



SaskGaming

2018-19 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
2018-19 Income

\$44.9M



*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	3,257,244
Casino Regina	2,642,355
Casino Moose Jaw	614,889

GUEST SATISFACTION	75.5%
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MYSTERY SHOPPER	96.2%
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SATISFACTION OF EMERGING GUESTS	82.5%
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FINANCIAL HIGHLIGHTS

REVENUE
\$118.6 MILLION

EXPENSES
\$73.7 MILLION

INCOME
BEFORE PAYMENT TO THE GRF
\$44.9 MILLION

PAYMENT TO THE GRF
\$22.4 MILLION

DIVIDEND DECLARED TO CROWN INVESTMENTS CORPORATION

\$18.0 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 13
- Financial Sustainability 14

- MANAGEMENT’S DISCUSSION AND ANALYSIS**
- Financial Results 16
- Liquidity and Capital Resources 21
- Strategic Scorecard Measures and Performance Management 22
- Risk Management and Disclosure 27
- Stakeholder Engagement 31

- FINANCIAL RESULTS**
- Management’s Report on Financial Statements 33
- Management’s Report on Internal Control over Financial Reporting 34
- Independent Auditor’s Report 35
- Financial Statements and Notes 38

- GOVERNANCE**
- Mandate and Authority 55
- Role of the Board of Directors 57
- Board Committees 60
- Governance Practices 61
- Board of Directors 72
- Executive Team 73

- APPENDIX**
- Balanced Scorecard Reference Table 76

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

SaskGaming knows its customers well and uses that knowledge to enhance the guest experience.

2. Employee Experience

SaskGaming hires, trains and supports a diverse team that delivers an excellent guest experience.

3. Responsible Corporation

SaskGaming will be a leader in its communities and operate with the highest standards of integrity.

4. Financial Sustainability

SaskGaming will continually reinvest in products, property and technology to maximize revenue opportunities.

Letter of Transmittal

Regina, Saskatchewan
July 5, 2019

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, 2019, 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,



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 2018-19 Annual Report.

Sustainable growth is top of mind for SaskGaming. The corporation continues to invest capital dollars into gaming technology and infrastructure upgrades to modernize its facilities and ultimately, enhance the guest experience at Casinos Regina and Moose Jaw.

SaskGaming is a major contributor to programs and services that benefit the people of Saskatchewan. In 2018-19, the corporation endowed a generous \$22.4 million to the General Revenue Fund by seeking cost efficiencies and maximizing revenue opportunities, while continuing to operate with the highest standards of guest excellence.



As the Government of Saskatchewan brings the budget back to balance, SaskGaming continues to be a notable contributor to the success of our province. I want to thank the employees of SaskGaming, the management team and the Board of Directors for their commitment to the corporation in 2018-19.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Christine Tell', written in a cursive style.

Christine Tell
Minister Responsible for Saskatchewan Gaming Corporation

Message from the Chair

Giving back to the communities in which we live and work is an integral part of SaskGaming's corporate mandate.

In 2018, the corporation hosted its third annual Charity Championship fundraising event. Nineteen teams raised a record \$51,950. Coupled with the \$25,000 provided by SaskGaming, the event donated \$76,950 to Saskatchewan charities and non-profit organizations. Since the inaugural event in 2016, Charity Championship has raised a whopping \$219,000! This is in conjunction with the corporation's Community Giving program, which endowed \$429,754 to 80 organizations, community projects and events in 2018-19.

The First Nations Trust, Community Initiatives Fund and Clarence Campeau Development Fund saw contributions from SaskGaming through the General Revenue Fund (GRF). In the twelve months ending March 31, 2019, the corporation paid \$22.4 million to the GRF and paid a dividend of \$18.0 million to its shareholder, the Crown Investments Corporation.

This year, Paul Pastor and Donna Strudwick were welcomed to the SaskGaming Board as new directors.

Paul Pastor is a founding partner at Buckberger Baerg & Partners LLP with over 12 years of professional experience, including seven years of business valuation experience.

Donna Strudwick has extensive experience in municipal administration. She has served on the Board of Directors for the Rural Municipal Administrators' Association of Saskatchewan, and is currently the Senior Office Inspector for the Rural Board of Examiners. I look forward to working with both Paul and Donna in my capacity as Board Chair.

On behalf of the Board of Directors, I extend a genuine thank you to the SaskGaming team for delivering on its corporate goals, offering guests an unmatched guest experience and fostering employee satisfaction. Through your unwavering commitment, the people of Saskatchewan will continue to benefit from the excellent work of the corporation.



Blair Ross
Chair of the Board of Directors



Message from the President and CEO

SaskGaming made great strides in enhancing the guest experience at Casinos Regina and Moose Jaw.

The corporation is in its third year of a multi-year plan to refresh its casino properties by investing in innovative product offerings, upgrades to the gaming floor, network infrastructure and interior renovations.

In 2018-19, Casinos Regina and Moose Jaw saw some exciting property developments. New music is now playing in the public areas at both casinos based on guest feedback. The VIP Lounge once located on the second floor of Casino Regina has been relocated to Central Hall. With its new location, comes a new name – The Diamond Lounge. A welcomed refresh for our guests!

SaskGaming is committed to providing an 'Always Entertaining' experience at Casinos Regina and Moose Jaw and is proud to have earned the 53rd spot in SaskBusiness Magazine's Top 100 Companies list.

The corporation is always looking for new ways to enrich the gaming experience for our guests. In 2018, the Saskatchewan Liquor and Gaming Authority approved SaskGaming's proposal to operate both properties on Christmas Eve and Christmas Day with modified hours.

SaskGaming recognizes the importance of staying on the cutting edge of gaming technology. In early 2019, Casino Regina became one of the first gaming establishments in Canada to debut the Bally Service Tracking Manager. This application provides real-time alerts to the slot team and allows staff to quickly and efficiently respond to guests that require assistance at their machine. Other technology enhancements include upgrades to SaskGaming's corporate email functionality, the corporate intranet site and the iTrak software used for incident reporting and risk management.

SaskGaming is proud of our employees and everything they do to provide our guests with an outstanding entertainment experience during their time with us. The corporation offers a variety of training opportunities to help our dedicated employees flourish, as well as employee-led committees to boost the employee experience. Many thanks to all SaskGaming employees for their ongoing dedication to our guests and the zest they bring to the company.



A handwritten signature in black ink that reads "Susan Flett". The signature is written in a cursive, flowing style.

Susan Flett
President and CEO

SASKGAMING YEAR IN REVIEW

Guest Experience

Enhancing the guest experience at Casinos Regina and Moose Jaw continues to be SaskGaming's top priority.

In 2018-19, SaskGaming enriched the gaming experience with innovative product offerings. New slot machines flooded the gaming floor including Buffalo Grand, Pac-Man, The Simpsons, Ghostbusters 4D and The Voice at Casino Regina, as well as Elvis Shake Rattling Reels, Michael Jackson Legend, Dancing Drums, Kronos Unleashed and Zeus Unleashed at Casino Moose Jaw.

In an ongoing effort to modernize the gaming technology at Casinos Regina and Moose Jaw, an upgrade to the Bally iView system is ongoing. The iView system adds a variety of interactive touch-screen functions to any slot machine. It also provides a unique opportunity to offer targeted marketing promotions to guests while they play.

SaskGaming's ongoing investment in both facilities is apparent. In April 2018, work to replace more than 100 windows at Casino Regina got underway. The new windows dramatically improve the building's energy efficiency, and better protect and preserve its architectural heritage. The design elements of the new windows were chosen to maintain the building's historic style.

Also at Casino Regina, the VIP Lounge once located on the second level of the property has been relocated to Central Hall in the area previously occupied by The Whistle Stop. It also has a new name. The Diamond Lounge opened to guests in December and provides them with an attractive, accessible space to enjoy during their time at the casino.

The corporation continues to refine its offerings based on guest feedback. New music is now playing in the public areas at both casinos. This change came about after the corporation conducted the annual Guest Experience Survey. Guests were asked about their music preference and visitation patterns. The corporation listened, switched service providers and at the same time updated the musical playlists so guests' favourite tunes are playing at the times they are most likely to visit.

This year, visitors of Casinos Regina and Moose Jaw enjoyed an exciting array of in-house promotions including bowling for dollars, slot tournaments and swipe to win prize packages. The Quest for the Queen promotion wrapped up over the summer with the progressive jackpot of \$290,000 being claimed by one lucky winner who found the queen of diamonds.

In September, a new promotion, Destination Win!, was launched. Every Thursday into October, lucky Players Club members were drawn to receive vouchers from Marlin Travel to visit a destination of their choice.

Who does not love celebrating a birthday – let alone two! Casino Moose Jaw celebrated its sweet 16 in September 2018. To mark the occasion, treats and beverages were served to guests and 18 Players Club members were selected randomly through a hot seat draw to play Lucky Punch for cash.

On January 26, 2019 cake was served in Central Hall to celebrate Casino Regina's 23rd birthday! Staff conducted hot seat draws every 23 minutes, as well as swipe and win promotions throughout the evening.

Casino Regina played host to the Diamond Poker Classic, the Harvest Poker Classic and the Station Poker Classic. These three events welcomed over 2,700 participants from across North America and generated combined prize pools of over \$1.7 million.

SaskGaming also hosted the Crave Cup charity poker tournament. The tournament raised \$2,430 which was matched by the corporation and all proceeds were donated to the Canadian Cancer Society.

To showcase the work of local artisans and celebrate Indigenous heritage and cultures on National Indigenous Peoples Day, Casino Regina hosted its second annual Indigenous Arts and Crafts Fair. Guests were entertained with performances by the Creeland Dancers, the Charging Bear Performance group, Dallas and Phil Boyer (fiddlers) and Bronson Haywahe (flutist).

Classic Movie Monday's kicked off in the Show Lounge in January. Guests were treated to a free screening of A Star is Born, Casino, Breakfast at Tiffany's and The Graduate.

The Break the Vault promotion began with a mass mailout to patrons in Regina, Moose Jaw and surrounding areas. Guests were encouraged to bring their unique code to Casinos Regina or Moose Jaw and check their code against the vault code each day in January and February. If a guest matched the code, they successfully broke the vault and won \$10,000 cold hard cash. However, if the code wasn't matched, the casino selected 10 Players Club members via hot seat at various times throughout the day to win \$100 cash.

As a thank you to our valued Players Club members, SaskGaming hosted over 800 guests at Casinos Regina and Moose Jaw for the annual Players Club Appreciation Pancake Breakfast. Guests enjoyed a delicious breakfast and live music by Conrad Bigknife at Casino Regina, as well as a live performance by Harry Start Up at Casino Moose Jaw.

In 2018-19, Casinos Regina and Moose Jaw welcomed over 3.2 million visitors, gave away more than \$1 million worth of prizes in over 90 promotions, and awarded over \$3.77 million in discounts, coupons and free play prizes throughout the year.

Casinos Regina and Moose Jaw gave away over \$18.5 million in jackpots in 2018-19 with the highest jackpot being \$101,284 to one lucky winner.

The Show Lounge hosted 64,163 guests at 85 events, including Boney M, Weird Al, Menopause the Musical, Melissa Etheridge, Steel Panther and for the first time ever, Mua Thu La Bay, a Vietnamese variety show that proved to be a huge success.

Staff at Casinos Regina and Moose Jaw continue to embrace the GameOn customer service strategy and work diligently each day to increase the effectiveness of all customer interactions. This approach not only enhances the gaming experience, but also assists the corporation in widening the customer base and enticing an emerging generation of guests to check out all that Casinos Regina and Moose Jaw have to offer.

Thanks to the enhanced focus on the customer experience delivered to patrons, the corporation exceeded its Mystery Shopper target with a score of 96.2 per cent.

SaskGaming's Guest Satisfaction scores decreased slightly from the previous year to 75.5 per cent, with Satisfaction of Emerging Guests hitting 82.5 per cent.

Employee Experience

Investing in the success of our employees is top of mind at SaskGaming. The corporation offers a variety of training opportunities for employees to develop skills that support SaskGaming's guest experience strategy. The corporation has worked diligently behind the scenes to build employee culture by refining hiring practices and updating the Indigenous Employment Strategy. SaskGaming will also implement a new recruitment and selection system in 2019-20.

In 2018-19, the Indigenous Employees Network hosted several exciting events including a cultural cooking lesson, a truth and reconciliation luncheon, a prairie medicine workshop and a painting experience.

The corporation continues to have the highest Indigenous representation across the Government of Saskatchewan at 41.0 per cent. In 2018-19, SaskGaming's workforce included 17.0 per cent visible minorities and 4.4 per cent persons with disabilities.

To celebrate corporate successes, SaskGaming hosted an Employee Meeting in May. The meeting brought together staff at Casinos Regina and Moose Jaw to hear about SaskGaming's plans for 2018-19 and beyond. Employees also enjoyed a professional development session by Laura Budd, Education Coordinator with Moose Jaw Pride. Following the meeting, staff were asked to participate in the biennial Employee Satisfaction Survey, which assists the corporation in connecting with employees and finding new ways to enhance the employee experience at both properties.

SaskGaming is pleased to partner with CBI Workplace Solutions Vital Health to offer personalized health and wellness supports to all employees. CBI assists staff to more easily navigate the healthcare system and ultimately reduce workplace absences due to illness or injury, offer timely access to medical care when needed, and safely return to work. Participation in the program is voluntary, but offers an opportunity to our employees to make the most of the healthcare benefits SaskGaming provides.

SaskGaming is proud of our employees and all they do to provide our guests with an outstanding entertainment experience from the moment they enter the property until the time they leave. As a way to recognize our employees for their dedication and service to SaskGaming and the people of Saskatchewan, the corporation hosted the annual long service awards night where 22 staff and eight retirees were recognized for their contributions.

Technology enhancements continue to improve the experience at our properties for both staff and guests.

Casino Regina is one of the first gaming establishments in Canada to debut the Bally Service Tracking Manager. The application connects to the SDS slot management system and provides real-time alerts to the Casino Regina slots team. The new system allows staff to quickly and efficiently respond to guests that require assistance, a jackpot payout or a paper jam. Not only will it enhance the guest experience by decreasing staff response times, it will make employees' jobs easier as they are aware of the issue in advance of arriving at the machine.

SaskGaming realizes the importance of bringing its business online to assist with employee satisfaction and create the necessary platforms for employees to access pay and benefit information at their convenience.

After successfully launching the new e-Personality service for employees in 2017-18, the corporation upgraded one of the modules to enhance functionality and offer a more intuitive, simple-to-navigate user interface so staff can find and update their information quicker and easier. The service also eliminates the need to print payroll information and T4s, thus resulting in a reduced carbon footprint.

SaskGaming's corporate email functionality was also upgraded to Microsoft Office 365. The new system is cloud-based and offers stable, consistent and supported email infrastructure.

Upgrades to the corporate intranet site are underway. Employee feedback confirms that SaskGaming's intranet is one of the most widely used communication tools for staff. The intranet refresh project will increase functionality and create a more user-friendly site that acts as a one-stop shop for employees to access the information they need to complete their day-to-day work.

A new Cybersecurity Awareness training program launched in 2018-19 to give employees a solid overview of common threats and important issues to help staff understand techniques used by hackers to take control of computer systems and apply their new knowledge with a variety of in-depth exercises. As well, the iTrak software used for incident reporting and risk management was upgraded this fiscal year.

In 2018-19, the Core Training results increased by 6.2 per cent to 95.7 per cent. The corporation saw a slight increase in Employee Absenteeism with the rate rising 0.5 per cent over the previous year to 6.0 per cent. This is largely due to a long and intensive influenza season.

Responsible Corporation

SaskGaming supports a number of charitable initiatives across the province by establishing partnerships with organizations on major events, encouraging employee volunteerism and supporting local charities.

SaskGaming's third annual Charity Championship was a huge success! Nineteen teams raised a record \$51,950 coupled with the \$25,000 provided by SaskGaming which resulted in \$76,950 being donated to Saskatchewan charities and non-profit organizations. Since the inaugural event in 2016-17, Charity Championship has raised over \$219,000.

Two teams of eight participated in the KidSport Corporate Challenge. KidSport is a registered children's charity that provides grants to help children and youth from families facing financial obstacles participate in sport. The fundraiser saw teams compete in exciting challenges – a true test of their minds, bodies and sense of humour. Leading up to the competition, teams pounded the pavement to raise funds on behalf of KidSport. In total, SaskGaming's two corporate teams raised over \$3,100 for this worthy cause.

The corporation also offered a total of \$29,000 in student awards/bursaries as a way to encourage Saskatchewan residents to pursue full-time post-secondary education in the fields of business administration, hospitality management, electronics or computer technologies and communications. Of that total, \$20,000 was designated for Indigenous students.

Donation boxes on the gaming floors at Casinos Regina and Moose Jaw allow guests to donate their cash-out vouchers to charity, with SaskGaming matching all funds donated. In 2018-19, donations were endowed to the Hospitals of Regina and the Moose Jaw Health Foundation, the Terry Fox Foundation, the Regina and Moose Jaw District Food Banks, as well as Diabetes Canada.

The GameSense responsible gambling program is part of the corporation's ongoing commitment to corporate social responsibility and ensures players make healthy and informed decisions about their play while visiting Casinos Regina and Moose Jaw. In 2018, GameSense debuted a new look! The refreshed design focuses on simple messages with a conversational and friendly tone. It emphasizes an educational and approachable, light-hearted way of talking about responsible gambling with our guests. SaskGaming is proud to have completed the Responsible Gambling Council of Canada's Responsible Gambling (RG) Check annual update in 2018. RG Check accreditation is subject to a renewal process every three years. SaskGaming's two properties are up for reaccreditation in October 2019.

SaskGaming promotes environmentally sustainable business practices. As such, the corporation has taken a number of steps over the years to make both properties more environmentally friendly. SaskGaming has recycled paper and cardboard since 1996, as well as bottles and cans at both properties. The disposable coffee and pop cups are also compostable. Old cell phones have the memory wiped and are returned to the supplier, which refurbishes and donates them to women's shelters. Batteries and light bulbs are recycled at both properties. Bathroom paper products have been switched to recycled paper products and most of the cleaning products used on site are biodegradable and non-toxic.

Recently, the corporation moved toward the use of reusable and refillable containers and the elimination of plastic.

In an effort to reduce paper mail, Casinos Regina and Moose Jaw have turned to more online promotions via social media, email and our websites.

In an effort to reduce energy usage and our overall carbon footprint, the corporation has also switched from regular light bulbs to LED bulbs, where applicable, on both casino floors, as well as for the exterior lighting at Casino Regina and in the parkade at Casino Moose Jaw.

Financial Sustainability

SaskGaming takes great pride in contributing to a number of initiatives across the province to support programs and services that benefit the people of Saskatchewan.

SaskGaming is in the third year of a multi-year plan to refresh Casinos Regina and Moose Jaw. The corporation continues to invest in both properties with upgrades to the gaming floor and network infrastructure, as well as renovating the interior of the property with a modern look while maintaining the historical feel of the Union Station building – a signature piece of Regina's downtown.

The corporation is committed to providing an 'Always Entertaining' experience at Casinos Regina and Moose Jaw. In 2018, the Saskatchewan Liquor and Gaming Authority (SLGA) approved SaskGaming's proposal to operate Casinos Regina and Moose Jaw on Christmas Eve and Christmas Day with modified hours. Due to a successful pilot, the properties will be open with modified hours on December 24 and 25 on a go-forward basis.

Casinos Regina and Moose Jaw saw changes to the pop and coffee program. To kick off 2019, it was decided that complimentary pop and coffee would be served to guests who are actively gaming at a slot machine or table game. Silver and higher Players Club members are still eligible to receive a complimentary beverage when they present their Players Club card at any bar or food outlet. Bronze players and guests who are not actively gaming will be charged \$1.50 (including taxes) for pop and coffee on the gaming floor or at any bar or food outlet.

SaskGaming is proud to have earned the 53rd spot in SaskBusiness Magazine's Top 100 Companies list, which ranks Saskatchewan-based companies on their total 2017-18 revenue against other companies in the province.

The corporation remains committed to supporting programs and services that benefit all people across the province, including our First Nations and Métis communities. The corporation endowed \$11.2 million to both the First Nations Trust and Community Initiatives Fund to support Saskatchewan Indigenous communities in areas such as entrepreneurship and social justice.

Management's Discussion & 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, 2019. For the purposes of this MD&A, results for the year ending March 31, 2019 are compared to the year ending March 31, 2018.

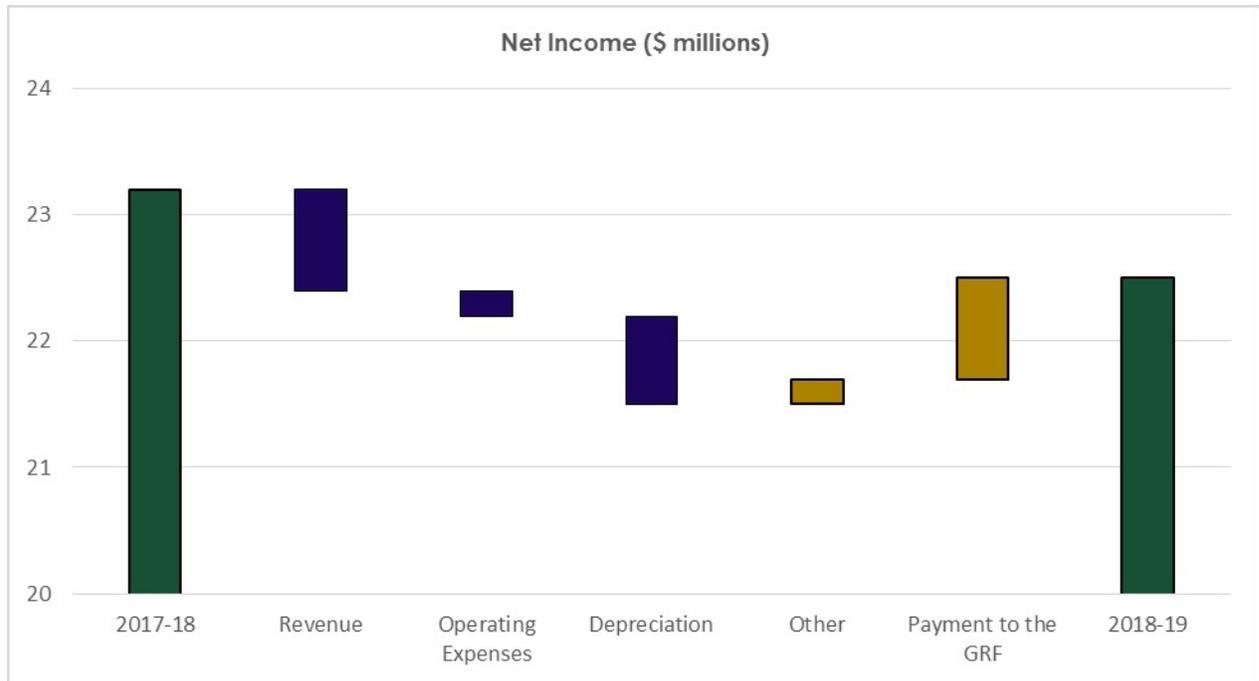
The MD&A report should be read in conjunction with the audited financial statements and accompanying notes, which have been prepared in accordance with International Financial Reporting Standards (IFRS). Using the financial and performance results as its basis, the MD&A enables readers to view SaskGaming's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

SaskGaming operates in an industry that is in a mature market position, marked by lower annual revenue growth and operating costs increased by the cost of inflation. In addition to the challenges of operating in a mature market, SaskGaming also faces increased competition from gaming competitors in the province. SaskGaming is meeting these challenges by investing in technology, facilities and new initiatives, while continuing to focus on customer service and employee excellence, expense management and productivity.

Financial Results

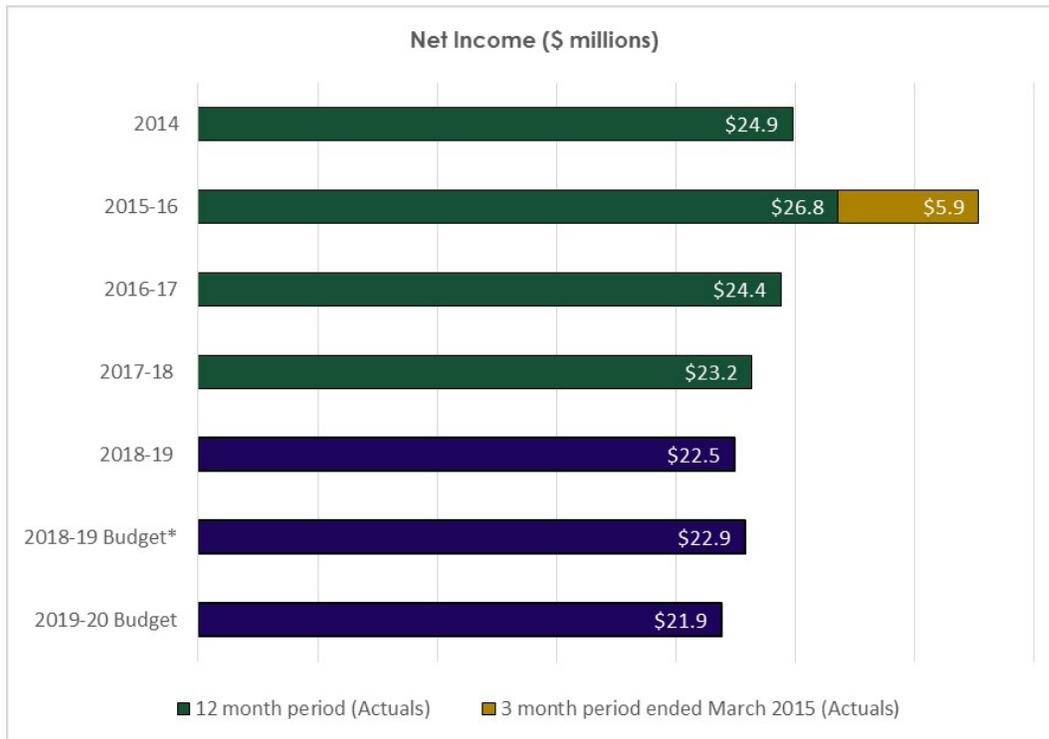
Net Income



The above chart reflects the year ended March 31, 2019, as compared to the year ended March 31, 2018. Decreases to net income are noted in blue, while increases are noted in yellow.

Net income for the year ended March 31, 2019 was \$22.5 million, a decrease of \$0.7 million (3.0 per cent) from the year ended March 31, 2018.

- Revenue declined by \$0.8 million (0.7 per cent) as a result of decreased gambling revenue.
- Operating expenses increased by \$0.2 million (0.3 per cent) primarily due to merit increases and group benefit premium increases, offset by decreases to most other expense categories.
- Depreciation increased by \$0.7 million (12.5 per cent) due largely to increased capital investment during the year, including slot machine replacement, property renovations and implementation of new gaming technology.
- Payment to the GRF decreased by \$0.8 million (3.5 per cent) as a direct result in the overall decrease in Income Before Payment to the GRF for 2018-19.



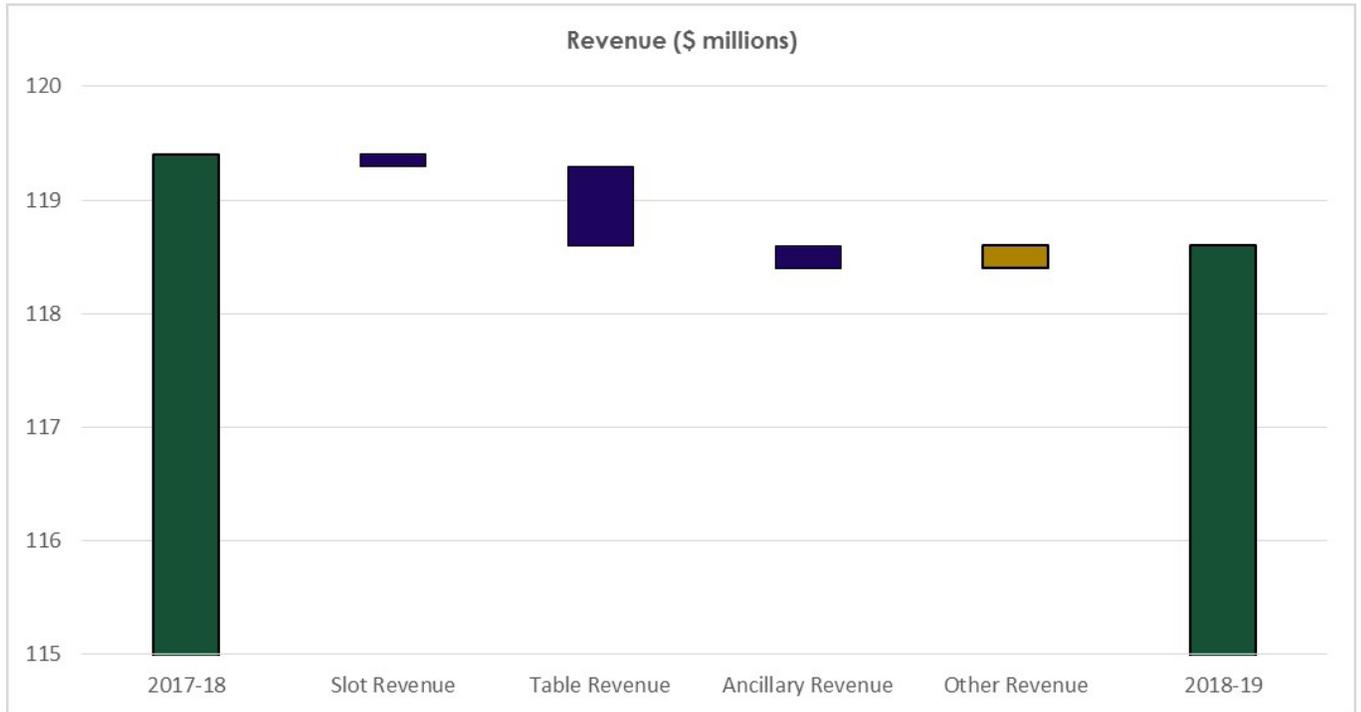
*2018-19 budget numbers have been adjusted from the prior year annual report per direction from CIC.

Over the past several years, SaskGaming has experienced a trend of declining net income. This trend is as a result of a number of factors, including a mature Canadian gaming industry, a slowing Saskatchewan economy and increased gaming competition in the province. SaskGaming has gone through several years of expenditure reduction efforts to maintain net income level, in the face of declining revenues. This culture of efficiency has become embedded in everything the corporation does, and every investment made.

In addition to cost restraint strategies, SaskGaming has met these challenges by introducing new gaming products and services, ensuring our guests continue to experience excellent service and entertainment at our properties. SaskGaming continually monitors products and services, maintaining an ongoing dialogue with customers and allowing SaskGaming to deliver on an experience that encourages guests to return.

In 2019-20, SaskGaming will focus on guest expectations, along with action to implement improvements to facilities, technology, products and services to better meet those expectations.

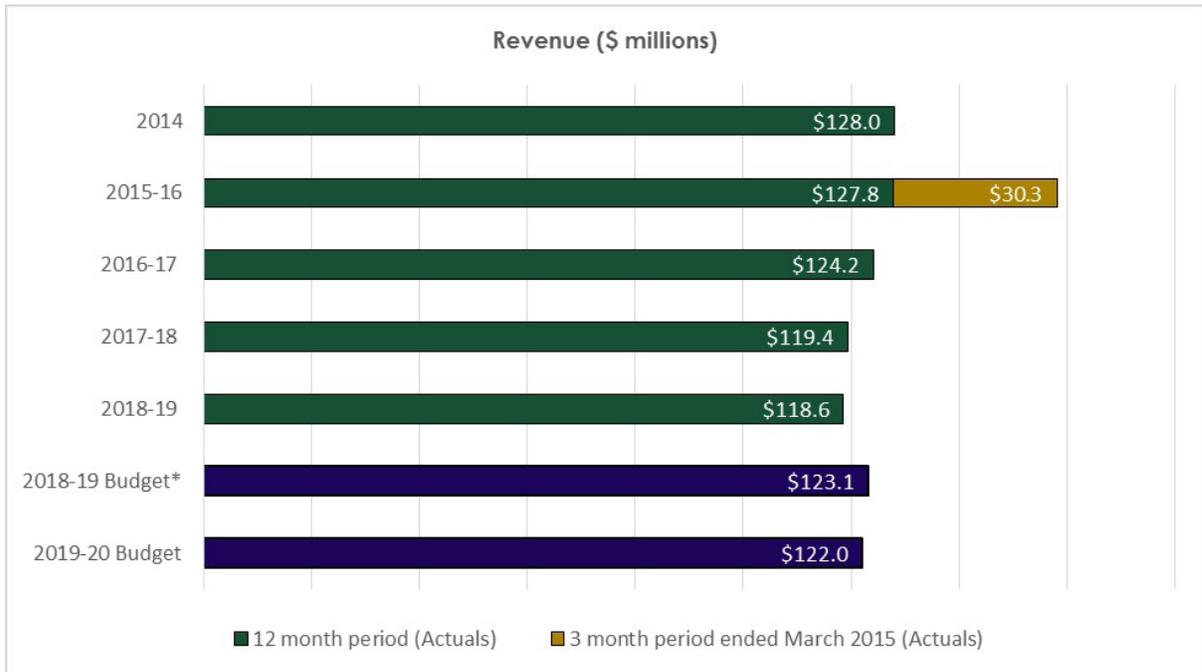
Revenue



The above chart reflects revenues by line of business for the year ended March 31, 2019, as compared to the year ended March 31, 2018. Decreases to revenue are noted in blue, while increases are noted in yellow.

Revenues for the year ended March 31, 2019 were \$118.6 million, which was \$0.8 million (0.7 per cent) lower than the year ended March 31, 2018.

- Slot revenue decreased by \$0.1 million (0.1 per cent). The decrease in slot revenue is largely due to decreased guest visits at Casino Moose Jaw during the year. This was slightly offset by increased spend per guest at both Casinos Regina and Moose Jaw.
- Table games revenue decreased by \$0.7 million (5.3 per cent), largely due to lower demand for certain table product lines, as well as gaming volatility.
- Ancillary revenue decreased by \$0.2 million (2.0 per cent). This decrease was primarily due to decreased food and beverage sales, which is directly linked to reduced guest counts.
- Other revenue, consisting of several miscellaneous revenue sources, showed an overall increase from the prior period of \$0.2 million (33.3 per cent).

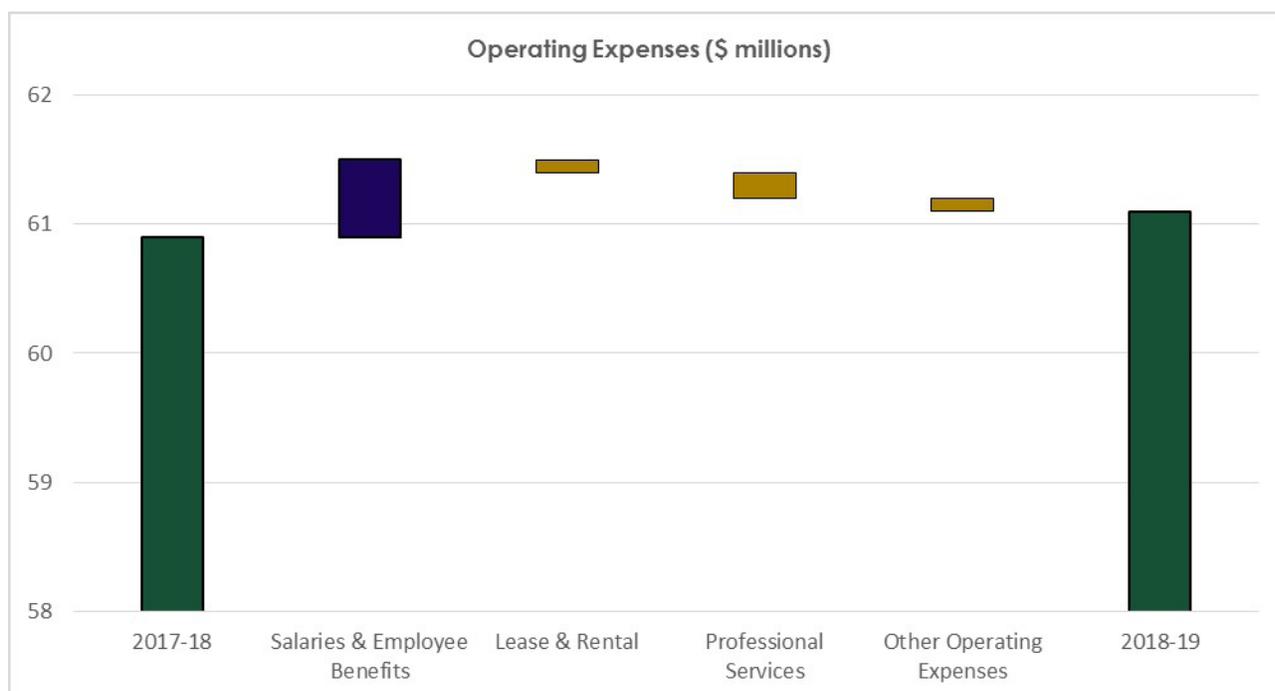


*2018-19 budget numbers have been adjusted from the prior year's annual report per direction from CIC.

SaskGaming has seen a declining trend in revenues since 2014. Meanwhile, other jurisdictions across the Canadian gaming industry have begun to see increasing results. These increases are largely attributed to the introduction of new gaming channels and increased capacity that has not been available to SaskGaming. There has also been a slowing of the Saskatchewan economy that has resulted in guests having less disposable income to spend on entertainment.

The 2019-20 budget reflects a recovery in the Saskatchewan economy and SaskGaming's recent strategies to increase revenue. These strategies include advancing technology, widening our customer base through product development, and refreshing our properties to create new amenities and attractions.

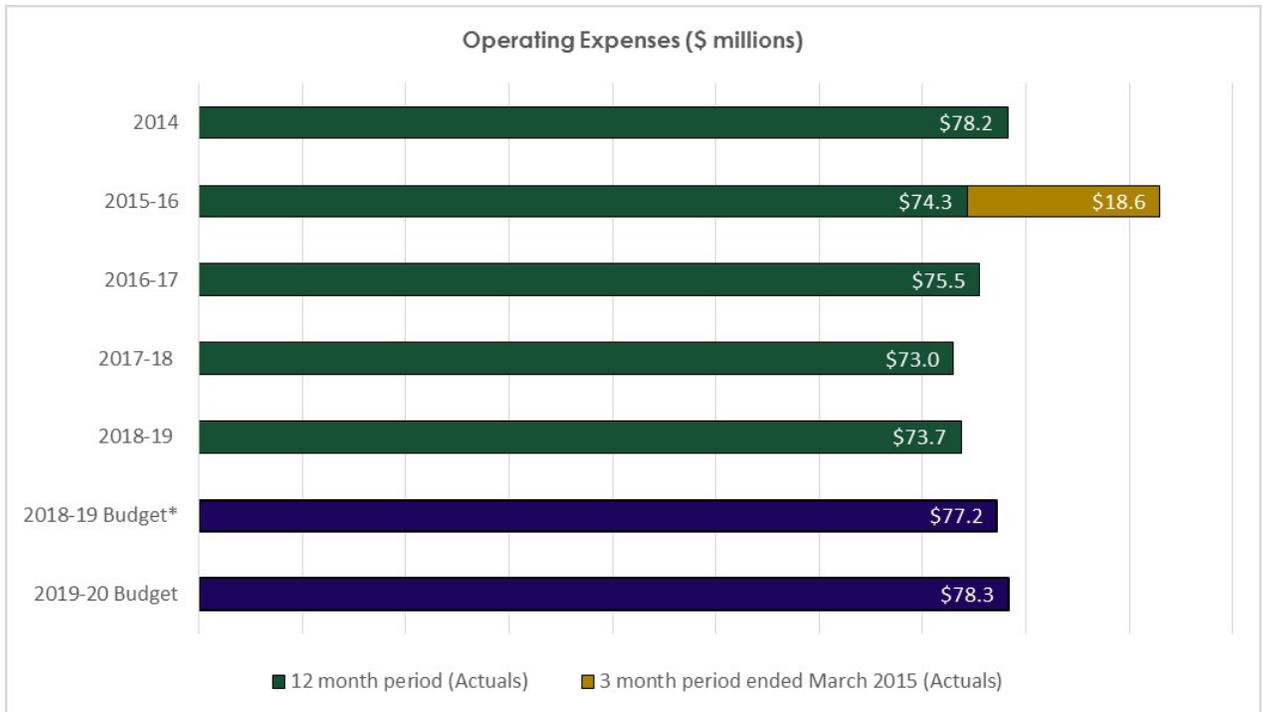
Operating Expenses



The above chart reflects the year ended March 31, 2019, as compared to the year ended March 31, 2018. Increases to operating expenses are noted in blue, while decreases are noted in yellow.

Operating expenses for the year ended March 31, 2019 were \$61.1 million, which was an overall increase of \$0.2 million (0.3 per cent) from the year ended March 31, 2018.

- Salaries and employee benefits increased by \$0.6 million (1.6 per cent) primarily due to merit increases for staff and increased severance costs. The group benefit premiums increased by approximately 10 per cent. This was offset by continued management of overtime, effective scheduling to match staffing levels with guest counts, the corporate attrition strategy, as well as lower overall full-time equivalents in 2018-19.
- Lease and rental costs decreased by \$0.1 million (4.8 per cent). The decrease resulted from the removal of some leased games and the replacement with lower cost items.
- Professional services decreased by \$0.2 million (18.2 per cent), which was primarily due to actively working to lower consulting and legal services in 2018-19.
- Other operating expense categories showed a collective decrease of \$0.1 million (0.5 per cent).



*2018-19 budget numbers have been adjusted from the prior year annual report per direction from CIC.

Expenses over the five year period continue to be managed in an effective and prudent manner to reflect SaskGaming's continued commitment to provide excellent guest service in the most efficient way possible. Decreases include ensuring that overtime is used effectively and efficiently, and that staffing levels are adjusted to meet customer demand through active workforce and vacation management strategies.

The expense budget for 2019-20 reflects a reinvestment being made by SaskGaming into property refreshment and the implementation of new gaming technology to improve the guest experience. This trend is expected to continue with the multi-year reinvestment project.

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 a finance lease for the Casino Moose Jaw property outstanding for \$5.4 million (March 31, 2018 - \$5.8 million). For the period ending March 31, 2019, SaskGaming invested a total of \$8.9 million (March 31, 2018 - \$5.5 million) in capital infrastructure.

SaskGaming is required to distribute 50 per cent (March 31, 2018 - 50 per cent) of income to the GRF each year. For the period ending March 31, 2019, SaskGaming is required to distribute \$22.4 million (March 31, 2018 - \$23.2 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, 2019, SaskGaming paid dividends of \$18.6 million (March 31, 2018 - \$28.2 million) to CIC. In 2017-18, SaskGaming's owner required the corporation to declare an additional \$10.0 million dividend to meet the owner's cash flow requirements resulting in higher dividends paid in 2018-19.

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, Employee Experience, Responsible Corporation and Financial Sustainability. These priorities align with the Saskatchewan Crown Sector Strategic Priorities, which include:

- Customer Focus
- Financial Sustainability
- Prioritize Investments
- Private Sector Engagement
- Technology and Innovation
- 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 the 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, 2019. In the tables below, the results can be interpreted as follows:

- Exceeded = 121 per cent or greater than target
- Achieved = 95 per cent to 120 per cent of target
- Progressing = 80 per cent to 95 per cent of target
- Not Met = Less than 80 per cent of target

Guest Experience

BSC MEASURES	2017-18 Actual	2018-19 Target	2018-19 Actual		2019-20 Target
Guest Count (000s)	3,513	3,600	3,257	Progressing	3,650
Mystery Shopper	91.7%	92.0%	96.2%	Achieved	92.5%
Guest Satisfaction	78.1%	80.0%	75.5%	Progressing	78.0%
Satisfaction of Emerging Guests	85.7%	87.0%	82.5%	Progressing	85.0%

Strategy

Providing an engaging and entertaining experience for guests is the foundation of SaskGaming's business model. Extensive research into market trends, customer preferences and analysis of Players Club data informs decisions related to new product offerings, promotions and the introduction of new amenities. With this data, SaskGaming is better positioned to offer targeted promotions to high-value guests. The corporation continually monitors products and services using Guest Satisfaction and Mystery Shopper surveys, and has ongoing dialogue with key customers, including quarterly sessions with the *Guest Advisory Committee*.

Result

In 2018-19, Casinos Regina and Moose Jaw welcomed over 3.25 million guests, which was below the target of 3.5 million. Guest visits to Casino Regina were impacted by the closure of the pedway connecting Casino Regina to the Cornwall Centre for several months, as well as the elimination of free pop and coffee.

SaskGaming's Mystery Shopper methodology was revised last year to put a greater focus on customer engagement. This year's score was 96.2 per cent, above the target of 92.0 per cent.

The Guest Satisfaction result was 75.5 per cent, which was below this year's target. Overall, guests expressed satisfaction with the services and staff at both properties. However, some guests attributed their lower satisfaction to a feeling that the amenities have become somewhat dated and need to be refreshed.

2019-20 Focus

A renewed focus on guest expectations will occur in 2019-20, along with action to implement improvements to facilities, products and services to better meet those expectations. Knowledge of the expectations of both current and future guests is key to SaskGaming delivering on an experience that encourages guests to return.

SaskGaming will launch an online community forum to facilitate an ongoing conversation with hundreds of its committed and caring guests. This will allow SaskGaming to get more detailed information from guests in a more cost effective way, rather than using traditional survey techniques. Smaller more directed surveys allow for immediate feedback which will be used to make informed decisions on facilities modernization, service delivery, products and branding.

GameOn is SaskGaming's internal customer service strategy. In order to achieve the vision of being the number one entertainment choice in our markets, SaskGaming must offer an outstanding entertainment experience and continue to evolve with its customer base. In 2019-20 a revitalized version of the corporation's customer service strategy, GameOn 2.0, will be launched and includes enhanced training for all employees to ensure they are equipped to meet corporate objectives relating to guest interactions and engagement.

Employee Experience

BSC MEASURES	2017-18 Actual	2018-19 Target	2018-19 Actual		2019-20 Target
Employee Satisfaction	N/A	60.0%*	56.0%	Progressing	N/A*
Core Training	89.5%	85.0%	95.7%	Achieved	90.0%
Employee Absenteeism	5.5%	5.0%	6.0%	Progressing	5.0%
Indigenous Representation	42.1%	43.0%	41.1%	Achieved	45.0%

*conducted biennially

Strategy

SaskGaming has one of the most diverse workforces in the Saskatchewan public sector, with over 41 per cent of staff being of Indigenous descent and 17 per cent being visible minorities. This is a point of pride for the corporation and greatly enriches our working environment. SaskGaming maintains an Indigenous Employment Strategy and an Indigenous Employees' Network to support the recruitment and retention of Indigenous people, and promote First Nations, Métis and Inuit culture in the workplace.

The corporation also prides itself on being a developmental employer where careers can begin and grow. The opportunities that exist within the corporation range from entry level positions, to more senior level positions requiring undergraduate degrees, as well as a unique shift work environment for those staff who work on the gaming floors.

SaskGaming's greatest commodity is its people. Friendly, well-trained and informed staff are critical to achieving an outstanding guest experience and financial success.

Result

SaskGaming continues to invest in employees and provide opportunities to establish and grow their careers. The rollout of the leadership program was a significant effort this year.

In 2018-19, over 95 per cent of employees had completed the seven core training courses, including the new cyber security awareness course, required by the corporation, well exceeding the target of 85.0 per cent. SaskGaming's Employee Absenteeism target was 5.0 per cent with a result of 6.0 per cent, the measure was on track most of the year, however, a prolonged and intensive influenza season brought the measure above target.

In 2013, SaskGaming formed an Indigenous Representative Workforce Team to identify barriers to Indigenous employment, develop solutions and help the corporation achieve its long-term Indigenous employment target of 50.0 per cent. The strategy has been successful, in part, as SaskGaming's Indigenous employment rates were 41.1 per cent in 2018-19. As a developmental employer, SaskGaming is proud that so many of its Indigenous employees move on to further their careers, however, this makes continual recruitment efforts necessary to maintain and improve the level of Indigenous representation.

2019-20 Focus

For 2019-20, SaskGaming developed a strategic initiative to continue building its organizational culture. Hiring to support the Guest Experience Strategy has been identified, as well as consideration of ways to better refine hiring through the implementation of a new recruitment and selection system.

Responsible Corporation

BSC MEASURES	2017-18 Actual	2018-19 Target	2018-19 Actual		2019-20 Target
Guest Awareness of Responsible Gambling	78.7%	80.0%	83.3%	Achieved	80.0%
Public Opinion of Community Support	53.9%	55.0%	54.3%	Achieved	55.0%
Indigenous Sponsorship (% of Total Sponsorship)	28.0%	25.0%	29.2%	Achieved	25.0%

Strategy

Giving back to Saskatchewan communities is integral to the corporation's mandate. Through its Community Relations program, SaskGaming invests approximately one per cent of its Income Before Payment to the GRF to community sponsorships, in-kind support and donations, with 25 per cent of those investments allocated to Indigenous projects, programs and initiatives.

SaskGaming is committed to providing gambling in a socially responsible manner and in compliance with the various regulatory requirements that support the highest standards of integrity.

SaskGaming uses GameSense, an internationally recognized responsible gambling program, to help guests make informed decisions about their play. Casinos Regina and Moose Jaw are accredited through the Responsible Gambling Council of Canada's Responsible Gambling (RG) Check program – which recognizes gaming venues that have achieved high standards in responsible gambling programs by providing them with an independent, objective check on internal responsible gambling policies and procedures.

Result

The GameSense responsible gambling program ensures players are making healthy and informed decisions about their play. In 2018-19, Guest Awareness of Responsible Gambling was 83.3 per cent, above the 80.0 per cent target. This was largely due to enhanced on-floor visibility of the responsible gambling program, information sessions for guests and exposure of the program in the Players Club newsletter.

To maximize SaskGaming's community giving potential, the corporation designs and supports events, programs and activities that provide the public the opportunity to raise funds for local charities and non-profits. Examples include SaskGaming's flagship Charity Championship event, in-kind use of the Show Lounge for events where the proceeds go to a charity, and smaller initiatives like guest donation boxes. These increase funding for charities while driving guests to the casino properties, directly supporting the balanced scorecard measure of increasing the Public Opinion of Community Support.

Public Opinion of Community Support was 54.3 per cent — just slightly below the target of 55.0 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 29.2 per cent.

2019-20 Focus

SaskGaming looks for opportunities to improve the efficiency and effectiveness of its compliance regime through changes to policy, process and technology.

Upgrades to the Bally system in 2019-20 will provide functionality for Casinos Regina and Moose Jaw to be able to place pre-commitment tools on slot machines. The corporation will evaluate the available functionality and recommend the implementation of tools to improve the guest experience and enhance their ability to make informed decisions about their play.

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 expanding the creation of community events to leverage charitable funds.

Financial Sustainability

BSC MEASURES	2017-18 Actual	2018-19 Target	2018-19 Actual		2019-20 Target
Net Average Guest Spend (\$/Guest)	34.00	34.21	36.43	Achieved	33.41
Income Before Payment to the GRF (000s of \$)	46,482	45,944	44,920	Achieved	43,674
EBITDA Margin	49.0%	48.2%	48.5%	Achieved	47.6%
Debt/Equity Ratio	12.0%	10.2%	10.2%	Achieved	8.7%
Payroll Percentage	31.6%	30.0%	32.3%	Progressing	31.6%

Strategy

SaskGaming continually reinvests in products, property and technology to maximize revenue opportunities in order to generate profit for the people of Saskatchewan and ensure the long-term sustainability of the corporation.

Operating in a mature casino gaming market and an environment where there is significant competition for entertainment dollars, SaskGaming will invest in the modernization of its facilities, products and services to enhance the guest experience.

In order to offset declining revenues, SaskGaming strives to find incremental revenue opportunities as well as operational and cost efficiencies. One component of these initiatives involves working in collaboration with other Saskatchewan Crown corporations to identify shared service opportunities.

Result

As a major entertainment and tourist destination in the province, Casinos Regina and Moose Jaw welcomed over 3.2 million guests which is down slightly from last year. However, this is offset by an increase in Guest Spend Per Visit to \$36.43. This was above the target of \$34.21 per guest and above last year's actual of \$34.00 per guest.

An overall revenue decline of \$4.5 million compared to budget was significantly offset by expenditure reductions of \$3.5 million. As such, Income Before Payment to the GRF was \$44.9 million — \$1.0 million below target.

SaskGaming achieved its operational efficiency target of EBITDA Margin at 48.5 per cent, as well as its Debt/Equity Ratio. However, Payroll Percentage was slightly off target due to an increase in pay and benefit premiums, as well as reduced revenue impacting the payroll percentage.

2019-20 Focus

SaskGaming went through several years of expenditure reduction efforts to maintain net income in the face of declining revenues. This culture of efficiency has become embedded in everything the corporation does, and every investment made. To address the long-term needs of the corporation and its facilities, as well as to maintain revenues in the future, a long-term plan has been developed to reinvest in the modernization of facilities, products and technology.

Risk Management and Disclosure

SaskGaming's Enterprise, Risk and Opportunities Management (EROM) program is a policy framework defining the process and management of risks and opportunities for the corporation. The program is reviewed annually by the Board of Directors along with an EROM Assessment Report. The EROM Assessment Report contains the corporate risk register and an assessment of the processes and controls to mitigate the risks. SaskGaming conducts the following activities to complete the EROM Assessment Report:

- Revise the list of corporate risks and opportunities and update the risk and opportunity statements, where necessary;
- Conduct an inherent risk assessment, and rate the likelihood and impact for new risks and opportunities or where statements were changed from the prior year;
- Conduct a residual risk assessment, and rate the likelihood and impact of each risk and opportunity to identify the top residual corporate-wide risks; and
- Develop a prioritized corporate risk and opportunities register.

To actively manage and monitor corporate risks, all risks defined as top corporate-wide risks are reviewed and reported quarterly to the Executive Committee and the Board of Directors. All EROM reports provided to the Board of Directors are also provided to CIC. To ensure the EROM assessment remains accurate, a mid-year review of risks and mitigations is conducted.

The EROM assessment played a major role in the development of initiatives to support the corporation's goals and objectives in the 2018-19 Performance Management Plan.

Separated by risk category are SaskGaming's five 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 as SaskGaming's ability to move beyond the traditional gaming market is outside the corporation's control. This could lead to a decline in income and not meeting the shareholder's dividend expectations.	Attract non-Players Club guests via mass mail, entertainment options and advertising that creates an emotional connection with each product line.
	Continue to evolve the Players Club program. Attraction into the Players Club program, upward movement through the tiers and retention of members continue to be promoted and executed 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 technology is being increased. Conduct studies to examine reconfiguration of selected gaming floor space for expanded/modified amenities offerings, and to lay the foundation for the attraction of a younger demographic.

Operational Risk

Business Interruption	
Risk	Mitigation Activities
SaskGaming is unable to provide services due to a business interruption (situations include: accidents, labour disruption, loss of a key supplier, sabotage, weather, technology failure) resulting in loss of revenue, dissatisfied guests, etc.	Business continuity plan is in place.
	Business continuity plan tabletop exercises are conducted annually to confirm the effectiveness of the plans.
	Annual fire drills are conducted at both casinos.
	Emergency measure procedures are in place.
	Data centre and all critical gaming applications are located off-site.
	SaskGaming carries business interruption insurance.
	Disaster recovery plan is reviewed and tested annually.
	Surveillance system has failover capabilities in the event of a disaster.
	Strike contingency plans are in place.

Talent Management	
Risk	Mitigation Activities
<p>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 employment attraction, training, retention, workforce planning, labour relations and wellness.</p>	Corporate Learning System is in place.
	Biennial Employee Satisfaction Survey is conducted.
	Employee Satisfaction Committees meet regularly.
	Established "ASK!" program and structured staff meetings where "top five" issues are raised and addressed.
	Succession Planning and Management Framework in place.
	Attendance Support Program is in place.
	Social Committees are in place and operational.
	Established communication plan and various established channels to communicate information to employees.
	Kronos mobile time and attendance system in place and operational.
	Situational Leadership and Coaching for Excellence Program implemented.
	Updated human resource-related policies and procedures are in place.
	Strike contingency plans developed.
	Developed 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.
	Developed and implemented a refreshed Indigenous Employment Strategy.

Guest Experience	
Risk	Mitigation Activities
Failure to consistently meet guest expectations regarding facilities, safety and customer service results in a loss of business, declining revenues and loss of market share.	Refreshed GameOn 2.0 customer service strategy.
	Customer service training and Mystery Shopper program.
	Free parking for guests at Casino Regina.
	Slot Floor Response System in place to provide timely service for guests.
	Conduct target specific surveys to assess guest experience.
	Create strategically directed food and beverage product offerings for select clientele.
	Implement and evaluate the Guest Experience Strategy.
	Players Club rewards program in place.
	New VIP Lounge opened to guests.
	Implemented a new service bar at Casino Regina.

Systems & Information Security	
Risk	Mitigation Activities
Loss or theft of revenue, proprietary information, unauthorized knowledge and use of confidential information resulting from inappropriate or unlawful access to data can result in litigation and/or a loss of guest and stakeholder confidence and thereby have a negative financial impact.	Corporate Systems and Technology account audit.
	Standardized process for assigning permissions within applications.
	Daily data backups and Disaster Recovery Plan.
	IT Security and Acceptable Use policies exist.
	Security awareness communication to staff.
	Monitoring of managed hosting environment.
	Third party monitoring of network activity.
	Anti-virus software to detect and remediate viruses and malware.
	Passive penetration testing of network and environment to identify security risks.
	Mandatory Cybersecurity Awareness Training for staff.

Stakeholder Engagement

SaskGaming connects with the Saskatchewan public, our guests and our employees through a variety of communications channels.

Public and Guest Communications

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

SaskGaming uses 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.

The Players Club program offers guests a wealth of exciting news and promotions. We encourage guests to sign up to receive a monthly newsletter by mail or email to stay informed about upcoming Show Lounge events, food and beverage features and other floor fun promotions. 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.

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. In 2019-20, a renewed focus on better understanding guest expectations is key to delivering an exceptional guest experience and growing our business. SaskGaming will launch an online community forum to facilitate ongoing discussions with hundreds of committed and caring guests. Smaller more direct surveys offer immediate feedback which can be used to make informed decisions on modernizing the casinos, service delivery and branding.

Guest Advisory Committees continue to meet on a quarterly basis to make recommendations to improve the overall guest experience at both 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 and mediums 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. Upgrades to the corporate intranet site are underway with the formal launch expected in the summer of 2019.

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 SaskGaming employees with the information they need to stay up-to-date and deliver an exceptional customer experience.

The corporation also provides a confidential, anonymous reporting tool called ClearView Connects. This third-party system collects information from employees anonymously and reports it back to SaskGaming. Employees can access this service 24 hours per day, 365 days a year by telephone or by filing a report online.

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, 2019 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, 2019. 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 16, 2019

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, 2019.
- 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, 2019 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 16, 2019

Independent Auditor's Report

To the Members of the Legislative Assembly, Province of Saskatchewan

Opinion

We have audited the consolidated financial statements of Saskatchewan Gaming Corporation ("the Entity") which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2019, and its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in Annual report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Regina, Canada
May 16, 2019

Saskatchewan Gaming Corporation

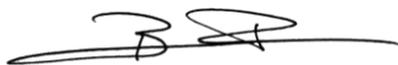
Consolidated Statement of Financial Position

As at March 31

(Thousands of Dollars)	<u>Note</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Current			
Cash		\$ 18,195	\$ 17,204
Accounts receivable		140	219
Inventory		257	243
Prepaid expenses		793	446
		<u>19,385</u>	<u>18,112</u>
Property, plant and equipment	4	<u>59,278</u>	<u>56,729</u>
		<u>\$ 78,663</u>	<u>\$ 74,841</u>
LIABILITIES AND EQUITY			
Current			
Trade and other payables		\$ 10,592	\$ 10,522
Payable to the General Revenue Fund (GRF)	5	5,120	4,887
Dividend payable		4,576	5,165
Current portion of finance lease obligation	6	425	384
		<u>20,713</u>	<u>20,958</u>
Finance lease obligation	6	<u>4,976</u>	<u>5,401</u>
		<u>25,689</u>	<u>26,359</u>
Retained earnings		<u>52,974</u>	<u>48,482</u>
		<u>\$ 78,663</u>	<u>\$ 74,841</u>
Commitments and contingencies	7		

(See accompanying notes)

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	2019	2018
Revenue	8	\$ 118,637	\$ 119,464
Operating expenses	9,16	61,113	60,872
Depreciation		6,337	5,622
Contractual obligations	7	3,015	3,015
Taxes	10	2,680	2,864
Finance expense	11	572	609
		<u>73,717</u>	<u>72,982</u>
Income before payment to GRF		44,920	46,482
Payment to GRF	5	22,460	23,241
Net income		22,460	23,241
Other comprehensive income		-	-
Comprehensive income		<u>\$ 22,460</u>	<u>\$ 23,241</u>

(See accompanying notes)

Consolidated Statement of Changes in Equity

For the year ended March 31

(Thousands of Dollars)	2019	2018
Retained earnings, beginning of year	\$ 48,482	\$ 43,834
Comprehensive income	22,460	23,241
Dividends	(17,968)	(18,593)
Retained earnings, end of year	<u>\$ 52,974</u>	<u>\$ 48,482</u>

(See accompanying notes)

Saskatchewan Gaming Corporation Consolidated Statement of Cash Flows

For the year ended March 31

(Thousands of Dollars)	2019	2018
Operating activities		
Net income	\$ 22,460	\$ 23,241
Adjustments for:		
Finance expense	572	609
Depreciation	6,326	5,587
Loss on sale of property, plant and equipment	11	35
Changes in non-cash working capital balances		
Accounts receivable	79	(88)
Inventory	(14)	38
Prepaid expenses	(347)	(6)
Trade and other payables	70	1,571
Payable to GRF	233	(899)
	29,390	30,088
Investing activities		
Proceeds from sale of property, plant and equipment	1	66
Purchases of property, plant and equipment	(8,887)	(5,469)
	(8,886)	(5,403)
Financing activities		
Dividends paid	(18,557)	(28,231)
Interest paid	(572)	(609)
Repayment of finance lease obligation	(384)	(346)
	(19,513)	(29,186)
Increase (decrease) in cash	991	(4,501)
Cash, beginning of year	17,204	21,705
Cash, end of year	\$ 18,195	\$ 17,204

(See accompanying notes)

Saskatchewan Gaming Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

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 16, 2019.

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).

c) Functional and presentation currency

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

d) 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.

Effective April 1, 2018, SaskGaming adopted IFRS 15 *Revenue from contracts with customers*. The standard replaces IAS 11, IAS 18, IFRIC 13, IFRIC 18, and SIC 31. IFRS 15 applies to revenue from gaming, food, beverage, parking and show lounge sales. SaskGaming adopted IFRS 15 using the modified retrospective method whereby the cumulative effect of the change determined by applying the principles and practices of IFRS 15 for contracts that are incomplete on the date of adoption, if any, are recognized in retained earnings on April 1, 2018. Upon application of the new standard, there was no cumulative adjustment required to be recognized at April 1, 2018. The comparative information has not been adjusted.

The adoption of the new standard did not have a material impact on SaskGaming's financial statements. SaskGaming operates a customer loyalty program and under the new revenue standard, loyalty points earned by customers are ascribed a value and recognized in revenue when rewards are redeemed or expire. The impact of adopting this policy did not have an impact at April 1, 2018.

SaskGaming's revenue recognition policy is in Note 3(b).

a) Basis of consolidation

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

b) Revenue

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

Ancillary revenues include food, beverage, parking and Show Lounge revenue.

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

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

c) Customer loyalty program

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

d) Inventory

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

e) Property, plant and equipment

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

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

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

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

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

f) Leases

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

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

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

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

g) Employee benefits

(i) Defined contribution plan

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

(ii) Short-term employee benefits

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

h) Foreign currency

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

i) Financial instruments

(i) Non-derivative financial assets and liabilities

SaskGaming classifies its financial instruments into one of the following categories: fair value through profit or loss; 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, 2019 (March 31, 2018 - 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, 2019. This includes:

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)	<u>Land</u>	<u>Buildings and Renovations</u>	<u>Furniture and Equipment</u>	<u>Finance Lease</u>	<u>Total</u>
Cost					
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	<u>\$ 15,154</u>	<u>\$ 44,620</u>	<u>\$ 38,690</u>	<u>\$ 8,791</u>	<u>\$ 107,255</u>
Balance at April 1, 2018	\$ 15,154	\$ 44,620	\$ 38,690	\$ 8,791	\$ 107,255
Additions	-	1,931	6,956	-	8,887
Disposals	-	-	(2,910)	-	(2,910)
Balance at March 31, 2019	<u>\$ 15,154</u>	<u>\$ 46,551</u>	<u>\$ 42,736</u>	<u>\$ 8,791</u>	<u>\$ 113,232</u>
Accumulated Depreciation					
Balance at April 1, 2017	\$ -	\$ 18,704	\$ 26,341	\$ 3,007	\$ 48,052
Depreciation	-	1,977	3,359	251	5,587
Disposals	-	-	(3,113)	-	(3,113)
Balance at March 31, 2018	<u>\$ -</u>	<u>\$ 20,681</u>	<u>\$ 26,587</u>	<u>\$ 3,258</u>	<u>\$ 50,526</u>
Balance at April 1, 2018	\$ -	\$ 20,681	\$ 26,587	\$ 3,258	\$ 50,526
Depreciation	-	2,093	3,973	260	6,326
Disposals	-	-	(2,898)	-	(2,898)
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ 22,774</u>	<u>\$ 27,662</u>	<u>\$ 3,518</u>	<u>\$ 53,954</u>
Carrying Amounts					
At March 31, 2018	<u>\$ 15,154</u>	<u>\$ 23,939</u>	<u>\$ 12,103</u>	<u>\$ 5,533</u>	<u>\$ 56,729</u>
At March 31, 2019	<u>\$ 15,154</u>	<u>\$ 23,777</u>	<u>\$ 15,074</u>	<u>\$ 5,273</u>	<u>\$ 59,278</u>

SaskGaming leases building and land under a finance lease agreement. At March 31, 2019, the net carrying amount of leased building was \$4,097 thousand (2018 - \$4,357 thousand) and the leased land was \$1,176 thousand (2018 - \$1,176 thousand).

5. Payment to the General Revenue Fund

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

6. 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)	<u>2019</u>	<u>2018</u>
Total future minimum lease payments	\$ 8,038	\$ 8,993
Less: future finance charges on finance lease	<u>(2,637)</u>	<u>(3,208)</u>
Present value of finance lease obligation	5,401	5,785
Less: current portion of finance lease obligation	<u>(425)</u>	<u>(384)</u>
Finance lease obligation	<u>\$ 4,976</u>	<u>\$ 5,401</u>

As at March 31, 2019, scheduled future minimum lease payments and the present value of finance lease obligation is as follows:

(Thousands of Dollars)	<u>1 year</u>	<u>1 - 5 years</u>	<u>More than 5 Years</u>
Future minimum lease payments	\$ 955	\$ 3,820	\$ 3,263
Present value of finance lease obligation	425	2,213	2,763

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)	2019	2018
Gaming revenue	\$ 108,059	\$ 108,795
Ancillary revenue	9,799	10,066
Other	779	603
	\$ 118,637	\$ 119,464

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

9. Operating Expenses

(Thousands of Dollars)	2019	2018
Salaries and employee benefits	\$ 36,650	\$ 36,036
Employee future benefits	1,717	1,710
Maintenance and supplies	6,773	6,828
Advertising, promotions and sponsorships	3,745	3,635
Food and beverage cost of goods sold	2,979	3,109
Lease and rental	1,972	2,119
Printing and communication	1,249	1,279
Professional services	894	1,147
Entertainment	1,773	1,654
Other direct operating	3,361	3,355
	\$ 61,113	\$ 60,872

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 (CRA). The formula requires SaskGaming to pay 10 per cent on the purchase of goods and services related to gaming activities.

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

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

11. Finance Expense

(Thousands of Dollars)	<u>2019</u>	<u>2018</u>
Interest on finance lease obligation	<u>\$ 572</u>	<u>\$ 609</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, 2019, SaskGaming expensed \$1,717 thousand (2018 - \$1,710 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, 2019 (2018 - 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% (2018 - 80%) of net earnings by way of dividend.

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

SaskGaming monitors capital on the basis of the debt to 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 2019, SaskGaming's goal is a debt to equity ratio of 0.10.

The debt to equity ratio is as follows:

(Thousands of Dollars)	<u>2019</u>	<u>2018</u>
Finance lease obligation	\$ 5,401	\$ 5,785
Total debt	<u>\$ 5,401</u>	<u>\$ 5,785</u>
Retained earnings	\$ 52,974	\$ 48,482
Total equity	<u>\$ 52,974</u>	<u>\$ 48,482</u>
Debt to equity ratio	0.10	0.12

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)			2019		2018	
Financial Instruments	Classification ¹	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	\$18,195	\$18,195	\$17,204	\$17,204
Accounts receivable	AC	Level Two	140	140	219	219
Trade and other payables	OL	Level Two	10,592	10,592	10,522	10,522
Payable to the GRF	OL	Level Two	5,120	5,120	4,887	4,887
Dividend payable	OL	Level Two	4,576	4,576	5,165	5,165

Classification¹:

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, 2018.

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, 2018.

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, 2019

(Thousands of Dollars)

Financial Liabilities	Contractual Cash Flows						
	Carrying Amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	More than 5 years
Trade and other payables	\$ 10,592	\$ 10,592	\$ 10,592	\$ -	\$ -	\$ -	\$ -
Payable to the GRF	5,120	5,120	5,120	-	-	-	-
Dividend payable	4,576	4,576	4,576	-	-	-	-
Finance lease obligation	5,401	8,038	478	478	955	2,865	3,262
	<u>\$ 25,689</u>	<u>\$ 28,326</u>	<u>\$ 20,766</u>	<u>\$ 478</u>	<u>\$ 955</u>	<u>\$ 2,865</u>	<u>\$ 3,262</u>

At March 31, 2018

(Thousands of Dollars)

Financial Liabilities	Contractual Cash Flows						
	Carrying Amount	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 the 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>

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, 2018.

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 ended March 31, 2019, the aggregate amount of SaskGaming's transactions with other government-related entities is approximately 5.4 per cent of direct operating expenses (2018 - 5.6 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)	<u>2019</u>	<u>2018</u>
Short term employee benefits	\$ 1,497	\$ 1,470
Post-employment benefits (defined contribution pension plan)	<u>68</u>	<u>67</u>
	<u><u>\$ 1,565</u></u>	<u><u>\$ 1,537</u></u>

One board member is a partner in an organization that provided nil professional services to SaskGaming (2018 - \$12 thousand). Past services were recorded in operating expenses in the Statement of Operations and are routine operating transactions in the normal course of business.

GOVERNANCE

Mandate and Authority

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

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

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

Profit Sharing

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

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

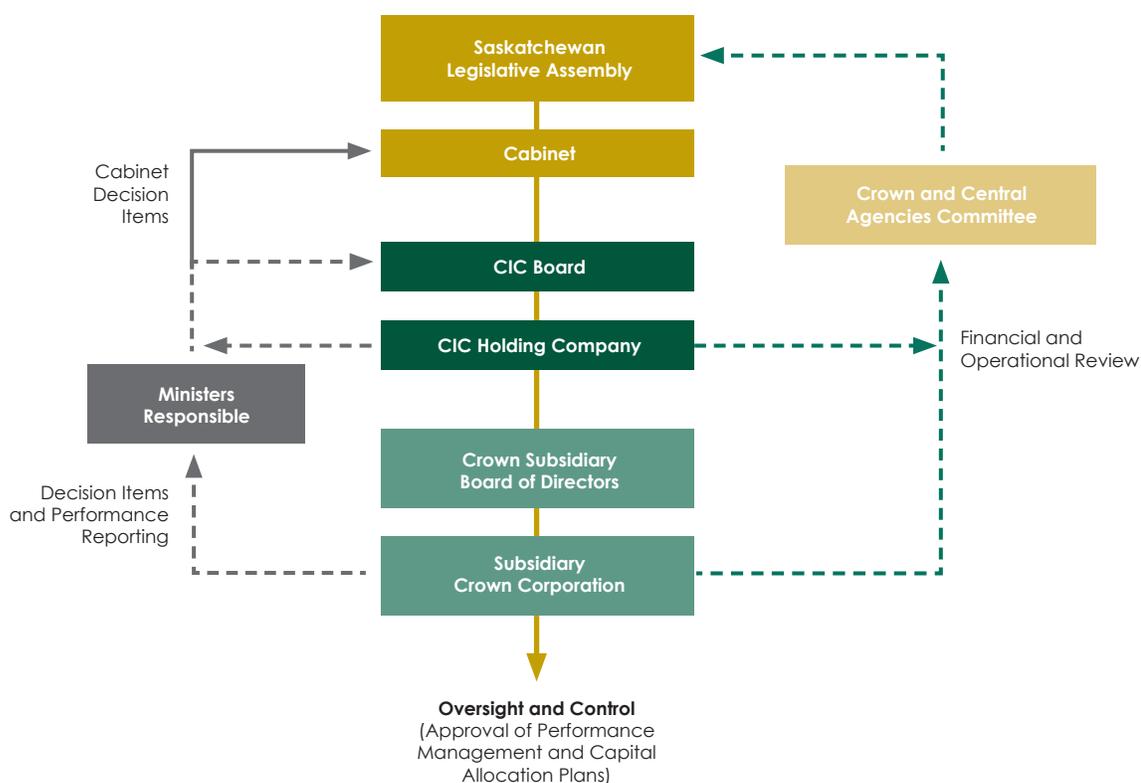
CIC communicates with SaskGaming through written policies or directives issued by CIC management or the CIC Board of Directors, and verbally through discussions with SaskGaming senior leaders. SaskGaming reports to CIC on a regular basis on matters such as balanced scorecard results, financial statements 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 the 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*, *The Heritage Property Act* and *The Proceeds of Crime (Money Laundering) and Terrorist Financing 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 and 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 2018-19, the quarterly retainer for members of the SaskGaming Board of Directors was \$5,000 for the Chair and \$3,500 per director.

Committee Chairs also receive a quarterly retainer and members of committees receive a per diem for attendance at meetings. The Chair of the Audit and Finance Committee receives a \$650 quarterly retainer and the Chair of the Governance and Human Resources Committee receives a \$500 retainer. The maximum per diem for members of committees is \$650 for a full-day and \$350 for a half-day meeting.

Board expenses for the fiscal period ending March 31, 2019 were \$131,869.

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 CIC. CIC has designed and administers executive compensation consistent with the CIC Board and Cabinet's Crown Sector Executive Compensation Framework, and is committed to a "total compensation" (e.g. base salary, pay at risk, benefits and pension) perspective. Crown sector compensation maintains a meaningful degree of competitiveness with the relevant external labour markets, targeting to achieve +/- 10 per cent of the 50th percentile of market comparators (i.e. the middle of the market).

As a result, executive compensation at SaskGaming complies with the Crown Sector Executive Compensation Framework, as revised May 31, 2018, and set out in the CIC Subsidiary Crown Policy Manual. Each of SaskGaming's executive received a comprehensive group benefit package and a salary that consists of two main components: base salary and pay at risk.

Consistent with CIC Board and Cabinet-approved ranges, the SaskGaming executive base salary ranges for 2018-19 were:

Position	Base Salary Range
President and CEO	\$185,620 - \$232,025
Executive 1	\$150,250 - \$187,813
Executive 2	\$127,714 - \$159,643

Executive pay at risk is a portion of pay that is withheld, or placed at risk, subject to performance. It is based on both corporate and individual objectives and is determined by demonstrated results against these objectives. The targets established for payment of pay at risk are directly linked to stretch goals that are objective, quantifiable and within the span of control and/or influence of management. For the corporate component, the measures and targets are established equivalent to the annual balanced scorecard measures and targets.

In 2018-19, the weighting ranges for each component are:

Position	Corporate Weighting	Individual Weighting
President and CEO	85%	15%
Executive 1	75%	25%
Executive 2	75%	25%

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.

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 to the public on the CIC website. The Governance and Human Resources Committee and the Board annually review the details of the report.

Succession Management and Planning

SaskGaming has in place a Succession Management and Planning Framework and associated succession plan. The plan is reviewed on a semi-annual basis by the Governance and Human Resource Committee of the Board of Directors. The plan is in place to ensure the corporation has the right people, with the necessary competencies and skills needed to successfully compete for vacancies as they arise.

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 human resource 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 Management and Planning Framework, which was most recently reviewed in 2017 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 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 2018-19 included the review and recommendation for Board approval of the corporation's audit plan, the 2017-18 Annual Report, the Crown Payee Disclosure Report, the public quarterly financial reports, quarterly Performance Management Plan reports, reports from the internal auditor and the appointment of the external auditor. The committee also reviewed the Enterprise Risk Management status report and the CEO Compliance Certificate.

In 2018-19, the committee held a total of four meetings.

Members: Blair Ross (Chair), Patricia Thomson, Ernest Standingready, CeCe Baptiste (ended November 22, 2018), Danah White (ended November 22, 2018).

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 2018-19 was to complete the biennial review of the Board and Board Committee's terms of reference, review and recommend the semi-annual succession and management plan, review the summary of litigation pertaining to human resource matters, review the compensation and benefits programs and in particular those that apply to the executive group, to approve changes to the Executive Compensation Framework, 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 2018-19, the committee held a total of four meetings.

Members: Patricia Thomson (Chair), Blair Ross (Ex Officio), Eileen Libby, Cadmus Delorme.

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?
<p>1. Board of Directors Composition</p> <p>The Board should have a majority of independent directors.</p>	<p>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.</p>	<p>Yes</p>
<p>Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors).</p>	<p>Saskatchewan Gaming Corporation, as a subsidiary Crown corporation, does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to SaskGaming.</p>	<p>Not Applicable</p>

<p>(a) Disclose the identity of directors; and</p> <p>(b) Describe who is independent and the basis for the determination of independence.</p>	<p><i>Blair Ross, Board Chair: Independent, President and COO, Co-founder of SRG Security Resource Group.</i></p> <p><i>Patricia Thomson, Board Vice-Chair: Independent, FSIN appointee, Senior Indigenous Advisor, Ministry of Social Services.</i></p> <p><i>Cadmus Delorme: Independent, FSIN appointee, Chief of the Cowessess First Nation.</i></p> <p><i>Eileen Libby: Independent, Partner at MLT Aikins.</i></p> <p><i>Ernest Standingready: Independent, FSIN appointee, elected Councillor and Treaty 4 Headman for Ocean Man Nakota First Nation.</i></p> <p><i>Donna Strudwick: Independent, Senior Office Inspector for the Rural Board of Examiners.</i></p> <p><i>Paul Pastor: Independent, Partner at Buckberger Baerg & Partners LLP.</i></p> <p><i>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.</i></p>	<p>Yes</p>
<p>(c) Indicate whether directors are directors of any other issuer that is a reporting issuer.</p>	<p>SaskGaming does not have share capital, and therefore is not an issuer.</p>	<p>Not Applicable</p>
<p>(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?</p>	<p>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 five meetings in 2018-19.</p>	<p>Yes</p>
<p>(e) The Chair should be independent to provide leadership for the directors.</p>	<p>The Board structure of SaskGaming is such that the Chair of the Board is independent.</p>	<p>Yes</p>

(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	3/4	3/3	-	6/7
Delorme	5/5	-	3/4	8/9
Libby	3/5	-	4/4	7/9
Pastor	1/1	1/1	1/1	3/3
Ross	5/5	4/4	4/4	13/13
Standingready	5/5	-	4/4	9/9
Strudwick	1/1	1/1	1/1	3/3
Thomson	4/5	3/4	3/4	10/13
White	4/4	3/3	-	7/7

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

*Please note - White's and Baptiste's terms ended November 22, 2018 when Strudwick's and Pastor'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 succession plan to ensure the corporation has the right people, competencies and skills needed to be successful. The 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 human resource 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 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 biennially.

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. These are reviewed biennially.

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.

Yes

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.

(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.

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

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

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.

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

Yes

7. Compensation

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

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

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

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

Yes

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

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

Yes

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

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

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

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

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

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

Yes

8. Other Board Committees

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

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

Yes

9. Board Assessments

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

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

Yes

10. Director Term Limits and Other Mechanisms of Board Renewal

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

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

Yes

11. Policies Regarding the Representation of Women on the Board

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

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

Yes

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

- (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.

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

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

The corporation does not appoint or hire the directors of the Board, so no policy relating to the identification and nomination of women directors exists.

Yes

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

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

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

Yes

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

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

Not applicable

(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.

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

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

Yes

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

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

Yes

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

Not applicable.

Not applicable

(i) the target, and

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

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

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

Provided

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

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

Forty per cent, or two out of five executive officers are women, (including the President and CEO).

Provided

Board of Directors

Blair Ross, Board Chair (Chair, Audit and Finance Committee), of Regina, Saskatchewan is co-founder of SRG Security Resource Group Inc. a Saskatchewan-based security firm providing Security Guard and Patrol, 24 CCTV real-time monitoring and Cyber Security services across Canada. Mr. Ross has almost 30 years of experience in business with the majority of his experience gained in the private security industry. In those 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. Mr. Ross is a recipient of the Diamond Jubilee Medal for his community business and volunteerism. He is a recipient of an Honourary Lifetime Big Brother award. Mr. Ross has co-chaired the CTV Sandra Schmirler Charity Golf Classic. Currently, Mr. Ross serves as past chair of the Hospitals of Regina Foundation.

Patricia Thomson, Board Vice-Chair (Chair, Governance and Human Resource Committee), M. Admin. Leadership, CFHM is a grandmother, mother and the Senior Indigenous Advisor to the Government of Saskatchewan, Ministry of Social Services. She holds a Masters in Administration and Leadership from the University of Regina and is a certified First Nations Health Manager and President of the Association in her third term. She is the first Indigenous woman to be appointed as Vice Chair of a Crown Investment Corporation. Her leadership has been recognized by invitations to participate in the 2012 Governor General Leadership conference and to be one of five Indigenous women panelists chosen to speak at the 62nd United Nations Commission on the Status of Women. Patricia has gathered a wealth of knowledge throughout her career, the diversity of her background that is founded in her traditional and cultural upbringing. This combination gives her the ability to provide advice, guidance and expertise that is built on knowledge gained from working within community, organizations, and provincial and federal departments.

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 and son on Cowessess First Nation.

Eileen Libby, Q.C., of Regina, Saskatchewan, is a partner at MLT Aikins LLP. She has acted as counsel to unionized and non-unionized employers in the 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. 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.

Paul Pastor, CPA, CA, CBV, is a founding partner at Buckberger Baerg & Partners LLP with over 12 years of professional experience, including seven years of business valuation experience. Mr. Pastor brings a diverse and unique skill set through his extensive experience in assurance services, business valuations, litigation support, transaction support and business consulting. His experience serving a wide variety of industries including, but not limited to manufacturing, automotive, transportation, construction and agriculture, gives Mr. Pastor a clear vision of western Canada's business landscape and a clear understanding of his clients' needs.

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 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 a past 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.

Donna Strudwick has extensive experience in municipal administration. She has served on the Board of Directors for the Rural Municipal Administrators' Association of Saskatchewan, and is currently the Senior Office Inspector for the Rural Board of Examiners. In 2013, Ms. Strudwick was the recipient of the Lou Jacobs Award, acknowledging her service in the field of local government administration in the Province of Saskatchewan. She has held several board and committee positions, and is a past Show Chairman of the Western Canada Farm Progress Show. Ms. Strudwick resides in Balgonie, Saskatchewan and remains actively involved in the community and the family's grain farming operation.

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.

In January 2019, Susan was appointed to sit on the Regina Downtown Business Improvement District Board of Directors. Her previous community service includes serving on the Board of Directors 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. Currently, John is a member of the disciplinary committee for CPA Saskatchewan.

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.

In 2018, Blaine 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 and Compliance, and in 2018 was named Vice President of Risk and 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	Guest Count measures the number of guests visiting Casino Regina and Casino Moose Jaw annually.	Guest count measures are used to evaluate the success of attracting guests to the casino properties.	Guest count is measured by sensors in the entrance areas that count the number of times guests enter or exit the casinos. One guest visiting three times counts as three guests.
Mystery Shopper Lead indicator Measured: Annually (Q3-Q4) Lead: Operations	The Mystery Shopper rates casino employees' ability to provide customer service related to the following four aspects of the GameOn customer service strategy: <ul style="list-style-type: none"> • 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). 	Objectively measures service quality provided by casino employees in the opinion of service quality experts.	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 service strategy using a five-point scale. The consultant uses a pre-planned checklist of service actions and behaviors to rate each dimension. The Mystery Shopper survey assesses specific staff positions at the two casinos. The target is to complete a total of 300 mystery shopper transactions at CR and 150 at CMJ. The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative scale of operation of each location.

2019-20 Target Explanation	Trend Explanation	Changes when compared to 2018-19 PMP
<p>SaskGaming has set its 2019-20 guest count number at 3.65 million between the two properties. This is considered a stretched target based on past trends which have showed signs of a maturing market.</p>	<p>SaskGaming's modernization and refresh plan is anticipated to result in moderately higher door counts through the trend period with a long-term target of 4.0 million.</p>	<p>Due to the continued impact of a maturing market the 2019-20 target was dropped 150,000 to 3.65 million and the long-term target was dropped 200,000 to 4.0 million.</p>
<p>The Mystery Shopper survey was revamped in the 2017-18 to place more emphasis on the "engage" guest dimensions of the GameOn service strategy, increasing its weighting from 20 per cent to 40 per cent of the overall score.</p> <p>The current Mystery Shopper score is already at a high level, over the 90 per cent barrier. But, the engage, enjoy and entertain dimension had been historically around the 75 to 80 per cent mark.</p> <p>For 2019-20 the target is set at 92.5 per cent (a 0.5 percentage point increase from 2018-19 target).</p> <p>As the Guest Experience Strategy evolves the GameOn service standards will evolve and the Mystery Shopper program will be adapted.</p>	<p>SaskGaming has set a long-term target of 95.0 per cent.</p>	<p>A 0.5 percentage point increase in the targets. The long-term target is maintained at 95.0 per cent.</p>

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Guest Experience			
<p>Guest Satisfaction Survey</p> <p>Lead indicator</p> <p>Measured: Annually (Q2)</p> <p>Lead: Marketing and Operations</p>	<p>SaskGaming measures the overall satisfaction of our guests during their visit to CR and CMJ.</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 one 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 seven and 10.</p> <p>The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative scale of operation of each location.</p>
<p>Satisfaction of Emerging Guests</p> <p>Lead indicator</p> <p>Measured: Annually (Q2)</p> <p>Lead: Marketing and Operations</p>	<p>SaskGaming measures the overall satisfaction of our guests during their visit to CR and CMJ. This measure is a subset of the Guest Satisfaction survey, and it only uses responses from the guests aged 35 to 49 who are satisfied with their casino experience.</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 one 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 seven and 10.</p> <p>The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative scale of operation of each location.</p>

2019-20 Target Explanation	Trend Explanation	Changes when compared to 2018-19 PMP
<p>The 2018-19 result was 75.5 per cent. Based on this and past survey results, SaskGaming has set the 2019-20 target at 78.0 per cent.</p>	<p>Management has forecasted moderate improvement over the next five years and has set a long-term target of 85 per cent.</p>	<p>Changes as follows (%):</p> <p>2019-20 – 80.5 to 78.0</p> <p>2020-21 – 81.0 to 79.0</p> <p>2021-22 – 81.5 to 80.0</p> <p>2022-23 – 82.0 to 81.0</p> <p>Long-term target increased from 84.0 per cent to 85.0 per cent.</p>
<p>Crown Investments Corporation (CIC) recommendation was to set the 2018-19 target at 87.0 per cent. The 2018-19 result was 82.5 per cent. Because of this challenging result, SaskGaming has set the 2019-20 target at 85.0 per cent.</p>	<p>Based on plans to improve the guest experience for younger guests, this target increases one percentage point a year over the trend period. SaskGaming has set 90.0 per cent as the long-term target.</p>	<p>Changes as follows (%):</p> <p>2019-20 – 87.5 to 85.0</p> <p>2020-21 – 88.0 to 86.0</p> <p>2021-22 – 88.5 to 87.0</p> <p>2022-23 – 89.0 to 88.0</p>

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Employee Experience			
<p>Employee Satisfaction Industry Percentile</p> <p>Lead indicator</p> <p>Measured: Biennially</p> <p>Lead: Corporate Services</p>	<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> <p>The score is an industry percentile. For example, 50 per cent would mean an average level of employee satisfaction among similar North American casinos.</p>
<p>Core Training</p> <p>Lag indicator</p> <p>Measured: Quarterly</p> <p>Lead: Corporate Services</p>	<p>This measure indicates an average percentage of core training completion for all employees based on the six core training modules within SaskGaming's Core Learning Program:</p> <ul style="list-style-type: none"> • New Employee Orientation; • Workplace Health & Safety; • Diversity and Inclusion; • Respectful Workplace Program; • Responsible Gambling - GameSense Level I; and • Cybersecurity Awareness. 	<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 / 6 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>

2019-20 Target Explanation	Trend Explanation	Changes when compared to 2018-19 PMP
<p>2019-20 is a non-survey year so there is no target.</p> <p>SaskGaming made a remarkable increase in its Employee Satisfaction score in 2016 going from the 48 percentile (2014) to the 59 percentile.</p> <p>This score was largely maintained with a result of 56 in 2018.</p> <p>With department level action plans in place that aim to address issues identified in the 2018 survey, SaskGaming anticipates the score will continue to increase gradually towards the 75 percentile in the long-term.</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. This is considered to be "stretch" performance by NBRI.</p>	<p>The out year targets were modified slightly to 60.0 per cent in 2020-21 (previously 62.0 per cent) and 65.0 per cent in 2022-23 (previously 64.0 per cent).</p>
<p>The introduction of the Cybersecurity Awareness training module caused the results to dip in the first half of 2018-19.</p> <p>SaskGaming has set a target of 87.5 per cent for 2019-20 and then 90.0 per cent beyond that.</p> <p>Because SaskGaming has an annual staff turnover of approximately 20.0 per cent, 90.0 per cent is considered a stretch target for this measure.</p>	<p>A long term target of 90.0 per cent has been chosen.</p>	<p>Out year targets increased to 90.0 per cent.</p>

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Employee Experience Excellence			
<p>Employee Absenteeism Lag indicator Measured: Quarterly Lead: Corporate Services</p>	<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>
<p>Indigenous Representation Lead indicator Measured: Quarterly Lead: Corporate Services</p>	<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>

2019-20 Target Explanation	Trend Explanation	Changes when compared to 2018-19 PMP
<p>The 2018-19 target was set at 5.0 per cent. This will be continued. This is based on the Saskatchewan Employment Act which indicates that action cannot be taken for anything less than 12 days per year which aligns with the 5.0 per cent rate.</p>	<p>The 5.0 per cent target will be maintained.</p>	<p>Out year targets increased to 5.0 per cent.</p>
<p>With the refresh of the Indigenous Employment Strategy the target is expected to increase over the trend period.</p>	<p>Based on the Gaming Framework Agreement the long-term target for this measure is set at 50.0 per cent.</p>	<p>Interim targets have been increased (%): 2019-20 – 43.5 to 45.0 2020-21 – 44.0 to 46.0 2021-22 – 44.5 to 47.0 2022-23 – 45.0 to 48.0 The long-term target remains at 50.0 per cent.</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	<p>A measure of casino visitors' awareness of the responsible gambling information and support programs offered by SaskGaming.</p>	<p>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>	<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 CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location, relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc.).</p>
Public Opinion of Community Support Lag indicator Measured: Annually Lead: Marketing	<p>A measure of public opinion in Regina and Moose Jaw Area of CR and CMJ's performance in supporting and giving back to the community.</p>	<p>SaskGaming, through CR and CMJ, 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> <p>SaskGaming is committed to contributing 1.0 per cent of its Net Income before Payment to the GRF to community support along with planned community support initiatives.</p>	<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 are CR/CMJ doing at giving back to the community through charitable or community donation and sponsorships?"</p> <p>(Using CR and CMJ 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>

2019-20 Target Explanation	Trend Explanation	Changes when compared to 2018-19 PMP
<p>For 2018-19, CIC recommended the target be set at 80.0 per cent. The 2018-19 result was 83.3 per cent.</p> <p>SaskGaming has set the 2019-20 target at 83.5 per cent.</p>	<p>SaskGaming expects performance to improve and has raised the out-year targets to grow 0.5 percentage points every year. The long-term target was raised to 85.0 per cent.</p>	<p>Changes as follows (%):</p> <p>2019-20 – 80.5 to 83.5</p> <p>2020-21 – 81.0 to 84.0</p> <p>2021-22 – 81.5 to 84.5</p> <p>2022-23 – 82.0 to 85.0</p> <p>Long-term target increased from 82.0 per cent to 85.0 per cent.</p>
<p>The 2018-19 actual result of 54.3 per cent was slightly below the target of 55.0 per cent.</p> <p>The 2019-20 target is set at 55.0 per cent to maintain the current performance level. Since funding for community support is based on 1.0 per cent of net income, and net income is expected to fall, community support will need to do “more with less”.</p>	<p>Based on proposed enhancement of community activities, SaskGaming expects the Public Opinion of Community Support measure to improve and move towards a long-term target of 60.0 per cent.</p> <p>Expectations were lowered slightly compared to the 2018-19 forecast given the challenge related to reduced funding.</p>	<p>Minor changes as follows (%):</p> <p>2019-20 – 56.0 to 55.0</p> <p>2020-21 – 57.0 to 55.5</p> <p>2021-22 – 58.0 to 56.0</p> <p>2022-23 – 59.0 to 56.5</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 CR and CMJ. This measures \$/visit.	Net Average Guest Spend is used to evaluate the success of marketing activities to increase guest spend per visit.	Net Average Guest Spend = Net Revenues/Total Guest Visits.

2019-20 Target Explanation	Trend Explanation	Changes when compared to 2018-19 PMP
<p>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 25.0 per cent.</p>	<p>SaskGaming expects the score to remain at 25.0 per cent through the trend period.</p> <p>SaskGaming believes a target of 25.0 per cent is a long-term target because it is based on a percentage that is equal to the 25.0 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.</p>	<p>No change.</p>
<p>The 2019-20 target is \$33.41 per guest. This target is based on the forecasted revenue and door count numbers.</p>	<p>Because of a challenging revenue forecast, net average guest spend is forecast to decrease through the trend period. The long-term target is set at \$35.00 in anticipation of improved results from the plans to improve guest experience and modernize facilities and products. This will only be attained if guest count is achieved, otherwise it may increase as it did in 2018-19.</p>	<p>No change.</p>

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.	This measure shows Income Before Payment to the GRF, since the GRF payment is a distribution of income, similar to dividends being paid by a private corporation, and does not reflect SaskGaming's operations.	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

2019-20 Target Explanation	Trend Explanation	Changes when compared to 2018-19 PMP
<p>The 2019-20 target is \$43.7 million. This based on SaskGaming's financial forecast.</p>	<p>Income Before Payment to the GRF is forecast a slight downward trend as revenues remain stable and depreciation costs increase.</p>	<p>Minor changes as follows (\$M):</p> <p>2019-20 – 43.0 to 43.7</p> <p>2020-21 – 41.8 to 40.9</p> <p>2021-22 – 39.1 to 38.0</p> <p>2022-23 – 36.1 to 36.9</p>
<p>The 2019-20 target is 47.6 per cent, which is slightly above the 2017-18 forecast (47.4 per cent). EBITDA is forecast to maintain fairly stable across the trend period.</p>	<p>EBITDA Margin is expected to be stable over the trend period. It will begin to increase in the later years as the modernization plans proceed leading to increased revenue.</p>	<p>Minor changes as follows (%):</p> <p>2019-20 – 46.8 to 47.6</p> <p>2020-21 – no change</p> <p>2021-22 – 46.0 to 45.6</p> <p>2022-23 – 45.3 to 45.5</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 corporation.	$\text{Payroll Margin} = \frac{\text{Total Payroll (Salaries, Wages and Benefits)}}{\text{Revenue}} * 100$

	2019-20 Target Explanation	Trend Explanation	Changes when compared to 2018-19 PMP
	<p>This measure was introduced in 2017-18, and management continue to run the corporation without incurring additional debts. The 2019-20 target is set at 8.7 per cent.</p>	<p>Debt/Equity Ratio is expected to decline all through the trend period. This is based on SaskGaming's plan to finance all its long term capital project using internal cash flow. A zero long-term debt-equity ratio target has been set by management.</p>	<p>Minor changes as follows (%):</p> <p>2019-20 – 30.9 to 31.6</p> <p>2020-21 – 31.0 to 31.9</p> <p>2021-22 – 31.0 to 31.8</p> <p>2022-23 – 31.5 to 31.4</p>
	<p>The 2019-20 target is 31.6 per cent, 0.8 percentage points above the 2018-19 forecast of 30.8 per cent. This is due to increased wage expense including severance payments.</p>	<p>SaskGaming's Payroll Percentage is expected to decrease throughout the trend period to the long-term target of 30.0 per cent.</p>	<p>No change.</p>

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