years of service with SaskGaming, the turnover rate was 55.6 per cent – falling short of the 2017-18 target of 47.0 per cent. This was due to employees leaving for other employment opportunities, dismissal or failed probation.

SaskGaming's Employee Absenteeism was 5.5 per cent – a year-over-year improvement of 34 per cent. This exceeded the 2017-18 goal and was welcomed progress over the 2016-17 result of 8.3 per cent. The Office of the Provincial Auditor of Saskatchewan examined SaskGaming's absenteeism rates and applauded the corporation for strides taken to mitigate and reduce employee absenteeism. The corporation has since implemented all recommendations made by the Provincial Auditor.

At 42.1 per cent, SaskGaming achieved its 2017-18 target for Indigenous Representation. This is an improvement over last year's result of 41.7 per cent. Recruiting and retaining Indigenous employees remains a challenge for the corporation, but through the Indigenous Recruitment and Retention Strategy, the Indigenous Employees' Network and a new Indigenous Recruitment and Retention Consultant, SaskGaming strives to meet its obligations outlined in the Gaming Framework Agreement.

2018-19 Focus

SaskGaming's strategic direction will focus on investing in employees by offering a variety of training opportunities, delivering training programs in-house so they can be scheduled at times that work best for staff, building on the GameOn customer service strategy, and developing employee skills to support the corporation's succession plan.

SaskGaming will continue to build its employee culture by implementing a new recruitment and selection system and refining its hiring practices that better support the GameOn customer service strategy, introducing employee-centric technologies, building capacity through employee committees, and updating the Indigenous Recruitment and Retention Strategy.

Responsible Corporation

BSC MEASURES	2016-17 Actual	2017-18 Target	2017-18 Actual		2018-19 Target
Guest Awareness of Responsible Gambling	79.7%	80.0%	78.7%	Progressing	80.0%
Public Opinion of Community Support	51.5%	50.0%	53.9%	Exceeded	55.0%
Indigenous Sponsorship (% of Total Sponsorship)	34.8%	25.0%	28.0%	Exceeded	25.0%

Strategy

SaskGaming remains committed to operating in a socially responsible manner. This includes fostering strong responsible gambling programming and supporting numerous charitable initiatives across the province.

Part of SaskGaming's commitment to the communities in which it operates is to invest 1.0 per cent of its Income Before Payment to the GRF to community sponsorships, in-kind support and donations. Of that, 25.0 per cent of those investments are allocated to Indigenous projects and initiatives. The corporation is also committed to supporting its employees through the Dollars for Do-Gooders, Helping Our People and Employee Match programs.

Since 2013, SaskGaming has used the GameSense responsible gambling program – the gold standard in responsible gambling programming. It also maintains a proven risk and compliance regime and conducts comprehensive anti-money laundering risk assessments.

Result

SaskGaming's Charity Championship took place August 11, 2017 at Casino Regina. The event welcomed 31 teams and resulted in \$70,081 in donations to 24 charities and non-profit organizations across the province.

Donation boxes on the gaming floors at Casinos Regina and Moose Jaw were introduced for guests to donate unwanted cash-out vouchers to charity, with SaskGaming matching all funds donated. In 2017-18, the funds were endowed to the Canadian Red Cross (\$2,049), the Heart & Stroke Foundation of Canada (\$3,245), Chili for Children (\$2,083) Hunger in Moose Jaw (\$520), as well as the Alzheimer Society of Saskatchewan (\$2,600).

The GameSense responsible gambling program ensures players are making healthy and informed decisions about their play. In 2017-18, Guest Awareness of Responsible Gambling remained on track with a score of 78.7 per cent, slightly below the 80.0 per cent target.

Public Opinion of Community Support exceeded its 50.0 per cent target with a score of 53.9 per cent. This was thanks in part to the strength of SaskGaming's Community Relations program. Indigenous Sponsorship exceeded its target of 25.0 per cent with a score of 28.0 per cent.

2018-19 Focus

SaskGaming will continue to support a number of charitable initiatives across the province by establishing partnerships with major events, encouraging employee volunteerism and supporting local charities, as well as collaborating with major community events to leverage charitable funds.

A continued robust risk and compliance regime will be fostered by implementing a multi-year action plan for responsible gambling. Risk and Compliance will also be researching options for anti-money laundering software and continuing its camera conversion/replacement at both casino properties.

SaskGaming will focus on reducing barriers to employee engagement, generating revenue and attracting a younger demographic to Casinos Regina and Moose Jaw, while maintaining its staunch commitment to good corporate citizenship.

Financial Sustainability

BSC MEASURES	2016-17 Actual	2017-18 Target	2017-18 Actual		2018-19 Target
Net Average Guest Spend (\$/Guest)	35.5	34.9	34.0	Progressing	34.2
Income Before Payment to the GRF (000s of \$)	48,750	47,066	46,482	Progressing	45,076
EBITDA Margin	49.4%	48.2%	49.0%	Achieved	47.4%
Debt/Equity Ratio	N/A	11.9%	11.9%	Achieved	10.2%
Payroll Percentage	31.4%	30.6%	31.6%	Progressing	30.8%

Strategy

SaskGaming is dedicated to generating profit for the people of Saskatchewan and the long-term sustainability of the corporation.

Casinos Regina and Moose Jaw continue to operate in a mature gaming market. However, the corporation has a long-term capital plan that is centered on opportunities to grow its net income through investments in its properties, people, products and technology.

SaskGaming works closely with other Crown corporations to identify collaboration and shared services opportunities. The corporation has conducted a review of its information technology services to optimize operations, as well as to pursue new sources of revenue in support of the government's transformational change agenda.

Result

Casinos Regina and Moose Jaw continue to be major entertainment and tourist destinations in the province. Together, the casinos welcomed over 3.5 million guests. However, due to a slowdown in the local economy, guests' discretionary spending has slightly decreased. As such, the corporation saw a decline in Guest Spend Per Visit to \$34.0 per guest. This was below the target of \$34.9 per guest, and below last year's actual of \$35.5 per guest.

A mature market position coupled with less entertainment spending has resulted in a decline in revenue. Due to expense reductions of \$5.4 million, SaskGaming's Income Before Payment to the GRF for 2017-18 is \$46.4 million – \$0.6 million below its target.

SaskGaming achieved its target for EBITDA Margin and Debt/Equity Ratio, and was slightly off the target for Payroll Percentage.

2018-19 Focus

SaskGaming's long-term capital plan (2017-22) includes refreshing and reinvesting in its properties, implementing the recommendations of the province's Gaming Governance Review and information technology review, participating in Crown collaboration initiatives and finding ongoing operational efficiencies.

Risk Management and Disclosure

SaskGaming's Enterprise, Risk and Opportunities Management (EROM) program was established in 2011. It includes a policy, framework, and a corporate risk and opportunities register. Updated risk and opportunities assessment results played a role in developing initiatives to support the corporation's goals and objectives in the 2017-22 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 CIC. SaskGaming completed the following activities as part of the annual review of its EROM program:

- 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;
- Developed a prioritized corporate risk and opportunities register and identified the top corporate-wide risks; and
- Conducted a mid-year assessment of risks and mitigations.

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. The reports are also provided to CIC.

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.	Increased marketing resources allocated to attraction of non-Players Club guests.
	Continued evolution of the Players Club program to attract guests into the program, move upward through the tiers, and retain as loyal guests through marketing efforts.
	Development of a comprehensive plan to educate stakeholders on the need to modernize SaskGaming's business model to continue to be successful in the long-term.
	Investments into products, properties and technologies is being increased, and studies conducted to examine reconfiguration of selected gaming floor space for expanded/modified amenities offerings, and to lay the foundation for attraction of a younger demographic.

Operational Risk

Product Development & 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.	Continued evaluation and introduction of new products and services.
	Guest Advisory Committee of VIPs.
	Monthly review of gaming results to determine if it's required to replace existing products and services.
	Slot optimization work continues in an effort to positively influence slot revenue.
	Discuss industry trends, issues and strategies with other Canadian jurisdictions.
	Free game trials are used to test the performance of a new slot supplier or a new model of slot machine prior to purchase.
	Master Purchase Agreement and/or Master Lease Agreement requires all slot vendors to comply with SaskGaming's standards.
	Share data with slot vendors to address performance deficiencies, trends and opportunities.
	Diversify product and entertainment to target younger demographics.

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.	Corporate Learning System in place.
	Comprehensive Learning Framework in place.
	Biennial delivery of the Employee Satisfaction Survey.
	Employee Satisfaction Committees and Employees' Social Committees established at both properties.
	Established "ASK!" program and structured staff meetings where "top five" issues are raised and addressed in a timely manner.
	Succession Planning and Management Framework in place.
	Indigenous Recruitment and Retention strategy and Indigenous Employee Network established.
	Attendance Support and Managed Abilities Programs in place.
	Established communications plan and various channels to communicate information to employees.
	Kronos time management and attendance system in place and introduced Kronos mobile.
	Delivered Situational Leadership and Coaching Essentials.
	Completed an update of human resource-related policies and procedures.
	Developed the requirements for a new staffing solution to assist with the recruitment and selection of employees that evaluates attitude and other soft skills deemed necessary for the business.
	Launched ePersonality employee self-service.

Business Interruption	
Risk	Mitigation Activities
SaskGaming is unable to provide services due to a business interruption (situations including: accidents, work stoppages, loss of a key supplier, sabotage, weather, daily backup of data at SaskTel hosting centre) resulting in loss of revenue, dissatisfied guests, etc.	Business continuity plan in place.
	Tabletop exercises are conducted annually, confirming the effectiveness of the plans.
	Annual fire drills are conducted at both casinos.
	Emergency measure procedures in place.
	Data centre and all critical gaming applications have been relocated off-site.
	Carry business interruption insurance.
	Surveillance system has failover capabilities in the event of a disaster.
	IT disaster recovery plan in place and tested annually.

Stakeholder Engagement

Casinos Regina and Moose Jaw connect with the Saskatchewan public, our guests and our employees through a variety of communications channels.

Public and Guest Communications

Connecting with our audiences is of critical importance. We interact openly with the public and our guests through digital and online tools, as well as traditional print media.

We encourage our guests to sign up for the Players Club program. Members receive a monthly newsletter by mail or email that provides information about upcoming promotions, Show Lounge events, and food and beverage features. Players Club members can access their profile on Casinos Regina and Moose Jaw's websites, as well as the Players Club kiosks on the gaming floors.

To garner the attention of a younger demographic, SaskGaming uses various social media platforms to interact with the public including Twitter, Facebook and Instagram. The corporation responds to all public inquiries received by email within two business days.

Corporate information is available on Casinos Regina and Moose Jaw's websites including quarterly financial statements, annual reports and media releases.

SaskGaming continues to conduct targeted advertising through television, radio, billboards, mail and online platforms.

Guest Engagement and Feedback

SaskGaming values guest feedback. Building relationships with our guests is an integral part of growing our business. Guest Advisory Committees meet on a quarterly basis to look at ways to improve the overall guest experience at our properties.

We encourage guests to submit feedback and engage with SaskGaming through comment cards, email, in-person discussions and surveys.

Employee Communications

At SaskGaming, effective employee communication is imperative to the success of the corporation. Casinos Regina and Moose Jaw operate in a shift work environment with employees working varied hours with limited access to email or a smartphone.

With this in mind, SaskGaming uses a range of communications tools to connect with employees at all levels of the corporation including a weekly employee newsletter, an employee intranet and a weekly email to managers and supervisors.

Other internal communications methods utilized by SaskGaming include corporate memos from senior leadership, a question and answer feature for employees to anonymously submit requests to management, as well as back-of-house announcements. All of these tactics arm our employees with the information they need to stay up-to-date and deliver an exceptional customer experience.

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, 2018 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 of March 31, 2018. 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 17, 2018

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, 2018.
- 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, 2018 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 17, 2018

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, 2018, 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, 2018, 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 17, 2018
Regina, Canada

Saskatchewan Gaming Corporation


Consolidated Statement of Financial Position

As at (Thousands of Dollars)	Note	March 31, 2018	March 31, 2017
ASSETS			
Current			
Cash		\$ 17,204	\$ 21,705
Accounts receivable		219	131
Inventory		243	281
Prepaid expenses		446	440
		18,112	22,557
Property, plant and equipment	4	56,729	56,948
		<u>\$ 74,841</u>	<u>\$ 79,505</u>
LIABILITIES AND EQUITY			
Current			
Trade and other payables		\$ 10,522	\$ 8,951
Payable to the General Revenue Fund (GRF)	5	4,887	5,786
Dividend payable		5,165	14,803
Current portion of finance lease obligation	6	384	346
		20,958	29,886
Finance lease obligation	6	5,401	5,785
		26,359	35,671
Retained earnings		48,482	43,834
		<u>\$ 74,841</u>	<u>\$ 79,505</u>
Commitments and contingencies	7		
<i>(See accompanying notes)</i>			

On behalf of the Board:



Director



Director

Saskatchewan Gaming Corporation

Consolidated Statement of Comprehensive Income

For the year ended March 31

(Thousands of Dollars)

	Note	2018	2017
Revenue	8	\$ 119,464	\$ 124,213
Operating expenses	9,16	60,872	62,862
Depreciation		5,622	5,976
Contractual obligations	7	3,015	3,015
Taxes	10	2,864	2,934
Finance expense	11	609	676
		72,982	75,463
Income before payment to the GRF		46,482	48,750
Payment to the GRF	5	23,241	24,375
Net income		23,241	24,375
Other comprehensive income		-	-
Comprehensive income		\$ 23,241	\$ 24,375

(See accompanying notes)

Consolidated Statement of Changes in Equity

For the year ended March 31

(Thousands of Dollars)	2018	2017
Retained earnings, beginning of year	\$ 43,834	\$ 48,959
Comprehensive income	23,241	24,375
Dividends	(18,593)	(29,500)
Retained earnings, end of year	\$ 48,482	\$ 43,834

(See accompanying notes)

Saskatchewan Gaming Corporation

Consolidated Statement of Cash Flows

For the year ended March 31

(Thousands of Dollars)	2018	2017
Operating activities		
Net Income	\$ 23,241	\$ 24,375
Adjustments for:		
Finance expense	609	676
Depreciation	5,587	5,575
Loss on sale of property, plant and equipment	35	401
Changes in non-cash working capital balances:		
Accounts receivable	(88)	74
Inventory	38	2
Prepaid expenses	(6)	(5)
Trade and other payables	1,571	(1,601)
Payable to the GRF	(899)	(40)
	30,088	29,457
Investing activities		
Proceeds from sale of property, plant and equipment	66	110
Purchases of property, plant and equipment	(5,469)	(3,972)
	(5,403)	(3,862)
Financing activities		
Dividends paid	(28,231)	(19,357)
Interest paid	(609)	(676)
Repayment of finance lease obligation	(346)	(312)
Repayment of long-term debt	-	(1,266)
	(29,186)	(21,611)
Change in cash	(4,501)	3,984
Cash, beginning of year	21,705	17,721
Cash, end of year	\$ 17,204	\$ 21,705

(See accompanying notes)

Saskatchewan Gaming Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

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 17, 2018.

b) 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 15).

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.

SaskGaming has early adopted IFRS 9, *Financial Instruments* effective April 1, 2017. The requirements of IFRS 9 represent a significant change from IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities as well as introduces a new impairment model for financial assets. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, resulting in recognizing impairments earlier than IAS 39. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant impact on SaskGaming's accounting policies related to financial assets or financial liabilities. Accounts receivable that were classified as loans and receivables under IAS 39 are now classified as amortized cost as they are being held to collect contractual cash flows and the payments are solely principal and interest.

The standard has been applied retrospectively, and had no impact on retained earnings at April 1, 2017.

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 postemployment 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; amortized cost; 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 amortized cost. Financial assets classified as amortized cost are subsequently measured at amortized cost using the effective interest method, less any impairment.

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, 2018 (March 31, 2017 - no embedded derivatives).

j) Impairment

i) Financial assets

SaskGaming recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. SaskGaming measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased, SaskGaming performs a quantitative and qualitative analysis based on SaskGaming's historical experience and forward-looking information. SaskGaming assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due. SaskGaming considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to SaskGaming in full, without recourse by SaskGaming to actions such as realizing security.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

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, 2018. SaskGaming is assessing the impact of these pronouncements on its results and financial position. These include:

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.

4. Property, Plant and Equipment

(Thousands of Dollars)	Land	Buildings and renovations	Furniture and equipment	Finance lease	Total
Cost					
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
Balance at April 1, 2017	\$ 15,154	\$ 43,845	\$ 37,258	\$ 8,743	\$ 105,000
Additions	-	775	4,646	48	5,469
Disposals	-	-	(3,214)	-	(3,214)
Balance at March 31, 2018	\$ 15,154	\$ 44,620	\$ 38,690	\$ 8,791	\$ 107,255
Accumulated Depreciation					
Balance at April 1, 2016	\$ -	\$ 16,802	\$ 25,665	\$ 2,757	\$ 45,224
Depreciation for the year	-	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
Balance at April 1, 2017	\$ -	\$ 18,704	\$ 26,341	\$ 3,007	\$ 48,052
Depreciation for the year	-	1,977	3,359	251	5,587
Disposals	-	-	(3,113)	-	(3,113)
Balance at March 31, 2018	\$ -	\$ 20,681	\$ 26,587	\$ 3,258	\$ 50,526
Carrying Amounts					
At March 31, 2017	\$ 15,154	\$ 25,141	\$ 10,917	\$ 5,736	\$ 56,948
At March 31, 2018	\$ 15,154	\$ 23,939	\$ 12,103	\$ 5,533	\$ 56,729

SaskGaming leases building and land under a finance lease agreement. At March 31, 2018, the net carrying amount of leased building was \$4,357 thousand (March 31, 2017 - \$4,559 thousand) and the leased land was \$1,176 thousand (March 31, 2017 - \$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 (Clarence Campeau Development Fund).

6. 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, 2018	March 31, 2017
Total future minimum lease payments	\$ 8,993	\$ 9,948
Less: future finance charges on finance lease	(3,208)	(3,817)
Present value of finance lease obligation	5,785	6,131
Less: current portion of finance lease obligation	(384)	(346)
Finance lease obligation	\$ 5,401	\$ 5,785

As at March 31, 2018, 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	\$ 4,218
Present value of finance lease obligation	384	1,997	3,404

7. 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.

8. Revenue

(Thousands of Dollars)

	2018	2017
Gaming revenue	\$ 108,795	\$ 112,785
Ancillary revenue	10,066	10,208
Other	603	1,220
	<u>\$ 119,464</u>	<u>\$ 124,213</u>

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

9. Operating Expenses

(Thousands of Dollars)

	2018	2017
Salaries and employee benefits	\$ 36,036	\$ 37,244
Employee future benefits	1,710	1,725
Maintenance and supplies	6,828	6,717
Advertising, promotions and sponsorships	3,635	3,818
Food and beverage cost of goods sold	3,109	3,371
Lease and rental	2,119	2,234
Printing and communication	1,279	1,421
Professional services	1,147	1,250
Entertainment	1,654	1,833
Other direct operating	3,355	3,249
	<u>\$ 60,872</u>	<u>\$ 62,862</u>

10. 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. 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.

11. Finance Expense

(Thousand of Dollars)	2018	2017
Interest on finance lease obligation	\$ 609	\$ 643
Interest on long-term debt	-	33
	<u>\$ 609</u>	<u>\$ 676</u>

12. Pension Plan

Substantially all of SaskGaming's permanent employees participate in the Public Employees Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors. The Public Employees Pension Plan is registered under *The Income Tax Act (Canada)* and is governed by the Plan board in accordance with *The Public Employees Pension Plan Act*. SaskGaming's financial obligation is limited to making the employer's required contributions for current service. During the year ended March 31, 2018, SaskGaming expensed \$1,710 thousand (March 31, 2017 - \$1,725 thousand) for the employer's required contributions.

13. Bank Indebtedness

SaskGaming has established a line of credit of \$3.0 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, 2018 (March 31, 2017 - nil).

14. 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 CIC. During the year, CIC required SaskGaming to declare 80% (2017 - 80%) of net earnings by way of dividend. In fiscal 2017, CIC required SaskGaming to declare an additional \$10.0 million dividend to be paid in fiscal 2018 to meet its 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 equity ratio. The ratio is calculated as total debt divided by total equity. Total debt includes long and short term debt and finance lease obligations. Total equity is equal to retained earnings.

For fiscal 2018, SaskGaming's goal is a debt to equity ratio of 0.12.

The debt to equity ratio is as follows:

(Thousands of Dollars)	March 31, 2018	March 31, 2017
Finance lease obligation	\$ 5,785	\$ 6,131
Total debt	\$ 5,785	\$ 6,131
	March 31, 2018	March 31, 2017
Retained earnings	\$ 48,482	\$ 43,834
Total equity	\$ 48,482	\$ 43,834
Debt to equity ratio	0.12	0.14

15. Financial Risk Management

SaskGaming has exposure to the following risks from its use of financial instruments: market risk (foreign currency 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 value of the finance lease obligation is 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, 2018		March 31, 2017	
Financial Instruments	Classification ¹	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	\$ 17,204	\$ 17,204	\$ 21,705	\$ 21,705
Accounts receivable	AC	Level Two	219	219	131	131
Trade and other payables	OL	Level Two	10,522	10,522	8,951	8,951
Payable to the GRF	OL	Level Two	4,887	4,887	5,786	5,786
Dividend payable	OL	Level Two	5,165	5,165	14,803	14,803
Finance lease obligation	OL	Level Two	5,785	6,713	6,131	7,339

¹ Classification:

FVTPL - Fair value through profit and loss

AC - Amortized Cost

OL - Other 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, 2017.

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, 2017.

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, 2018
(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	\$ 10,522	\$ 10,522	\$ 10,522	\$ -	\$ -	\$ -	\$ -
Payable to GRF	4,887	4,887	4,887	-	-	-	-
Dividend payable	5,165	5,165	5,165	-	-	-	-
Finance lease obligation	5,785	8,993	478	478	955	2,865	4,217
	<u>\$ 26,359</u>	<u>\$ 29,567</u>	<u>\$ 21,052</u>	<u>\$ 478</u>	<u>\$ 955</u>	<u>\$ 2,865</u>	<u>\$ 4,217</u>

At March 31, 2017
(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	\$ 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
	<u>\$ 35,671</u>	<u>\$ 39,488</u>	<u>\$ 30,018</u>	<u>\$ 478</u>	<u>\$ 955</u>	<u>\$ 2,865</u>	<u>\$ 5,172</u>

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, 2017.

16. Related Party Transactions

SaskGaming is 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 year ending March 31, 2018, the aggregate amount of SaskGaming's transactions with other government-related entities is approximately 5.6 per cent of direct operating expenses (March 31, 2017 - 7.2 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)

	2018	2017
Short-term employee benefits	\$ 1,470	\$ 1,412
Post-employment benefits (defined contribution pension plan)	67	66
	<u>\$ 1,537</u>	<u>\$ 1,478</u>

One board member is a partner in an organization that provided \$12 thousand of professional services to SaskGaming (March 31, 2017 - \$5 thousand). These services were recorded in operating expenses in the Statement of Operations and are routine operating transactions in the normal course of business.

17. Comparative Figures

Certain of the March 31, 2017 figures have been restated to conform to the current year presentation.

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 Community Initiatives Fund (CIF).

- The First Nations Trust distributes funding to all First Nations in the province and requires these funds to be spent on economic development, social development, justice, educational development, recreational facilities development and operation, senior and youth programs, cultural development, community infrastructure, health initiatives and other charitable purposes.
- The CIF is overseen by the Ministry of Parks, Culture and Sport and provides grants to initiatives that enhance human development and community vitality.
 - By agreement, a portion of the funds established for the CIF are allocated to the Métis Development Fund, also known as the Clarence Campeau Development Fund (CCDF). Its mission is to improve the economic circumstances of Saskatchewan's Métis people by providing funding for business development, community economic development, development of management skills and assistance to new and existing Métis-owned businesses.
 - This agreement specifies an 80/20 split (CIF/CCDF) on the first \$10.0 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

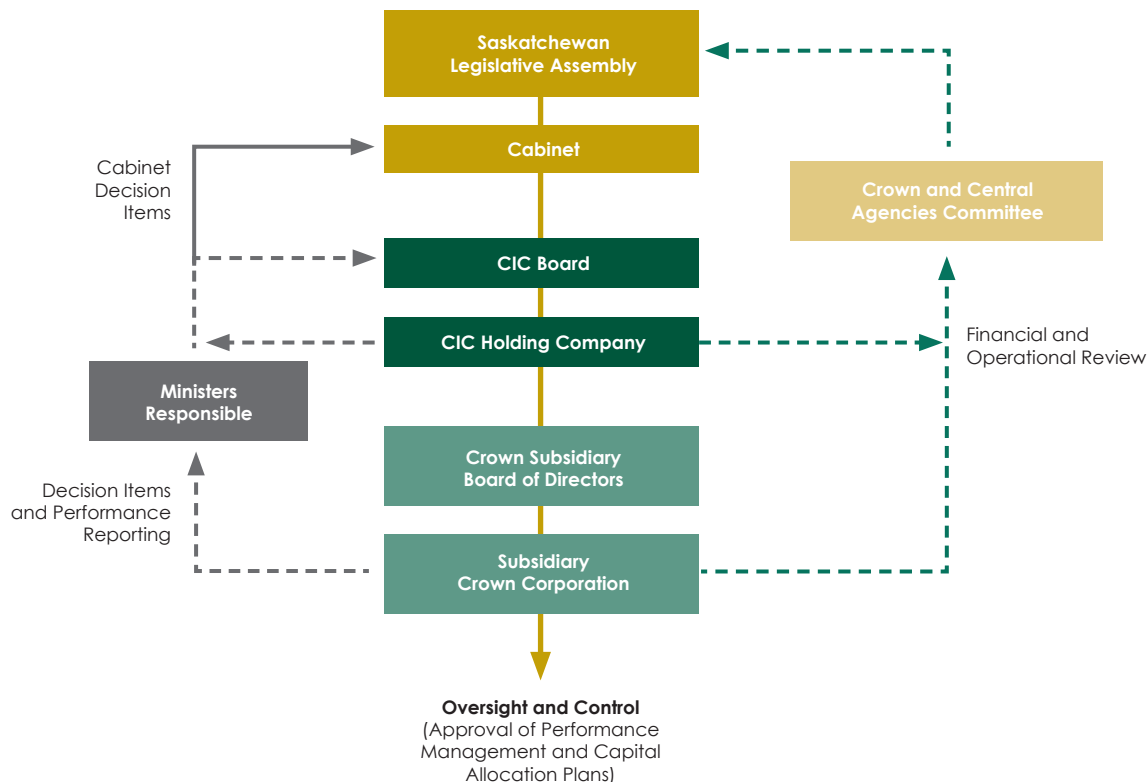
basis. Where required by legislation or directive, SaskGaming submits information and/or decision items for review and approval by CIC and the provincial Cabinet.

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 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. In 2017-18, the quarterly retainer for members of the SaskGaming Board of Directors was \$4,825 for the Chair and \$3,377.50 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 \$627.25 quarterly retainer and the Chair of the Governance and Human Resources Committee receives a \$482.50 retainer. The maximum per diem for members of committees is \$627.25 for a full-day and \$313.63 for a half-day meeting.

Board expenses for the fiscal period ending March 31, 2018 were \$124,508.

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 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 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 2017-18 included the review and recommendation for Board approval of the corporation's audit plan, the 2016-17 Annual Report, the Crown Payee Disclosure Report, the public quarterly financial reports and quarterly Performance Management Plan reports. The committee also reviewed the Enterprise Risk Management status report and the CEO Compliance Certificate.

In 2017-18, the committee held a total of four meetings.

Members: Blair Ross (Chair), Patricia Thomson, CeCe Baptiste, 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 2017-18 was to review and recommend the annual succession and retention plan, review the summary of litigation pertaining to human resource matters, review the compensation and benefits program, review performance targets for executive, and complete the annual performance review of the President and CEO. The committee also engaged in collective bargaining preparation and approved strategies for the respective bargaining units.

In 2017-18, the committee held a total of four meetings.

Members: Patricia Thomson (Chair), Blair Ross, Eileen Libby, Danah White, and Alphonse Bird (until Jan. 11, 2018).

Governance Practices

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

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

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
1. Board of Directors Composition The Board should have a majority of independent directors.	There are seven members on the SaskGaming Board appointed by the Lieutenant Governor in Council. The Federation of Sovereign Indigenous Nations (FSIN) nominates three members and the provincial Cabinet appoints four members. All directors are independent.	Yes
Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors).	Saskatchewan Gaming Corporation, as a statutory Crown corporation, does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to SaskGaming.	Not Applicable

(a) Disclose the identity of
directors; and

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, Financial Analyst at the University
of Saskatchewan.

Cadmus Delorme: Independent, Chief of the Cowessess First
Nation, FSIN appointee.

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

Ernest Standingready: Independent, elected Councillor and
Treaty 4 Headman for Ocean Man Nakota First Nation, 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 four meetings in
2017-18.

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	4/4	4/4	-	8/8
Bird*	3/3	-	2/4	5/7
Delorme*	1/1	-	-	1/1
Lavallee	3/3	-	-	3/3
Libby	4/4	-	4/4	8/8
Ross	4/4	4/4	4/4	12/12
Standingready*	1/1	-	-	1/1
Thomson	3/4	3/4	3/4	9/12
White	3/4	3/4	-	6/8

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

*Please note - Bird's and Lavallee's terms ended January 11, 2018 when Delorme's and Standingready'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

(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.

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.

Yes

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.

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	<p>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.</p> <p>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.</p> <p>The Governance and Human Resources Committee is comprised of independent directors.</p>	Yes
(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.		

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 provincial 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>	<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.</p>	<p>Not applicable</p>
<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>	<p>SaskGaming has not adopted a target as the Board is appointed by the Lieutenant Governor in Council.</p>	<p>Yes</p>
<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>	<p>SaskGaming has not adopted a target as the representation of women in executive level positions is already considered during the hiring process.</p>	<p>Yes</p>
<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>	<p>Not applicable</p>	<p>Not applicable</p>
<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>	<p>Fifty-seven per cent, or four out of seven directors on the board, are women.</p>	<p>Provided</p>
<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>	<p>Thirty-three per cent, or two out of six executive officers are women, (including the President and CEO).</p>	<p>Provided</p>

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

CeCe Baptiste, a member of Little Pine First Nation, is the Associate Director of Finance at Saskatchewan Indian Institute of Technologies. Ms. Baptiste holds a Bachelor of Commerce degree and is one of few First Nations women with both a Certified Professional Accountant and Institute of Corporate Director designations. Her career spans senior positions in a variety of sectors, including provincial ministries, banking institutions, crown corporations, and higher education. Ms. Baptiste focuses on governance and strategy, through participation on an array of boards and committees. She is Board Chair for the United Way of Saskatoon and Area, and Finance Committee member for West Wind Aviation. Her leadership roles have been recognized through various nominations and awards, including YWCA Women of Distinction finalist, CBC's Top 40 Under 40, FSIN Strength of our Women award in Business, and U of S Canada 150 Citizen award.

Chief Cadmus Delorme, a Cree and Saulteaux, is a citizen and currently Chief of the Cowessess First Nation. Mr. Delorme received a Master of Public Administration from the Johnson-Shoyama Graduate School of Public Policy and a Bachelor of Business Administration along with a Certificate in Hospitality, Tourism and Gaming Entertainment Management from the First Nations University of Canada (FNUUniv). While a student, Mr. Delorme served in several capacities within the student association, including vice-president and president, and also served as a student ambassador. In 2012 he was awarded the Queen Elizabeth II Diamond Jubilee Medal for his student leadership and the hospitality he showed to Prince Charles and his wife Camilla, Duchess of Cornwall, when they visited FNUUniv in 2012. Mr. Delorme has also been named one of CBC Saskatchewan's Future 40, which celebrates the province's new generation of leaders, builders and change-makers under the age of 40. He lives with his wife Kimberly and their daughter on Cowessess First Nation.

Ernest Standingready is a citizen of the Ocean Man Nakota First Nation and brings a wealth of knowledge in the areas of general management, administration, operations and strategic development. He is a 20-year veteran of the Saskatchewan gaming industry, having worked many roles in a casino operation from the front line to executive management with the Saskatchewan Indian Gaming Authority. Mr. Standingready has a Bachelor of Business Administration from the University of Regina, a Certificate in Project Management from the University of Regina and a Certificate in Hospitality, Tourism and Gaming Entertainment Management from the First Nations University of Canada. He is currently an elected Councillor and Treaty 4 Headman for the Ocean Man Nakota First Nation, and sits on many other boards and committees. Mr. Standingready is committed to enhancing the lives of Indigenous and non-Indigenous peoples in the Treaty relationship. He believes in positive, cooperative partnerships, and understands the strength they can deliver for everyone.

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. Eileen 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 former business owner. She has attained the Canadian Accredited Insurance Broker designation and works at Indian Head Agencies. Ms. White serves as the President of Forever Friends of Hope Foundation Incorporated, a fundraising organization which provides financial assistance and support to women facing cancer in Saskatchewan. In recognition of her work with this organization, she received the Community Leadership and Enhancement award at the 2013 YWCA Regina's Women of Distinction awards. Ms. White has earned the Chartered Director designation through the Directors College Chartered Director certification program. She has two teenage 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 of Saskatchewan 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, working as Vice President of Marketing for the 2003 Grey Cup, and working with Tourism Regina (Vice Chair), Tourism Moose Jaw, the McCain TSN Skins Game (Marketing Chair), the Prairie Fire Rugby Club and the Juvenile Diabetes Association.

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

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 as a Foundation Board member for Ignite Adult Learning Centre.

Blaine recently completed his Masters of Human Resource Management at the Kenneth Levene Graduate School of Business.

Tara Kucher
Vice President 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 & Compliance, and in 2018 was named Vice President of Risk & Compliance.

Prior to her tenure at SaskGaming, Tara worked in the auditing field at Canada Life and at the Office of 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

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Guest Experience			
Guest Count Lead indicator Measured: Daily Lead: Marketing	<p>Guest Count measures the number of guests visiting Casino Regina and Casino Moose Jaw annually.</p>	<p>SaskGaming uses guest count measures to evaluate the success of attraction programming, including promotions to establish revenue targets and calculate the profitability of Players Club states.</p>	<p>Guest Count is measured by sensors in the entrance areas that count the number of times guests enter or exit the facility. One guest visiting three times counts as three guests.</p>
Mystery Shopper Lead indicator Measured: Annually (Q3-Q4) Lead: Operations	<p>The Mystery Shopper rates casino employees' ability to provide customer service related to the following four aspects of the GameOn customer service strategy:</p> <ul style="list-style-type: none"> • Greeting guests; • Anticipating guest needs; • Meeting guest needs; and • Engaging and entertaining guests. 	<p>Objectively measures service quality provided by casino employees in the opinion of service quality experts.</p>	<p>Measured 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 strategy using a five-point scale. The consultant uses a pre-planned checklist of service actions and behaviors to rate each dimension.</p> <p>With the emphasis on engaging our guests, more weight is allotted to this particular dimension.</p> <p>Overall scores in each service dimensions are then weighted as follows:</p> <p>Greeting guests -20 per cent; Anticipating guest needs – 20 per cent; Meeting guest needs -20 per cent; and Engaging and entertaining guests -40 per cent.</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, or 150 Mystery Shopper transactions at Casino Regina and Casino Moose Jaw, respectively.</p> <p>The scores from Casino Regina and Casino Moose Jaw are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables.</p>

	2018-19 Target Explanation	2018-23 Trend Explanation	Changes when compared to 2017-18 PMP
	<p>SaskGaming has set its 2018-19 guest count target at 3.6 million between the two properties. This is considered a stretched target based on past trends.</p>	<p>SaskGaming expects the entrance issue between Casino Regina and the neighbouring business to be resolved before the 2019-20 fiscal year. In addition to SaskGaming's modernization and revitalization plan over the next five years, it is anticipated to result in higher door count in 2019-20 followed by years of moderate growth.</p> <p>Management kept its long-term target of 4.2 million.</p>	No change.
	<p>The Mystery Shopper survey was revamped in the 2017-18 Balanced Scorecard to better reflect the engage guest dimensions of the GameOn customer service strategy.</p> <p>The current Mystery Shopper score is already at a high level, over 90 per cent. But, the engage and entertain dimension had been historically around the 75 per cent to 80 per cent mark. However, at the time of setting the 2018-19 target, we are yet to receive the 2017-18 scores.</p> <p>Based on this and past survey results on the engage and entertain dimension, SaskGaming have maintained the targets set last year of 92 per cent for 2018-19.</p>	<p>Management has set a long-term target of 95 per cent. This target is to be achieved over three years.</p>	No change.

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Guest Experience			
Guest Satisfaction Survey Lead indicator Measured: Annually (Q2) Lead: Marketing and Operations	<p>The corporation measures the overall satisfaction of our guests during their visit to Casino Regina and Casino Moose Jaw, and an average score is calculated for each casino property.</p>	<p>Objectively measures guests' overall satisfaction with their casino experience.</p>	<p>Exit surveys are conducted on an 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 Guest Satisfaction score is based on guest's response to the question:</p> <p><i>"Overall, how satisfied are you with your casino visit today?"</i></p> <p>The score is based on the percentage of respondents that rated each casino between 7 and 10.</p> <p>The scores from Casino Regina and Casino Moose Jaw are weighted on an 80/20 basis. This rule of thumb reflects the importance of each location, relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc.).</p>
Satisfaction of Emerging Guests Lead indicator Measured: Annually (Q2) Lead: Marketing and Operations	<p>The corporation measures the overall satisfaction of our guests during their visit to Casino Regina and Casino Moose Jaw. This measure is a subset of the Guest Satisfaction survey, and it simply measures the percentage of guests aged 35 to 49 who are satisfied with their casino experience.</p> <p>A weighted average score is calculated for each property.</p>	<p>Objectively measures the overall satisfaction of guests aged 35 to 49 on their casino experience.</p>	<p>Exit surveys are conducted on an 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>This measure looks at the overall satisfaction of the 35 to 49 age group that visited Casino Regina and Moose Jaw, based on their response to the question:</p> <p><i>"Overall, how satisfied are you with your casino visit today?"</i></p> <p>The score is based on the percentage of respondents that rated each casino between 7 and 10.</p> <p>The scores from Casino Regina and Casino Moose Jaw are weighted on an 80/20 basis. This rule of thumb reflects the importance of each location, relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc.).</p>

	2018-19 Target Explanation	2018-23 Trend Explanation	Changes when compared to 2017-18 PMP
	Based on the 2017-18 results (78.1 per cent), SaskGaming has updated its target accordingly. The 2018-19 target is set at 80 per cent.	Management has forecasted a moderate growth over the next five years and has set a target of 84 per cent as its optimal long-term target.	No change.
	<p>On average, over the last ten years, this age group constitutes about 18 per cent of our Players Club members.</p> <p>Based on historical survey and the 2017-18 results tracked internally, CIC's recommendation was to set the 2018-19 target at 87.0 per cent with increments of 0.5 per cent for the outer years up to 90 per cent. Both CIC and management believes this target represents an optimal target for this measure.</p>	Management has set 90 per cent as its long-term target for Satisfaction of Emerging Guests.	The name of the measure was changed from Younger Demographic Guest Satisfaction to Satisfaction of Emerging Guests, due to the change in the age group composition from 19-49 to 35-49. This was done to support SaskGaming's move to focus resources on the next generation of guests that are closer to our current core guests, and the fact that most jurisdictions that had focused on the 19-34 age group have not been successful in attracting them to their casinos.

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Employee Experience			
Employee Satisfaction Industry Percentile Lead indicator Measured: Biennially Lead: Corporate Services	<p>This measures SaskGaming employees' level of satisfaction with their work environment.</p>	<p>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.</p>	<p>SaskGaming will implement the survey biennially. The results will be reviewed by an internal committee to determine the responses and actions that are required.</p> <p>The Employee Satisfaction Survey is based on the National Business Research Institute's employee survey.</p>
Core Training Lag indicator Measured: Quarterly Lead: Corporate Services	<p>This measure indicates an average percentage of core training completion for all employees based on the seven modules within SaskGaming's Core Learning Program:</p> <ul style="list-style-type: none"> • Orientation; • Access to Information & Privacy; • Health & Safety for New Workers; • Diversity and Inclusion in the Workplace; • Respectful Workplaces; • Responsible Gaming Level I; and • Customer Service Training. 	<p>Objectively measure the percentage of core training completion across all of SaskGaming's workforce. The measure complements the Service Component of Guest Satisfaction measure, which gages training effectiveness in terms of the quality of service provided to guests.</p>	<p>Core Training is calculated as an average across all employees per quarter.</p> <p>Core Training % = total modules completed / # of employees / 7 x 100.</p> <p>Employees who are on leaves of absence, and casual lighting and sound employees are not counted as part of this measure.</p>

	2018-19 Target Explanation	2018-23 Trend Explanation	Changes when compared to 2017-18 PMP
	<p>SaskGaming made a remarkable increase in its Employee Satisfaction score on the last employee survey in 2016-17.</p> <p>The score for Employee Satisfaction was slightly revised upward to the 60 percentile.</p> <p>With an Employee Satisfaction Action Committee that aims to address issues identified in the 2016-17 survey, SaskGaming anticipates the score will continue to increase gradually and towards a 75 percentile in future surveys.</p>	<p>A long-term target of increasing employee satisfaction to the 75 percentile has been chosen based on the implementation of training and other employee initiatives identified in the 2018-19 plan.</p>	<p>The frequency of the survey has been changed to biennially. It was changed to annually in 2017-18 but later revised to continue on a biennial basis.</p> <p>The measure is now known as Employee Satisfaction Industry Percentile, to clearly show that the result reflects a percentile.</p>
	<p>The corporation has maintained high-level Core Training scores in previous years.</p> <p>SaskGaming introduced the Customer Service Training Module in 2017-18 that now brings SaskGaming's Core Learning Program to seven modules.</p> <p>Based on this addition and SaskGaming's plans to actively conduct training for employees, the 2018-19 target has been set at 85 per cent and anticipated to grow gradually over the next five years.</p>	<p>Management expects the target to increase moderately; a long-term target of 90 per cent has been chosen. Recognizing that, due to approximately 20 per cent staff turnover at SaskGaming each year, it is unlikely to achieve 100 per cent.</p>	<p>No change.</p>

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Employee Experience Excellence				
Employee Absenteeism Lag indicator Measured: Quarterly Lead: Corporate Services	<p>This measure indicates the share of employees who are absent from work due to illness, injury, leave with pay and pressing necessity that are less than 30 days.</p> <p>This measure excludes the impact of long-term absenteeism such as leave hours covered by the Workers' Compensation Board, leave without pay, sick leave without pay and sick leave extended above 30 days.</p>	<p>Excessive absenteeism leads to higher labour costs from increased overtime and/or staffing levels.</p> <p>This measure will be used to track the corporation's progress in reducing absenteeism levels with its Attendance Support Program.</p>	<p>Employee Absenteeism is a weighted average of absenteeism rates by unionized and non-unionized staff.</p> <p>Employee Absenteeism Rate = $\frac{[(\text{Unionized employees absent hours} + \text{Non-Union Employees absent hours}) / (\text{Unionized employees total work hours} + \text{Non-Union Employees total work hours})] \times 100}{100}$.</p>	
Indigenous Representation Lead indicator Measured: Quarterly Lead: Corporate Services	<p>This measure focuses our employee attraction and retention efforts to achieve 50 per cent Indigenous representation as per the Gaming Framework Agreement with the Federation of Sovereign Indigenous Nations.</p>	<p>A measure of Indigenous representation of SaskGaming's workforce.</p>	<p>Using information from the HR information system, a percentage is calculated for the self-declared Indigenous employees, relative to the total number of employees.</p> <p>Note: This calculation does not include casual employees who have not worked in the past three months.</p>	

	2018-19 Target Explanation	2018-23 Trend Explanation	Changes when compared to 2017-18 PMP
	<p>The exclusion of long-term absenteeism and consistency with the Attendance Support Program has led to significant reduction in pattern absenteeism. SaskGaming have updated it is target for 2018-19 based on the current 2017-18 fiscal year. The 2018-19 target is set at 5.0 per cent.</p>	<p>The corporation will continue with the Attendance Support Program. It is anticipated to further reduce absenteeism, particularly among unionized employees. Based on this, SaskGaming is targeting a long-term target of 4.0 per cent.</p>	<p>No change.</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. SaskGaming continues to maintain an Indigenous hiring rate of over 40 per cent. As a result, the 2018-19 target for Indigenous representation at SaskGaming has been set at 43 per cent and it is expected to increase over the next five years as the Indigenous Recruitment and Retention Strategy is refreshed.</p>	<p>Based on the Gaming Framework Agreement the long-term target for this measure is set at 50 per cent.</p>	<p>No change.</p>

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Responsible Corporation				
Guest Awareness of Responsible Gambling Lag indicator Measured: 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 successful implementation of the British Columbia Lottery Corporation's (BCLC) GameSense program in 2013, SaskGaming continues to incorporate the methodology to measure guest awareness of responsible gambling at our properties.</p> <p>This methodology prompts guests to recall specific elements of the GameSense program as they are leaving the properties.</p> <p>The score is based on the percentage of respondents that could recall at least one of the components of the GameSense program.</p> <p>The scores from Casino Regina and Casino Moose Jaw are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location, relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc.).</p>	
Public Opinion of Community Support Lag indicator Measured: Annually Lead: Marketing	A measure of public opinion in Regina and Moose Jaw Area of Casino Regina and Casino Moose Jaw's performance in supporting and giving back to the community.	SaskGaming, through Casino Regina and Casino Moose Jaw, 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.	<p>As part of an online, web-based omnibus provincial poll, focusing only on residents of Regina and Moose Jaw, respondents are asked: "How well is Casino Regina/Moose Jaw doing at giving back to the community through charitable or community donation and sponsorships?"</p> <p>(Using Casino Regina and Casino Moose Jaw will help promote the individual brands).</p> <p>Respondents answer using a five-point Likert Scale answer format (i.e. respondents choose an answer from 'very well', 'well', 'somewhat well', 'not well' and 'unsure'). The measure sums all the respondents who indicated that the casinos do somewhat well, well, or very well.</p>	

	2018-19 Target Explanation	2018-23 Trend Explanation	Changes when compared to 2017-18 PMP
	<p>The corporation has maintained scores close to 80 per cent since the adoption of BCLC's GameSense methodology.</p> <p>The 2017-18 score was slightly below the 80 per cent target.</p> <p>SaskGaming and CIC have set the 2018-19 target to 80 per cent. It is expected to moderately increase over the next five years.</p>	<p>SaskGaming kept the long-term target at 82 per cent.</p>	<p>No change.</p>
	<p>The 2017-18 actual result was above target, and SaskGaming is committed to contributing 1.0 per cent of its Net Income Before Payment to the General Revenue Fund to community support along with planned community support initiatives will continue to drive the score upward over the next five years. The 2018-19 target is set at 55 per cent.</p>	<p>Based on the proposed enhancement of sponsorship activities, SaskGaming expects the Public Opinion of Community Support measure to improve and a new long-term target of 60 per cent has been set.</p>	<p>No change.</p>

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Responsible Corporation				
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.	Percentage of SaskGaming's total sponsorship and 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.	
Financial Sustainability				
Net Average Guest Spend Lag Indicator Measured: Quarterly Lead: Operations	This is a measure of how much each guest, on average, spends per visit at Casinos Regina and Moose Jaw. This measures \$/visit.	Net Average Guest Spend 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 the profitability of Players Club states.	Net Average Guest Spend = Net Revenues/Total Guest Visits.	

	2018-19 Target Explanation	2018-23 Trend Explanation	Changes when compared to 2017-18 PMP
	2012 was the first year the Indigenous Sponsorship measure was reported. SaskGaming continues to maintain the current sponsorship strategy, and its Indigenous Sponsorship target have stabilized at 25 per cent.	SaskGaming expects the score to remain at 25 per cent through the forecasted period. SaskGaming believes a target of 25 per cent is a long-term target because it is based on a percentage that is equal to the 25 per cent of SaskGaming's net profit that is directed to Saskatchewan First Nations through the First Nations Trust. This share is also felt to be a sustainable share of the sponsorship funding, given the many laudable causes that could be supported in the Regina and Moose Jaw areas.	No change.
	The 2018-19 target is \$34.21 per guest. This target is based on the forecasted revenue and door count numbers.	Average guest spend is currently anticipated to decrease through the forecasted period. With the exception of 2018-19 due to guest count forecast staying the same as the 2017-18 target.	No change.

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Sustainable Corporation				
Income Before Payment to GRF Lag indicator Measured: Quarterly Lead: Finance and Information Technology	A measure of profitability over a period of time.	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 General Revenue Fund (GRF), since the GRF payment is a distribution of income, similar to dividends being paid by a private corporation, and does not reflect SaskGaming's operations.	Revenue – (operating expenses + interest expense + depreciation + taxes).	
EBITDA Margin Lag indicator Measured: Quarterly Lead: Finance and Information Technology	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.	(Revenue – Direct operating expenses)/Revenue * 100 per cent	

	2018-19 Target Explanation	2018-23 Trend Explanation	Changes when compared to 2017-18 PMP
	<p>The 2018-19 target is \$45.1 million. This is approximately \$2 million less than the \$47.1 million forecast for 2017-18.</p>	<p>Income Before Payment to the GRF is expected to maintain a downward trend during the forecasted period. Revenue declined marginally while direct operating expenses increased slightly during the forecasted period. However, the increase in overall operating expenses is driven by depreciation expenses due to the planned capital spending.</p>	<p>No change.</p>
	<p>The 2018-19 target is 47.4 per cent, which is slightly below the 2017-18 forecast. 2018-19 revenue is projected to decline slightly, while direct operating expenses are projected to increase moderately due to inflationary pressures inputs.</p>	<p>EBITDA Margin is expected to decline through the forecast period from 47.4 per cent in 2018-19 to 45.3 per cent in 2022-23. Trends from 2017-18 are based on revenues declining moderately and direct operating expenses growing marginally due to inflationary pressures on wages and other inputs. Long-term EBITDA Margin of 45.0 per cent has been set by management.</p>	<p>No change.</p>

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology	
Financial Sustainability				
Debt/Equity Ratio Lag indicator Measured: Annually Lead: Finance and Information Technology	SaskGaming has chosen Debt/Equity ratio as a clear measure of financial flexibility of the capital structure of the corporation.	Debt/Equity Ratio is used by investors and lenders as a determination of the firm's financial leverage.	$(\text{Debt/Equity}) * 100$	
Payroll Percentage Lag indicator Measured: Quarterly Lead: Finance and Information Technology	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.	$\text{Payroll Margin} = \frac{\text{Total Payroll (Salaries, Wages and Benefits)}}{\text{Revenue}} * 100$	

	2018-19 Target Explanation	2018-23 Trend Explanation	Changes when compared to 2017-18 PMP
	<p>This measure was introduced in 2017-18, and management continue to run the corporation without incurring additional debts. The 2018-19 target is set at 10.2 per cent.</p>	<p>Debt/Equity Ratio is expected to decline all through the forecasted period from 10.2 per cent to 4.9 per cent. This is based on SaskGaming's plan to finance all its long-term capital projects using existing cash flow. A zero long-term debt-equity ratio target has been set by management.</p>	<p>No change.</p>
	<p>The 2018-19 target is 30.8 per cent, 0.5 percentage points below the 2017-18 forecast of 31.3 per cent.</p> <p>The 2018-19 target is based on applying restraint measures to achieve government salary reduction mandate.</p>	<p>SaskGaming's Payroll Margin is expected to increase moderately throughout the forecasted period to 31.5 per cent by 2022-23, due to planned increases in operating hours and inflationary pressures on wages. A long-term target of 32.0 per cent has been set by management.</p>	<p>No change.</p>

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