

2010 Annual Report



SaskGaming



Year at a glance

Economic impact

- Guests served:
 - Total attendance
 - Casino Moose Jaw: 760,645
 - Casino Regina: 2,668,681
 - Average daily attendance
 - Casino Moose Jaw: 2,084
 - Casino Regina: 7,311
- Income before transfer to the Province's General Revenue Fund (GRF): \$43.0 million
- Capital expenditures: \$5.9 million
- Payment to the GRF: \$21.5 million
- Dividend to CIC: \$19.3 million
- Total payment to the GRF since 1996: \$383.5 million

Public sector contributions

- Municipal taxes: \$1.6 million
- Payroll remittances, benefits, and other contributions to employees: \$39.9 million
- Purchases from Saskatchewan businesses: \$24.6 million

Total employees: 1,014

Operations

- 995 slot machines
- 32 table games
- Nine poker tables, plus 12 additional poker tables in the Casino Regina tournament room

Community support and investment

- Over 300 organizations received over \$766,000 in sponsorship of cash or in-kind services, promotional items, golf tournament sponsorships and support to community events



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Letter of Transmittal

March 31, 2011

The Honourable Dr. Gordon Barnhart
Lieutenant Governor
Province of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report of Saskatchewan Gaming Corporation for the year ended December 31, 2010, in accordance with The Saskatchewan Gaming Corporation Act. The Financial Statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

A handwritten signature in black ink, reading 'Ken Cheveldayoff'.

Honourable Ken Cheveldayoff
Minister Responsible for Saskatchewan Gaming Corporation



Minister's Letter

As the Minister Responsible for the Saskatchewan Gaming Corporation, I am pleased to report that once again, Casino Regina and Casino Moose Jaw made significant contributions to Saskatchewan in 2010.

SaskGaming provides 50 per cent of its profits to the General Revenue Fund and, during the period covered by this report, paid a dividend to the Crown Investment Corporation. The General Revenue Fund distributes gaming profits to the First Nations Trust, Métis Development Fund and the Community Initiatives Fund. The impacts of these contributions are felt throughout the province.

SaskGaming proudly contributed over \$760,000 to worthwhile events and community initiatives. Corporation employees generously gave their time and talent to make their communities a better place.

SaskGaming takes its responsibilities to the people it serves seriously, and has made responsible gaming practices part of everyday operations. The responsible gaming program was expanded in 2010 and the corporation will continue to develop and follow best practices in this area of its operations.

SaskGaming has been recognized for outstanding leadership and contributions in workplace diversity, tourism excellence and community involvement. Employing just over 1,000 staff, the corporation is proud of its diverse workforce. Approximately 42.5 per cent of our workplace is comprised of people of Aboriginal descent, 5.8 per cent are persons with disabilities and 11.5 per cent are visible minorities.

In the coming year, SaskGaming will continue to work toward fulfilling the mandate set out by the provincial government. SaskGaming will pursue new sources of revenue and, working together with partners, review gaming with goals to consolidate and streamline governance, while maintaining an appropriate balance between revenue generation and social responsibility.

Congratulations and thank you to the employees of SaskGaming, who continue to make valuable contributions to our province's bright future.

Respectfully submitted,

A handwritten signature in black ink, reading "Ken Cheveldayoff".

Honourable Ken Cheveldayoff
Minister Responsible for Saskatchewan Gaming Corporation



Message from the Chair

The year 2010 brought its share of success and challenge to the Saskatchewan Gaming Corporation.

Through it all, SaskGaming remained focused on its mandate: to offer casino entertainment in a socially responsible manner, generating quality employment, economic benefit to the community, and profit for Saskatchewan people in partnership with First Nations. The corporation remains committed to its goals:

- ensuring a quality employment experience
- providing a quality entertainment experience
- being socially responsible, demonstrating responsible gaming practices, reducing our impact on the environment and supporting our communities
- ensuring the long term sustainability of the corporation

The Board of Directors is pleased with the corporation's accomplishments in 2010. SaskGaming remains committed to initiatives that align with the priorities set out for it by the Government of Saskatchewan. In particular, it focuses on opportunities for youth and Aboriginal people in Saskatchewan, as well as a skilled representative workforce, reflecting the direction set out for the Crown sector.

This year also saw changes to the composition of the Board of Directors. I'd like to thank Bill Jameson for his two years of service to the board, and wish him well on his future endeavours. We welcome Bonnie Wallin, who joined us in 2010. Her contributions to the board are valued and appreciated.

The future is full of opportunities for SaskGaming. With 15 years of experience, and the efforts and talent of our dedicated management team and staff, the corporation is poised for success in 2011.

A handwritten signature in black ink, appearing to read 'Wes Becker'. The signature is stylized with a large, sweeping initial 'W'.

Wes Becker
Chair



Message from the President and CEO

It's time once again to reflect on the year that was for SaskGaming. It has been a successful year with new challenges and opportunities, and we have much to be proud of.

As we approach our 15th year of casino operations, I'm proud to say that, once again, Casino Regina and Casino Moose Jaw made a significant contribution to our province. In 2010, we welcomed over 3.4 million guests and generated over \$43 million in income. We finalized our facility refresh project, spending \$11.9 million over the last two years to enhance our services and give a fresh new look to our facilities.

We fulfilled our legislated commitment to provide 50 per cent of our profit to the General Revenue Fund (GRF), providing the government with \$21.5 million to support our commitment to the Community Initiatives Fund, First Nations Trust, and the Métis Development Fund. Additionally, we paid a dividend of \$19 million to the Crown Investments Corporation to support other government priorities.

In spite of the financial and organizational challenges that followed a labour dispute during the summer, the corporation achieved its targeted goals for offering an excellent guest experience. SaskGaming continues to lead the public sector with 42.5 per cent of its workforce represented by Aboriginal people. Additionally, the corporation surpassed its targets for ensuring awareness of its responsible gaming programs and its Aboriginal procurement target.

In 2010, SaskGaming has established a corporate social responsibility index to monitor its performance in the area of responsible gaming, security and integrity, quality employment, community support, sustainability and ethical stakeholder relationships. The corporation was rewarded for its commitment to community service as a winner of the 2010 Communitas Award in the category of Leadership and Corporate Social Responsibility. We were also proud to receive the award for Volunteerism and Community Service at the annual Canadian Gaming Industry Summit. This kind of recognition means a great deal to us – it means we're making great progress toward our goal of demonstrating good corporate citizenship.

My sincere appreciation to all of the staff who helped make our success possible – we look forward to serving the people of Saskatchewan once more in 2011.

Twyla Meredith, CMA, FCMA
President and CEO



SaskGaming Profile

The Saskatchewan Gaming Corporation (SaskGaming) was established as a Treasury Board Crown Corporation under The Saskatchewan Gaming Corporation Act, 1994. Effective April 1, 2008, SaskGaming came under the direction of Crown Investment Corporation (CIC).

SaskGaming operates Casino Regina and Casino Moose Jaw, which are under the regulatory authority of the Saskatchewan Liquor and Gaming Authority. SaskGaming must also operate in accordance with statutory provisions established under Section 207 of the Criminal Code of Canada and The Alcohol and Gaming Regulation Act, 1997. As well, the Saskatchewan Gaming Corporation Casino Amendment Regulations, 2006, govern the day-to-day operating practices at Casino Regina and Casino Moose Jaw.

SaskGaming is required to make payments to the province's General Revenue Fund sufficient to meet the government's legislated obligations to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund. SaskGaming also pays dividends to CIC.

SaskGaming is responsible to the Government of Saskatchewan through a Minister and Board of Directors appointed by Cabinet. The Board is comprised of seven members, three of whom are nominated by the Chiefs' Legislative Assembly of the Federation of Saskatchewan Indian Nations, as per our Act.

The Corporation's powers are established by legislation. The key powers afforded the corporation are to establish, manage and operate casinos, or other related businesses and activities, as well as promote and market those casinos and related businesses.

Mandate

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

Vision

We are the premier destination for casino entertainment, setting the standards for Five Star service experience and properties.

Mission

Excellence in providing our guests with an outstanding casino experience.

Values

- Respect – We embrace diverse backgrounds. People matter and we treat everyone as we expect to be treated.
- Integrity – We are honest, fair and honour our commitments. We accept responsibility for our actions, both personally and professionally.
- Passion – We feel strongly about achieving our goals and it shows in our enthusiasm for everything we say and do.
- Innovation – We understand that to secure our place in the future, measured risks need to be taken today. To that end, we encourage and support cutting edge ideas that move us toward our goals.

Distribution of funds

- SaskGaming pays 50 per cent of its profits 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.
 - The CIF is overseen by the Ministry of Tourism, Parks, Culture and Sport and provides grants to initiatives that enhance human development and community vitality.
 - By agreement, the Community Initiatives Fund provides a percentage of the profits it receives from the GRF to the Clarence Campeau Development Fund (CCDF) or Métis Development Fund. Its mission is to improve the economic circumstances of Saskatchewan's Métis people by providing funding for business development, community economic development, development of management skills and assistance to new and existing Métis owned businesses.
 - This agreement specifies an 80/20 split (CIF/CCDF) on the first \$10 million and an equal share (50/50) of any remaining revenues.
 - The 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.

Year in Review

Employer of Choice, Choice Employees

At SaskGaming, our employees drive everything we do. Our goal is to be recognized as a top employer, giving our diverse workforce of over 1,000 employees an excellent experience.

SaskGaming has the highest percentage of Aboriginal employees in the Crown sector (42.5 per cent), far exceeding average representation in the Saskatchewan public service (11.8 per cent). Through our commitment to core job training, we want to help our employees understand their role with us, set developmental milestones and make a plan to reach them. We consider it a success when an employee can learn and grow in our organization or move toward career success in other organizations.

For example, in 2010, SaskGaming launched its first training school for floor security employees, with classes in first aid, defensive tactics, report writing, witness preparation and rights and authorities. As well, three Gaming Control Officers have been certified as defensive tactics instructors at the Saskatchewan Police College.

We care about the well-being of our employees. In 2010, Casino Regina hosted a diabetes assessment and risk clinic for staff, giving them the opportunity to learn about ways to prevent and control the disease and assess personal risk factors. Diabetes is a significant health issue in Saskatchewan, and those with Aboriginal ancestry are considered to be high risk. Therefore, this is an important issue amongst our diverse workforce.

Les Cloutier, Director of Table Games, has been with SaskGaming since the beginning. In the early days, things moved fast and he earned a promotion right away; based on his past experience, he spent one day as a Dealer before being moved to Table Games Supervisor. Since then, he has worked as Pit Manager and Casino Manager before moving into his current position.

"This has been a great opportunity for me and for a lot of folks who have come through our doors. It's a great place for new people to advance; it may take some time but we have former employees working in casinos in just about every province in the country, and most are in management and upper management."



Guest Experience Excellence

At Casino Regina and Casino Moose Jaw, we strive to be “Always Entertaining” and exceed our guests’ expectations. In 2010, thousands flocked to our properties to see what we can do:

- Casino Regina Show Lounge entertained over 69,000 people at 179 concerts and events
- Casino Moose Jaw entertained over 7,000 people at 26 shows at the Mae Wilson Theatre
- Over 6,700 Player Club members and guests were entertained at 29 events
- Casino Regina’s shuttle service transported 27,237 guests
- Tourism generated 34,935 visits from Regina Stay and Play, Moose Jaw Getaway, conferences and events, CMJ visitors and bus programs in 2010

Both properties had a new, fresh look to greet our visitors, as our \$11.9 million facility refresh project was completed in early 2010. Casino Regina received a complete gaming floor, Show Lounge, and food and beverage refresh including carpet, paint, wall coverings, column treatments, ceiling tiles and draperies. Casino Moose Jaw saw an expansion of its food and beverage services, additional locker and office space, and new carpets and paint on the casino floor.

Casino Regina manages the largest food and beverage operation in the province and had its best sales month ever in October 2010, with total sales of over \$1 million. This coincided with our “More Fun Here” multimedia advertising campaign, one of 21 on-floor promotions and 29 coupon offers in the year. Our promotions are geared to add even more fun to the gaming floor; others included Spring Equinox, Royal Treatment, and Last Spike Spin & Win.

Talk about fun – in August, Casino Regina gave away its largest jackpot ever! Two visitors shared a \$913,940 Monte Carlo progressive slot jackpot. The jackpot had been growing since May 2008 and was one of the largest stand alone progressive jackpots ever paid out in Canada by a single slot machine.

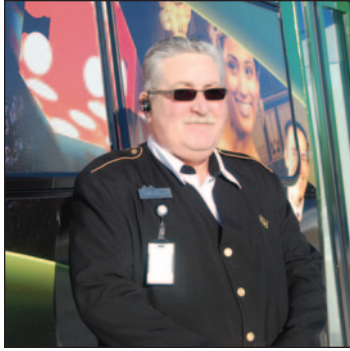
Community and Industry Leader

It’s important to us to be responsible to the people and communities we serve. We always want to demonstrate good corporate citizenship and employ the best practices in the gaming industry.

We are very proud of our Community Relations Program, which provided over 300 organizations with more than \$766,000 in sponsorship of cash or in-kind services, promotional items, golf tournament sponsorship and support to community events. Our key areas of support are:

- Contributing to a Successful Workforce: working with community partners in education and business to help create a strong and representative workforce for today and the future
- Strengthening our Community: dedicated to philanthropic giving to registered charitable organizations or registered charities that help strengthen our community
- Promoting Community Pride: support for projects that promote pride, participation, access and achievement in sports and attract tourism to our host communities of Regina and Moose Jaw
- Supporting Saskatchewan’s Growth Through Partnership: supports key business related association requests for special not-for-profit events or conferences

Organizations we were pleased to help included Habitat for Humanity, the Moose Jaw Food Bank, Special Olympics Saskatchewan, Moose Jaw Health Foundation, First Nations University of Saskatchewan and the North Central Family Centre.



Our employees have big hearts, and regularly give their time to raise funds for several important causes and organizations, including KidSport, juvenile diabetes, cystic fibrosis and the Canadian Cancer Society.

Casino Moose Jaw made Christmas bright! In 2010, employees organized a number of fundraisers throughout the fall in support of the local Salvation Army "Adopt A Family" program. With the \$1,100 they raised and a \$500 corporate contribution through SaskGaming's Community Giving Program, families in Moose Jaw enjoyed a happier holiday season.

It's important to us that those who choose us as an entertainment destination have everything they need to make informed decisions. The Responsible Gaming program is part of the ongoing operations of SaskGaming.

The corporation's goal is to help prevent and reduce the risks associated with gaming and integrate responsible gaming practices into our business. This includes guest awareness, participation in provincial and national collaboration efforts, the development of standards for our responsible gaming program, self exclusion measures, ensuring our policies are reflective of our social responsibility commitment and ensuring preventative measures are in place. There were nearly 8,300 responsible gaming interactions in 2010.

In December 2010, Casino Moose Jaw celebrated the second anniversary of the Responsible Gaming Program and helped a guest while doing so. A participant in the celebrations returned to the casino the next day; she told one of our Responsible Gaming Specialists that the time she spent participating in the anniversary activities made her reflect on her gaming habits. She said she appreciated what she learned about herself and made changes in her life because of that information.

A Sustainable Corporation

As a Crown corporation, we demonstrate good governance, integrity and sound management practices to ensure the long term sustainability of the corporation.

We recognize our industry is changing, and we are focusing on efficiency and doing things better so that we will continue to provide economic return to the province of Saskatchewan. Through the provincial government, we have been provided with direction to pursue new and innovative sources of revenue and review the structure of gaming in our province, with an eye on streamlining governance and keeping a balance between revenue generation and social responsibility.

We've also put a risk management program in place so that we can identify those events that could impact our ability to achieve our goals. This preparation will help us ensure our sustainability now and into the future.

In 2010, the corporation achieved a net income before payment to the GRF of \$43 million, falling short of its target of \$50.5 million. In 2009, the corporation had achieved income of \$50.8 million before payment to the GRF.

The reduced performance is primarily due to a labour dispute in the summer that resulted in reduced operating hours, reduced services and a decline in guest visits.

We did have success in attracting guests to our properties; this year, 3.4 million people came through our doors, compared to 3.3 million in 2009.



Balanced Scorecard

Goal 1: Employer of Choice, Choice Employees

What this means to us:

We will be recognized as a top employer in the marketplace, offering an excellent experience to a diverse workforce.

Performance Measures	2010 Target	2010 Actual	2011	2012	2013	2014
Employee engagement survey results *	57%	n/a	BMK	-	-	-
Aboriginal representation	42%	42.5%	43%	44%	45%	46%
Employee training	-	-	2.8% of payroll	TBD	TBD	TBD

* SaskGaming is moving from employee engagement to employee satisfaction to focus on the drivers of loyalty and work experience. As a result, a new measure will be established in 2011.

Variance Analysis

Employee Engagement Survey

The Hewitt Employee Engagement Survey has been replaced with the National Business Research Institute (NBRI) Employee Satisfaction Survey, and a new SaskGaming employee satisfaction benchmark will be established in 2011.

The new employee satisfaction survey represents an opportunity for employees to provide feedback and affect their quality of life at work, their jobs, careers and overall lives. SaskGaming will be able to compare its' scores with industry benchmarks and root cause analysis will be provided to help identify the predictors or drivers of employee satisfaction that is specific to our organization.

The Employee Satisfaction Survey was administered in November and results will be available in 2011.

Aboriginal Representation and Diversity

As of December 31, 2010 the total combined workforce for Casinos Regina and Moose Jaw is 1,014 employees. Aboriginal employees represent approximately 42.5 per cent of the total workforce. The corporation's commitment to diversity is also seen with 5.8 per cent of employees being persons with disabilities and 11.5 per cent representation for those who declare themselves a visible minority.

Strategic Initiatives for 2011

Develop our People: Create a Corporate Learning System

Part of the employee experience is providing a solid foundation for employees to be successful in their role, while at the same time providing opportunities for employees to develop and grow to meet their personal goals and demonstrate service excellence. We know we are successful when our staff has a clear understanding of their role with developmental milestones, and a targeted learning plan to support the achievement of milestones. We also realize the importance of the relationships that we have with our employees, and the value of solid leadership in guiding performance. We consider it a success when an employee can learn and grow in our organization or move toward career success at SaskGaming or in other organizations.



A new measure, "Employee Training and Development" has been added to the balanced scorecard. We will establish the baseline in 2011 with 2.8 per cent of payroll. SaskGaming will be refreshing its learning and development program, establishing the foundation for a learning and innovative organization that contributes to the overall employee experience and excellence at SaskGaming. Management will be engaged in ensuring employees have learning plans that support them in being successful in their jobs.

Service Excellence: Internal Service Culture

To support the "Re-energized Guest Service Strategy" initiative, we will define the internal service culture, ensure internal service standards are completed for all supporting / corporate departments, and integrate the service culture expectations into the performance management program.

Goal 2: Guest Experience Excellence

What this means to us:

We continually strive to exceed our guests' expectations.

Performance Measures	2010 Target	2010 Actual	2011	2012	2013	2014
Willingness to Recommend	74%	71%	72%	73%	74%	74%
Mystery Shopper	80%	84%	81%	81%	82%	83%

Variance Analysis

Willingness to Recommend

Casino guests are surveyed quarterly and are asked if they are willing to recommend SaskGaming casinos. Seventy-one per cent represents the combined average of the Casino Regina and Casino Moose Jaw year-to-date score.

Customer willingness to recommend scores were below target for the bulk of 2010, with the notable exception of Moose Jaw in the final quarter. Focus group testing indicated that contributing factors were increases in the prices of various casino amenities including food, alcohol and parking, menu changes, and shorter operating hours at some casino facilities. However, these challenges were overshadowed by the Casino Regina labour disruption in June and July, which resulted in closing of all table games and the Last Spike Restaurant, reduced operating hours, fewer services available to all customers, and picketing disruption at each entrance.

Mystery Shopper

A Mystery Shopper Survey has both quantitative and qualitative aspects to the research, with assessments based on mystery shopper interactions with various staff. These phantom customer visits follow a series of pre-determined shopping scenarios, and all transactions are measured and evaluated in the same manner, against the same set of customer service criteria. The results of a Mystery Shopper Survey provide an opportunity to identify any gaps between the expected level of customer service and the actual customer service delivered. This helps the corporation to discuss the standards achieved and to identify training, on-job development and service adjustments required to support staff in achieving corporate expectations for customer service. The score of 84 per cent is the weighted average of the year-to-date Casino Regina score and Casino Moose Jaw's results.

Note: Staff interactions are assessed on a five point scale in the categories of Appearance, Interaction, Responsibility and Ownership. The average score out of five is converted to a per cent score.

Strategic Initiatives for 2011

Guest Service Strategy: Re-energize the Guest Experience

The Guest Service Strategy describes the experience that our guests receive when they enter our properties. It includes how we describe it, train for it, and how we support it back of house and corporately. We will refresh our approach, and re-engage and excite employees about bringing the guest service experience to life every day, and ensure we are supporting them in doing so. In 2011, we will develop and implement the guest service strategy, including integration with recruitment, training, communication and measurement.

Deliver an Always Entertaining Experience

Casinos Regina and Moose Jaw promise an "Always Entertaining" experience to our guests. Always entertaining means different things to current gaming, food and beverage or Show Lounge guests, tourists, bus groups as well as future guests. SaskGaming is dedicated to creating an entertaining experience for guests, including the property and environment and keeping gaming products and services fresh in a manner our guests expect. A diversified mix of in-house promotions, direct mail, Players Club programming and complimentary offerings will meet the guests' expectations for entertainment. The focus is on increasing the frequency of wins, celebrating wins, augmenting the use of on floor visual displays and methods to continue staff and guest interactions. Initiatives will shift from primarily retention programming to increased efforts on the creation of attraction programming which typically generate higher volume of guests.

GOAL 3: Social Responsibility

What this means to us:

We demonstrate good corporate citizenship. We employ best practices in the gaming industry.

Performance Measures	2010 Target	2010 Actual	2011	2012	2013	2014
Saskatchewan Procurement (\$,000)	27,000	24,679	27,500	28,300	20,020	29,745
Aboriginal Procurement (\$,000)	750	1,002	2,080	2,095	1,692	855
Awareness of the Responsible Gaming Program	44%	54%	55%	57%	59%	60%
Corporate Social Responsibility Index (new)	BMK	3.01	3.01	3.02	3.03	3.03
Set GHG Emissions Benchmark	Set when consultant report is available	9,794 *	TBD			

* The 2008 benchmark is 9,794 metric tons of CO₂, CH₄ and N₂O gases. Future emission targets are to be determined.

Variance Analysis

Saskatchewan Procurement

The Saskatchewan procurement target for 2010 was 8.6 per cent below target primarily because corporate spending declined during the summer labour dispute.

Aboriginal Procurement

The corporation's efforts to focus on procurement from Aboriginal businesses resulted in a three year contract with an Aboriginal-owned cleaning company that qualifies under the corporation's criteria for Aboriginal procurement.



As a result, SaskGaming's Aboriginal procurement surpassed targets and the corporation has increased its 2011 and 2012 targets to reflect the duration of the contract.

Awareness of the Responsible Gaming Program

The daily work of the Responsible Gaming Specialists continues to contribute to awareness of the program. This year awareness levels were tested as part of the Corporate and Social Responsibility survey and conducted in September 2010. The survey asked the general population and casino visitors about awareness of the Responsible Gaming Program at Casino Regina and Casino Moose Jaw. The results indicated a 54 per cent public awareness level and an awareness of 62 per cent amongst those who have visited one of our casinos in the last 12 months.

Set GHG Emissions Benchmark (CIC)

SaskGaming has completed its work to establish the 2008 Green House Gas (GHG) baseline. The baseline measure is 9,794 metric tons of CO₂, CH₄ and N₂O gases. The 2008 data has been entered into the North American Climate Registry Database. The 2010 data is now being compiled, along with finalizing 2006, 2007 and 2009 data.

Strategic Initiatives for 2011

Enhance Aboriginal Procurement and Partnerships

We will continue to proactively build successful relationships and partnerships with our Aboriginal stakeholders. In 2011, we will continue developing Aboriginal procurement practices and partnerships to increase business with Aboriginal suppliers.

Demonstrate Responsible Gaming Best Practices: Ensure Continuous Improvement on Responsible Gaming Practices

We will ensure an active Responsible Gaming Program helps prevent and reduce the risks involved with gaming and to integrate responsible gaming considerations into our business. This includes: continued focus on guest awareness about responsible gaming, participation in provincial and national collaboration efforts to improve and enhance programming, the development of standards, self exclusion measures, ensuring our policies are reflective of our social responsibility commitment and ensuring preventative measures are in place.

Environmental Impact: Establish Benchmark for Greenhouse Gas Emission and Strategy

Contributing to a greener environment continues to be an important priority for SaskGaming. The 2008 GHG benchmark will be used to monitor SaskGaming's progress toward reducing its emissions. In 2011, SaskGaming will work with the SaskPower Generation Group to conduct an energy management audit that will identify areas of potential energy savings. In addition, SaskGaming will continue to encourage employees to identify and implement green initiatives. SaskGaming will make the public aware of our social responsibility with respect to environmental stewardship.

Community Support, Volunteers and Sponsorship: Advance CSR Index and Enhance Reputation

SaskGaming's strategic plan is linked to the Corporate Social Responsibility initiatives to support our six pillars of commitment because they are important to the residents of Saskatchewan and casino guests. Our pillars are: Responsible Gaming, Security and Integrity, Quality Employment Opportunities, Community Support, Sustainability; and Ethical Stakeholder Relationships.

In 2010, we asked Saskatchewan residents if they believe these pillars of Social Responsibility are important, and how SaskGaming is performing in the minds of residents.

Feedback indicated that residents of Saskatchewan believe our CSR pillars and initiatives are important to them. Through this survey we established a baseline index of 3.01/4 on performance. We will continue to bring awareness of our social responsibility commitment with a focus on responsible gaming and community giving.

GOAL 4: A Sustainable Corporation

What this means to us:

We demonstrate good governance and sound management practices to ensure the long term sustainability of the Corporation and our ability to provide an economic benefit to the community and profit for Saskatchewan people.

Performance Measures	2010 Target	2010 Actual	2011	2012	2013	2014
Debt/Equity Ratio	55.8% *	43.3%	44.3%	50.2%	44.4%	46%
Net income before payment to GRF (\$,000)	50,472	43,008	51,092	54,554	56,972	57,560
EBITDA Margin **	45.2%	43.5%	48%	47.2%	47.9%	47.4%

* As per CIC's direction in March 2010, dividends were increased to 100 per cent. This had the impact of increasing the debt/equity ratio from the targeted 51.1 per cent in the approved Performance Management Plan to 55.8 per cent. As a result, the target is restated.

** Numbers for 2011 forward reflect IFRS changes. See explanation under section "Adoption of International Financial Reporting Standards"

Variance Analysis

Debt/Equity Ratio

The 2010 debt/equity ratio was exceeded. This was due to several factors:

- CIC directed that the dividend payout be reduced from 100 per cent to 90 per cent of net income.
- Due to the strike and resulting reduction in revenues and cash flows, the budgeted \$4.2 million equity repayment to CIC was deferred until 2011.
- Due to a reduction in the capital asset purchases from planned, and the fact that the equity repayment did not proceed, the additional debt was not required.

Net income before payment to GRF

The 2010 net income is below target. A slow start in the early part of the year followed by a 53 day strike at Casino Regina during the summer months resulted in reduced revenues. The strike required reduced operating hours, the closure of table games and limited food and beverage services. The result of \$43 million net income before payment to the GRF is 14.8 per cent or \$7.5 million below budget and \$7.8 million or 15.3 per cent below 2009 results.

EBITDA Margin

The EBITDA margin is below target. Contributing factors to reduced revenues are a contraction in casino gaming nationally and the labour disruption at Casino Regina. While some expense savings were realized, these were offset by increased promotional spending to drive guest visits during and after the strike. Each of these factors contributed to a reduction in the EBITDA margin.

Salaries, wages and benefits were below budget by \$4.3 million. Some additional savings were realized as a result of the strike which made some expenses unnecessary. These savings were not substantial enough to offset the revenue declines and the added promotional expenses required during and after the strike.

Strategic Initiatives for 2011

Pursue Innovative Sources of Revenue

In response to the Premier's Mandate Letter issued June 2010, SaskGaming has been directed to:

- Pursue innovative sources of revenue
- Together with First Nations and Métis Relations, Tourism, Parks, Culture and Sport, and the Saskatchewan Liquor and Gaming Authority, review gaming in Saskatchewan with goals for consolidating and streamlining governance, and maintaining an appropriate balance between revenue generation and social responsibility

Enhancing Efficiency and Effectiveness

SaskGaming continues to be focused on working effectively and efficiently, making the best use of our resources, including people, processes and systems both on the gaming floor and behind the scenes. Key processes will continue to be benchmarked, evaluated and revisited as appropriate. Priorities for 2011 will be a review of our opening hours and corporate overhead.

Management's Discussion and Analysis

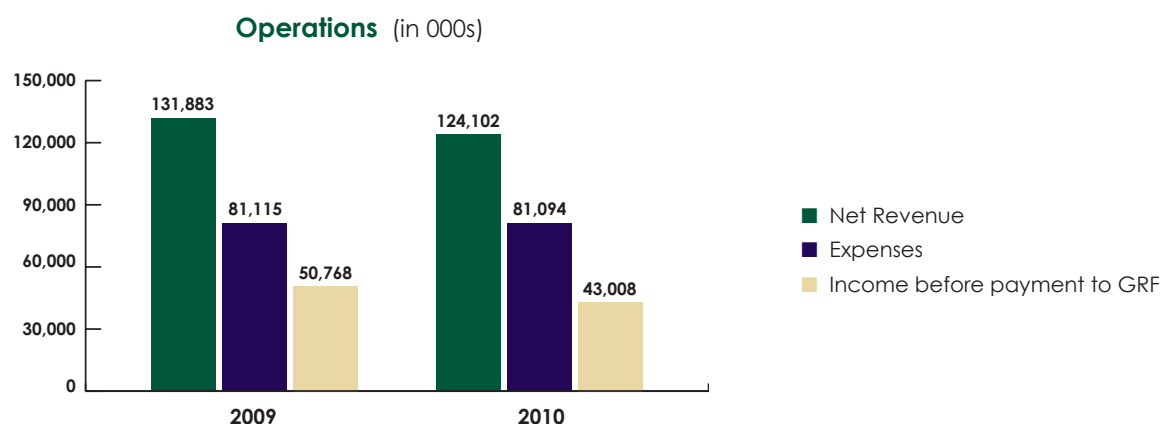
Management's Discussion and Analysis (MD&A) highlights the primary factors that had an impact on SaskGaming's results for the period ending December 31, 2010. The MD&A should be read in conjunction with the audited financial statements and accompanying notes.

The following discussion includes forward-looking statements about the corporate direction and financial objectives of SaskGaming. Due to the risks and uncertainties inherent in any forecast, the actual results could differ markedly from those anticipated.

Financial Results

For the year ended December 31

(in 000's)	2010 Actual	2009 Actual	Change	%
Net revenue	\$ 124,102	\$ 131,883	\$ (7,781)	(5.9)
Expenses	81,094	81,115	(21)	0.0
Income before payment to GRF	43,008	50,768	(7,760)	(15.3)
Payment to GRF	21,504	25,384	(3,880)	
Net Income	\$ 21,504	\$ 25,384	\$ (3,880)	



Financial Highlights

Income before payment to the GRF decreased by \$7.76 million from 2009 due to decreased net revenues of \$7.78 million offset by a marginal decrease of \$21,000 in expenses.

SaskGaming experienced a labour disruption at Casino Regina that began on June 3, 2010 and continued until July 26. Slot games were in full operation during the strike, but with reduced operating hours for the entire casino. Table games and the restaurant were closed during the period of the strike.

Guest visits at Casino Regina were significantly reduced in June 2010, down almost 29 per cent from the same period in 2009. Visits rebounded in July, only down 1.5 per cent from 2009. During the strike period, Casino Moose Jaw experienced a significant increase in guest visits likely due to casino patrons choosing not to cross the picket lines at Casino Regina. However, SaskGaming did experience a 17 per cent decline in guest visits between its two properties in June 2010 as compared to June 2009. Due to marketing efforts, guest visits rebounded in July and for the remainder of the year.

Guest visits were down, in particular at Casino Regina, for the first four months of 2010. Marketing promotions, such as the "More Fun Here" campaign, which began in September, helped to boost the visitations at the casinos. Other jurisdictions in Canada experienced a slowing of gaming growth during 2010 as well.

Revenues:

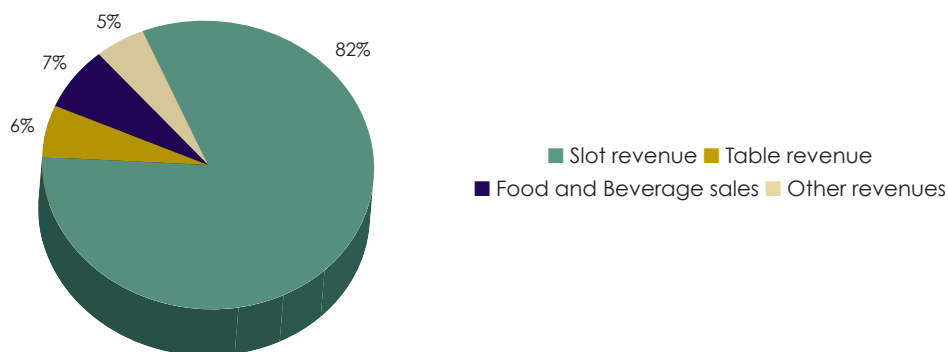
For the year ended December 31

(in 000's)	2010 Actual	2009 Actual	Change	%
Slot revenue	\$ 112,128	\$ 116,155	\$ (4,027)	(3.5)
Table revenue	8,521	9,864	(1,343)	(13.6)
F&B sales	10,201	9,896	305	3.1
Other revenues	6,546	5,852	694	11.9
Gross revenues	137,396	141,767	\$ (4,371)	(3.1)
Promotional Allowances	10,337	6,757	3,580	53.0
Cost of goods sold	2,957	3,127	(170)	(5.4)
Net revenue	\$ 124,102	\$ 131,883	\$ (7,781)	(5.9)

- During the 53 day strike at Casino Regina, slot revenue between the two properties was down approximately 21 per cent year over year, or \$3.9 million. During the first five months of the year, slot revenue was below the same period last year by almost two per cent. Guest counts were down 3.4 per cent. After the strike, guest visits increased year over year by 15.8 per cent during the last five months. Slot revenue saw an increase of almost two per cent during that same time period.
- Table games were closed during the strike. Approximately \$1 million of the decrease in revenue is attributable to June and July when the tables were closed. Table games also had a slow start early in the year, with an almost six per cent decline from the prior year for the first five months. With the increased marketing efforts and resulting increased guest visits, table revenue did improve in the last five months of the year to be almost at the same level as in 2009 for the same time period.
- Food & beverage sales at Casino Regina for the first five months declined 7.6 per cent in 2010 compared to the same period in 2009. The decrease can be attributed to lower guest counts. After the strike, food and beverage sales at Casino Regina increased 17 per cent over the same time period in 2009. Food and beverage sales at Casino Moose Jaw increased 55 per cent or \$545,000 year over year. The bulk of this increase can be attributed to the expanded restaurant services completed in November 2009.

- An increase in parking rates implemented in December 2009 contributed to an increase in other revenues.
- Promotional allowances increased due to aggressive couponing during the latter part of the year to help recover from the strike impact. Parking coupons also increased due to the increase in parking rates.

Revenue by Source



Expenses:

For the year ended December 31

(in 000's)	2010 Actual	2009 Actual	Change	%
Direct operating	\$ 67,360	\$ 69,111	\$ (1,751)	(2.5)
Amortization	8,420	6,502	1,918	29.5
Interest	1,747	2,043	(296)	(14.5)
Taxes	3,567	3,459	108	3.1
	\$ 81,094	\$ 81,115	\$ (21)	0.0

- Direct operating expenses were \$1.8 million lower due mainly to decreased salaries and benefits, decreased repairs and maintenance, partially offset by increased advertising and promotions.
- Salaries and benefits decreased \$2.2 million due to reduced salary costs during the strike, FTE reduction and vacancy management, partially offset by higher wage and benefit rates.
- Advertising and promotions increased \$0.9 million, primarily due to the launch of a new television advertisement in 2010 and increased guest promotions.
- Supplier promotions for slot machine conversions resulted in a repairs and maintenance decrease of \$0.4 million. Most slot conversions were done at no cost during 2010.
- Amortization expense increased due to the property refresh at both casinos that started in 2009 and was completed early 2010.
- Interest expense reflects the loan amortization schedules.

Adoption of International Financial Reporting Standards

In February 2008, the Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian Generally Accepted Accounting Principles (GAAP) for interim and annual reporting in the fiscal year beginning January 1, 2011, including comparative figures for the prior year. In September 2009, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook confirming the direction which requires Government Business Enterprises, including SaskGaming, to adopt IFRS.

SaskGaming will first report financial results under IFRS for the quarter ended March 31, 2011. A complete set of financial statements, along with notes, will be completed, including comparative data on an IFRS basis and an opening balance sheet reconciliation.

The most significant areas of impact on adoption of IFRS are related to accounting for property, plant and equipment and promotional allowances.

Property, plant and equipment

Upon transition to IFRS, an entity may elect to measure an item of property, plant and equipment at its fair value and use that fair value as its deemed cost at transition date. SaskGaming has elected to use fair value as the deemed cost of its buildings and land as at the date of transition. As a result, the cost of the property, plant and equipment will increase by \$11.3 million as at January 1, 2010. In addition, asset componentization will commence on the date of transition. Asset componentization involves breaking down an asset by identifying significant individual components and separately depreciating those individual components over their useful lives. SaskGaming has not completed the quantification of the impact to depreciation as a result of the component accounting.

Promotional allowances

SaskGaming currently discloses its revenues gross of any coupons and customer loyalty program. These promotional allowances are then deducted from revenues to arrive at net revenues. Under IFRS, revenues will be reported net of any coupons and customer loyalty program. There is no dollar impact to net revenue or net income as a result of this change.

Outlook

The recent decline in the rate of gaming growth across Canada from traditional casino gaming is expected to continue into the future; some jurisdictions experienced a contraction in 2010. Given Saskatchewan's current positive economic outlook, SaskGaming anticipates gross revenues for 2011 to remain at 2010 levels.

Significant growth in the gaming industry is now occurring online which offers players anytime convenience and a very extensive selection of grey market service providers. At present SaskGaming believes that market erosion to the internet is limited. Internet gaming will continue its growth trajectory.

Long term collective agreements with Retail, Wholesale and Department Store Union (RWDSU) and Public Service Alliance of Canada unionized staff in Regina have been signed, and bargaining is continuing with RWDSU employees at Casino Moose Jaw and members of the International Alliance of Theatrical Stage Employees in Regina.

SaskGaming will continue with its operational efficiency initiatives to ensure the continued profitability of the organization. The 2011 income before payment to the GRF is budgeted at \$51.1 million, which is \$0.6 million over the budgeted 2010 levels.

Risk Management

Risk management is an essential component of the corporation's strategic planning process. SaskGaming recognizes that risk presents both threats and opportunities to the corporation in fulfilling its mission and achieving its strategic goals. Therefore, the corporation's approach is to identify, assess, manage and monitor risk in a manner that mitigates or avoids those risks which are adverse to the corporation but also leverages those which are potentially advantageous.

SaskGaming's approach to risk management is cross-functional and engages multiple levels in the organization in recognition of the fact that SaskGaming's risks are not merely financial.

In its 2010 Performance Plan the corporation identified the following key risks associated with its strategic plan:

Generating quality employment

To be recognized as an employer of choice, we must ensure we are visible as a viable option, and safeguard and protect our reputation as a quality employer in the marketplace. The achievement of the corporation's long term target to achieve a 50 per cent Aboriginal workforce will require a shift in direction and approach due to additional competitors. We must continue to invest in our people to ensure that they have the skills and abilities to deliver on our promise.

In 2010, the corporation's efforts resulted in strong achievements for diversity. It met its target, achieving a workforce where 42.5 per cent are of Aboriginal descent. The 52 day labour disruption that occurred mid-year presented challenges to the corporation in its effort to recruit, train, and support the retention of employees. An employee satisfaction survey was administered in November and will help the corporation establish a new benchmark to support and manage the risk associated with maintaining its reputation as an employer of choice. Additionally, the corporation established a new target for employee training to be implemented in 2011.

Competitive Positioning

The competitive marketplace is increasing both within and outside of Saskatchewan. Our ability to compete in the marketplace is based on our ability to provide a Five Star experience. Investing in property refresh and games requires an ongoing and managed approach.

In 2010, SaskGaming started the process to develop a Guest Service Strategy to update its approach to guest service excellence and determine how to integrate recruitment, training, communications and service standards. The corporation completed a two year property refresh project on time and under budget. Guest comments with the outcome have been very favourable.

Responsibility, Security and Integrity

There is a need to safeguard public perception and acceptance of the industry, demonstrate social responsibility and strengthen the community's trust and support. Responsibility, security and integrity are cornerstones to safeguard the overall reputation of the Saskatchewan gaming industry.

In 2010, SaskGaming developed a corporate social responsibility index to assess its performance in the areas of responsible gaming, security and integrity. It continues to assess and monitor its compliance with the Financial Transactions and Reports Analysis Centre of Canada's (FINTRAC) reporting requirements.

Additionally, the corporation initiated a business interruption risk assessment process in 2010, which will be completed in 2011.

Governance and Sustainability

In 2010, the corporation supported government's interest in reviewing options to streamline gaming governance while maintaining an appropriate balance between revenue generation and social responsibility. The corporation also supported the process of evaluating options associated with innovative sources of revenue.

Enterprise Risk Management

The Corporation's Enterprise Risk Management program was implemented in 2010 resulting in development of a framework, completion of a corporate risk registry and a working policy document. In 2011, the corporation will finalize its policy and framework and undertake to:

- move from a rules-based decision making environment to a risk-based decision making model
- complete a Business Continuity Plan to mitigate risks in this area
- establish an ERM committee structure through which the policy and framework will be directed and monitored
- coordinate internal audit functions with Enterprise Risk Management

Management's Report on Financial Statements

The accompanying financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. 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 year ended December 31, 2010 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 & Finance Committee of the Board.

The Corporation's independent auditors, KPMG LLP, on behalf of management have examined the Corporation's financial statements as at December 31, 2010. The auditors' report, which follows, outlines the scope of their examination and sets forth their opinion.



Twyla Meredith, CMA, FCMA
President and CEO



Tony Coppola, MA
Senior Vice President
Finance & Administration

March 4, 2011

Management's Report on Internal Control over Financial Reporting

I, Twyla Meredith, the President & CEO of the Saskatchewan Gaming Corporation, and I, Tony Coppola, the Senior Vice President Finance & Administration 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 December 31, 2010.
- 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 December 31, 2010 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Twyla Meredith, CMA, FCMA
President and CEO



Tony Coppola, MA
Senior Vice President
Finance & Administration

March 4, 2011

Independent Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the accompanying consolidated financial statements of Saskatchewan Gaming Corporation, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and comprehensive income, retained earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saskatchewan Gaming Corporation as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The consolidated financial statements of Saskatchewan Gaming Corporation as at and for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on those statements on January 29, 2010.

KPMG LLP

Chartered Accountants

Regina, Canada
March 4, 2011

Consolidated Statement of Financial Position

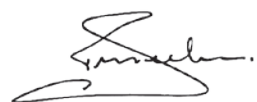
As at December 31

	2010 (in 000s)	2009 (in 000s)
ASSETS		
Current assets:		
Cash	\$ 9,993	\$ 14,482
Accounts receivable	309	345
Inventory	314	357
Prepaid expenses	414	433
	<u>11,030</u>	<u>15,617</u>
Property, plant and equipment (Note 3)	<u>60,125</u>	<u>62,794</u>
	<u><u>\$ 71,155</u></u>	<u><u>\$ 78,411</u></u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	8,798	\$ 9,123
Payable to the General Revenue Fund (Note 1)	5,086	5,564
Dividend payable	2,825	5,818
Current portion of long-term debt (Note 4)	2,616	5,490
Current portion of capital lease obligation (Note 5)	900	900
	<u>20,225</u>	<u>26,895</u>
Long-term debt (Note 4)	13,407	16,023
Capital lease obligation (Note 5)	<u>6,661</u>	<u>6,781</u>
	<u>40,293</u>	<u>49,699</u>
Equity advance (Note 11)	19,805	19,805
Retained earnings	<u>11,057</u>	<u>8,907</u>
	<u>30,862</u>	<u>28,712</u>
	<u><u>\$ 71,155</u></u>	<u><u>\$ 78,411</u></u>

Commitments and contingencies (Note 6)

(See accompanying notes)

On behalf of the Board:



Director



Director

Consolidated Statement of Operations and Comprehensive Income

For the Year Ended December 31

	2010 (in 000s)	2009 (in 000s)
Revenue:		
Gaming revenues	\$ 120,649	\$ 126,019
Ancillary revenues	16,747	15,748
	<u>137,396</u>	<u>141,767</u>
Less:		
Promotional allowances	10,337	6,757
Ancillary cost of goods sold	2,957	3,127
	<u>124,102</u>	<u>131,883</u>
Operating expenses (Note 7)	<u>81,094</u>	<u>81,115</u>
Income before payment to the General Revenue Fund	43,008	50,768
Payment to General Revenue Fund (Note 1)	<u>21,504</u>	<u>25,384</u>
Net Income	21,504	25,384
Other comprehensive income	<u>—</u>	<u>—</u>
Comprehensive income	<u><u>\$ 21,504</u></u>	<u><u>\$ 25,384</u></u>

(See accompanying notes)

Consolidated Statement of Retained Earnings

For the Year Ended December 31

	2010 (in 000s)	2009 (in 000s)
Retained earnings, beginning of the year	\$ 8,907	\$ 3,830
Net income	21,504	25,384
Dividends	<u>(19,354)</u>	<u>(20,307)</u>
Retained earnings, end of the year	<u><u>\$ 11,057</u></u>	<u><u>\$ 8,907</u></u>

(See accompanying notes)

Consolidated Statement of Cash Flows

For the Year Ended December 31

	2010 (in 000s)	2009 (in 000s)
Operating activities:		
Net income	\$ 21,504	\$ 25,384
Items not involving cash:		
Amortization	8,220	6,502
Loss (gain) on sale of property, plant and equipment	200	(4)
Changes in non-cash working capital balances:		
Accounts receivable	36	573
Inventory	43	(81)
Prepaid expenses	19	(228)
Accounts payable and accrued liabilities	(325)	227
Payable to the General Revenue Fund	(478)	(237)
	<u>29,219</u>	<u>32,136</u>
Investing activities:		
Proceeds from sale of property, plant and equipment	201	52
Additions to property, plant and equipment	(5,952)	(12,486)
	<u>(5,751)</u>	<u>(12,434)</u>
Financing activities:		
Long-term debt from General Revenue Fund	–	6,000
Equity advance paid to CIC	–	(10,000)
Dividends paid	(22,347)	(19,787)
Repayment of capital lease obligation	(120)	(108)
Repayment of long-term debt	(5,490)	(5,105)
	<u>(27,957)</u>	<u>(29,000)</u>
Net decrease in cash	(4,489)	(9,298)
Cash, beginning of the year	<u>14,482</u>	<u>23,780</u>
Cash, end of the year	<u><u>\$ 9,993</u></u>	<u><u>\$ 14,482</u></u>
Supplemental Information:		
Cash interest paid	<u><u>\$ 1,833</u></u>	<u><u>\$ 2,061</u></u>

(See accompanying notes)

For the Year Ended December 31, 2010

Notes to the Consolidated Financial Statements

1. Description of Business

The Saskatchewan Gaming Corporation (SaskGaming) manages and operates Casino Regina and Casino Moose Jaw. SaskGaming was established under *The Saskatchewan Gaming Corporation Act*, 1994 (Act) to provide for separation of regulatory and operational aspects of gaming. SaskGaming must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act*, 1997. Regulation of SaskGaming's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

SaskGaming operates under the direction of its owner, the 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. As a provincial Crown corporation, SaskGaming is not subject to federal or provincial income or capital taxes.

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

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

In March 2009, the Canadian Accounting Standards Board reconfirmed that Canadian GAAP for publicly accountable enterprises, including Government Business Enterprises (GBEs), will be replaced by International Financial Reporting Standards (IFRS) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, these financial statements will be the last prepared by SaskGaming as a GBE under pre-conversion Canadian GAAP, and the conversion to IFRS will be applicable to SaskGaming's reporting for the year ended December 31, 2011, for which current and comparative information will be prepared under IFRS. SaskGaming will also present an opening IFRS statement of financial position as at January 1, 2010, SaskGaming's date of transition, as part of SaskGaming's 2011 annual financial statements.

The significant GAAP policies which have been adopted are described below:

a) Basis of Consolidation

The consolidated financial statements include the accounts of Saskatchewan Gaming Corporation 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 pay-outs by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots and liabilities under the Players' Club Program. Food, beverage and parking revenue is recognized when the good and services are provided. Show Lounge revenue is recognized when the event occurs.

SASKATCHEWAN GAMING CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

c) Players' Club Program

As part of its customer loyalty initiative, SaskGaming offers a Players' Club Program to patrons. Under the program, club members accumulate reward points or dollars based on the amounts wagered and time spent playing on slot machines and tables. Members can redeem their points for cash or vouchers. SaskGaming records the points earned as a reduction of gaming revenue.

d) Promotional Allowances

The retail value of goods and services furnished to casino guests without charge is included in revenue and then deducted as promotional allowances.

e) Inventory

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

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Assets are amortized commencing in the year in which assets are placed in service using the straight-line method over their useful lives as follows:

Building and renovations	Five to forty years
Gaming equipment	Three to five years
Computer equipment	Three to five years
Furniture and equipment	Three to five years

g) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

h) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported value of assets and liabilities and the disclosure of contingent liabilities and commitments at the date of the financial statements and the amounts of revenues and expenses for the year then ended. Significant items subject to estimates include the underlying estimations of useful lives of property, plant and equipment, and certain accrued liabilities. Actual results could differ from those estimates.

i) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as held-for-trading and is recorded at fair value. Accounts receivable are classified as loans and receivables and are recorded at amortized cost. Amortized cost approximates fair value due to the short-term nature of these instruments.

SASKATCHEWAN GAMING CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

Accounts payable and accrued liabilities, payable to the General Revenue Fund, and dividend payable are classified as other liabilities and are recorded at amortized cost. Amortized cost approximates fair value due to the short-term nature of these instruments. Long-term debt is classified as another financial liability and is recorded at amortized cost using the effective interest method.

Fair values approximate amounts at which financial instruments could be exchanged between willing parties 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 GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

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

3. Property, plant and equipment

	December 31, 2010 (in 000s)			December 31, 2009 (in 000s)
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Building and renovations	\$ 71,371	\$ 25,872	\$ 45,499	\$ 47,942
Gaming equipment	15,016	9,033	5,983	5,003
Land	5,218	—	5,218	5,218
Computer equipment	9,318	8,122	1,196	2,008
Furniture and equipment	5,029	2,800	2,229	2,623
	<u>\$105,952</u>	<u>\$ 45,827</u>	<u>\$ 60,125</u>	<u>\$ 62,794</u>

Included in the above are the following assets under capital lease:

Building	\$ 7,277	\$ 1,516	\$ 5,761	\$ 5,943
Land	990	—	990	990
Total Assets under capital lease	<u>\$ 8,267</u>	<u>\$ 1,516</u>	<u>\$ 6,751</u>	<u>\$ 6,933</u>

SASKATCHEWAN GAMING CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

4. Long-Term Debt

	December 31, 2010 (in 000s)	December 31, 2009 (in 000s)
Land and building loan, repayable in monthly instalments of \$256,715 including interest at 9.2 per cent, due April 1, 2011	\$ 1,007	\$ 3,852
Building loan, repayable in monthly instalments of \$76,572 including interest at 6.48 per cent, due December 1, 2016	4,558	5,160
Building loan, repayable in monthly instalments of \$67,790 including interest at 6.17 per cent, due December 1, 2016	4,071	4,614
Equipment loan, repayable in monthly instalments of \$129,529 including interest at 4.527 per cent, due March 28, 2011	387	1,887
Loan from the General Revenue Fund, bearing interest at 2.85 per cent per annum, due December 1, 2014. Interest is paid semi-annually	6,000	6,000
	16,023	21,513
Current portion	(2,616)	(5,490)
	<u>\$ 13,407</u>	<u>\$ 16,023</u>

The above loans, excluding the debt from the General Revenue Fund, are secured by assets and a general security agreement and may only be repaid early with a penalty.

Principal repayments required in the next five years are as follows:

	(in 000's)
2011	\$ 2,616
2012	1,300
2013	1,385
2014	7,476
2015	1,572
2016	1,674
	<u>\$ 16,023</u>

5. Capital Lease Obligation

Beginning in September 2002, SaskGaming leased the Casino Moose Jaw property for 25 years at an annual cost of \$900,000 for the first ten years, and \$955,000 annually thereafter. At the end of the lease, SaskGaming will acquire the property for the sum of one dollar.

SASKATCHEWAN GAMING CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

The minimum payments under the lease obligation are as follows:

	Building	(in 000s) Land	Total
2011	\$ 792	\$ 108	\$ 900
2012	808	110	918
2013	841	114	955
2014	841	114	955
2015	841	114	955
2016 and subsequent	9,808	1,334	11,142
Total minimum lease payments	13,931	1,894	15,825
Amount representing interest at 10.3 %	(7,275)	(989)	(8,264)
Balance	6,656	905	7,561
Less current portion	(792)	(108)	(900)
	<u>\$ 5,864</u>	<u>\$ 797</u>	<u>\$ 6,661</u>

Fair value of the capital lease obligation is \$8,714,000 (2009 - \$8,666,000).

6. Commitments and Contingencies

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SaskGaming entered into an agreement with the Association to fulfil 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.

SASKATCHEWAN GAMING CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

7. Operating Expenses

	2010 (in 000s)	2009 (in 000s)
Salaries and benefits	\$ 39,866	\$ 42,080
Amortization and loss on sale of property, plant and equipment	8,420	6,502
Maintenance and supplies	6,011	6,564
Advertising and promotions	4,836	4,724
Taxes (Note 8)	3,567	3,459
Contractual obligations (Note 6a and 6b)	3,015	3,015
Lease and rental	2,760	2,574
Entertainment	2,419	2,490
Printing and communication	2,096	1,045
Interest – long-term debt	967	1,251
Interest – capital lease obligation and other	780	792
Professional services	1,692	1,828
Utilities and insurance	1,501	1,414
Uniforms, recruitment and training	1,304	1,520
Sponsorships	767	672
Other operating expenses	1,093	1,185
Total operating expenses	<u>\$ 81,094</u>	<u>\$ 81,115</u>

8. 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.

9. Pension Plan

Substantially all of SaskGaming's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors. The Plan sponsor is CIC. The Capital Pension Plan is registered under *The Income Tax Act (Canada)* and is governed by the Superintendent of Pensions (Saskatchewan) in accordance with *The Pension Benefits Act (1992)*. SaskGaming's financial obligation is limited to making the employer's required contributions for current service. During the year, SaskGaming expensed \$1,752 thousand (2009 - \$1,806 thousand) for the employer's required contributions.

10. Bank Indebtedness

SaskGaming has established a line of credit of \$9 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 December 31, 2010 (December 31, 2009 - nil).

SASKATCHEWAN GAMING CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

11. Equity Advance

As a Saskatchewan Provincial Crown Corporation, SaskGaming's equity financing is in the form of equity advances of \$19,805,000 (2009 - \$19,805,000) from CIC.

12. Capital Disclosures

SaskGaming's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of SaskGaming, and to ensure adequate returns to the shareholder.

SaskGaming funds its capital requirements through internal operating activities and debt. By Order-in-Council, SaskGaming may only borrow up to \$56.2 million, which includes capital leases and temporary loans. SaskGaming also has an available line of credit of \$9 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 capital. Total debt includes long and short term debt and capital lease obligation. Capital includes total debt, equity advance and retained earnings at the period end.

For fiscal 2010, SaskGaming's goal was a debt to equity ratio of less than 55.8 per cent (2009 – 50 per cent).

The debt ratio is as follows:

	2010 (in 000s)	2009 (in 000s)
Long term debt	\$ 16,023	\$ 21,513
Capital lease obligation	7,561	7,681
Total debt	23,584	29,194
Equity advance from CIC	19,805	19,805
Retained earnings	11,057	8,907
Total capital	\$ 54,446	\$ 57,906
Debt ratio	43.3%	50.4%

13. Financial Instruments and Risk Management

a) Fair Value

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.

Financial Instruments	Classification ¹	Fair Value Hierarchy	2010 (in 000s)		2009 (in 000s)	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	HFT	Level One	\$ 9,993	\$ 9,993	\$ 14,482	\$ 14,482
Accounts receivable	L&R	N/A	309	309	345	345
Accounts payable and other accrued liabilities	OFL	N/A	8,798	8,798	9,123	9,123
Payable to the General Revenue Fund	OFL	N/A	5,086	5,086	5,564	5,564
Dividend payable	OFL	N/A	2,825	2,825	5,818	5,818
Long-term debt	OFL	N/A	16,023	16,916	21,513	22,663

¹ Classification: HFT - Held-for-trading • L&R - Loans and receivables • OFL - Other financial liabilities

SASKATCHEWAN GAMING CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

b) 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.

c) Interest Rate Risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SaskGaming may be exposed to interest rate risk on future borrowings, however this risk is not considered significant. SaskGaming has not provided a sensitivity analysis of the impact of interest rate changes on net income as all of SaskGaming's debt is at fixed interest rates.

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.

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 as at December 31:

Contractual cash flows – 2010

(in 000's)	Carrying		0 – 6	7 – 12	1 – 2	3 – 5	More than
Financial Liabilities	Amount	Total	months	months	years	years	5 years
Accounts payable and accrued liabilities	\$ 8,798	\$ 8,798	\$ 8,798	\$ –	\$ –	\$ –	\$ –
Payable to GRF	5,086	5,086	5,086	–	–	–	–
Dividend payable	2,825	2,825	2,825	–	–	–	–
Debt	16,023	18,495	2,369	952	1,903	11,539	1,732
Capital lease obligation	7,561	15,825	450	450	918	2,865	11,142
	<u>\$ 40,293</u>	<u>\$ 51,029</u>	<u>\$ 19,528</u>	<u>\$ 1,402</u>	<u>\$ 2,821</u>	<u>\$ 14,404</u>	<u>\$ 12,874</u>

Contractual cash flows – 2009

(in 000's)	Carrying		0 – 6	7 – 12	1 – 2	3 – 5	More than
Financial Liabilities	Amount	Total	months	months	years	years	5 years
Accounts payable and accrued liabilities	\$ 9,123	\$ 9,123	\$ 9,123	\$ –	\$ –	\$ –	\$ –
Payable to GRF	5,564	5,564	5,564	–	–	–	–
Dividend payable	5,818	5,818	5,818	–	–	–	–
Debt	21,513	25,034	3,269	3,269	3,321	11,710	3,465
Capital lease obligation	7,681	16,726	450	450	900	2,828	12,098
	<u>\$ 49,699</u>	<u>\$ 62,265</u>	<u>\$ 24,224</u>	<u>\$ 3,719</u>	<u>\$ 4,221</u>	<u>\$ 14,538</u>	<u>\$ 15,563</u>

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

SASKATCHEWAN GAMING CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

14. Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

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

	2010 (in 000s)	2009 (in 000s)
Revenues	\$ 31	\$ 38
Expenses	3,753	3,815
Accounts payable and accrued liabilities	324	169
Accounts receivable	55	38

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.

15. Comparative Figures

Certain of the prior year's balances have been reclassified to conform with the current year's presentation.

Governance

The Saskatchewan Gaming Corporation was established by The Saskatchewan Gaming Corporation Act (1994) with the mandate to establish and operate casinos in Saskatchewan. According to this Act, the name "Sask Gaming" is the abbreviated form of the name of the Corporation and the abbreviation when used, has the same legal effect and meaning as the full name of the Corporation. While originally a Treasury Board Crown, effective April 1, 2008, SaskGaming came under the direction of the Crown Investments Corporation of Saskatchewan (CIC).

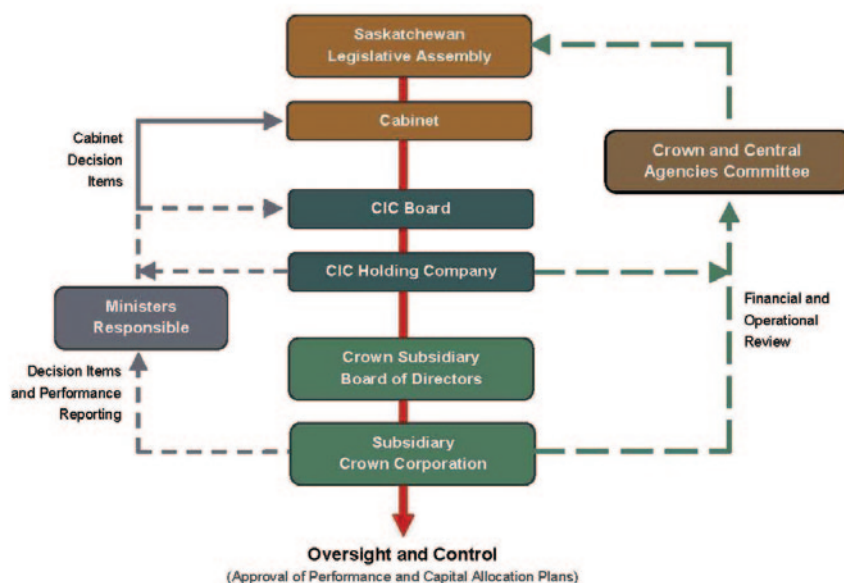
CIC is a holding company for Saskatchewan's commercial Crown corporations. CIC's main responsibilities are to establish the strategic direction for the subsidiary crowns through effective governance and performance management, and to enhance the province's long-term economic growth and diversification through Crown corporations.

Sask Gaming is required to make payments to the province's General Revenue Fund sufficient to meet the government's legislated obligations to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund. SaskGaming also pays dividends to CIC.

Sask Gaming operates Casino Regina and Casino Moose Jaw under the regulatory authority of the Saskatchewan Liquor and Gaming Authority. 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 Regulations Act, 1997.

Shareholder Direction and Communication

The following figure illustrates the accountability structure for Crown Corporations.



Role of the Board of Directors

SaskGaming is responsible to the Government of Saskatchewan through a Minister and a Board of Directors appointed by Cabinet.

The Board of Directors functions as stewards 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 the day-to-day operations of the Corporation. The fundamental objective of the Board is to act in the best interests of the Corporation, taking into account the public policy and business objectives of the Corporation, with a view to enhancing shareholder value.

Compensation Practices

The Board of Directors of CIC sets compensation rates for Directors. Directors may receive per diems or partial per diems when they are engaged in work for the Corporation consisting of the performance of any duties on behalf of the Corporation, or as a member of a Committee of the Board, in addition to those provided for attendance at meetings of the Board and its Committees.

The CIC Board sets compensation rates according to the level of responsibility of the Board. The maximum per diem for members of the SaskGaming Board of Directors is \$600 for the Chair and \$500 per Director. Board expenses for the year ending December 31, 2010 totaled \$145,818.

Code of Conduct

The CIC Code of Conduct for Directors of subsidiary Crown corporations (CIC Code) governs the Directors of SaskGaming. The CIC Code assists the Board 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.

Board Composition

The composition of the Board of Directors is set out in our governing legislation, The Saskatchewan Gaming Corporation Act. The Board consists of not more than seven members, who are appointed by the Lt. Governor in Council. Three members of the SaskGaming Board are nominated by Federation of Saskatchewan Indian Nations and all Directors serve for no more than three years. Cabinet may fill any vacancy that occurs on the 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 three committees it has appointed to assist it in fulfilling its obligations. These three standing committees are: Audit and Finance, Governance, and Human Resources and Compensation.

Audit and Finance Committee

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

- Oversee the work of the internal auditor and external auditor
- Approve the internal 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
- Seek any information it requires from external parties or employees to conduct an investigation

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

The Committee met five times in 2010.

Members: Ron Martin (chair), Lindsay Kequahtooway (Kaye), Blair Ross, Ron Bruck and Wes Becker (ex-officio)

Human Resources and Compensation Committee

The Human Resources and Compensation 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's objective is to ensure SaskGaming is a corporate leader in the development and implementation of proactive human resource strategies. The Committee also annually reviews the Corporation's diversity initiatives and monitors the Code of Business Conduct and Ethics Policy and other workplace policies.

The Human Resources/Compensation Committee met four times during 2010.

Members: Ron Bruck (chair), Blair Ross, Kevin Missens, Bonnie Wallin and Wes Becker (ex-officio)

Governance Committee

The Governance 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 develops and reviews the effectiveness of the Corporation's corporate governance practices and annually reviews the Terms of Reference of the Board and its three committees. The Governance Committee also serves as Ethics Advisor to the Board, administering and enforcing the Crown Investments Corporation Directors' Code of Conduct and reporting annually to the Board on compliance with the Code.

The Governance Committee held five meetings in 2010.

Members: Blair Ross (Chair), Ron Bruck, Kevin Missens, Lindsey Kequahtoway (Kaye), Bonnie Wallin and Wes Becker (ex-officio)

Board of Directors

Wes Becker, Chair, of Regina, Saskatchewan retired from a career with CIBC having held various management positions, including within the Commercial Banking division, and as program director for the Agricultural Value-Added Loan Program. A fellow of the Institute of Canadian Bankers Professional Banking Program, Mr. Becker has volunteered with the Regina Chamber of Commerce, Boy Scouts of Canada, the Canadian Liver Foundation, the Heart and Stroke Foundation, and the Parents Advisory Board for Riffel High School. He was reappointed Chair of the Board in January 2011.

Blair Ross, Vice Chair (Chair, Governance Committee) of Regina, Saskatchewan is co-founder of SRG Security Resource Group Inc. a Saskatchewan based Security firm providing Investigation, Security Patrol, 24 CCTV real-time monitoring and Information Technology Security services across Western Canada. He has over 20 years experience in business with the majority of his experience gained in the private security industry. In those 20 years he has built and managed security operations from the ground up. He has managed the security personnel at large scale events (i.e. the Pan American Games in Winnipeg) across Western Canada. A recipient of an Honourary Lifetime Big Brother award for his volunteer commitment, he also co-chairs the CTV Sandra Schmirler Charity Golf Classic and sits on the board of Regina Airport Authority.

Ron Bruck (Chair, Human Resources/Compensation Committee) of Moose Jaw, Saskatchewan served with the Royal Canadian Mounted Police throughout Saskatchewan, including eight years as Sergeant and Detachment Commander in Moose Jaw, before retiring in 2006. Mr. Bruck was awarded the RCMP's 35-year Long Service Medal Gold Clasp, the Commanding Officer's Commendation, Queen's Golden Jubilee Medal and the Saskatchewan Protective Services Medal. His past and present volunteer activities include Boy Scouts Canada, the Saskatchewan Minor Hockey Association, Royal Canadian Legion, Rural Crime Watch, Neighbourhood Watch, Moose Jaw Regional Inter-Sectoral Committee and Victim Services Board of Directors.

Lindsey Kequahtoway (Kaye) of Grenfell, Saskatchewan served as Chief of the Sakimay First Nation for eight years. Mr. Kequahtoway studied Social Work at the Saskatchewan Indian Federated College (now the First Nations University of Canada) and worked for Yorkton Tribal Council Child Services for six years before moving to the Department of Community Resources and Employment in Regina. Mr. Kequahtoway has served for three years on the Prairie Valley School Division Board of Directors.

Dr. Ron Martin (Chair, Audit and Finance Committee) of Fort Qu'Appelle, Saskatchewan is a member of the Fond-du-Lac First Nation. Dr. Martin graduated with a dental degree and Advanced Bachelor of Arts and Science degrees in Sociology and Anatomy from the University of Saskatchewan. Dr. Martin established Dene Dent Family Dentistry in Fort Qu'Appelle in 1995. Dr. Martin is a member of the College of Dental Surgeons of Saskatchewan. He has previously volunteered with the Environmental Assessment Review Panel; National Aboriginal Achievement Awards; Health Canada Quality Assessment Committee; the Fort Qu'Appelle Minor Hockey Association; and the Assembly of First Nations.

Kevin Missens of Fort Qu'Appelle, Saskatchewan was a serving member of the Royal Canadian Mounted Police from 1983 to 1992. Mr. Missens joined the Touchwood File Hills Qu'Appelle Tribal Council (now the File Hills Qu'Appelle Tribal Council) as a court worker in 1995 and spent time as a community justice worker. He has served as chair of the Qu'Appelle Policing Agreement, chair of Qu'Appelle Child and Family Services Inc., and has been involved with Pasqua Indian Child and Family Services, Pasqua Health and Pasqua Justice. Mr. Missens volunteers as a coach with the Fort Qu'Appelle Minor Hockey Association.

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



Board photo (left to right):

Wendy Dean (Corporate Secretary), Lindsey Kequahtoway, Blair Ross, Kevin Missens, Wes Becker (Chair), Ron Bruck, Dr. Ron Martin, Bonnie Wallin

Executive Team

Twyla Meredith, CMA, FCMA, President and CEO, joined SaskGaming in 1996. Ms. Meredith has a Bachelor of Administration degree from the University of Regina and is a Certified Management Accountant. In 2009, Ms. Meredith was named a Fellow of the Society of Management Accountants of Canada.

Gerry Fischer, Senior Vice President, Operations joined Casino Regina in 1995 as Director of Sales and Promotions, and became Vice President of Marketing the following year. He has provided leadership to Operations since 2005 and holds a BA (Advanced) in Economics and a Bachelor of Administration degree from the University of Regina.

Tony Coppola, Senior Vice President, Finance and Administration joined SaskGaming in 2006. He holds a BA Honours in Economics from the University of Regina and a Masters degree in Economics from Simon Fraser University. He has also completed the Ivey School of Business Executive Program, the Queen's University Leadership program and the Gaming Executive Development Program, University of Nevada, Reno.

Bob Arlint, Vice President, Security, completed his education in the Northwest Territories before studying Social Work at Red Deer College. Mr. Arlint served with the RCMP for 25 years before joining SaskGaming in 2001 as a Gaming Control Officer. He was named Vice President, Security in 2006.

Blaine Pilatzke, Vice President, Human Resources, brings 17 years of experience in labour relations to SaskGaming. He joined the corporation in 2004 as Director of Labour Relations and was appointed Vice President of Human Resources and Aboriginal Relations in 2007.

Susan Flett, Vice President, Marketing, joined SaskGaming in 2000 as the Director of Player Relations, and in 2005 became Director of Marketing. She was appointed to her current position in May 2010. Ms. Flett completed her Bachelor of Administration at the University of Regina, holds a Queen's University Certificate in Human Resource Management and completed the Executive Leadership Program at Queen's University.

Michelle Hunter, Vice President, Communications & Community Relations, joined SaskGaming in June 2010. During her previous tenure at SaskGaming, she was Director of Player Relations, where she helped open Casino Regina and helped develop and implement the initial Players Club program. Prior to returning to the corporation, she gained extensive experience in communications, corporate, government and community relations at MGM Communications, the Saskatchewan Abilities Council and the Hotel Saskatchewan.



Executive photo (left to right):

Blaine Pilatzke, Bob Arlint, Gerry Fischer, Michelle Hunter,
Tony Coppola, Twyla Meredith, Susan Flett

Governance Practices

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

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

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
1. Board of Directors Composition The Board should have a majority of independent directors.	There are seven members on the SaskGaming Board appointed by the Lieutenant Governor in Council. The Federation of Saskatchewan Indian Nations nominates three Board members, and the provincial Cabinet appoints four members. All directors are independent.	Yes
Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors):	Saskatchewan Gaming Corporation, as a statutory Crown corporation does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to SaskGaming.	Not Applicable
(a) Disclose the identity of directors; and	Wes Becker, Chair: Independent, retired banker	Yes
(b) Describe who is independent and the basis for the determination of independence.	Blair Ross, Vice-Chair: Independent, President and COO, co-founder of SRG Security Resource Group Ron Bruck, Independent, retired RCMP officer Bonnie Wallin, Independent, retired CEO of Mallard Diversified Services Inc. Lindsey Kequahtoway (Kaye), Independent, FSIN appointee Dr. Ron Martin, Independent, Dentist, FSIN appointee Kevin Missens, Independent, Pasqua Treaty Land Entitlement Coordinator and former RCMP officer, FSIN appointee None of the directors or their "associates" have worked 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.	

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?																
(c) Indicate whether directors are directors of any other issuer that is a reporting issuer	SaskGaming does not have share capital, and therefore is not an issuer.	Not applicable																
(d) Do directors hold regularly scheduled in-camera meetings to facilitate open and candid discussion? If so, how many meetings were held in the previous 12 months?	At each regular meeting the Board sets aside time on the agenda for an in-camera session where management is excused from the meeting. The Board held nine meetings in 2010.	Yes																
(e) The chair should be independent to provide leadership for the directors.	The Board structure of SaskGaming is such that the Chair of the Board is independent.	Yes																
(f) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.	<p>The following are the attendance statistics for Board meetings:</p> <table><tr><th>Director</th><th>Board Meetings Attended</th></tr><tr><td>Wes Becker</td><td>9</td></tr><tr><td>Blair Ross</td><td>9</td></tr><tr><td>Ron Bruck</td><td>9</td></tr><tr><td>Bonnie Wallin</td><td>9</td></tr><tr><td>Lindsey Kequahtoway (Kaye)</td><td>9</td></tr><tr><td>Dr. Ron Martin</td><td>8</td></tr><tr><td>Kevin Missens</td><td>9</td></tr></table> <p>For the purposes of this report, members who attended meetings in part were considered to be present.</p>	Director	Board Meetings Attended	Wes Becker	9	Blair Ross	9	Ron Bruck	9	Bonnie Wallin	9	Lindsey Kequahtoway (Kaye)	9	Dr. Ron Martin	8	Kevin Missens	9	Provided
Director	Board Meetings Attended																	
Wes Becker	9																	
Blair Ross	9																	
Ron Bruck	9																	
Bonnie Wallin	9																	
Lindsey Kequahtoway (Kaye)	9																	
Dr. Ron Martin	8																	
Kevin Missens	9																	
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:	<p>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. Terms of Reference are available to the public on the corporate website.</p> <p>The Board adopts an Annual Work Plan to ensure the duties and responsibilities identified in the Terms of Reference are scheduled to be achieved.</p>	Yes																
(a) Satisfaction regarding the integrity of the Chief Executive Officer (CEO) and executive and the creation of a culture of integrity;	<p>The Board and all employees 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.</p> <p>Each of the three committees established by the Board has its own Terms of Reference, which are available on the Corporate website.</p> <p>Board members are also governed by the CIC Code of Conduct for Directors.</p>	Yes																

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(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;	<p>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.</p> <p>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.</p> <p>The Board and Management have identified four key risks and business priorities in its 2010 Performance Management Plan. These are: Employer of Choice, Choice Employees; Guest Experience Excellence; Social Responsibility; Sustainable Corporation.</p>	Yes
(c) The identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;	<p>Management and the Board developed an integrated Enterprise Risk Management Framework in 2009 that integrated the Corporation's risk management program into its annual planning process.</p>	Yes
(d) Succession planning, including appointing, training and monitoring senior management;	<p>The Board is responsible for succession planning, and established the Human Resources/Compensation Committee to approve and/or recommend the Corporation's HR policies, guidelines, procedures and systems, and to report changes in policies to the Board.</p> <p>SaskGaming has a workforce plan to ensure the Corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Corporate Learning and Development Plan, through which we manage the development of desired competencies.</p> <p>SaskGaming is developing a Workforce and Succession Planning Framework that meets the current and long-term needs of the organization, supports the organization in achieving the 50 per cent Aboriginal employment target, and ensures that SaskGaming can meet its business plan goals over the next three to five years.</p>	Yes
(e) A communications policy for the Corporation;	<p>The Saskatchewan Gaming Corporation 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 reviewed and approved the communications policy in 2009.</p>	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(f) The integrity of the Corporation's internal control and information management systems;	The Board has a responsibility to ensure the Corporation operates in a businesslike and financially responsible way. 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.	Yes
(g) Development of approach to corporate governance, principles and guidelines;	<p>The Governance Committee is mandated through its Terms of Reference to be responsible to the Board for the development, review and effectiveness of SaskGaming's corporate governance practices. The Committee also serves as the ethics advisory to the Board.</p> <p>SaskGaming reviewed its Corporate Governance Framework in 2009. The Framework includes decision-making protocols, accountabilities and relationship management with our external stakeholders. Revised Terms of Reference for Board and Committees are available in the Corporate Governance section of the website.</p>	Yes
(h) General mandate re: stakeholder relations, and expectations and responsibilities of directors.	<p>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.</p> <p>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.</p> <p>The Chair of the Board participates in a CIC Chairs forum conducted by the statutory shareholder, where feedback and communication is provided to all Crown Corporation Board Chairs on the expectations of the Holding Company as representatives of the shareholder.</p> <p>Building on the base of directors' duties outlined in legislation, the Terms of Reference for the Board and its Committees are reviewed annually.</p>	Yes
3. Position Descriptions (a) The board should develop position descriptions for the chair of the board and chair of each board committee;	<p>The Board Chair operates within the statutory requirements of <i>The Saskatchewan Gaming Corporation Act</i>.</p> <p>The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which sets out the duties and responsibilities of each.</p>	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.	<p>The Board has developed the Board's Terms of Reference which outline the responsibilities of the Board and Management.</p> <p>The Board has approved a position Description that sets out the primary duties, responsibilities and accountabilities of the CEO.</p> <p>The Board has also approved policies for expenditure authorities for the CEO and Executive Officers. These policies clearly outline the limits of their authorities and the levels for which matters must receive Board approval.</p>	Yes

**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 Committee has responsibility to provide an appropriate orientation program for new directors and a continuing education program for all directors.

Directors receive an orientation to the Corporation and the industry from Management. CIC delivers a comprehensive training program for directors focusing on best governance practices and the Board's role and responsibilities.

Yes

**5. Code of Business
Conduct and Ethics**

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

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

The Human Resources/Compensation Committee monitors and enforces compliance with the Corporation's Employee Code of Conduct policy, Harassment Free Work Place Policy and Violence in the Work Place Policy.

Yes

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

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

No waivers were granted in 2010.

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 Committee performs the function of a nominating committee. Its Terms of Reference set out its responsibility related to assessing the size, composition and required qualifications of the Board. The Governance Committee makes recommendations to the shareholder, which has the legislative authority to appoint Directors.

All of the Governance Committee members are independent.

The Governance Committee has the authority to retain external advisors it determines necessary to assist with carrying out its duties and responsibilities.

Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
<p>(b) The board should adopt a nomination process which first considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and, identifies competencies and skills each new nominee would bring to the board, including the ability to devote sufficient time and resources to the job.</p>	<p>The Governance 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 shareholder respecting the appropriate mix of skills, qualifications and expertise required for new directors.</p> <p>The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties, responsibilities and expectations of each position.</p> <p>(For Reference: The Saskatchewan Gaming Act requires appointment of directors through Order-in-Council, and limits the Board to recommend candidates only.)</p>	<p>Yes</p>
<p>7. Compensation</p> <p>(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.</p>	<p>The Board has appointed a Human Resources/ Compensation Committee, which has responsibility to make recommendations to the Board on human resource and compensation-related matters. Written Terms of Reference prescribe the scope, duties and responsibilities of the Committee. The Committee has been given the authority to retain any outside advisor it deems necessary.</p> <p>The Board monitors and evaluates the performance of the CEO on an ongoing basis. The Human Resources/ Compensation Committee conducts an annual performance review of the CEO.</p> <p>The Human Resources/Compensation Committee is comprised of independent directors.</p>	<p>Yes</p>
<p>(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.</p>	<p>The Human Resources/Compensation Committee annually reviews and recommends to the Board the performance objectives and developmental initiatives for the CEO for the coming year.</p> <p>The Committee, with the Chair of the Board, conducts an annual performance review of the CEO, based on agreed-upon objectives and developmental initiatives. The Committee shares the results of the annual performance review with the Board.</p> <p>The Governance Committee reviews the CEO Position Description as required, or at least every three years.</p> <p>The Human Resources/Compensation Committee monitors and annually reviews the compensation and benefit programs and policies for the Executive Officers. The Committee reviews and recommends to the Board, where appropriate, any changes to the compensation levels for the CEO or Executive Officers.</p> <p>The Human Resources/Compensation Committee and the Board have a responsibility to annually review the details of compensation paid to Executive Officers that are required to be reported in the Crown Payee Disclosure Report.</p>	<p>Yes</p>

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(c) The compensation committee should be responsible to make recommendations to the board with respect to director compensation.	Compensation levels for Directors, the Chair of the Board and Committee Chairs are set by the CIC Board of Directors.	Yes
8. Other Board Committees Identify standing committees other than audit, compensation and nominating, and describe their function.	The Board has the authority to appoint any committee it considers necessary for the efficient conduct of the affairs and business of the Corporation. The Governance Committee serves as a nominating committee to the Board.	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 bi-annually, with the Board and Board Chair evaluated one year, and the Committees, Committee Chairs and directors evaluated in alternate years.	Yes

Glossary of Terms: Balanced Scorecard Reference

Measure	Description	Methodology
Employer of Choice, Choice Employees		
Employee Satisfaction Lead indicator Measured annually Lead: Human Resources	SaskGaming measures employee satisfaction to confirm or discover what motivates employees, what drives loyalty and what genuinely keeps employees happy.	SaskGaming will implement the survey annually. The results will be reviewed by an internal committee to determine the responses and actions that are required.
Aboriginal Representation Lead indicator Measured quarterly Lead: Human Resources	This measure focuses our employee attraction and retention efforts to achieve a mandate of 50 per cent Aboriginal representation. We work toward meeting other Saskatchewan Human Rights Commission designated work group targets but emphasis is placed on Aboriginal representation.	Using information from the HR system, a percentage is calculated for each diversity group (number of diversity group employees within a group divided by total number of employees).
Guest Experience Excellence		
Willingness to Recommend Lead indicator Measured quarterly Lead: Marketing and Product Development	The corporation measures internally a Net Promoter Score (NPS) score indicating the extent to which customers are advocates for SaskGaming by recommending casino properties to friends and family. Customers are asked their "willingness to recommend" in order to calculate an NPS score.	Telephone interviews are conducted with guests who are asked to assess (on a scale of 1-10) their willingness to recommend the casino to their family or friends. This measure is the guest average score (out of 10) expressed as a percentage.
Mystery Shopper Score Lead indicator Measured quarterly Lead: Marketing and Product Development	Mystery Shopper Score rates casino employee ability to provide customer service related to three service dimensions – appearance, interaction, responsibility and ownership.	An external consultant conducts a series of transactions with employees to quantitatively and qualitatively measure their service experience against three service dimensions using a five-point scale. The consultant uses a pre-planned checklist of service actions and behaviours to rate each dimension. Mean scores (out of five) are calculated for each service dimension and an overall mean score is calculated for this measure.
Social Responsibility		
Saskatchewan procurement Lead indicator Measured quarterly Lead: Supply Services	Saskatchewan procurement is a public policy priority and a component of SaskGaming's Corporate Social Responsibility. The SaskGaming goal has been to source goods and services from Saskatchewan suppliers where possible.	The dollar value of goods and services purchased from Saskatchewan businesses as completed through the SaskGaming Procurement department.

Measure	Description	Methodology
Social Responsibility		
Aboriginal Procurement Lead indicator Measured quarterly Lead: Support Services	Aboriginal procurement is a public policy priority and a component of SaskGaming Corporate Social Responsibility. The SaskGaming goal has been to source goods and services from Saskatchewan-based Aboriginal suppliers where possible.	The dollar value of goods and services purchased from Saskatchewan business entities owned/controlled by Aboriginal peoples as completed through the SaskGaming Procurement department.
Casino visitor awareness Lead indicator Measured annually Lead: Marketing and Product Development	A measure of casino visitor awareness of responsible gaming information and programs we offer.	An annual province-wide public survey with Saskatchewan residents includes questions to measure the percentage of casino visitors surveyed who are aware of SaskGaming Responsible Gaming information and programs offered at Casino Regina and Casino Moose Jaw.
Set GHG emission benchmark – CIC Carbon Footprint Lag indicator Measured quarterly Lead: Facilities	CIC will annually report a Crown Sector Carbon Footprint. Crowns are expected to reduce GHG emissions 20 per cent by 2020. Each Crown will establish an initial benchmark and set future targets to reduce GHG emissions from the baseline.	CIC subsidiary crowns are using The Climate Registry methodology to inventory greenhouse gas (GHG) emissions and calculate a carbon footprint. SaskGaming will set a GHG emission benchmark.
A Sustainable Corporation		
Debt/equity ratio Lag indicator Measured quarterly Lead: Finance and Administration	This measure indicates proportion of debt to equity.	$(\text{Long-term debt} + \text{short-term debt}) / (\text{equity advance} + \text{retained earnings} + \text{long-term debt} + \text{short-term debt})$, expressed as a percentage.
Net income Lag indicator Measured quarterly Lead: Finance and Administration	Before payment to GRF. A measure of profitability over a period of time. Net Income is typically used by investors and lenders as a determination of the firm's profitability.	$\text{Net Revenue} - (\text{operating expenses} + \text{interest expense} + \text{depreciation} + \text{taxes})$.
EBITDA Margin Lag indicator Measured quarterly Lead: Finance and Administration	SaskGaming has chosen to use Earning Before Interest, Taxes, Depreciation, and Amortization (EBITDA) as an operational efficiency measure.	Earnings before indirect expenses divided by Gross Revenue expressed as a percentage.