

# Annual Report for 2022-23

## Saskatchewan Liquor and Gaming Authority



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# Letters of Transmittal



The Honourable Lori Carr  
Minister Responsible for the  
Saskatchewan Liquor and  
Gaming Authority

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report for the Saskatchewan Liquor and Gaming Authority (SLGA) for the fiscal year ending March 31, 2023. This report includes the financial statements in the form required by Treasury Board and in accordance with *The Alcohol and Gaming Regulation Act, 1997*.

The 2022-23 financial statements show a net income of \$518.4M. As the wholesaler and distributor of beverage alcohol in Saskatchewan and the regulator of liquor, gaming and cannabis for the province, SLGA will continue to deliver the Government's commitments to the people of Saskatchewan and be a positive contributor to the growth and prosperity of the province in the years ahead.

A handwritten signature in black ink that reads "Lori Carr".

Lori Carr  
Minister Responsible for the Saskatchewan Liquor and Gaming Authority



Susan E. Ross  
President and CEO of  
Saskatchewan Liquor and  
Gaming Authority

The Honourable Lori Carr  
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Dear Minister:

I have the honour of submitting SLGA's Annual Report for the fiscal year ending March 31, 2023.

As President and CEO of SLGA, I acknowledge responsibility for this report and am pleased to provide assurance on the accuracy, completeness and reliability of the information contained in it. I also acknowledge responsibility for the financial administration and management control of SLGA.

A handwritten signature in black ink that reads "S. Ross".

Susan E. Ross  
President and CEO, Saskatchewan Liquor and Gaming Authority

# Overview

## SLGA's Mission Statement

*We serve Saskatchewan people with excellence, contributing to economic growth through the socially responsible distribution of liquor and gaming products and the regulation of liquor, gaming, and cannabis.*

## About SLGA

SLGA is a Treasury Board Crown Corporation operating under *The Alcohol and Gaming Regulation Act, 1997*. SLGA achieves its mandate through socially responsible, fair, and effective services at offices in Regina and Saskatoon and a liquor distribution centre in Regina. SLGA's subsidiary, SLGA Retail Inc., oversaw the operation of 34 SLGA retail liquor stores in 24 communities across Saskatchewan for most of the year before all were closed by March 31, 2023.

SLGA issues liquor permits for all commercial facilities including restaurants, taverns and manufacturers (including craft manufacturers). As of March 31, 2023, there were 2,928 liquor permits issued in the province, including 592 retail store permittees that sell liquor for off-site consumption. During 2022-23, there were 10,697 special occasion permits issued to individuals or organizations to sell liquor products at special events.

SLGA continued to own and manage most of the province's electronic gaming machines, including the province's network of video lottery terminals (VLTs) and the slot machines at Saskatchewan Indian Gaming Authority (SIGA) casinos. This responsibility will transfer to Lotteries and Gaming Saskatchewan (LGS) in 2023-24. As of March 31, 2023, VLTs were located at 576 sites throughout the province. SLGA also plays an important role in regulating VLT sites and the province's nine casinos including seven SIGA casinos and two casinos operated by SaskGaming. Most other forms of gaming are licensed and regulated by SLGA including bingos, raffles, breakopen tickets, Texas Hold'em poker and Monte Carlo events. SLGA also regulates the provincial horse racing industry.

SLGA's operations include the regulation of cannabis which is wholesaled and retailed by the private sector. As of March 31, 2023, there were 170 cannabis retail store permits issued in Saskatchewan along with five wholesale permits and 204 licensed producer registrations.

At March 31, 2023, there were 265 (226 full time and 29 part time) employees at SLGA.

SLGA concluded the fiscal year with significant transformation to its operations with the closure of SLGA Retail Inc. liquor stores. SLGA Retail Inc. will continue as an entity as the bid amount for all permits are collected from the new permit holders. The transfer of SLGA gaming conduct and management activities to LGS is scheduled for June 1, 2023. This transfer means SLGA liquor wholesale will account for over 95 per cent of SLGA revenues in the immediate future. SLGA acknowledges the continued hard work and dedication staff have demonstrated during this transformation and thanks staff for supporting SLGA's continued success as set out in this report.

The Annual Report provides an update on SLGA's progress toward its [2022-23 Plan](#).

## Progress on Goal 1: Maximize SLGA's net income

Among the goals presented in *Saskatchewan's Growth Plan, The Next Decade of Growth 2020-30*, is a balanced budget and strong economy. As a large contributor to the General Revenue Fund, SLGA's net income helps Government meet these goals. The net income generated by SLGA supports government objectives in priority areas such as health, education and infrastructure.

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### Strategy:

Maximize liquor net income

### Key Actions:

During 2022-23, changes were announced that SLGA would be exiting the liquor retail market and expanding opportunities for private retailers. All SLGA retail stores were closed, and permits were auctioned to private retailers. A workforce adjustment plan was finalized and implemented for impacted employees and the sale of assets such as buildings and equipment began prior to the end of the 2022-23 fiscal year. The net income from these activities will be used to support Government initiatives.

- Create marketing and pricing strategies that help maximize net income at the wholesale and retail levels.
  - Liquor wholesale-initiated marketing in 2022-23 included the annual tradeshow, beer pre-orders and holiday gift guides.
  - The cost of service and freight rates were updated to ensure cost recovery, and the beer markup was changed to maximize net income and improve internal efficiencies.
  - Support was provided to Saskatchewan craft producers in distributing their products more widely via SLGA's Distribution Centre where appropriate.
- Review liquor product assortment and slotting at the Distribution Centre to ensure space optimization given the rapid growth of refreshment beverages.
  - Improvements were made to the liquidation of products that provided a discount to retailers. This discount led to product being distributed out of the SLGA distribution centre more quickly ensuring available space for new products.

**Strategy:**

Increase gaming net income

**Key Actions:**

During 2022-23, changes were announced impacting gaming in the province. SLGA gaming conduct and management activities will transfer to LGS effective June 1, 2023.

- Continue to update VLT systems and games to provide a great gaming experience.
  - VLTs are updated on a continual basis with 1/6 of the machines replaced each year. During 2022-23, VLTs from the annual purchase were installed, and three new games were added to existing terminals in the last half of the fiscal year.
- Support SIGA’s system upgrades to improve the player experience.
  - As of March 31, 2023, phase two of SIGA’s system upgrade is substantially complete and will be finalized in early 2023-24. The upgraded systems are intended to provide a better player experience.
- Increase the commission rate for VLT operators bringing it in line with the Canadian average.
  - The new 18 per cent commission rate was implemented in the first half of the 2022-23 fiscal year. This is an increase from the previous 15 per cent rate.

**Performance Measure Results:****SLGA net income**

- SLGA’s goal for 2022-23 was to meet or exceed budgeted net income.
- SLGA net income is primarily generated from liquor wholesale sales to liquor retailers across the province, VLT activity and slot machines in SIGA casinos.
- As can be seen below, SLGA actual net income exceeded budget by \$74.0M. The Financial Summary provides additional information related to SLGA revenues and net income.

<b>Fiscal Year</b>	<b>Budget Net Income</b>	<b>Actual Net income</b>
<b>2022-23</b>	\$444.4M	\$518.4M
<b>2021-22</b>	\$423.4M	\$477.4M
<b>2020-21</b>	\$263.6M	\$360.6M
<b>2019-20</b>	\$477.9M	\$470.3M
<b>2018-19</b>	\$481.4M	\$485.1M

In the last five years, SLGA has provided over \$2 billion to the General Revenue Fund in the form of a dividend to support government programs and services.

## Progress on Goal 2: Alcohol, gaming and cannabis products and services are provided safely and fairly

Alcohol, gaming and cannabis products and services come with risks. SLGA regulates these industries and works to ensure that businesses are operating in accordance with Government's regulatory framework and that citizens and industry are provided with information to make informed decisions around the consumption or use of these products. Providing guidance and education about safe practices helps to protect the integrity of these industries and promote community well-being.

### Strategy:

Improve the safe and fair provision of alcohol, gaming and cannabis products and services

### Key Actions:

- Provide funding to the Ministries of Justice and Attorney General and Corrections, Policing and Public Safety for two positions to support the Northern Alcohol Strategy (NAS).
  - SLGA established an agreement with the Ministries of Justice and Attorney General and Corrections, Policing and Public Safety to reimburse the salary and benefit costs for two program managers. These managers work to achieve the objectives of the NAS which includes starting a conversation within communities about the impacts of alcohol among many others.
- Establish regulatory requirements for single event sports betting and internet gaming.
  - The regulatory framework for internet gaming and single event sports betting includes the Internet Gaming Systems Standard, the Internet Gaming Operations Standard and the Internet Gaming Advertising and Marketing Standard. Each standard has been developed in consultation with SIGA and SaskGaming Corporation. Additional standards will be established as necessary.
- Restart the Minors as Test Shoppers (MATS) program in liquor retail stores and expand the program to the cannabis retail sector.
  - During 2022-23, minors employed by and under the supervision of SLGA visited 127 liquor Retail Store Permittees (RSPs) and attempted to purchase alcohol. The minor was able to make a purchase at 25 of the 127 liquor RSPs visited. This equates to 20 per cent of visited RSPs being in violation of the prohibition against selling liquor to a minor. All offending RSPs have either been sanctioned or are in the process of being sanctioned according to *The Alcohol and Gaming Regulations Act, 1997*.
  - The cannabis MATS program began inspections in February 2023 and attended nine cannabis RSPs before the fiscal year ended on March 31, 2023. During the inspection period cannabis retailers were required to ask all customers for identification. The minor employed by and under the supervision of SLGA was not served at any of the nine cannabis RSPs visited. This equates to 100 per cent of cannabis RSPs being in compliance with obtaining identification on all sales.

## Performance Measure Results:

### Retail store permittee (RSP) compliance with Saskatchewan laws

- SLGA employs minors in the enforcement of prohibitions against selling to minors. The minors, under the supervision of SLGA, attempt to buy liquor and cannabis products from retailers. The results help to assess retail store compliance with Saskatchewan laws.
- SLGA had a goal to increase the compliance rate by five percentage points compared to the prior year for liquor.
- As the cannabis program was not operating for a full fiscal year a benchmark for cannabis compliance will be established in 2023-24.
- As noted below there was an increase in MATS liquor compliance of 22 percentage points.

### Liquor RSP compliance with Saskatchewan laws

Reporting Period	Compliance %
February to March 2019	79%
April 2019 to March 2020	58%
August 2022 to March 2023	80%

Note: The MATS program was put on hold from March 2020 to July 2022 due to restrictions related to the pandemic.

### Cannabis RSP compliance with Saskatchewan laws

Reporting Period	Compliance %
February to March 2023	100%

## Progress on Goal 3: Provide a great customer service experience with effective and efficient programs and services

SLGA works with many businesses in the distribution and regulation of its products and services and strives to understand their needs to help them succeed. Working together allows SLGA to identify improvements that can be made to its programs and services to better support the growth of small business and reduce red tape in alignment with the goals set out in *Saskatchewan's Growth Plan, The Next Decade of Growth 2020-2030*.

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### Strategy:

Meet or exceed customer expectations by improving the efficiency and effectiveness of programs and services

### Key Actions:

- Complete implementation of improvements related to the liquor red tape review.
  - A number of improvements related to the red tape review, including the ability for local authorities to designate public spaces where liquor can be consumed, required changes to the Act which were introduced in December 2022. It is expected that regulations will be implemented in 2023-24.
- Continue to engage with customers to understand their needs and improve satisfaction.
  - Three customer satisfaction surveys were completed in 2022-23. The first survey captured feedback from Cannabis Retail Store Permittees, Licensed Producers and Wholesalers and resulted in an overall customer satisfaction rating of 88 per cent.
  - The second survey, with a focus on regulatory services, included Liquor Permittees, Retail Store Permittees and Manufacturers and resulted in a satisfaction rating of 86 per cent (a two-percentage point decline from the previous survey in 2018).
  - The third survey gathered information from Special Occasion Permit holders and resulted in a satisfaction rating of 94 per cent (a six-percentage point increase from the previous survey in 2018).
  - Action planning is in progress to address areas of opportunity to improve the customer experience.
- Continue to work with Saskatchewan craft producers to help the industry grow.
  - In 2022-23, there were 70 Saskatchewan craft producers operating 95 active permits. Actions to help grow the industry, in addition to ongoing monetary supports provided under the program, that were implemented include:
    - The launch of a quarterly featured products publication that enables producers to promote more of their product to Saskatchewan retailers and introduces retailers to new producers and product.
    - A holiday gift pack catalog featuring Saskatchewan-produced gift packs.

**Performance Measure Results:**

**Customer satisfaction**

- Customer satisfaction measures how well a customer’s experience meets their needs. The results can lead to improvements and a better customer experience.
- SLGA established a satisfaction rate goal of 80 per cent or higher for all customer groups with established benchmarks.
- As identified below, all SLGA customer surveys returned satisfaction scores above 80 per cent.
- The first two surveys noted below were focused on regulatory customers interactions with SLGA and not other areas such as SLGA’s liquor wholesale operations.

<b>Customer Group</b>	<b>Question</b>	<b>Benchmark Score and Year</b>	<b>Satisfaction Score</b>
<b>Cannabis Retail Store Permittee (RSP), Licensed Producers (LP) and Wholesalers</b>	Overall, how satisfied are you as a customer with Cannabis, Licensing and Inspections?	NA	88% <u>By customer Group</u> RSP 85% LP 87% Wholesaler 100%
<b>Liquor Permittees (LP), Liquor Retail Store Permittees (RSP) and Manufacturers</b>	Overall, how satisfied are you as a customer with Liquor, Licensing and Inspections?	88% (2018)	86% <u>By customer group</u> LP 85% RSP 86% Manufacturer 100%
<b>Special Occasion Permit holders</b>	Overall, how satisfied were you with the Special Occasion Permit process?	88% (2018)	94%

## Progress on Goal 4: Maintain a culture that consistently reflects SLGA’s core values

SLGA employees are at the heart of its organization. SLGA’s core values of one team, respect, and integrity, serving citizens and excellence and innovation help to encourage an environment where employees are engaged and enabled to do their best in support of SLGA’s vision and mission.

### Strategy:

Continue to build an engaged and enabled workforce that reflects corporate values

### Key Actions:

- Develop and implement actions identified in the 2021 Employee Engagement and Culture survey.
  - SLGA developed corporate and divisional action plans and distributed them to employees in June 2022. Many actions and initiatives have occurred to increase employee engagement such as a corporate luncheon, special themed apparel days and group walking events. Initial reaction has been positive to many of these events.
- Support health, safety and wellness with a focus on increased mental health awareness.
  - LifeSpeak campaigns focusing on mental health and general wellbeing have been promoted across the organization, with more scheduled for each coming quarter.
  - A psychological and physical safety climate survey was conducted, and the results will be used in supporting employees and improving workplace experience.

### Performance Measure Results:

#### Employee engagement index score

- Employees who feel connected to their organization work harder, stay longer and motivate others to do the same. The index is a set of specific questions asked of employees to determine their level of engagement. Improvements in the index can help SLGA succeed in achieving its goals and vision.
- A planned pulse check survey did not occur in 2022-23 due to other priorities and no updated engagement results are available. A comprehensive employee survey will occur in 2023-24.

#### Number of medical aid and time loss injuries

- Providing a safe workplace can help to increase employee satisfaction and productivity.

	2018	2019	2020	2021	2022
<b>Time loss injuries</b>	8	7	18	5	9
<b>No time loss injuries</b>	13	10	13	10	11
<b>Total injuries</b>	21	17	31	15	20

# Financial Summary

## SLGA Net Income to Budget and Prior Year

SLGA's net income reflects the accounts of SLGA and its wholly owned subsidiaries, SLGA Retail Inc. and SLGA Holding Inc. Liquor sales for 2021-22 were restated due to the closure of SLGA Retail Inc. stores. In the 2021-22 annual report liquor sales were reported as \$667.2 million, 93.4 per cent of this amount was attributed to liquor wholesale. All liquor sales amounts noted in the table below had SLGA Retail Inc sales removed as those operations are no longer continuing.

As noted in the table below, net income for 2022-23 was \$74.0 million above SLGA's budget and \$41.0 million above the prior year. In relation to the budget, SLGA liquor revenues (liquor wholesale and SLGA Retail Inc.) were slightly higher than anticipated. A larger decline in liquor revenues was expected as it was anticipated that the impacts of the pandemic would be less significant in 2022-23. However, higher liquor sales continued through the first several months of the year in 2022-23. The increase in gaming operations revenues was higher than expected. Revenues for gaming operations recovered from the pandemic at a quicker rate than anticipated.

	2021-22 Actual (Restated)	2022-23 Budget	2022-23 Actual
<b>SLGA Net Income</b>	\$477.4M	\$444.4M	\$518.4M
<b>Revenues</b>			
Liquor Sales	\$623.7M	\$613.8M	\$615.9M
VLT Revenue	\$216.0M	\$222.4M	\$239.6M
Slot Machine Revenue	\$175.3M	\$209.1M	\$256.2M
Licence, Permit <sup>1</sup> and Other Income	\$ 7.6M	\$ 11.7M	\$ 9.2M
Permit Revenue <sup>2</sup>	\$ 0.2M	---	\$ 1.4M
<b>Total Revenue</b>	<b>\$1,022.8M</b>	<b>\$1,057.0M</b>	<b>\$1,122.3M</b>

Source: SLGA Financial Statements, Statement 2

## SLGA Revenue to Budget and Prior Year

As noted in the table above, SLGA's total revenue for 2022-23 was \$1.12 billion, \$65.3 million over budget and an increase of \$99.5 million from the prior year. A closer look at the revenues of SLGA notes the following:

- Wholesale and retail liquor sales were \$2.1 million above budget and \$7.8 million below the prior year.
- VLT revenues were \$17.2 million above budget and \$23.6 million above the prior year.
- Slot machine revenues at SIGA casinos were \$47.1 million above budget and \$80.9 million above the prior year.
- Licence, permit and other income was \$2.5 million below budget and \$1.6 million above the prior year.
- Permit revenue was \$1.4 million above budget and \$1.2 million above the prior year.

## SLGA Net Income

SLGA's net income is essential funding to support government programs and services. While SLGA's net income has fluctuated due to the pandemic, SLGA continues to be a significant contributor to the General Revenue Fund.

Additional financial information can be found in the Government of Saskatchewan Public Accounts located at <https://publications.saskatchewan.ca/#/categories/893>.

<sup>1</sup> Permit income refers to fees collected for all permits issued by SLGA's regulatory division.

<sup>2</sup> Permit revenue refers to funds collected from the SLGA Retail Store Permit auctions to March 31, 2023.

## MANAGEMENT'S REPORT

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using International Financial Reporting Standards. Management is responsible for the integrity, objectivity, and reliability of the financial statements.

SLGA's management has established and maintains a system of internal controls that provides reasonable 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 financial records are maintained. An auditing function exists within SLGA, which objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined SLGA's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion on the fairness of presentation of SLGA's financial statements in accordance with International Financial Reporting Standards.



Susan E. Ross  
President & CEO



Charlene Callander, CPA, CA  
Vice-President, Corporate Services and  
Gaming Operations



Regina, Saskatchewan  
May 31, 2023

Val Banilevic, CPA, CMA  
Director, Financial Services

## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

### Opinion

We have audited the consolidated financial statements of the Saskatchewan Liquor and Gaming Authority, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Saskatchewan Liquor and Gaming Authority as at March 31, 2023, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Saskatchewan Liquor and Gaming Authority in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards for Treasury Board's approval, 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.

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

Those charged with governance are responsible for overseeing the Saskatchewan Liquor and Gaming Authority's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Saskatchewan Liquor and Gaming Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Saskatchewan Liquor and Gaming Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Saskatchewan Liquor and Gaming Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities in the group audit to express an opinion on the Saskatchewan Liquor and Gaming Authority's consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We are solely responsible for the auditor's opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.



Regina, Saskatchewan  
May 31, 2023

Tara Clemett, CPA, CA, CISA  
Provincial Auditor  
Office of the Provincial Auditor

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## Statement 1

**SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	Notes	2023 <u>(000's)</u>	2022 <u>(Restated – Note 12)</u> <u>(000's)</u>
<b>Current assets:</b>			
Cash		\$ 1,243	\$ 1,582
Due from General Revenue Fund	4	48,390	41,213
Trade and other receivables	10	91,811	46,182
Prepaid expenses		2,064	2,125
Inventory	6	17,311	24,068
Held for sale	7 & 27	4,327	525
<b>Total current assets</b>		<u>165,146</u>	<u>115,695</u>
<b>Non-current assets:</b>			
Long term receivable – SIGA	10	29,055	31,009
Long term receivable – permit & other	10	8,642	---
Property, plant and equipment	7 & 11	110,774	128,536
Intangible assets	8	15,258	18,899
<b>Total non-current assets</b>		<u>163,729</u>	<u>178,444</u>
<b>Total Assets</b>		<u>\$ 328,875</u>	<u>\$ 294,139</u>
<b>Current liabilities:</b>			
Trade and other payables		\$ 26,889	\$ 22,120
Payable to the General Revenue Fund	5	144,689	126,316
Goods and Services Tax payable	11	1,711	844
Promissory note debt	26	84,142	89,902
Provisions	21	985	1,142
Lease liabilities	9	3,405	4,264
<b>Total current liabilities</b>		<u>261,821</u>	<u>244,588</u>
<b>Non-current liabilities:</b>			
Accrued pension liability	12	28,555	30,575
Lease liabilities	9	2,723	18,560
Contract liability	27	33,872	---
<b>Total non-current liabilities</b>		<u>65,150</u>	<u>49,135</u>
<b>Total Liabilities</b>		<u>\$ 326,971</u>	<u>\$ 293,723</u>
<b>Equity</b>			
Retained earnings (deficit) and unrealized losses (Statement 3)		1,904	416
<b>Total Equity</b>		<u>\$ 1,904</u>	<u>\$ 416</u>
<b>Total Liabilities &amp; Equity</b>		<u>\$ 328,875</u>	<u>\$ 294,139</u>
Commitments (Note 14)			
Contingencies (Note 20)			

(See the accompanying notes to the consolidated financial statements)

**SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended March 31**

	Notes	2023		2022
		Budget	Actual	(Restated – Notes 12 & 27)
		(000's) (Note 17)	(000's)	Actual (000's)
<b>Operating</b>				
Revenues:				
Liquor sales	16	\$ 613,779	\$ 615,954	\$ 623,661
VLT		222,411	239,550	215,996
Slot machines	13	209,042	256,170	175,323
Licence, permit and other income		11,695	9,203	7,652
Permit revenue	27	---	1,429	148
		<u>1,056,927</u>	<u>1,122,306</u>	<u>1,022,780</u>
Cost of sales:				
Cost of liquor	6	314,545	327,602	336,446
VLT site commissions		40,034	43,736	39,148
		<u>354,579</u>	<u>371,338</u>	<u>375,594</u>
Gross profit on sales		702,348	750,968	647,186
Expenses (Schedule 1 & 2):				
VLT, liquor and other gaming		120,659	78,500	66,420
Slot machines expense		125,164	119,569	93,632
Other	13	12,078	10,643	13,467
Total expenses		<u>257,901</u>	<u>208,712</u>	<u>173,519</u>
Operating Income		<u>\$ 444,447</u>	<u>\$ 542,256</u>	<u>\$ 473,667</u>
<b>Finance Income and Expense</b>				
Finance income		---	(273)	651
Finance expense		---	(106)	(68)
Net Finance Income (Loss)		<u>---</u>	<u>(379)</u>	<u>583</u>
Net Income from continuing operations		<u>\$ 444,447</u>	<u>\$ 541,877</u>	<u>\$ 474,250</u>
<b>Discontinued Operations</b>	27			
Earnings (loss) from discontinued operations		---	(21,920)	3,159
Gains (losses) from disposal of held for sale assets		---	(1,526)	---
Net income (loss) from discontinued operations		<u>\$ ---</u>	<u>\$ (23,446)</u>	<u>\$ 3,159</u>
Net Income		<u>\$ 444,447</u>	<u>\$ 518,431</u>	<u>\$ 477,409</u>
<b>Other Comprehensive Income (OCI)</b>				
Net gain (loss) on interest rate swaps	13	---	809	1,981
Remeasurement of defined benefit obligation	12	---	912	4,165
Total OCI		<u>\$ ---</u>	<u>\$ 1,721</u>	<u>\$ 6,146</u>
<b>Total Comprehensive Income</b>		<u>\$ 444,447</u>	<u>\$ 520,152</u>	<u>\$ 483,555</u>

(See the accompanying notes to the consolidated financial statements)

**SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended March 31**

	Retained earnings (deficit) (Restated – Note 12) (000's)	Net gain (loss) on interest rate swaps (000's)	Net actuarial gain (loss) on defined benefit pension plans (Restated – Note 12) (000's)	Total (Restated – Note 12) (000's)
<b>Equity</b>				
Balance April 1, 2021	\$ 1,011	\$ (1,322)	\$ (170)	\$ (481)
Net income	477,409	---	---	477,409
Other comprehensive income (loss)	---	1,981	4,165	6,146
Dividends	(482,658)	---	---	(482,658)
<b>Balance March 31, 2022 (to Statement 1)</b>	<b>\$ (4,238)</b>	<b>\$ 659</b>	<b>\$ 3,995</b>	<b>\$ 416</b>
Adjustment to opening retained earnings (deficit)	(350)	---	---	(350)
Net income	518,431	---	---	518,431
Other comprehensive income (loss)	---	809	912	1,721
Dividends	(518,314)	---	---	(518,314)
<b>Balance March 31, 2023 (to Statement 1)</b>	<b>\$ (4,471)</b>	<b>\$ 1,468</b>	<b>\$ 4,907</b>	<b>\$ 1,904</b>

(See the accompanying notes to the consolidated financial statements)

**SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31**

	2023	2022
	(000's)	(000's)
<b>Operating</b>		
Receipts from customers	\$ 1,151,605	\$ 1,065,113
Interest received	907	850
Interest paid	(6,351)	(238)
Payments to suppliers and other	(514,545)	(516,169)
Payments to employees	(58,391)	(43,988)
Payments to grant recipients	(7,390)	(6,451)
Payment of Goods and Services Tax	(21,797)	(22,981)
Net cash provided by operating activities	\$ 544,038	\$ 476,136
<b>Investing</b>		
Purchase of property, plant and equipment	(26,948)	(18,007)
Purchase of intangible assets	(3,199)	(6,138)
Proceeds from disposal of property, plant and equipment	(349)	795
Proceeds from sale of stores	531	1
Net cash (used in) investing activities	\$ (29,965)	\$ (23,349)
<b>Financing</b>		
Cash deposited in General Revenue Fund	(499,941)	(427,477)
Promissory note proceeds received	255,337	184,684
Promissory note repayments	(258,693)	(189,524)
Payment of lease liabilities	(3,938)	(4,157)
Net cash (used in) financing activities	\$ (507,235)	\$ (436,474)
Net increase (decrease) in cash position	6,838	16,313
Cash position, beginning of year	42,795	26,482
Cash position, end of year	\$ 49,633	\$ 42,795
Cash position consists of:		
Cash	\$ 1,243	\$ 1,582
Due from General Revenue Fund	48,390	41,213
	\$ 49,633	\$ 42,795

(See the accompanying notes to the consolidated financial statements)

**SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**1. Description of Business**

The Saskatchewan Liquor and Gaming Authority (SLGA) along with its subsidiaries SLGA Retail Inc. and SLGA Holding Inc. is a corporation located in Canada. The address of SLGA's registered office and principal place of business is 2500 Victoria Avenue, Regina, SK, S4P 3M3.

Effective Oct. 9, 2016, SLGA Retail Inc. operates as a wholly owned subsidiary under the direction of the SLGA.

Effective Sept. 30, 2018 SLGA Holding Inc. operates as a wholly owned subsidiary under the direction of the SLGA.

SLGA, SLGA Retail Inc., and SLGA Holding Inc. operate under *The Alcohol and Gaming Regulation Act, 1997*. SLGA's mandate is to support, develop and regulate the Saskatchewan liquor and gaming industries and to maximize public benefit through high quality services and products.

SLGA operates video lottery terminals and oversaw the operation of retail liquor stores by SLGA Retail Inc, until their closing on March 11, 2023. It also owns and manages the slot machines at the Saskatchewan Indian Gaming Authority's (SIGA) casinos. Revenue from slot machines at SIGA's casinos and related expenses are included in these consolidated statements. Effective March 31, 2023, SLGA Retail Inc. ceased operations of its retail stores (Note 27). Subsequent to year-end, SLGA will transfer its shares and controlling ownership of SLGA Holding Inc. to Lotteries and Gaming Saskatchewan (LGS) and SLGA Holding Inc. will begin operating as a new holding company under LGS (Note 28).

SLGA operates as a Treasury Board Crown Corporation under the direction of the Government of Saskatchewan. As such, SLGA is not subject to federal or provincial income or capital taxes. The financial results of SLGA are included in the summary financial statements of the Province of Saskatchewan.

**2. Basis of Preparation**

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). SLGA's board of directors approved these consolidated statements on May 31, 2023.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for held for sale assets measured at the lower of carrying amount or fair value less costs to sell and financial instruments classified as fair value through profit and loss which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets or liabilities.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. These estimates and assumptions are based on several factors, including historical experience, current events including, but not limited to actions that SLGA may undertake in the future, along with other assumptions that SLGA believes are reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

- Useful lives of property, plant and equipment (note 3(e), note 7); intangible assets (note 3(f), note 8); and right of use assets (note 3(h)(i) and note 7)
- Measurement of defined benefit obligations (note 12(b))
- Provisions (note 21)
- Measurement of lease liabilities (note 9, 3(h))
- Cash generating units (CGUs) for SLGA are SLGA liquor operations and SLGA gaming operations (note 3(g)(ii)).

(e) Basis of Consolidation

The consolidated financial statements include the accounts of SLGA and its wholly-owned subsidiaries, SLGA Retail Inc. and SLGA Holding Inc. which are incorporated under *The Business Corporations Act, 2021 (Saskatchewan)*. All intercompany transactions and accounts have been eliminated on consolidation.

### 3. Significant Accounting Policies

(a) Revenue Recognition

SLGA evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are concluded to be distinct from each other, the consideration SLGA expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices.

(i) Liquor sales

Sales are recorded net of returns, container deposits, Goods and Services Tax and Liquor Consumption Tax.

(ii) Licence fees

Liquor and gaming licence fees are recorded over the period of the licence.

(iii) Video lottery terminals (VLT)

Revenue is recorded net of prize payouts. VLT revenues are net of accruals for anticipated payouts of progressive jackpots.

(iv) Slot machines

Revenues from casino slot machines are recorded net of prize payouts. Slot revenues are net of accruals for anticipated payouts of progressive jackpots and promotional allowances.

(v) Permit revenue

Under the liquor permit purchase agreements with SLGA Retail Inc., the winning bidders have up to 18 months to make the payments amounting to the full bid/purchase price for each permit, upon which SLGA Retail Inc.'s control over the permit is completely transferred to the winning bidders. As such, permit revenue is recorded when the winning bidders pay the purchase price in full. SLGA Retail Inc. recorded a receivable and a contract liability when the winning bidder signed the permit purchase agreement.

(b) Promotional Allowances

SIGA offers a customer loyalty program to its patrons. As part of the program, club members accumulate points based on amounts wagered and can redeem their points for cash or vouchers for free or discounted goods or services. The cash value of the points accumulated is recorded as a reduction of gaming revenue. A liability is accrued by SIGA for the estimated cost of the earned points balance at the end of the period under the loyalty program. If the patron chooses to redeem their points for a voucher for free or discounted goods or services, the revenue is determined by the fair value of the undelivered goods and services and is deferred until the promotional consideration is provided.

(c) VLT Site Commission

Establishments where VLTs are located are entitled to a commission based on 18 per cent of the VLT revenue earned. The commission rate was 15% and temporarily increased to 25 per cent on July 6, 2020 when the VLT network resumed operations after being temporarily closed. The increase in commission was provided to help site operators maintain their operations. The commission rate returned to 15 per cent on July 1, 2021 and increased to 18 per cent on April 4, 2022. The commission is recorded as the VLT revenue is earned.

(d) Inventories

Inventories of wines, coolers, spirits, beer and gaming machine parts are valued at the lower of average cost and net realizable value.

Cost for liquor inventories is determined using the weighted average cost method. Cost for gaming machine parts is determined on a first-in, first-out basis. Inventory cost includes the costs of purchase plus other costs, such as excise duties and taxes and transportation that are directly incurred to bring inventories to their present location. Previous write-downs of inventories to net realizable values are reversed when inventory values increase.

(e) Property, Plant and Equipment

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

Property, plant and equipment, including right of use assets, are depreciated commencing in the year in which these assets are available for use on a straight-line basis at rates designed to allocate the cost of these assets over their estimated useful lives. The estimated useful lives of right-of-use assets are determined on the same basis as those property, plant, and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Rates are as follows:

- Buildings 5 – 40 years
- Furniture & equipment 3 – 10 years
- VLT and slot machines 5 – 7 years

Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as necessary.

Property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in comprehensive income when the asset is derecognized.

Assets held for sale are valued at the lower of net book value and fair market value less selling costs.

(f) Intangible Assets

Intangible assets consist of software and are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful lives of three to seven years. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in comprehensive income when the asset is derecognized.

(g) Impairment

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in comprehensive income and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through comprehensive income.

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

When determining whether the credit risk of a financial asset has increased, SLGA performs a quantitative and qualitative analysis based on SLGA's historical experience and forward-looking information. SLGA assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. SLGA considers a financial asset to be in default when it is more than 90 days past due.

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

(ii) Non-financial assets

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

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in comprehensive income. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(h) Leases

At inception of a contract, SLGA assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

SLGA recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are included in property, plant and equipment.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, SLGA's incremental borrowing rate.

After initial recognition, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in SLGA's estimate of the amount expected to be payable under a residual value guarantee, or if SLGA changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

During the year ended March 31, 2023, pursuant to the closure of the liquor segment (Note 27), SLGA's subsidiary Retail Inc. terminated 6 leases whereby the carrying amounts of the right-of-use assets and lease liabilities were derecognized. A total of \$248 thousand in termination fees and gains of \$307 thousand is recognized in earnings/loss from discontinued operations. At year-end, SLGA Retail Inc. transferred the remaining right-of-use assets and related lease liabilities to SLGA at their carrying values as at March 31, 2023.

(ii) Short-term leases and leases of low-value assets

SLGA has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. SLGA

recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Provisions

Provisions are recognized when SLGA has a present obligation (legal or constructive) as a result of a past event, it is probable that SLGA will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks, uncertainties and timing surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) 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.

(k) Employee Benefits

(i) Defined benefit plan

A defined benefit plan is a post-employment plan other than a defined contribution plan. Total cost of the pension benefits earned by employees, who are members of SLGA's defined benefit plan (closed to new members since 1977), is determined using the projected unit credit method prorated on service. Remeasurements comprising of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in the consolidated statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recorded in other comprehensive income will not be subsequently reclassified to comprehensive income. Past service cost is recognized in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability. Defined benefit costs are split into three categories:

- Service cost, past-service cost, gains and losses on curtailments and settlements;
- Net interest expense or income;
- Remeasurement

SLGA presents the first two components of defined benefit costs in the line item "Salaries, wages and benefits" in Schedule 2. Curtailments gains and losses are accounted for as past-service cost.

Remeasurements are recorded in other comprehensive income.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit in SLGA's defined benefit plan.

The discount rate used to determine the accrued benefit obligation is determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value for the purposes of calculating the expected return on plan assets.

(ii) Defined contribution plan

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

Employees hired after 1977 are members of a defined contribution pension plan. SLGA expenses contributions it is required to make for current service of those employees. SLGA's liability for these employees is limited to the required employer's contributions.

(iii) Other employee benefits

Long service gratuity is a benefit paid to employees over age 50 upon retirement. The gratuity is calculated as one half of a day's pay for every year of employment with SLGA upon retirement. Changes in the provision for long service gratuity are included in comprehensive income.

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

(l) Grants

Grants are recognized when approved and eligibility criteria, if any, are met.

(m) Financial Instruments

(i) Non-derivative financial assets and liabilities

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

Cash and Due from General Revenue Fund are classified as fair value through profit or loss and are recorded at fair value. Cash denominated in foreign currency is translated at the foreign exchange rate in effect at year end.

Trade and other receivables and long term receivables are classified as amortized cost. Financial assets classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition,

financial assets are measured at amortized costs using the effective interest model, less any impairment losses.

SLGA has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to the General Revenue Fund, goods and services tax payable, and promissory note debt. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

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

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

(ii) Derivatives

Pursuant to the Casino Operating Agreement (Note 13), SLGA authorized SIGA to enter into long-term debt arrangements. It also authorized SIGA to enter into interest rate swaps in order for SIGA to manage the interest rate exposure on its long-term debt. SLGA's exposure to the interest rate risk arising from this long-term debt, the interest rate swap arrangements and SIGA's other financial instruments is disclosed in Note 23. Changes in the fair value of the interest rate swaps are recorded as an unrealized gain or loss in comprehensive income in the year they occur.

(iii) Embedded derivatives

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

SLGA has not identified any material embedded derivatives in any of its financial instruments that are required to be separately valued.

(n) Finance Income and Expense

Finance income comprises of gains/losses on sale of non-current assets.

Finance expense is comprised of interest expense on financial and lease liabilities, non-capitalized borrowing costs and impairment losses recognized on financial assets.

(o) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets are added to the costs of that asset, until it is available for use. Qualifying assets are those assets that take a substantial period of time to get ready for their intended use. SLGA capitalizes borrowing costs used for the purpose of obtaining a qualifying asset using the weighted average cost of debt. All other borrowing costs are recognized in finance expenses in the period in which they are incurred.

**4. Due from General Revenue Fund**

Most of SLGA's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. During the year, the General Revenue Fund did not pay interest on SLGA's bank accounts.

**5. Disposition of Retained Earnings**

Subsection 182(5) of *The Alcohol and Gaming Regulation Act, 1997* (Act) allows SLGA to provide interest free advances to the Minister of Finance for deposits in the General Revenue Fund (GRF) until Treasury Board determines the disposition of SLGA's retained earnings. Under subsection 182(1) of the Act, Treasury Board may, at any time, direct that all or any portion of SLGA's retained earnings be transferred to the GRF. Treasury Board has directed SLGA to transfer \$518.3 million (2022 - \$482.7 million) to the GRF under subsection 182(1) of the Act. At March 31, amounts payable to GRF were determined as follows:

	<u>2023</u> (000's)	<u>2022</u> (000's)
Payable to GRF at beginning of year	\$ 126,316	\$ 71,135
Deposits during the year	(499,941)	(427,477)
Dividend to GRF	518,314	482,658
Payable to GRF at end of year	<u>\$ 144,689</u>	<u>\$ 126,316</u>

**6. Inventories**

	<u>2023</u> (000's)	<u>2022</u> (000's)
Wines, coolers and spirits in stores	\$ ---	\$ 7,111
Wines, coolers and spirits in warehouse	16,798	13,789
Beer in stores	---	2,710
Gaming machine parts	513	458
	<u>\$ 17,311</u>	<u>\$ 24,068</u>

The cost of liquor and gaming machine part inventories recognized as an expense during the year ended March 31, 2023 was \$327.6 million and \$388 thousand respectively. During the year, SLGA had no write-downs of inventory below cost and no reversals of inventories previously written down. As of March 31, 2023 there was no amount of inventory pledged as security.

## 7. Property, Plant and Equipment

(000's)	Land	Buildings	Slot Machines	VLT	Furniture and Equipment	Right of Use Assets	Leasehold Improvements	Held for Sale	Total
<b>Cost</b>									
Balance, April 1, 2021	\$ 3,802	\$ 46,492	\$ 89,952	\$ 102,713	\$ 23,711	\$ 33,682	\$ 7,864	\$ 1,201	\$ 309,417
Additions/adjustments	---	157	80	17,044	725	1,243	---	---	19,249
Disposals/ Retirements	---	(12)	(2,737)	(12,456)	(395)	---	(11)	---	(15,611)
Balance, March 31, 2022	\$ 3,802	\$ 46,637	\$ 87,295	\$ 107,301	\$ 24,041	\$ 34,925	\$ 7,853	\$ 1,201	\$ 313,055
Additions/adjustments	---	162	9,984	15,769	824	(8,664)	192	---	18,267
Transfer to held for sale	(1,224)	(13,076)	---	---	(2,877)	---	(3,495)	20,689	17
Disposals/ retirements	---	(2,902)	(16,676)	(13,736)	(1,852)	(6,754)	(1,590)	(1,218)	(44,728)
Balance, March 31, 2023	\$ 2,578	\$ 30,821	\$ 80,603	\$ 109,334	\$ 20,136	\$ 19,507	\$ 2,960	\$ 20,672	\$ 286,611
<b>Accumulated Depreciation</b>									
Balance, April 1, 2021	\$ ---	\$ 19,102	\$ 60,785	\$ 55,980	\$ 20,595	\$ 8,669	\$ 7,691	\$ 676	\$ 173,498
Depreciation expense	---	1,566	9,438	9,545	656	4,770	39	---	26,014
Adjustments	---	---	---	(43)	42	---	---	---	(1)
Disposals/ Retirements	---	(12)	(2,730)	(12,369)	(395)	---	(11)	---	(15,517)
Balance, March 31, 2022	\$ ---	\$ 20,656	\$ 67,493	\$ 53,113	\$ 20,898	\$ 13,439	\$ 7,719	\$ 676	\$ 183,994
Depreciation expense	---	1,295	7,842	12,385	834	4,530	47	---	26,933
Transfer to held for sale	---	(10,335)	---	---	(2,530)	---	(3,481)	16,346	---
Adjustments	---	---	---	---	(3)	---	---	---	(3)
Disposals/ retirements	---	(2,003)	(16,633)	(13,736)	(1,812)	(2,967)	(1,586)	(677)	(39,414)
Balance, March 31, 2023	\$ ---	\$ 9,613	\$ 58,702	\$ 51,762	\$ 17,387	\$ 15,002	\$ 2,699	\$ 16,345	\$ 171,510
<b>Net Book Value</b>									
Balance, March 31, 2022	\$ 3,802	\$ 25,981	\$ 19,802	\$ 54,188	\$ 3,143	\$ 21,486	\$ 134	\$ 525	\$ 129,061
Balance, March 31, 2023	\$ 2,578	\$ 21,208	\$ 21,901	\$ 57,572	\$ 2,749	\$ 4,505	\$ 261	\$ 4,327	\$ 115,101

## 8. Intangible Assets

(000's)	Software Total	
<b>Cost</b>		
Balance, April 1, 2021	\$	55,549
Additions/adjustments		6,138
Disposals/retirements		(3,818)
Balance, March 31, 2022	\$	57,869
Additions/adjustments		3,199
Disposals/retirements/write-offs		(2,986)
Balance, March 31, 2023	\$	58,082
<b>Accumulated depreciation</b>		
Balance, April 1, 2021	\$	38,367
Depreciation expense		4,369
Disposals/retirements		(3,766)
Balance, March 31, 2022	\$	38,970
Depreciation expense		5,071
Disposals/retirements/write-offs		(1,217)
Balance, March 31, 2023	\$	42,824
<b>Net Book Value</b>		
Balance, March 31, 2022	\$	18,899
Balance, March 31, 2023	\$	15,258

## 9. Leases

SLGA leases buildings from third parties which comprise right-of-use assets (included in property, plant and equipment – see note 7) and have corresponding lease liabilities:

### Leases liabilities

(000's)				
At March 31,		2023		2022
<b>Contractual undiscounted cash flows</b>				
One year or less	\$	3,748	\$	4,524
Between one and five years		2,714		6,460
Greater than five years		103		109
<b>Total undiscounted lease liabilities</b>	\$	6,565	\$	11,093
<b>Discounted lease liabilities included in the statement of financial position</b>				
Current	\$	3,405	\$	4,264
Non-current	\$	2,723	\$	18,560
<b>Interest on lease liabilities</b>				
(000's)				
For the year ended March 31,		2023		2022
Amounts recognized as continued operations	\$	106	\$	65
Amounts recognized as discontinued operations		362		432
<b>Amounts recognized in comprehensive income</b>	\$	468	\$	497

**Amounts recognized in the statement of cash flows**  
(000's)

For the year ended March 31,

	2023	2022
Interest paid on lease liabilities	\$ 468	\$ 497
Lease liability principal payments	3,938	4,157
<b>Total cash outflow for leases</b>	<b>\$ 4,406</b>	<b>\$ 4,654</b>

**10. Trade and Other Receivables and Long Term Receivables**

	2023 (000's)	2022 (000's)
<b>Trade and Other Receivables</b>		
Slot machines receivable – SIGA	\$ 54,617	\$ 25,997
VLT receivable	6,313	4,726
Other	13,945	15,459
Permit receivable (See Note 27)	16,936	---
<b>Total Trade and Other Receivables</b>	<b>\$ 91,811</b>	<b>\$ 46,182</b>
Long term receivable – SIGA (See Note 13)	29,055	31,009
Long term receivable – permit & other (See Note 27)	8,642	---
<b>Total Trade and Other Receivables and Long Term Receivables</b>	<b>\$ 129,508</b>	<b>\$ 77,191</b>

**11. Goods and Services Tax (GST)/Harmonized Sales Tax (HST)**

SLGA is on the prescribed list of lottery corporations pursuant to Section 188 of the Federal *Excise Tax Act*. In lieu of collecting GST on VLT and slot revenue at the retail level, SLGA calculates and remits GST according to a formula prescribed by the Canada Revenue Agency.

The formula required SLGA to pay 10 per cent on the purchase of taxable goods and services related to gaming programs but only 5 per cent on VLT site contractor commissions.

The GST paid on property, plant and equipment for gaming is set up as part of the cost of the asset and is depreciated on a straight-line basis over the useful life of the property, plant and equipment.

SLGA also pays GST/HST to the Canada Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

**12. Post Employment Benefits**

SLGA sponsors a defined benefit pension plan and participates in a defined contribution pension plan covering substantially all of its employees.

(a) Defined Contribution Plan

The defined contribution plan is called the Public Employees Pension Plan (PEPP). SLGA is required to contribute a specified percentage of payroll costs to PEPP to fund the benefits. The only obligation of SLGA with respect to PEPP is to make the specified contributions. During the year, SLGA paid PEPP and expensed its required contributions of \$3.0 million (2022 - \$2.9 million).

(b) Defined Benefit Plan

The Liquor Board Superannuation Commission administers the defined benefit plan, Liquor Board Superannuation Plan (Plan), for SLGA. The Plan provides pensions calculated at 2 per cent of a member's average salary for the five years of highest salary, multiplied by the number of years of service to a maximum of 35. This Plan has been closed to new members since 1977.

LifeWorks performed the valuation of the Plan as at Sept. 30, 2020 and extrapolated the valuation to March 31, 2023. The accrued benefit obligation is based on a number of assumptions about future events including: discount rate, rate of salary increases, mortality, retirement rates and inflation. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	<u>2023</u>	<u>2022</u>
Expected long-term rate of return on plan assets	5.30%	4.00%
Inflation rate	2.00%	2.00%
Discount rate	4.90%	4.10%
Indexing increases to pensions as a percentage of Consumer Price Index	70%	70%
Expected average remaining service life*	0 years	0 years

\* SLGA does not have any contributing employees, all have reached 35 years of service.

The following illustrates the effect of changing certain assumptions from assumed rate of: inflation 2.00 per cent and discount rate 4.90 per cent.

	<u>Long-Term Assumptions</u>			
	<u>Inflation*</u>		<u>Discount Rate</u>	
	3.00%	1.00%	5.9%	3.9%
(Decrease) increase in liability	(2.5%)	2.8%	(7.9%)	9.2%

\* A change in the inflation rate of 1 per cent has a corresponding change in the discount rate of 1 per cent.

SLGA's pension costs are included in salary, wages and benefits on Schedule 1 and OCI.

	<u>2023</u>	<u>2022 – restated*</u>
	(000's)	(000's)
Current service cost – defined contribution plan	\$ 2,988	\$ 2,928
Net interest expense	1,206	1,070
Components of pension costs recorded in profit or loss	<u>4,194</u>	<u>3,998</u>
Return on plan assets (excluding net interest expense)	---	---
Actuarial (gains) losses – assumption changes	(912)	(4,229)
Components of defined benefit costs recorded in OCI	<u>(912)</u>	<u>(4,229)</u>
Total of components of benefit cost	<u>\$ 3,282</u>	<u>\$ (231)</u>

Information about SLGA's defined benefit plan is as follows:

	<u>2023</u> (000's)	<u>2022 – restated*</u> (000's)
<b>Accrued benefit obligation</b>		
Accrued benefit obligation, beginning of year	\$ 41,452	\$ 47,262
Interest cost	1,635	1,414
Benefits paid	(3,162)	(3,284)
Experience (gain) loss		
- Change in financial assumptions	(1,563)	(3,940)
- Change in mortality assumptions	---	---
	<u>\$ 38,362</u>	<u>\$ 41,452</u>
<b>Plan Assets</b>		
Fair value of plan assets, beginning of year	\$ 10,877	\$ 11,725
Actual return on plan assets	(222)	416
Employer contributions	2,314	2,020
Benefits paid	(3,162)	(3,284)
Fair value of plan assets, end of year	<u>\$ 9,807</u>	<u>\$ 10,877</u>
Accrued pension liability	<u>\$ 28,555</u>	<u>\$ 30,575</u>

\* Commencing on the fiscal year ended March 31, 2023, SLGA determines the fair value of its defined benefit plan assets based on the unaudited Statement of Financial Position as at March 31 from the Liquor Board Superannuation Plan (LBSP). In prior periods, SLGA relied on LBSP's audited December 31 Statement of Financial Position. As the March 31 balances coincide with SLGA's fiscal year-end, Management has deemed this to present a more reliable estimate for its year-end fair values of plan assets. In accordance with IAS 8, this change in accounting policy has been applied retrospectively and certain prior period balances have been restated as follows:

	2022 previously reported (000's)	Restatement (000's)	2022 restated (000's)
Net interest expense	\$ 1,067	\$ 3	\$ 1,070
Finance expense (Statement 2)	(497)	(3)	(500)
Actuarial (gains) losses – assumption changes (Other comprehensive income)	(4,440)	275	(4,165)
Trade and other payables	22,686	(566)	22,120
<b>Accrued benefit obligation</b>			
Accrued benefit obligation, Beginning of Year	47,262		47,262
Interest cost	1,414		1,414
Benefits paid	(3,284)		(3,284)
Change in financial assumptions	(3,940)		(3,940)
	<u>41,452</u>		<u>41,452</u>
<b>Plan Assets</b>			
Fair value of plan assets, Beginning of Year	11,572	153	11,725
Actual return on plan assets	911	(495)	416
Employer contributions	2,522	(502)	2,020
Benefits paid	(3,284)	---	(3,284)
Fair value of plan assets, End of Year	<u>11,721</u>	<u>(844)</u>	<u>10,877</u>
Accrued pension liability	<u>\$ 29,731</u>	<u>\$ 844</u>	<u>\$ 30,575</u>

The plan holds all of its assets in various pooled funds. The Plan's holdings consist of 21.7 per cent (2022 – 22.9 per cent) in a Canadian equity pooled fund, 28.7 per cent (2022 – 30.2 per cent) in foreign equity pooled funds, 46.7 per cent (2022 – 44.0 per cent) in a bond and debenture pooled fund and 2.9 per cent (2022 – 2.9 per cent) in a short term investment pooled fund.

The major categories of plan assets at the end of the reporting period for each category are as follows:

	2023 (000's)	2022 restated (000's)
Due from General Revenue Fund	\$ 66	\$ 63
TD Canadian Bond Index Fund	4,560	4,776
Equity Instruments		
- TD Canadian Equity Index Fund	2,124	2,489
- TD International Equity Index Fund	1,413	1,648
- TD Pooled US Fund	1,400	1,624
- TD Canadian Short Term Investment Fund	288	321
Total equity instruments	<u>5,225</u>	<u>6,082</u>
	<u>\$ 9,851</u>	<u>\$ 10,921</u>

The Plan limits its investment in foreign equities including foreign pooled funds to 38 per cent of the cost of the investment portfolio and is denominated in Canadian dollars. The Plan's units

in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

The TD Canadian Equity Index Fund, the TD Pooled US Fund and the TD International Equity Index Fund all may use derivative financial instruments such as forward and futures contracts, options and swaps, as permitted by the Canadian Securities legislation, to gain exposure to the S&P/TSX Composite Index, the S&P 500 Index and the MSCI EAFE Index and their underlying components respectively, to hedge against movements in currency exchange rates and equity indices, and to increase liquidity within the portfolio. Sufficient cash or securities will be held within each fund to cover all derivative obligations.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

The total cash inflow is the amount of employer contributions expected to be received by the pension plan together with interest on investments of 5.30 per cent and employer contributions calculated as 73.5 per cent of total benefit payments. The total cash outflows are the amounts that are required to pay all pension obligations. Forecast of cash flows have been determined using the long-term assumptions used in the valuation. All amounts are based on actual dollar forecasts.

		(\$000's)			
	Contributions	Benefits Paid	Investment Return	Net Cash Outflow	
2024	2,389	3,250	497	(364)	
2025	2,375	3,230	478	(377)	
2026	2,322	3,159	458	(379)	
2027	2,277	3,097	439	(381)	
2028	2,231	3,034	419	(384)	
Total next 5 years	11,594	15,770	2,291	(1,885)	
Total 5-10 years	10,417	14,169	1,793	(1,959)	
Total 11-30 years	23,144	31,478	2,656	(5,678)	
Total 31-50 years	903	1,228	42	(283)	

### 13. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority

Effective June 11, 2007 the Province and the Federation of Sovereign Indigenous Nations (FSIN) agreed to amend the 2002 Framework Agreement for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada*. This amendment also permitted SIGA to retain \$5 million annually from slot machine operations as a capital reserve for the sole purpose of acquiring capital assets. This \$5 million is a receivable due from SIGA and is included in slot machine receivable disclosed in Note 10.

The 2002 Framework Agreement expires in 2037. Similar to its predecessor, the 1995 Framework Agreement, the 2002 Framework Agreement requires the Province to retain a portion of the net profits from slot machines in the GRF and distribute the remaining profits to the First Nations Trust, and the Community Development Corporations.

To implement the 2002 Framework Agreement, SLGA and SIGA made agreements for casino operations and slot machine management. The Casino Operating Agreement requires SIGA to pay the net profits from slot machines to SLGA. This agreement also ensures SLGA recovers the cost of slot machines, the related computer system and interest over the useful life. A change announced by Government to create a new crown corporation will impact this relationship, see Note 28.

Also under the 2002 Framework Agreement, SIGA has granted a first charge security interest on all its present and after acquired assets to SLGA to secure contractual obligations of SIGA under the Agreement. However, the Agreement requires SLGA, upon joint written request by SIGA and its lenders, to postpone such security in favour of the lenders who require a prior charge relating to funds lent to SIGA for the financing of its operations carried out in accordance with the Agreement. As of March 31, 2023, SIGA owes \$27.4 million under a \$79.0 million long-term financing agreement with a financial institution (Bank) (Note 14). SLGA has postponed its security in regards to this financing agreement.

In order to manage its interest rate exposure, SIGA entered into separate interest rate swap arrangements for its long-term debt related to the Dakota Dunes, Living Sky and Painted Hand construction projects. The interest rate swaps came into effect on April 1, 2008, April 1, 2009, and April 4, 2013. These swap arrangements fixed the interest rates at 2.05 per cent to 5.09 per cent for the duration of the long-term debt (April 2023 and September 2034).

Under the Casino Operating Agreement between SIGA and SLGA, SIGA is permitted to charge its losses from table games and ancillary operations as an expense of slot machine operations. As well, the Casino Operating Agreement requires SIGA to pay to the Indigenous Gaming Regulators Inc. (IGR) funds equal to IGR's operating budget upon direction from SLGA.

Effective for the year ended March 31, 2008 and subsequent years, the Casino Operating Agreement between SIGA and SLGA has been amended to exclude unrealized gains and losses on the interest rate swaps initiated on Dec. 12, 2007, from the calculation of net Casino profits payable to SLGA. These unrealized gains and losses are netted against the slot machines receivable due from SIGA disclosed in Note 10. As of March 31, 2023, the unrealized gain included in the slot machines receivable was \$0.8 million (2022 – \$2.0 million gain).

In addition, under an agreement with Saskatoon Prairieland Park Corporation (SPPC), SIGA is required to pay SPPC compensation for the closure of its casino (Note 14).

Due to the prolonged closure of casinos in response to the COVID-19 pandemic, SIGA's ability to make all required Amended and Restated Casino Operating Agreement Revenue and Reimbursement of Equipment Costs to SLGA had been reduced and therefore both parties agreed in March 29, 2021 to a Forebearance and Debt Repayment Agreement to provide SIGA with additional time to repay their indebtedness (Included in trade and other receivables and Long term receivables – SIGA). As of March 31, 2023, the agreement is worth \$31.4 million (2022 - \$33.7 million), which is the non-interest bearing loan.

On June 7, 2021, SLGA and SIGA entered into a loan agreement to allow SLGA to provide financial assistance to SIGA by way of an interest bearing loan, to maintain its operations and to continue making all its required payments. SLGA would advance SIGA \$5.7 million per month for up to four (4) months and includes interest of up to \$252 thousand. SLGA and SIGA also revised the Forebearance and Debt Repayment Agreement to add the deferral of the reimbursement of equipment costs for an additional three (3) months for approximately \$3

million. SLGA advanced SIGA \$5.7 million plus interest and deferred the additional three (3) months of reimbursement of equipment costs, all of which have been repaid prior to March 31, 2022.

During the year, SIGA's losses from table game and ancillary operations as well as SIGA's payments to IGR and SPPC are recorded as an expense of slot machine operations as follows:

	2023 (000's)	2022 (000's)
Table games revenues	\$ 12,161	\$ 9,268
Table games expenses	<u>10,913</u>	<u>12,668</u>
Net gain/loss from table games	<u>\$ 1,248</u>	<u>\$ (3,400)</u>
Ancillary operations gross profit	\$ 14,094	\$ 8,495
Ancillary operations expenses	<u>20,085</u>	<u>12,787</u>
Net losses from ancillary operations	<u>\$ 5,991</u>	<u>\$ 4,292</u>
Total losses expensed	\$ 4,743	\$ 7,692
IGR payment	3,300	3,175
SPPC payment	<u>2,600</u>	<u>2,600</u>
	<u>\$ 10,643</u>	<u>\$ 13,467</u>

#### 14. Commitments

##### (a) Operating Commitments and Debt

Under the Casino Operating Agreement, SLGA allows SIGA to recover its costs for approved casino operating expenses, contractual obligations and commitments from SLGA's slot machine revenues. A change announced by Government to create a new crown corporation will impact this relationship, see Note 28.

SIGA's contractual obligations and commitments are as follows:

**Operating commitments:** SIGA has obligations under operating commitments. The minimum lease payments over the next five years are as follows:

Year Ending March 31	(000's)
Less than one year	\$ 208
Between one and five years	140
More than five years	---
	<u>\$ 348</u>

The above commitments include amounts committed to related parties of \$85 thousand.

**Long-term debt:** In 2007, SIGA made a long-term financing agreement with a Bank for \$79.0 million to finance new casino projects. As of March 31, 2023, SIGA owes \$27.4 million (2022 - \$34.8 million) under this agreement at interest rates varying from 2.05 per cent to 5.09 per cent.

On June 7, 2021, SIGA entered into a Forbearance and Debt Repayment Agreement with SLGA whereby SLGA has provided an unsecured loan to a maximum of \$46.1 million of which \$31.4 million is outstanding at March 31, 2023.

**Other:** The Casino Operating Agreement requires SIGA to transfer to IGR funds to support IGR's annual operating budget. For 2024, the budgeted transfers are \$3.3 million (2023 - \$3.3 million).

As well, under an agreement with SPPC effective August 10, 2007, SIGA began paying SPPC \$2.6 million annually, subject to certain conditions, for 30 years payable in monthly installments of \$217 thousand. In 2023, SIGA paid \$2.6 million (2022 - \$2.6 million) to SPPC, which is recorded as part of the SIGA other operating expenses.

## 15. SIGA Finance Lease Obligation

On November 1, 2004, SIGA entered into an agreement with White Bear Holdings Limited for lease of Bear Claw Casino. Beginning in April 2005, SIGA leased the property from the company for approximately 22 years at an annual cost of \$529,200.

On December 23, 2004, SIGA entered into an agreement with STC Casino Holdings Limited Partnership for lease of Dakota Dunes Casino on Whitecap Dakota First Nation. Beginning in April 2007, SIGA leased the property from that Partnership for approximately 20 years at annual cost of \$2,248,477. In 2011, there was an addition to this capital lease, for approximately 16 years, at an annual cost of \$441,540. In 2012, there was a further addition to this lease for approximately 15 years, at an annual cost of \$63,360.

On October 26, 2005, SIGA entered into an agreement with PHC Holdings Limited Partnership for lease of Painted Hand Casino in Yorkton. Beginning in February 2009, SIGA leased the property from that Partnership for approximately 19 years at an annual cost of \$1,783,028.

On January 26, 2006, SIGA entered into an agreement with FHQ Casino Holdings Limited Partnership for lease of Living Sky Casino in Swift Current. Beginning in December 2008, SIGA leased the property from the Partnership for approximately 19 years at an annual cost of \$2,364,409.

On April 1, 2014, SIGA entered into an agreement with FNH Development Limited Partnership for lease of Gold Eagle Casino in North Battleford. SIGA will lease the property from the Partnership for 13 years at an annual cost of \$1,659,113.

On April 1, 2014, SIGA entered into an agreement with BATC Investments Limited Partnership for lease of an expansion at Gold Eagle Casino in North Battleford. Beginning September 1, 2015, SIGA leased the property from the Partnership for 13 years at an annual cost of \$404,280.

On May 31, 2017 SIGA entered into an agreement with Board Tribal Council Limited Partnership for lease of Gold Horse Casino in Lloydminster. Beginning January 10, 2019, SIGA leased the property from the Partnership for 9 years at an annual cost of \$2,619,000. The initial

term will be automatically extended upon the renewal of the casino operating agreement for up to an additional 10 years. The annual lease payments may be adjusted dependent on whether the land has received reserve status at a future date.

On August 1, 2022, SIGA entered into an agreement with Prince Albert Casino Ventures Limited Partnership for the lease of Northern Lights Casino. Beginning in August 2022, SIGA leased the property from the Partnership for approximately 5 years at an annual cost of \$2,260,469, with three 5-year renewal periods.

On July 16, 2019 SIGA entered into an agreement with ICR Commercial Real Estate for lease of the Central Office building in Saskatoon. SIGA will lease the property from ICR for 15 years at an annual cost of \$1,110,517.

White Bear Holdings Limited, STC Casino Holdings Limited Partnership, PHC Holdings Limited Partnership, FHQ Casino Holdings Limited Partnership, FHN Development Limited Partnership, BATC Investments Limited Partnership, Board Tribal Council Limited Partnership and Prince Albert Casino Ventures Limited Partnership are related to SIGA as they are owned by Class A membership holders of SIGA.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.0% to 12.5% (3.0% to 12.5% in 2022) per annum.

#### Right-of-use assets

Net carrying amount of right-of-use assets:

	2023 (000's)	2022 (000's)
Base Building Costs		
Northern Lights Casino	\$ 33,553	\$ 1,038
Gold Horse Casino	19,122	20,484
Central Office	8,187	8,945
Gold Eagle Casino	6,920	8,409
Dakota Dunes Casino	4,834	6,128
Living Sky Casino	4,393	5,435
Painted Hand Casino	3,660	4,187
Bear Claw Casino	2,105	2,604
	<u>\$ 82,774</u>	<u>\$ 57,230</u>

#### Lease liabilities

The minimum lease payments under the lease liabilities are as follows:

	2023 (000's)	2022 (000's)
Total future minimum lease payments	\$ 132,866	\$ 101,959
Less future finance charges on lease liabilities	<u>(34,073)</u>	<u>(28,809)</u>
Present value of lease liabilities	\$ 98,793	\$ 73,150
Less current portion of lease liabilities	<u>(9,804)</u>	<u>(8,986)</u>
Lease liabilities	<u>\$ 88,989</u>	<u>\$ 64,164</u>

As at March 31, 2023, scheduled future minimum lease payments of the lease liabilities are as follows:

	<u>1 year</u> (000's)	<u>1-5 years</u> (000's)	<u>More than 5 years</u> (000's)
Future minimum lease payments	\$ 15,486	\$ 53,862	\$ 61,519
Present value of lease liabilities	9,804	39,254	49,735

Due to the related party nature of the lease liabilities, fair value information has not been disclosed as fair value cannot be reliably measured.

A change announced by Government to create a new crown corporation will impact this reporting, see Note 28.

#### 16. Liquor Sales to Retail Store Permittee

	<u>2023</u> (000's)	<u>2022</u> (000's)
Wines, coolers and spirits	\$ 356,063	\$ 360,795
Beer	259,891	262,866
Total	<u>\$ 615,954</u>	<u>\$ 623,661</u>

#### 17. 2023 Budget

These amounts represent the budget approved by Treasury Board.

#### 18. Segmented Information

SLGA operates in five segments – liquor, VLT, slots in SIGA casinos, other gaming and cannabis.

The liquor segment reflects the retailing and licensing of beverage alcohol activities within the province.

The VLT segment reflects the operation of the VLT program under the authority of Section 207 of *The Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*.

The slots in SIGA casinos segment reflect the operations of SLGA's slot machines in SIGA casinos (see Note 13).

The Other Gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, raffles and the regulation and support of the horse racing industry.

The cannabis segment reflects the regulation of cannabis.

Key amounts by segment as follows:

<b>SEGMENTS</b>							
	<b>2023 (000's)</b>						<b>2022 (000's)</b>
	Liquor	VLT	Slots in SIGA Casinos	Other Gaming	Cannabis	Total	Total
Revenues	\$ 615,954	\$ 239,550	\$ 256,170	\$ ---	\$ ---	\$ 1,111,674	\$ 1,014,980
Other income	<u>7,740</u>	<u>793</u>	<u>---</u>	<u>993</u>	<u>834</u>	<u>10,360</u>	<u>8,451</u>
Total revenues	<u>623,694</u>	<u>240,343</u>	<u>256,170</u>	<u>993</u>	<u>834</u>	<u>1,122,034</u>	<u>1,023,431</u>
Direct expenses	327,602	43,736	---	---	---	371,338	375,594
Operating expenses (Schedule 1 & 2)	<u>28,383</u>	<u>33,785</u>	<u>130,212</u>	<u>12,768</u>	<u>3,671</u>	<u>208,819</u>	<u>173,587</u>
Total expenses	<u>355,985</u>	<u>77,521</u>	<u>130,212</u>	<u>12,768</u>	<u>3,671</u>	<u>580,157</u>	<u>549,181</u>
Subtotal	267,709	162,822	125,958	(11,775)	(2,837)	541,877	474,250
Net income (loss) from discontinued operations	(23,446)	---	---	---	---	(23,446)	3,159
Other comprehensive income	<u>912</u>	<u>---</u>	<u>809</u>	<u>---</u>	<u>---</u>	<u>1,721</u>	<u>6,146</u>
Total comprehensive income	\$ 245,175	\$ 162,822	\$ 126,767	\$ (11,775)	\$ (2,837)	\$ 520,152	\$ 483,555
Retained earnings (deficit) beginning of year	(243)	---	659	---	---	416	(481)
Adjustment to equity	---	(350)	---	---	---	(350)	---
Dividend to General Revenue Fund	<u>244,496</u>	<u>162,472</u>	<u>125,958</u>	<u>(11,775)</u>	<u>(2,837)</u>	<u>518,314</u>	<u>482,658</u>
Retained earnings (deficit) end of year	<u>\$ 436</u>	<u>\$ ---</u>	<u>\$ 1,468</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 1,904</u>	<u>\$ 416</u>
Property, plant and equipment and intangible assets	<u>\$ 39,209</u>	<u>\$ 64,540</u>	<u>\$ 23,303</u>	<u>\$ 2,625</u>	<u>\$ 682</u>	<u>\$ 130,359</u>	<u>\$ 147,960</u>
Property, plant and equipment purchases	<u>\$ (6,328)</u>	<u>\$ 16,327</u>	<u>\$ 11,386</u>	<u>\$ 81</u>	<u>\$ ---</u>	<u>\$ 21,466</u>	<u>\$ 25,387</u>
Depreciation	<u>\$ 8,631</u>	<u>\$ 13,633</u>	<u>\$ 7,840</u>	<u>\$ 1,788</u>	<u>\$ 111</u>	<u>\$ 32,003</u>	<u>\$ 30,383</u>

## 19. Related Parties

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SLGA 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).

Government-related entities are exempt from providing disclosure about individual related party transactions, other than the transactions with key management personnel disclosed below. Instead, government-related entities are required to disclose the types and extent of individually or collectively significant transactions with related parties. In determining individually significant transactions, SLGA considers the size, type and terms of the transaction.

SLGA also pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance. In 2023 SLGA paid \$887 thousand (2022 - \$14 thousand). Taxes paid are recorded as part of the cost of those purchases. SLGA also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance. In 2023 SLGA paid \$11.3 million (2022 - \$14.7 million). All other transactions with related parties are routine operating transactions that are settled at prevailing market prices under normal trade terms.

### SLGA's Key Management Personnel Compensation

Key management personnel include the president and vice presidents. The compensation paid (including benefits) to key management for employee services is shown below:

	2023 <u>(000's)</u>	2022 <u>(000's)</u>
Salaries and executive benefits	\$ 970	\$ 946
Severance expense	304	---
Employment benefits	196	186
	<u>\$ 1,470</u>	<u>\$ 1,132</u>

## 20. Contingencies

	2023 <u>(000's)</u>	2022 <u>(000's)</u>
Court proceedings (i)	\$ ---	\$ ---

(i) As part of ongoing operations SLGA faces legal actions initiated by third parties and contract disputes.

At March 31, 2023 there were actions outstanding against SLGA, which the likelihood of loss is unlikely. Settlements arising from the resolution of these actions will be accounted for in the year in which the settlements occur.

## 21. Provisions

	Short-term Employee Benefits
	(000's)
Balance, April 1, 2021	\$ 1,163
Provisions made during the period	1,142
Provisions used during the period	(1,163)
<hr/> Balance, March 31, 2022	<hr/> \$ 1,142
Provisions made during the period	985
Provisions used during the period	(1,142)
<hr/> Balance, March 31, 2023	<hr/> \$ 985

### Short-Term Employee Benefits

The provision for short-term employee benefits represents annual sick leave and long service gratuity entitlements.

## 22. Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division (Division) of the Western Canada Lottery Corporation (WCLC) operates the video lottery terminals and central computer system on behalf of SLGA. WCLC provides accounting, purchasing, cash disbursements, human resources and technical services for the VLT program. For the year ended March 31, 2023, WCLC charged SLGA \$15.4 million (2022 - \$13.6 million) to operate the VLT program for the year.

WCLC sponsors a defined benefit retirement plan for the employees of the Division. The current service and interest costs of the retirement plan are included in the amount paid to WCLC. During the year, SLGA paid WCLC and expensed a total of \$660 thousand (2022 - \$817 thousand) which is included in professional and contractual services on Schedule 1.

As of March 31, 2023, the retirement plan is in a surplus status of \$2.9 million (2022 - \$2.0 million surplus status).

## 23. Financial Risks

### (a) Fair Value

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 IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

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

Financial Instruments	Classification <sup>1</sup>	Fair Value Hierarchy	2023 (000's)		2022 (000's)	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	\$ 1,243	\$ 1,243	\$ 1,582	\$ 1,582
Due from General Revenue Fund	FVTPL	Level One	48,390	48,390	41,213	41,213
Trade and other receivables	AC	N/A	91,811	91,811	46,182	46,182
Long term receivable - SIGA	AC	N/A	29,055	29,055	31,009	31,009
Long term receivable – permit & other	AC	N/A	8,642	8,642	---	---
Trade and other payables	OFL	N/A	26,889	26,889	22,120	22,120
Promissory Note debt	OFL	N/A	84,142	84,142	89,902	89,902
Payable to General Revenue Fund	OFL	N/A	144,689	144,689	126,316	126,316
GST Payable	OFL	N/A	1,711	1,711	844	844

<sup>1</sup> Classification:

FVTPL – Fair value through profit and loss, AC – Amortized Cost, OFL - Other financial liabilities

SLGA is exposed to a number of financial risks in the normal course of operations. SLGA's risks have not changed during the year.

(b) Credit and Interest Rate Risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SLGA is exposed to interest rate risk on its promissory note debt and may be exposed to interest rate risk on future short-term and long-term borrowings. At year end, SLGA had \$84.1 million of promissory note debt. Due to SLGA's use of promissory note debt, the interest rate risk SLGA is exposed to is minimal because interest rates are re-negotiated to a current rate annually.

SLGA is exposed to minimal credit risks from the potential non-payment of accounts receivable as most receivables are either short-term and are collected shortly after year end or are from SIGA. SLGA exerts significant influence over SIGA's operations and SIGA remits the amount owing to SLGA in accordance with the Casino Operating Agreement described in Note 13. The VLT receivable is collected shortly after March 31 in accordance with the agreement for services between SLGA and WCLC as described in Note 22.

The maximum credit risk from these financial instruments is limited to the carrying value of the financial assets summarized below:

	2023 <u>(000's)</u>	2022 <u>(000's)</u>
Cash	\$ 1,243	\$ 1,582
Due from General Revenue Fund	48,390	41,213
Trade and other receivables	91,811	46,182
Long term receivable - SIGA	29,055	31,009
Long term receivable – permit & other	8,642	---
	<u>\$ 179,141</u>	<u>\$ 119,986</u>

As described in Note 3(m), SLGA is exposed to SIGA's credit and interest rate risks. SIGA's financial risks arise mainly from its bank financing (\$27.4 million – March 31, 2023; \$34.8 million – March 31, 2022) and its interest rate swap arrangements which are partially offset by changes in interest rates on its variable borrowings. At March 31, 2023, if interest rates at that date had changed 100 basis points, with all other variables held constant, SLGA's net income would have changed \$1.1 million.

As of March 31, 2023, there was no impairment required on any of the financial assets of SLGA and SIGA.

SLGA has evaluated the interest rate risk as low and has done nothing to mitigate the risk.

(c) Foreign Currency Exchange Risk

SLGA is exposed to foreign exchange risk due to purchase transactions for liquor and electronic gaming machines. As of March 31, 2023, SLGA had \$6.1 million (2022 - \$1 thousand) in United States (U.S.) financial liabilities. SLGA is also exposed to foreign exchange risks resulting from a U.S. dollar denominated cash deposit account. This U.S. dollar denominated cash deposit account is included in SLGA's Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. As of March 31, 2023, SLGA has \$667 thousand (2022 – \$610 thousand) in this account.

In 2023, SLGA recorded a \$326 thousand gain (2022 - \$13 thousand gain) due to the variation in the foreign exchange rates.

To date, SLGA has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

(d) Liquidity Risk

Liquidity risk is the risk that SLGA will not be able to meet its financial obligations as they fall due. The majority of SLGA operational activity involves cash sales and short-term accounts receivable. SLGA relies on funds generated from its operations and short-term debt to meet operating requirements and to finance capital investment.

**Contractual cash flows - 2023**  
(In 000's)

<b>Financial Liabilities</b>	<u>Carrying amount</u>	<u>Total</u>	<u>0 - 6 months</u>	<u>7 - 12 months</u>	<u>1 - 2 years</u>	<u>3 - 5 years</u>	<u>Greater than 5 years</u>
Trade and other payables	\$ 26,889	\$ 26,889	\$ 26,889	\$ ---	\$ ---	\$ ---	\$ ---
Payable to the GRF	144,689	144,689	144,689	---	---	---	---
GST payable	1,711	1,711	1,711	---	---	---	---
Provisions	985	985	985	---	---	---	---
Promissory note debt	84,142	84,142	84,142	---	---	---	---
Accrued pension liability	28,555	28,555	1,625	1,625	3,230	9,290	12,785
	<u>\$ 286,971</u>	<u>\$ 286,971</u>	<u>\$ 260,041</u>	<u>\$ 1,625</u>	<u>\$ 3,230</u>	<u>\$ 9,290</u>	<u>\$ 12,785</u>

**Contractual cash flows - 2022**  
(In 000's)

<b>Financial Liabilities</b>	<u>Carrying amount</u>	<u>Total</u>	<u>0 - 6 months</u>	<u>7 - 12 months</u>	<u>1 - 2 years</u>	<u>3 - 5 years</u>	<u>Greater than 5 years</u>
Trade and other payables	\$ 22,120	\$ 22,120	\$ 22,120	\$ ---	\$ ---	\$ ---	\$ ---
Payable to the GRF	126,316	126,316	126,316	---	---	---	---
GST payable	844	844	844	---	---	---	---
Provisions	1,142	1,142	1,142	---	---	---	---
Promissory note debt	89,902	89,902	89,902	---	---	---	---
Accrued pension liability	30,575	30,575	1,627	1,626	3,191	9,188	14,943
	<u>\$ 270,899</u>	<u>\$ 270,899</u>	<u>\$ 241,951</u>	<u>\$ 1,626</u>	<u>\$ 3,191</u>	<u>\$ 9,188</u>	<u>\$ 14,943</u>

## 24. Capital

SLGA's capital structure consists of current payables and post-employment benefits, promissory note financing, cash and cash equivalents and retained earnings. Treasury Board determines the disposition of SLGA's retained earnings (Note 5). SLGA management's objectives to manage its capital are to use capital to provide an appropriate return on investment to the Government of Saskatchewan and to preserve financial flexibility in order to maintain SLGA's ability to meet financial obligations.

The Government of Saskatchewan facilitates the borrowing of capital for SLGA through various financial institutions. At the end of the year, SLGA had \$84.1 million in promissory notes (Note 26).

SLGA does not set a target rate of return on capital for managing its operations but rather promotes year-over-year sustainable profitable growth. SLGA is not subject to any externally imposed capital requirements.

No borrowing costs associated with the promissory note debt from the GRF were capitalized during the year.

## 25. Funds Held in Trust

SLGA holds funds in trust on behalf of employees as part of SLGA's extended health care plan. At March 31, 2023, SLGA held \$617 thousand (2022 - \$462 thousand) on behalf of in-scope employees.

## 26. Promissory Notes

SLGA's promissory notes of \$84.1 million are due to the Government of Saskatchewan's GRF. SLGA has committed to distribute the full amount of dividend to the GRF. SLGA expects to continue to refinance the repayment of its current promissory notes by incurring new borrowing using new promissory notes. SLGA has not set repayment terms on the promissory notes and will make repayments as cashflows allow. As at March 31, 2023, the promissory notes are as follows:

Date of issue	Date of maturity	Interest rate (%)	Currency	Outstanding amount (000's)
14-Mar-2023	13-Jun-2023	4.510	CAD	\$ 44,593
23-Mar-2023	20-Jun-2023	4.482	CAD	33,666
14-Mar-2023	12-Sep-2023	4.390	CAD	5,883
				\$ 84,142

Changes in promissory note debt during the year ended March 31, 2023 are as follows:

	2023 (000's)
Opening balance	\$ 89,902
Changes from financing cash flows:	
Proceeds received	255,337
Repayments	(258,693)
Interest Expense	(2,404)
Ending balance	<u>\$ 84,142</u>

## 27. Liquor Retailing Changes

On Nov. 18, 2015, the Government of Saskatchewan announced its intent to make changes to liquor retailing in the province. The plan included creating a level playing field for all liquor retailers, moving to a wholesale model for the distribution of liquor and creating new private liquor retailing opportunities.

The level playing field for all liquor retailers was implemented on Oct. 9, 2016. This included creating a wholesale model for the distribution of liquor and converting all SLGA liquor stores, franchises, private stores and commercial permittees with offsale endorsements to retail store permittees. Retail store permittees are all eligible to access wholesale prices from SLGA's distribution centre. As well, the level playing field allowed all liquor retailers, retail store permittees and commercial permittees, to purchase liquor from any other liquor retailer in Saskatchewan.

In 2016-17 SLGA released RFPs for 50 retail store permittee opportunities. These opportunities were for communities with an existing SLGA store that would be closed as the new private stores open as well as the addition of 11 new retail opportunities.

On October 27, 2022, the Government of Saskatchewan announced its intention to completely exit from the retail liquor segment in the current fiscal year. Subsequently, all 34 SLGA Retail Inc.'s liquor stores ceased operations on March 11, 2023 and the liquor store permits were offered for sale to the public in an auction process that ended on February 24, 2023. SLGA and the Government of Saskatchewan are committed to a plan to liquidate the retail liquor segment. SLGA Retail Inc.'s remaining assets, including property, plant and equipment, are expected to be disposed of by sale within the next eighteen-month period and these have been classified as assets held for sale on the Consolidated Statement of Financial Position. Depreciation of these assets ceased March 11, 2023. The carrying amounts of these assets approximate or are less than their fair value. Current and prior period earnings for SLGA Retail Inc. have been classified as discontinued operations on the Consolidated Statement of Comprehensive Income, for both 2022 and 2023.

(a) Assets held for sale

As part of the liquor retailing changes, SLGA is selling land and buildings related to discontinued SLGA retail stores. Assets related to closed stores have been reclassified in the current year to Held for sale (Note 7). Held for sale assets are expected to be sold within one year. Assets classified as held-for-sale comprise the following:

	<u>2023</u> (000's)	<u>2022</u> (000's)
Building	\$ 2,745	\$ 99
Land	1,224	426
Furniture and Equipment	344	---
Leasehold Improvements	14	---
Assets held-for-sale	<u>\$ 4,327</u>	<u>\$ 525</u>

(b) Discontinued operations

The impact of discontinued operations on net (loss) income comprise the following:

	<u>2023</u> (000's)	<u>2022</u> (000's)
Liquor sales	\$ 47,490	\$ 43,574
Other income	1,268	1,185
Cost of liquor	<u>(22,758)</u>	<u>(6,309)</u>
	26,000	38,450
Salary, wages and benefits	32,985	20,131
Other operating	<u>14,573</u>	<u>14,728</u>
	47,558	34,859
Finance expense	1,888	432
Net (loss) income from discontinued operations	<u>\$ (23,446)</u>	<u>\$ 3,159</u>

The impact of discontinued operations on cash flows comprise the following:

	<u>2023</u> (000's)	<u>2022</u> (000's)
Cash from (used in) operating activities	\$ (16,896)	\$ 4,035
Cash from (used in) investing activities	(531)	---
Net change in cash and cash equivalents	<u>\$ (17,427)</u>	<u>\$ 4,035</u>

(c) Permit revenue

During the period ended March 31, 2023, SLGA Retail Inc. has fully transferred control of one of the liquor permits to the winning bidder. The \$0.8 million permit revenue pursuant to this sale has been recognized in comprehensive income. At year-end, of the 24 remaining permits, \$25.4 million is due from the winning bidders of an aggregate total purchase price of \$33.9 million. For each permit, SLGA Retail Inc. will recognize the revenue amounting to its full purchase price, once fully paid by the winning bidder.

**28. Subsequent Events**

As of June 1, 2023, the Government of Saskatchewan has established the LGS as a new crown corporation that will assume SLGA's role of providing conduct and management for slot machines in SIGA's casinos and VLTs and the payment of charitable gaming grants. As a result, the corresponding changes will be reflected in SLGA's consolidated financial statements for the year ended March 31, 2024.

As described in Note 27, SLGA is actively pursuing the sale or transfer within government, of the buildings and assets of the retail locations. Between April 1, 2023 and June 1, 2023, 6 store buildings were sold and 4 store leases were terminated. These and all corresponding changes will be reflected in SLGA's consolidated financial statements for the year ended March 31, 2024

**29. Comparative Figures**

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

**SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**  
**CONSOLIDATED SCHEDULE OF OPERATING EXPENSES**  
**For the Year Ended March 31**

	<u>VLT, Liquor, Other Gaming &amp; Cannabis</u>		<u>Slots in SIGA Casinos*</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Salaries, wages and benefits	\$ 25,074	\$ 24,176	\$ 49,391	\$ 37,287	\$ 74,465	\$ 61,463
Depreciation	20,576	16,909	7,840	9,438	28,416	26,347
Operations and maintenance	453	473	26,367	20,841	26,820	21,314
Professional and contractual services	9,380	7,944	2,564	2,522	11,944	10,466
Rent, utilities and insurance	2,195	1,854	8,422	7,487	10,617	9,341
Service charges and interest	2,618	491	7,586	6,705	10,204	7,196
Grants (Note 3 (l))	7,818	5,915	---	---	7,818	5,915
Advertising, printing and promotion	12	4	6,678	1,783	6,690	1,787
Goods and Services Tax	2,787	2,501	3,126	2,642	5,913	5,143
Information technology	2,432	2,419	2,962	2,721	5,394	5,140
Debit/Credit charges	2,444	2,459	---	---	2,444	2,459
Communications	263	265	1,798	485	2,061	750
Stationery and supplies	218	239	1,763	644	1,981	883
Travel and business	540	334	665	328	1,205	662
Customer service programs	1,129	(109)	---	---	1,129	(109)
Sundry	627	603	407	749	1,034	1,352
Honoraria and related expenses	40	9	---	---	40	9
Indigenous Gaming Regulators (Note 13)	---	---	3,300	3,175	3,300	3,175
Saskatoon Prairieland Park Corporation (Note 13)	---	---	2,600	2,600	2,600	2,600
SIGA table and ancillary operation losses (Note 13)	---	---	4,743	7,692	4,743	7,692
	<u>\$ 78,606</u>	<u>\$ 66,486</u>	<u>\$ 130,212</u>	<u>\$ 107,099</u>	<u>\$ 208,818</u>	<u>\$ 173,585</u>

\*Represents operating costs of SIGA casinos.

**SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**  
**CONSOLIDATED SCHEDULE OF SEGMENTED EXPENSES**  
**For the Year Ended March 31**

	<u>Liquor</u>		<u>Other Gaming</u>		<u>VLT</u>		<u>Cannabis</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Salaries, wages and benefits	\$ 17,457	\$ 16,714	\$ 3,798	\$ 3,641	\$ 1,753	\$ 1,678	\$ 2,066	\$ 2,143	\$ 25,074	\$ 24,176
Depreciation	5,136	4,433	910	1,356	13,783	10,353	747	767	20,576	16,909
Professional and contractual services	(2,229)	(2,602)	537	480	10,706	9,670	366	396	9,380	7,944
Grants (Note 3(l))	771	638	6,745	5,057	207	155	95	65	7,818	5,915
Goods and Services Tax	27	22	---	1	2,760	2,478	---	---	2,787	2,501
Service charges & interest	634	248	32	24	1,938	206	14	13	2,618	491
Debit/credit charges	2,396	2,424	48	35	---	---	---	---	2,444	2,459
Information technology	1,737	1,701	292	299	183	188	220	231	2,432	2,419
Rent utilities and insurance	659	678	94	82	1,398	1,051	44	43	2,195	1,854
Customer service programs	142	---	---	---	987	(109)	---	---	1,129	(109)
Sundry	592	584	23	11	9	6	3	2	627	603
Travel and business	287	167	143	110	25	5	85	52	540	334
Operations and maintenance	388	413	55	52	6	2	4	6	453	473
Communications	177	179	58	51	19	16	9	19	263	265
Stationary and supplies	182	208	20	19	8	5	8	7	218	239
Honoraria and related expenses	20	4	12	3	---	---	8	2	40	9
Advertising, printing, and promotion	<u>7</u>	<u>4</u>	<u>2</u>	<u>---</u>	<u>2</u>	<u>---</u>	<u>1</u>	<u>---</u>	<u>12</u>	<u>4</u>
	\$ <u>28,383</u>	\$ <u>25,815</u>	\$ <u>12,769</u>	\$ <u>11,221</u>	\$ <u>33,784</u>	\$ <u>25,704</u>	\$ <u>3,670</u>	\$ <u>3,746</u>	\$ <u>78,606</u>	\$ <u>66,486</u>

## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

### Opinion

We have audited the financial statements of SLGA Retail Inc., which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SLGA Retail Inc. as at March 31, 2023, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of SLGA Retail Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 and Note 16 of the financial statements, which indicate that SLGA Retail Inc. is being wound up. Effective March 11, 2023, SLGA Retail Inc. ceased operations of all its retail stores. This indicates a material uncertainty exists that may cause significant doubt on SLGA Retail Inc.'s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

Those charged with governance are responsible for overseeing SLGA Retail Inc.'s financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SLGA Retail Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SLGA Retail Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SLGA Retail Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.



Regina, Saskatchewan  
May 29, 2023

Tara Clemett, CPA, CA, CISA  
Provincial Auditor  
Office of the Provincial Auditor

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**SLGA RETAIL INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	Notes	2023 (000's)	2022 (000's)
Current assets:			
Cash		\$ ---	\$ 339
Due from General Revenue Fund	4	9,294	176,261
Trade and other receivables	17	16,936	2,276
Prepaid expenses		---	365
Inventory	6	---	18,432
Held for sale	7	---	98
<b>Total current assets</b>		<u>26,230</u>	<u>197,771</u>
Non-current assets:			
Trade and other receivables	17	\$ 8,468	\$ ---
Property, plant and equipment	7	---	21,774
Intangible assets	8	---	2,190
<b>Total non-current assets</b>		<u>8,468</u>	<u>23,964</u>
<b>Total Assets</b>	16	<u>\$ 34,698</u>	<u>\$ 221,735</u>
Current liabilities:			
Trade and other payables		\$ ---	\$ 2,595
Payable to SLGA	10	826	174,616
Goods and Services Tax (GST) payable	11	---	161
Liquor Consumption Tax (LCT) payable		---	1,018
Lease liabilities	9	---	3,393
<b>Total current liabilities</b>		<u>826</u>	<u>181,783</u>
Non-current liabilities:			
Lease liabilities	9	---	21,894
Contract liability	17	33,872	---
<b>Total non-current liabilities</b>		<u>33,872</u>	<u>21,894</u>
<b>Total Liabilities</b>		<u>\$ 34,698</u>	<u>\$ 203,677</u>
Equity			
Retained earnings (Statement 3)		---	18,058
<b>Total Equity</b>		<u>\$ ---</u>	<u>\$ 18,058</u>
<b>Total Liabilities &amp; Equity</b>	16	<u>\$ 34,698</u>	<u>\$ 221,735</u>

(See the accompanying notes to the financial statements)

**SLGA RETAIL INC.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended March 31**

	Notes	2023		2022
		Budget (000's) (Note 12)	Actual (000's)	Actual (000's)
Revenues:				
Liquor sales		\$ 148,754	\$ 121,481	\$ 156,723
Other income		1,703	665	1,185
Permit revenue	17	---	1,429	---
		<u>150,457</u>	<u>123,575</u>	<u>157,908</u>
Cost of sales:				
Cost of liquor	6	<u>113,797</u>	<u>96,749</u>	<u>119,458</u>
Gross profit on sales		36,660	26,826	38,450
Expenses (Schedule 1):				
Salary, wages and benefits		19,878	32,985	20,131
Other operating		<u>14,211</u>	<u>14,573</u>	<u>14,728</u>
Total expenses		<u>34,089</u>	<u>47,558</u>	<u>34,859</u>
Results from operating activities		2,571	(20,732)	3,591
Finance expense		---	1,888	432
<b>Net (loss) income</b>		<u>\$ 2,571</u>	<u>\$ (22,620)</u>	<u>\$ 3,159</u>
<b>Total Comprehensive (Loss) Income</b>	16	<u>\$ 2,571</u>	<u>\$ (22,620)</u>	<u>\$ 3,159</u>

(See the accompanying notes to the financial statements)

**SLGA RETAIL INC.**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended March 31**

	Notes	Retained earnings (deficit) (000's)	Share capital (000's) (Note 15)	Total (000's)
<b>Equity</b>				
Balance April 1, 2021		\$ 14,899	\$ ---	\$ 14,899
Comprehensive Income		3,159	---	3,159
<b>Balance March 31, 2022 (to Statement 1)</b>		<b>\$ 18,058</b>	<b>\$ ---</b>	<b>\$ 18,058</b>
Comprehensive (Loss) Income		(22,620)	---	(22,620)
Retained Deficit to SLGA	5,15 & 16	4,562	---	4,562
<b>Balance March 31, 2023 (to Statement 1)</b>		<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>

(See the accompanying notes to the financial statements)

**SLGA RETAIL INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31**

	2023	2022
	(000's)	(000's)
	<b>(Note 16)</b>	
<b>Cash Flows from Operating Activities:</b>		
Total Comprehensive (Loss) Income	\$ (22,620)	\$ 3,159
Adjustments to reconcile comprehensive income to cash provided by operating activities:		
Depreciation	3,588	3,059
Finance expense	362	432
Transfer of liability to SLGA	2,156	---
Changes in non-cash working capital:		
(Decrease) in payable to SLGA	(173,790)	(39,447)
(Decrease) Increase in trade and other payables	(2,731)	404
(Decrease) in LCT payable	(1,018)	(302)
(Increase) in trade and other receivables	(23,128)	(447)
(Decrease) Increase in GST payable	(161)	99
Decrease (Increase) in prepaid expenses	365	(34)
Increase in contract liability	33,872	---
Decrease in inventory	18,432	1,612
Net cash from operating activities	\$ (164,673)	\$ (31,465)
<b>Cash Flows from Financing Activities:</b>		
Payment of lease liabilities	\$ (2,633)	\$ (2,871)
Net (decrease) in cash position	(167,306)	(34,336)
Cash position, beginning of period	176,600	210,936
Cash position, end of period	\$ 9,294	\$ 176,600
<b>Cash Position Consists of:</b>		
Cash	\$ ---	\$ 339
Due from General Revenue Fund	9,294	176,261
	\$ 9,294	\$ 176,600

(See the accompanying notes to the financial statements)

**SLGA RETAIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**1. Description of Business**

SLGA Retail Inc. (the “Corporation”) is a corporation located in Canada. The address of SLGA Retail Inc.’s registered office is 2500 Victoria Avenue, Regina, SK, S4P 3M3. SLGA Retail Inc. operates retail liquor stores under *The Alcohol and Gaming Regulation Act, 1997*.

SLGA Retail Inc. was incorporated on Sept. 28, 2016 under *The Business Corporations Act, 2021 (Saskatchewan)* and began operating as a wholly owned subsidiary under the direction of the Saskatchewan Liquor and Gaming Authority (SLGA) on Oct. 9, 2016. As a wholly-owned subsidiary of SLGA, SLGA Retail Inc. is not subject to federal or provincial income or capital taxes. The financial results of SLGA Retail Inc. are included in the consolidated financial statements of SLGA.

**2. Basis of Preparation**

(a) Statement of Compliance

As a result of the Government of Saskatchewan’s decision to liquidate SLGA Retail Inc. (Note 16), these financial statements have not been prepared on a going concern basis. However, the financial statements are prepared primarily in accordance with International Financial Reporting Standards (IFRS). Deviations from IFRS have been disclosed in specific notes. SLGA Board of Directors approved these statements on May 29, 2023.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for held for sale, held for distribution assets, and financial instruments classified as fair value through profit and loss, which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets or liabilities.

(c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is SLGA Retail Inc.’s functional currency.

(d) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. These estimates and assumptions are based on several factors, including historical experience, current events including, but not limited to actions that SLGA Retail Inc. may undertake in the future, along with other assumptions that SLGA Retail Inc. believes are reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

- Useful lives of property, plant and equipment (note 3(c) and note 7), intangible assets (note 3(d) and note 8) and right-of-use assets (note 3(f)(i) and note 7).
- Measurement of lease liabilities (note 9).
- Cash generating units (CGUs) for SLGA Retail Inc. are individual retail liquor stores (note 3(e)(ii)).

### **3. Significant Accounting Policies**

Unless specifically indicated otherwise, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Revenue Recognition**

SLGA Retail Inc. recognizes revenue when control over a product or service has been transferred to a customer.

##### **(i) Liquor Sales**

Sales were recorded net of returns, container deposits, Goods and Services Tax, Liquor Consumption Tax and discounts.

##### **(ii) Permit Revenue**

Under the liquor permit purchase agreements with SLGA Retail Inc., the winning bidders have up to 18 months to make the payments amounting to the full bid/purchase price for each permit, upon which SLGA Retail Inc.'s control over the permit is completely transferred to the winning bidders. As such, permit revenue is recorded when the winning bidders pay the purchase price in full. SLGA Retail Inc. recorded a receivable and a contract liability when the winning bidder signed the permit purchase agreement.

#### **(b) Inventories**

Inventories of wines, coolers, spirits and beer were valued at the lower of average cost and net realizable value.

Cost for liquor inventories was determined using the weighted average cost method. Inventory cost included the costs of purchase plus other costs, such as excise duties and taxes and transportation that were directly incurred to bring inventories to their present location. Previous write-downs of inventories to net realizable values were reversed when inventory values increased.

(c) Property, Plant and Equipment

Effective March 11, 2023, property, plant and equipment were valued at the lower of net book value and fair market value less selling costs and reclassified as held for sale, as a result of the Government of Saskatchewan's decision to liquidate SLGA Retail Inc. Pursuant to this, depreciation also ceased on property, plant and equipment as at March 11, 2023. At year-end, all existing property, plant and equipment have been transferred to SLGA.

Property, plant and equipment were derecognized on disposal, or when no future economic benefits were expected from use. Gains or losses arising from derecognition of property, plant and equipment were measured as the difference between the net disposal proceeds and the carrying amount of the asset and were recognized in comprehensive income when the asset is derecognized.

Prior to March 11, 2023, property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses. Cost included expenditures that were directly attributable to the acquisition of the asset. When parts of an item, that were significant in comparison to the whole, of property, plant and equipment had different useful lives, they were accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment, including right of use assets, were depreciated commencing in the year in which these assets were available for use on a straight-line basis at rates designed to allocate the cost of these assets over the lesser of their estimated useful lives or the term of the lease with SLGA. Rates were as follows:

- Buildings 5 – 40 years
- Furniture & equipment 3 – 10 years

Buildings, furniture and equipment, and leasehold improvements were depreciated over the lesser of the life of the asset or the term of the lease with SLGA. Depreciation methods, useful lives and residual values had been reviewed at each financial year end and adjusted as necessary.

(d) Intangible Assets

Intangible assets consisted of software. Effective March 11, 2023, as a result of the Government of Saskatchewan's decision to liquidate SLGA Retail Inc. all intangible assets had been assessed to be impaired and thereby written off. An impairment loss of \$1.8 million is recognized in finance expense in the Statement of Comprehensive Income.

Prior to March 11, 2023, intangible assets were carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation was recognized on a straight-line basis over the estimated useful lives of three to seven years. The estimated useful lives and depreciation method were reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset was derecognized on disposal, or when no future economic benefits were expected from use. Gains or losses arising from derecognition of an intangible asset were measured as the difference between the net disposal proceeds and the carrying amount of the asset and were recognized in comprehensive income when the asset was derecognized.

(e) Impairment

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses have been recognized in comprehensive income and were reflected in an allowance account against receivables. When a subsequent event caused the amount of impairment loss to decrease, the decrease in impairment loss was reversed through comprehensive income.

SLGA Retail Inc. recognized loss allowances for expected credit losses on financial assets measured at amortized cost. SLGA Retail Inc. measured loss allowances for trade receivables at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset had increased, SLGA Retail Inc. performed a quantitative and qualitative analysis based on SLGA Retail Inc.'s historical experience and forward-looking information. SLGA Retail Inc. assumed that the credit risk on a financial asset had increased significantly if it was more than 30 days past due. SLGA Retail Inc. considered a financial asset to be in default when it was more than 90 days past due.

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

(ii) Non-financial assets

The carrying amounts of SLGA Retail Inc.'s non-financial assets, other than inventories, were reviewed at each reporting date to determine whether there was any indication of impairment. If any such indication existed, then the asset's recoverable amount was estimated.

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeded its estimated recoverable amount. Impairment losses are recognized in comprehensive income. Impairment losses recognized in prior periods were assessed at each reporting date for any indications that the loss has decreased or no longer

existed. An impairment loss had been reversed if there had been a change in the estimates used to determine the recoverable amount. An impairment loss was reversed only to the extent that the asset's carrying amount did not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(f) Leases

At inception of a contract, SLGA Retail Inc. assessed whether a contract was, or contained, a lease. A contract was, or contained, a lease if the contract conveyed the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

SLGA Retail Inc. recognized a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset was initially measured at cost, which comprised the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it was located, less any lease incentives received. Right-of-use assets were included in property, plant and equipment.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, SLGA Retail Inc.'s incremental borrowing rate.

After initial recognition, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in SLGA Retail Inc.'s estimate of the amount expected to be payable under a residual value guarantee, or if SLGA Retail Inc. changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a result of the Government of Saskatchewan's decision to liquidate SLGA Retail Inc., SLGA's Board of Directors agreed for the complete transfer of SLGA Retail Inc.'s unsold assets, untermiated liabilities, and retained earnings to SLGA as at March 31, 2023. Pursuant to this resolution, all the lease liabilities and the right-of-use assets were re-classified as Held for distribution (Note 16) and the right-of-use assets had ceased their depreciation effective March 31, 2023. At year-end, these lease liabilities and right-of-use assets have been transferred to SLGA.

(ii) Short-term leases and leases of low-value assets

SLGA Retail Inc. elected not to recognize right-of-use assets and lease liabilities for short-term leases that had a lease term of 12 months or less and leases of low-value assets. SLGA Retail Inc. recognized the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies were 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) Financial Instruments

(i) Non-derivative financial assets and liabilities

SLGA Retail Inc. classified its financial instruments into one of the following categories: fair value through profit or loss; amortized cost; and other financial liabilities. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash and Due from General Revenue Fund were classified as fair value through profit or loss and were recorded at fair value. Cash denominated in foreign currency was translated at the foreign exchange rate in effect at year end.

Trade and other receivables and GST payable were classified as amortized cost. Financial assets classified as amortized cost were recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets were measured at amortized cost using the effective interest method, less any impairment losses.

SLGA Retail Inc. had the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to SLGA, and LCT payable. Such financial liabilities were recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities were measured at amortized cost using the effective interest method.

SLGA Retail Inc. derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets were transferred. Any interest in transferred financial assets that was created or retained by SLGA Retail Inc. was recognized as a separate asset or liability. SLGA Retail Inc. derecognized a financial liability when its contractual obligations were discharged or cancelled or expired.

Financial assets and liabilities were offset and the net amount presented in the statement of financial position when, and only when, SLGA Retail Inc. had a legal right to offset the amounts and intended either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Derivatives and Embedded derivatives

SLGA Retail Inc. had not identified any material derivatives or embedded derivatives in any of its financial instruments that were required to be separately valued.

(i) Finance Expense

Finance expense is comprised of interest expense on financial and lease liabilities and impairment losses recognized on financial assets prior to their reclassification to fair value less costs to sell.

**4. Due from General Revenue Fund**

Most of SLGA Retail Inc.'s bank accounts were included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. During the period, the General Revenue Fund did not pay interest on SLGA Retail Inc.'s bank accounts.

**5. Disposition of Retained Earnings**

The Board of SLGA Retail Inc. may, at any time, direct that all or any portion of SLGA Retail Inc.'s retained earnings be transferred to SLGA. As a result of the Government of Saskatchewan's decision to liquidate SLGA Retail Inc., the Board of SLGA Retail Inc. directed SLGA Retail Inc. to transfer \$4.6 million from the Retained Deficit of SLGA, as at March 30, 2023.

**6. Inventories**

	<u>2023</u> (000's)	<u>2022</u> (000's)
Wines, coolers and spirits in stores	\$ --	\$ 14,310
Beer in stores	--	<u>4,122</u>
	<u>\$ --</u>	<u>\$ 18,432</u>

The cost of liquor inventories recognized as an expense during the year ended March 31, 2023 was \$96.7 million (2022- \$119.5 million). SLGA Retail Inc. purchased its wines, coolers, and spirits inventory from SLGA. During the period, SLGA Retail Inc. had no write-downs of inventory below cost and no reversals of inventories previously written down. As of March 31, 2023, there was no amount of inventory pledged as security.

## 7. Property, Plant and Equipment

(000's)	Buildings	Right-of-Use Assets (Buildings)	Furniture and Equipment	Leasehold Improvements	Held For Sale	Held For Distribution	Total
<b>Cost</b>							
Balance, April 1, 2021	\$ 5,536	\$ 24,404	\$ 1,438	\$ 81	\$ 140	\$ ---	\$ 31,599
Additions/adjustments	155	1,261	46	---	---	---	1,462
Disposals/Retirements	---	---	---	---	---	---	---
Balance, March 31, 2022	\$ 5,691	\$ 25,665	\$ 1,484	\$ 81	\$ 140	\$ ---	\$ 33,061
Additions/adjustments	---	---	18	2	---	---	20
Transfer to held for sale	(5,617)	---	(1,358)	---	7,059	---	84
Disposals/Retirements/Transfer to held for distribution	(74)	(6,754)	(144)	---	(140)	---	(7,112)
Property, plant and equipment	---	(18,911)	---	(83)	(7,059)	26,053	---
Transfer to SLGA	---	---	---	---	---	(26,053)	(26,053)
Balance, March 31, 2023	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
<b>Accumulated Depreciation</b>							
Balance, April 1, 2021	\$ 1,410	\$ 5,288	\$ 787	\$ 51	\$ 42	\$ ---	\$ 7,578
Depreciation expense	383	3,059	158	11	---	---	3,611
Adjustments	---	---	---	---	---	---	---
Disposals/Retirements	---	---	---	---	---	---	---
Balance, March 31, 2022	\$ 1,793	\$ 8,347	\$ 945	\$ 62	\$ 42	\$ ---	\$ 11,189
Depreciation expense	125	2,868	163	8	---	---	3,164
Adjustments	125	---	-	---	2,993	---	3,118
Disposals/Retirements	(25)	(2,967)	(133)	---	(42)	---	(3,167)
Transfer to held for sale	(2,018)	---	(975)	---	---	---	(2,993)
Transfer to held for distribution	---	(8,248)	---	(70)	(2,993)	11,311	---
Transfer to SLGA	---	---	---	---	---	(11,311)	(11,311)
Balance, March 31, 2023	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
<b>Net Book Value</b>							
Balance, March 31, 2022	\$ 3,898	\$ 17,318	\$ 539	\$ 19	\$ 98	\$ ---	\$ 21,872
Balance, March 31, 2023	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---

## 8. Intangible Assets

(000's)	Software Total	
<b>Cost</b>		
Balance, April 1, 2021	\$	2,967
Additions/adjustments		---
Disposals/retirements		---
Balance, March 31, 2022	\$	2,967
Additions/adjustments		---
Disposals/retirements/write-offs		(2,967)
Balance, March 31, 2023	\$	---
<b>Accumulated depreciation</b>		
Balance, April 1, 2021	\$	352
Depreciation expense		425
Disposals/retirements		---
Balance, March 31, 2022	\$	777
Depreciation expense		424
Disposals/retirements/write-offs		(1,201)
Balance, March 31, 2023	\$	---
<b>Net Book Value</b>		
Balance, March 31, 2022	\$	2,190
Balance, March 31, 2023	\$	---

## 9. Leases

SLGA Retail Inc. leased buildings from SLGA and third parties which comprised right-of-use assets (included in property, plant and equipment – see note 7) and had corresponding lease liabilities. At year-end, these lease liabilities and right-of-use assets have been transferred to SLGA.

(000's)	At March 31,	
	2023	2022
<b>Contractual undiscounted cash flows</b>		
One year or less	\$ ---	\$ 2,740
Between one and five years	---	4,332
Greater than five years	---	109
<b>Total undiscounted lease liabilities</b>	<b>\$ ---</b>	<b>\$ 7,181</b>
<b>Discounted lease liabilities included in the statement of financial position</b>		
Current	\$ ---	\$ 3,393
Non-current	\$ ---	\$ 21,894

### Amounts recognized in net income

(000's)	For the year ended March 31,	
	2023	2022
<b>Interest on lease liabilities</b>	<b>\$ 362</b>	<b>\$ 432</b>

**Amounts recognized in the statement of cash flows**

(000's)

For the year ended March 31,

	2023	2022
Interest paid on lease liabilities	\$ 362	\$ 432
Lease liability principal payments	2,271	2,439
<b>Total cash outflow for leases</b>	<b>\$ 2,633</b>	<b>\$ 2,871</b>

**10. Agreement with SLGA**

On Oct. 9, 2016, SLGA Retail Inc. entered into an agreement with SLGA until March 31, 2027, for the provision of services by SLGA to SLGA Retail Inc. on a cost recovery basis. The services include employees, the use of certain SLGA assets, and reimbursement of costs incurred by SLGA on behalf of SLGA Retail Inc. Costs applicable to SLGA Retail Inc. were assigned based on an allocation method approved by both parties. The allocation of cost for services are adjusted on an annual basis.

Payable to SLGA is comprised of payables related to contracted services from SLGA to SLGA Retail Inc. and direct purchases from SLGA. As of March 31, 2023, SLGA Retail Inc. had \$0.8 million (2022- \$174.6 million) in this account.

**11. Goods and Services Tax (GST)**

SLGA Retail Inc. paid GST to the Canada Revenue Agency and claimed input tax credits on all its liquor and other taxable purchases.

**12. 2023 Budget**

These amounts represent the budget approved by SLGA Retail Inc. Board of Directors. Discontinued operations are included in SLGA Retail Inc.'s 2022-23 budgeted revenue and expenses.

**13. Related Parties**

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SLGA Retail Inc. 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).

Government-related entities are exempt from providing disclosure about individual related party transactions, other than transactions with key management personnel. Instead, government-related entities are required to disclose the types and extent of individually or collectively significant transactions with related parties. In determining individually significant transactions, SLGA Retail Inc. considers the size, type and terms of the transaction.

SLGA Retail Inc. pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance. During the period SLGA Retail Inc. paid \$10 thousand (2022- \$11 thousand). Taxes paid are recorded as part of the cost of those purchases. SLGA Retail Inc. also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance. During the period SLGA Retail Inc. paid \$11.3 million

(2022- \$14.7 million). Other amounts and transactions with related parties are described separately in these financial statements and the notes thereto.

## 14. Financial Risks

### (a) Fair Value

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 IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The following table presents the carrying amount and fair value of SLGA Retail Inc.'s financial instruments subsequent to the transfer to SLGA (Note 16). The table also identifies the financial instrument category and fair value hierarchy.

Financial Instruments	Classification <sup>1</sup>	Fair Value Hierarchy	2023		2022	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	\$ ---	\$ ---	\$ 339	\$ 339
Due from General Revenue Fund	FVTPL	Level One	9,294	9,294	176,261	176,261
Trade and other receivables	AC	N/A	25,404	25,404	2,276	2,276
Trade and other payables	OFL	N/A	---	---	2,595	2,595
Payable to SLGA	OFL	N/A	826	826	174,616	174,616
GST payable	OFL	N/A	---	---	161	161
LCT payable	OFL	N/A	---	---	1,018	1,018

<sup>1</sup> Classification:

FVTPL – Fair value through profit and loss, AC – Amortized Cost, OFL - Other financial liabilities

SLGA Retail Inc. is exposed to a number of financial risks in the normal course of operations. SLGA Retail Inc.'s risks have not changed during the year.

(b) Credit and Interest Rate Risk

SLGA Retail Inc. had been exposed to minimal credit risk from the potential non-payment of accounts receivable as the majority of receivables were short-term and were collected shortly after year end.

As a result of the transfer to SLGA (Note 16), the maximum credit risk from these financial instruments was limited to the carrying value of the financial assets summarized below:

	2023 (000's)	2022 (000's)
Cash	\$ ---	\$ 339
Due from General Revenue Fund	9,294	176,261
Trade and other receivables	25,404	2,276
	<u>\$ 34,698</u>	<u>\$ 178,876</u>

As of March 31, 2023, there was no impairment required on any of the financial assets of SLGA Retail Inc.

Interest rate risk is the risk of financial loss resulting from changes in market interest rates.

SLGA Retail Inc. has evaluated the interest rate risk as low and has done nothing to mitigate the risk.

(c) Foreign Currency Exchange Risk

SLGA Retail Inc. was exposed to foreign exchange risks resulting from a U.S. dollar denominated cash deposit account. This U.S. dollar denominated cash deposit account was included in SLGA Retail Inc.'s Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. As of March 31, 2023, SLGA Retail Inc. has \$NIL (2022- \$212 thousand) in this account.

During the year, SLGA Retail Inc. recorded a \$NIL (2022- \$NIL) gain due to the variation in the foreign exchange rates.

To date, SLGA Retail Inc. had not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

(d) Liquidity Risk

Liquidity risk is the risk that SLGA Retail Inc. will not be able to meet its financial obligations as they fall due. The majority of SLGA Retail Inc. operational activity involved cash sales and accounts receivable from its parent company. SLGA Retail Inc. relied on funds generated from its operations to meet operating requirements and to finance capital investment.

**Contractual cash flows - 2023**  
(In 000's)

<b>Financial Liabilities</b>	<u>Carrying amount</u>	<u>Total</u>	<u>0 - 6 months</u>	<u>7 - 12 months</u>	<u>1 - 2 years</u>	<u>3 - 5 years</u>	<u>Greater than 5 years</u>
Trade and other payables	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Payable to SLGA	826	826	826	---	---	---	---
GST payable	---	---	---	---	---	---	---
LCT payable	---	---	---	---	---	---	---
Lease Liabilities obligation	---	---	---	---	---	---	---
	<u>\$ 826</u>	<u>\$ 826</u>	<u>\$ 826</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Contractual cash flows – 2022**  
(In 000's)

<b>Financial Liabilities</b>	<u>Carrying amount</u>	<u>Total</u>	<u>0 - 6 months</u>	<u>7 - 12 months</u>	<u>1 - 2 years</u>	<u>3 - 5 years</u>	<u>Greater than 5 years</u>
Trade and other payables	\$ 2,595	\$ 2,595	\$ 2,595	\$ ---	\$ ---	\$ ---	\$ ---
Payable to SLGA	174,616	174,616	174,616	---	---	---	---
GST Payable	161	161	161	---	---	---	---
LCT Payable	1,018	1,018	1,018	---	---	---	---
Lease Liabilities obligation	25,287	25,287	1,682	1,711	3,373	8,547	9,974
	<u>\$ 203,677</u>	<u>\$ 203,677</u>	<u>\$ 180,072</u>	<u>\$ 1,711</u>	<u>\$ 3,373</u>	<u>\$ 8,547</u>	<u>\$ 9,974</u>

**15. Capital**

SLGA Retail Inc.'s capital structure consisted of current payables, cash and cash equivalents, and retained earnings. Effective March 31, 2023, SLGA Retail Inc.'s Board determined the disposition of SLGA Retail Inc.'s retained earnings (Note 5). SLGA Retail Inc.'s objectives to manage its capital were to use capital to provide an appropriate return on investment to the Government of Saskatchewan and to preserve financial flexibility in order to maintain SLGA Retail Inc.'s ability to meet financial obligations.

(a) Share Capital

	<u>2023</u>	<u>2022</u>
Authorized Unlimited voting common shares with no par value		
Issued and outstanding 1 common share	\$ <u>---</u>	\$ <u>---</u>

## 16. Liquor Retailing Changes

On October 27, 2022, the Government of Saskatchewan announced its intention to completely exit from the retail liquor segment, resulting in the wind-up of SLGA Retail Inc. Pursuant to this arrangement, effective March 11, 2023, the SLGA Retail Inc. had ceased operations of all its 34 retail stores, auctioned off the underlying liquor permits for sale to private operators, listed some property, plant and equipment for sale to third-parties. SLGA's Board of Directors agreed to an arrangement for SLGA Retail Inc. to distribute its remaining assets, liabilities and retained deficit to SLGA other than anything related to the permit sales, (e.g. cash, trade and other receivables, and contract liability) as at March 31, 2023.

### (a) Assets held for sale

As part of the liquor retailing changes, SLGA Retail Inc. is selling land, buildings, and equipment related to discontinued retail stores. Assets related to closed stores have been reclassified in the current year to held for sale (Note 7). Held for sale assets are expected to be sold within one year. Depreciation of these assets ceased March 11, 2023. The carrying amounts of these assets approximate or are less than their fair value. Assets classified as held for sale comprise the following:

	<u>2023</u> (000's)	<u>2022</u> (000's)
Property, plant and equipment	\$ 4,066	\$ 98
Assets held for sale	<u>\$ 4,066</u>	<u>\$ 98</u>

### (b) Assets and liabilities held for distribution

As part of the liquor retailing changes, SLGA Retail Inc. finalized plans to transfer its residual assets and liabilities to SLGA. These assets and liabilities had been reclassified in the current year to held for distribution (Note 7). Held for distribution assets were expected to be transferred to SLGA within one year. Depreciation of these assets, where previously applicable, ceased March 31, 2023. The carrying amounts of these assets approximated or were less than their fair value. Assets classified as held for distribution comprised the following:

	<u>2023</u> (000's)	<u>2022</u> (000's)
Cash	\$ (633)	\$ ---
Due from General Revenue Fund	138,082	---
Trade and other receivables	648,283	---
Prepaid expenses	253	---
Held for sale	4,066	---
Property, plant and equipment	10,669	---
Trade and other payables	(849,556)	---
Lease liabilities	(12,177)	---
Goods and Services Tax (GST) payable	(4)	---
Assets held for distribution	<u>\$ (61,017)</u>	<u>\$ ---</u>

At year-end all assets and liabilities held for distribution had been transferred to SLGA. These amounts were transferred at net book value.

(c) Discontinued operations

With the exception of permit revenue, all of the financial information presented in Statement of Comprehensive Income and Statement of Cash Flows reflect impacts on current and prior period net earnings and cash flows from discontinued operations.

**17. Sales of liquor permits**

During the year ended March 31, 2023, SLGA Retail Inc. has fully transferred control of one of the liquor permits to the winning bidder. The \$0.8 million permit revenue pursuant to this sale has been recognized in comprehensive income. Of the 34 permits, 10 of the successful winning bidders decided not to proceed and those permits are being re-auctioned, for the 24 remaining permits, \$25.4 million is due from the winning bidders of an aggregate total purchase price of \$33.9 million. For each permit, SLGA Retail Inc. will recognize the revenue amounting to its full purchase price, once fully paid by the winning bidder.

**SLGA RETAIL INC.**  
**SCHEDULE OF OPERATING EXPENSES**  
**For the Year Ended March 31**

	<b>Total</b>	
	2023 (000's)	2022 (000's)
Salaries, wages and benefits	\$ 32,985	\$ 20,131
Professional and contractual services	4,749	4,799
Depreciation expense (Note 7 & 8)	3,588	4,036
Rent, utilities and insurance	2,679	2,186
Operations and maintenance	900	1,061
Debit/credit charges	839	983
Stationary & supplies	614	513
Grants	390	335
Service Charges	366	436
Sundry	217	284
Travel and business	190	121
Customer Service	170	51
Communications	106	124
Goods and services tax	66	72
Information technology	59	74
Advertising	2	85
Commission	---	---
	<u>\$ 47,920</u>	<u>\$ 35,291</u>

## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

### Opinion

We have audited the financial statements of SLGA Holding Inc., which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SLGA Holding Inc. as at March 31, 2023, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of SLGA Holding Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 and Note 13 of the financial statements, which indicate that SLGA Holding Inc. is being wound up. As of June 1, 2023, the Government of Saskatchewan established the Lotteries and Gaming Saskatchewan, a new crown corporation to provide management oversight for the casinos, lotteries, video lottery terminals, and online gaming. This indicates a material uncertainty exists that may cause significant doubt on SLGA Holding Inc.'s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

Those charged with governance are responsible for overseeing SLGA Holding Inc.'s financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of SLGA Holding Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SLGA Holding Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SLGA Holding Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.



Regina, Saskatchewan  
May 29, 2023

Tara Clemett, CPA, CA, CISA  
Provincial Auditor  
Office of the Provincial Auditor

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**SLGA HOLDING INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	Notes	2023 (000's)	2022 (000's)
Current assets:			
Cash		\$ ---	\$ ---
Trade and other receivables		---	2
Due from General Revenue Fund	4	6,612	5,498
Goods and Services Tax (GST) receivable		197	777
Current portion of lease receivable	6	24,532	21,178
<b>Total current assets</b>		<u>31,341</u>	<u>27,455</u>
Non-current assets:			
Long-term lease receivable	6	62,781	59,992
<b>Total non-current assets</b>		<u>62,781</u>	<u>59,992</u>
<b>Total Assets</b>		<u>\$ 94,122</u>	<u>\$ 87,447</u>
Liabilities:			
Trade and other payables		\$ 7,092	\$ 1,144
Due to SLGA	8 & 10	84,479	84,353
<b>Total Liabilities</b>		<u>\$ 91,571</u>	<u>\$ 85,497</u>
Equity			
Retained earnings (Statement 3)		2,551	1,950
<b>Total Equity</b>		<u>\$ 2,551</u>	<u>\$ 1,950</u>
<b>Total Liabilities &amp; Equity</b>		<u>\$ 94,122</u>	<u>\$ 87,447</u>

(See the accompanying notes to the financial statements)

**SLGA HOLDING INC.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended March 31**

	2023		2022
	Budget (000's) <b>(Note 9)</b>	Actual (000's)	Actual (000's)
Revenues:			
Other income	\$ 22,975	\$ 21,803	\$ 19,666
	<u>22,975</u>	<u>21,803</u>	<u>19,666</u>
Expenses:			
Other operating	22,975	21,471	19,600
Total expenses	<u>22,975</u>	<u>21,471</u>	<u>19,600</u>
Operating Income	<u>\$ ---</u>	<u>\$ 332</u>	<u>\$ 66</u>
Gain on disposal of non-current assets	<u>---</u>	<u>269</u>	<u>641</u>
Net income	<u>---</u>	<u>601</u>	<u>707</u>
Other comprehensive income	<u>---</u>	<u>---</u>	<u>---</u>
<b>Total Comprehensive Income</b>	<u><u>\$ ---</u></u>	<u><u>\$ 601</u></u>	<u><u>\$ 707</u></u>

(See the accompanying notes to the financial statements)

**SLGA HOLDING INC.**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended March 31**

	<b>Retained earnings (deficit)</b> <small>(000's)</small>	<b>Share capital (Note 12)</b> <small>(000's)</small>	<b>Total</b> <small>(000's)</small>
<b>Equity</b>			
Balance April 1, 2021	\$ 1,243	\$ ---	\$ 1,243
Comprehensive Income	707	---	707
<b>Balance March 31, 2022 (to Statement 1)</b>	<b>\$ 1,950</b>	<b>\$ ---</b>	<b>\$ 1,950</b>
Comprehensive Income	601	---	601
<b>Balance March 31, 2023 (to Statement 1)</b>	<b>\$ 2,551</b>	<b>\$ ---</b>	<b>\$ 2,551</b>

(See the accompanying notes to the financial statements)

**SLGA HOLDING INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31**

	2023	2022
	(000's)	(000's)
<b>Cash flows from operating activities:</b>		
Total comprehensive Income (Loss)	\$ 601	\$ 707
Adjustments for:		
Increase in due to SLGA	126	142
Increase in trade and other payables	5,948	1,014
(Increase) Decrease in long-term lease receivable	(2,789)	1,146
(Increase) in current portion of lease receivable	(3,354)	(2,185)
Decrease in trade and other receivables	2	---
Decrease (Increase) in GST receivable	580	(746)
Net cash from operating activities	\$ 1,114	\$ 78
Net increase in cash position	1,114	78
Cash position, beginning of period	5,498	5,420
Cash position, end of period	\$ 6,612	\$ 5,498
Cash position consists of:		
Cash	\$ ---	\$ ---
Due from General Revenue Fund	6,612	5,498
	\$ 6,612	\$ 5,498

(See the accompanying notes to the financial statements)

**SLGA HOLDING INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**1. Description of Business**

SLGA Holding Inc. is a corporation located in Canada. The address of SLGA Holding Inc.'s registered office is 2500 Victoria Avenue, Regina, SK, S4P 3M3.

SLGA Holding Inc. was incorporated on June 26, 2018 under *The Business Corporations Act, 2021 (Saskatchewan)* and began operating as a wholly owned subsidiary under the direction of the Saskatchewan Liquor and Gaming Authority (SLGA) on Sept. 30, 2018. As a wholly-owned subsidiary of SLGA, SLGA Holding Inc. is not subject to federal or provincial income or capital taxes. Since its inception, SLGA Holding Inc. is responsible for the purchase of property, plant and equipment for leases to SLGA for the VLT and slot programs. The financial results of SLGA Holding Inc. are included in the consolidated financial statements of SLGA.

**2. Basis of Preparation**

(a) Statement of Compliance

As of June 1, 2023, the Government of Saskatchewan has established the Lotteries and Gaming Saskatchewan (LGS) as a new crown corporation that will assume SLGA's role of providing management oversight for the casinos and VLT's. As part of this arrangement, SLGA Holding Inc. will be amalgamated with SGC Holdings Inc., a wholly-owned subsidiary of the Saskatchewan Gaming Corporation, and continue operating as a new holding company under LGS. As such, these financial statements have not been prepared on a going concern basis. However, the financial statements are prepared primarily in accordance with International Financial Reporting Standards (IFRS). Deviations from IFRS have been disclosed in specific notes. SLGA Holding Inc.'s Board of Directors approved these statements on May 29, 2023.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets or liabilities.

(c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is SLGA Holding Inc.'s functional currency.

(d) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. These estimates and assumptions are based on several factors, including historical experience, current events including, but not limited to, actions that SLGA Holding Inc. may undertake in the future,

along with other assumptions that SLGA Holding Inc. believes are reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates include the carrying amounts of long-term lease receivables (Note 6).

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies listed in Note 3.

### **3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Financing Leases Receivable**

SLGA Holding Inc. purchases property, plant and equipment for the purpose of entering into a direct financing lease agreement with SLGA. SLGA Holding Inc. records the cost of the leased assets as lease receivable from SLGA and SLGA records the equivalent amount as property, plant and equipment. SLGA Holding Inc. initially recognizes financing leases receivable at fair value on the date that they originate. Subsequent to initial recognition, financing leases receivable are measured at amortized cost using the effective interest model, less any provision for impairment losses. SLGA Holding Inc. derecognizes the lease receivables when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the lease receivables in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by SLGA Holding Inc. is recognized as a separate asset or liability.

#### **(b) Revenue Recognition**

SLGA Holding Inc. evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are concluded to be distinct from each other, the consideration SLGA Holding Inc. expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices.

The income for SLGA Holding Inc. is lease revenue related to gaming assets.

#### **(c) 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.

(d) Financial Instruments

(i) Non-derivative financial assets and liabilities

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

Cash and due from General Revenue Fund are classified as fair value through profit or loss and are recorded at fair value. Cash denominated in foreign currency is translated at the foreign exchange rate in effect at year end.

Trade and other receivables and GST receivable are classified as amortized cost. Financial assets classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

SLGA Holding Inc. has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, due to SLGA. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

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

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

(ii) Derivatives and embedded derivatives

SLGA Holding Inc. has not identified any material derivatives or embedded derivatives in any of its financial instruments that are required to be separately valued.

**4. Due from General Revenue Fund**

SLGA Holding Inc.'s bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. During the period, the General Revenue Fund did not pay interest on SLGA Holding Inc.'s bank account.

## 5. Disposition of Retained Earnings

The Board of SLGA Holding Inc. may, at any time, direct that all or any portion of SLGA Holding Inc.'s retained earnings be transferred to SLGA. The Board has not directed SLGA Holding Inc. to transfer any amount to SLGA.

## 6. Long-term Lease Receivable

SLGA Holding Inc. entered into a direct financing lease agreement with SLGA for equipment. SLGA Holding Inc. records the cost of the leased assets as lease receivable from SLGA and SLGA records the equivalent amount as property, plant & equipment.

The lease receivable is non-interest bearing and has minimum repayments as follows:

	<u>(000's)</u>
2024-25	\$ 21,820
2025-26	15,366
2026-27	11,309
2027-28	9,091
2028-29 and subsequent	<u>5,195</u>
Total minimum payments receivable	\$ 62,781
Current portion	<u>\$ 24,532</u>
Total	<u>\$ 87,313</u>

## 7. Agreement with SLGA

On Sept. 30, 2018, SLGA Holding Inc. entered into an agreement with SLGA which is ongoing until given sixty (60) days notice in writing given by one party to another, for the provision of services by SLGA to SLGA Holding Inc. on a cost recovery basis. The services include employees, the use of SLGA assets and reimbursement of costs incurred by SLGA on behalf of SLGA Holding Inc.

## 8. Due to SLGA

Amounts due to SLGA are non-interest bearing and payable on demand. These amounts represent payments made by SLGA on behalf of SLGA Holding Inc. which have not yet been reimbursed.

	<u>(000's)</u>
Balance, April 1, 2021	\$ 84,211
Additions	142
Repayments	---
Balance, March 31, 2022	<u>\$ 84,353</u>
Additions	126
Repayments	---
Balance, March 31, 2023	<u>\$ 84,479</u>

## 9. 2023 Budget

These amounts represent the budget approved by SLGA Holding Inc. Board of Directors on Sept. 21, 2021.

## 10. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SLGA Holding Inc. 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).

Government-related entities are exempt from providing disclosure about individual related party transactions, other than transactions with key management personnel. Instead, government-related entities are required to disclose the types and extent of individually or collectively significant transactions with related parties. In determining individually significant transactions, SLGA Holding Inc. considers the size, type and terms of the transaction.

SLGA Holding Inc. pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance. During the period SLGA Holding Inc. paid \$875 thousand (2022- \$NIL thousand). Other amounts and transactions with related parties are described separately in these financial statements and the notes thereto.

## 11. Financial Risks

### (a) Fair Value

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 IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

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

Financial Instruments	Classification <sup>1</sup>	Fair Value Hierarchy	2023		2022	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Due from General Revenue Fund	FVTPL	Level One	\$ 6,612	\$ 6,612	\$ 5,498	\$ 5,498
Trade and other receivables	AC	N/A	---	---	2	2
GST receivables	AC	N/A	197	197	777	777
Trade and other payables	OFL	N/A	7,092	7,092	1,144	1,144
Due to SLGA	OFL	N/A	84,479	84,479	84,353	84,353

<sup>1</sup> Classification:

FVTPL – Fair value through profit and loss, AC – Amortized Cost, OFL - Other financial liabilities

SLGA Holding Inc. is exposed to a low number of financial risks in the normal course of operations.

(b) Credit and Interest Rate Risk

SLGA Holding Inc. is exposed to minimal credit risk from the potential non-payment of accounts receivable as the majority of receivables are due from related parties.

The maximum credit risk from these financial instruments is limited to the carrying value of the financial assets summarized below:

	2023	2022
	(000's)	(000's)
Due from General Revenue Fund	\$ 6,612	\$ 5,498
Trade and other receivables	---	2
Lease receivable	87,313	81,170
	<u>\$ 93,925</u>	<u>\$ 86,670</u>

As of March 31, 2023, there was no impairment required on any of the financial assets of SLGA Holding Inc.

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SLGA Holding Inc. has evaluated the interest rate risk as low and has done nothing to mitigate the risk.

(c) Foreign Currency Exchange Risk

SLGA Holding Inc. is exposed to foreign exchange risks resulting from the timing between recording payable and the payment.

During the year, SLGA Holding Inc. recorded a \$113 thousand gain (2022-\$66 thousand gain) due to the variation in the foreign exchange rates.

To date, SLGA Holding Inc. has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

(d) Liquidity Risk

Liquidity risk is the risk that SLGA Holding Inc. will not be able to meet its financial obligations as they fall due. The majority of SLGA Holding Inc. operational activity involves accounts receivable from its parent company. SLGA Holding Inc. relies on funds generated from its operations to meet operating requirements and to finance capital investment.

**Contractual cash flows - 2023**  
(In 000's)

<b>Financial Liabilities</b>	<b>Carrying amount</b>	<b>Total</b>	<b>0 - 6 months</b>	<b>7 - 12 months</b>	<b>1 - 2 years</b>	<b>3 - 5 years</b>	<b>Greater than 5 years</b>
Trade and other payables	\$ 7,092	\$ 7,092	\$ 7,092	\$ ---	\$ ---	\$ ---	\$ ---
Due to SLGA	84,479	84,479	84,479	---	---	---	---
	<u>\$ 91,571</u>	<u>\$ 91,571</u>	<u>\$ 91,571</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Contractual cash flows - 2022**  
(In 000's)

<b>Financial Liabilities</b>	<b>Carrying amount</b>	<b>Total</b>	<b>0 - 6 months</b>	<b>7 - 12 months</b>	<b>1 - 2 years</b>	<b>3 - 5 years</b>	<b>Greater than 5 years</b>
Trade and other payables	\$ 1,144	\$ 1,144	\$ 1,144	\$ ---	\$ ---	\$ ---	\$ ---
Due to SLGA	84,353	84,353	84,353	---	---	---	---
	<u>\$ 85,497</u>	<u>\$ 85,497</u>	<u>\$ 85,497</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**12. Capital**

SLGA Holding Inc.'s capital structure consists of current payables, cash and cash equivalents, and retained earnings. SLGA Holding Inc.'s Board determines the disposition of SLGA Holding Inc.'s retained earnings (Note 5). SLGA Holding Inc.'s objectives to manage its capital are to use capital to provide an appropriate return on investment to the Government of Saskatchewan and to preserve financial flexibility in order to maintain SLGA Holding Inc.'s ability to meet financial obligations.

(a) Share Capital

	<u>2023</u>	<u>2022</u>
Authorized		
Unlimited voting common shares with no par value		
Issued and outstanding		
1 common share	\$ ---	\$ ---
	<u>\$ ---</u>	<u>\$ ---</u>

### 13. Subsequent Events

As of June 1, 2023 the Government of Saskatchewan has established the Lotteries and Gaming Saskatchewan (LGS) as a new crown corporation that will assume SLGA's role of providing conduct and management for SIGA's casinos and VLT's. Pursuant to this arrangement, SLGA will transfer its shares and controlling ownership of SLGA Holding Inc. to LGS and begin operating as a new holding company under LGS. Given that as of March 31, 2023, LGS has not completed all the required steps to be operating as a Prescribed Registrant under *The Excise Tax Act (Canada)* and SLGA Holding Inc.'s assets are still in-service and generating revenue, under IFRS 5, SLGA Holding Inc. does not meet the definition of a disposal group that is held-for-sale and its operations are not deemed to be discontinued operations as at, and for the period ended, March 31, 2023. However, the corresponding changes will be reflected in SLGA Holding Inc.'s next period's financial statements.

# Appendix A

## Saskatchewan Liquor and Gaming Licensing Commission

The Saskatchewan Liquor and Gaming Licensing Commission (Commission) is an independent body which reviews:

- a) decisions of SLGA with respect to liquor, gaming and cannabis licences, permits and registrations and compliance matters;
- b) decisions of SIGA casino operators and SaskGaming respecting involuntary casino bans of patrons from their casinos;
- c) decisions of the Indigenous Gaming Regulator (IGR) with respect to on-reserve charitable gaming licences and registrations and compliance matters.

The Commission's primary role is serving as an independent and fair quasi-judicial appellate body mandated to ensure proper application of the legislation and regulations governing liquor, gaming, horse racing and cannabis, over which it has jurisdiction, to ensure the fairness and integrity in decision making. Any licensed party who disagrees with a decision of SLGA or IGR that is within the Commission's jurisdiction has the right to apply to the Commission for a review. Similarly, any individual (such as a casino patron) who has been involuntarily banned from a casino by SaskGaming or SIGA may request a review before the Commission. Except in unusual circumstances, the Commission stays the decision at issue pending the outcome of the Commission's review.

As well, the Commission reviews objections by the public to the granting of liquor permits. The Commission may decline to hear objections to liquor applications which are competition based, frivolous or vexatious.

The Commission provides written decisions on the merits of all hearings. Decisions are a matter of public record and are maintained in the office of the Commission Registrar.

To accommodate the public, hearings are held each month, alternating between Saskatoon and Regina. In 2022-23, six (6) hearings were held four in Regina and two in Saskatoon: Three of the hearings related to sanctions (special occasion permit, liquor, cannabis), two were related to a denial of a licence (charitable gaming and horse racing), and one was a SIGA casino admission ban.

The Commission members during the year were:

- Vacant, Chair
- Ray Sadler, Vice Chair, Biggar
- Cindy Gross, Secretary, Swift Current
- Neil Wylie, Saskatoon
- Bryan Rindal, Prince Albert (resigned November 17, 2022)
- John Klebuc, Regina
- Riel Bellegarde, Regina

The Commission also has a part-time Registrar.

Since 1997, the Commission has initiated procedural changes and is constantly developing its own policies to continue to ensure equitable treatment of all parties appearing before it. The Commission also makes written recommendations to SLGA regarding any significant regulatory issues that come to its attention through contact with the industries within its jurisdiction. It also continues to stay up to date in the changing environment of administrative law and the industries it regulates through its own research.

# Appendix B

## 2022-23 Results at a glance

SLGA net income	\$518.4M
SIGA net income	\$126.0M
Total liquor sales	\$616.0M
Liquor net income	\$267.7M
VLT net income	\$162.8M
VLT site commission	\$43.7M
Number of SLGA employees	265
Number of active liquor permittees	2,928
Number of active liquor Retail Store Permittees	592
Number of Saskatchewan craft liquor producers	70
Number of active Saskatchewan craft liquor permits	95
Special order listings	6,480
Total SLGA distributed products	9,380 <sup>3</sup>
Privately distributed products	846
Total retail products available (excluding Saskatchewan craft direct delivery)	10,226
Number of special occasion permits issued	10,697
Number of casinos	9
Number of slot machines in SIGA casinos	2,370
Number of slot machines in SaskGaming casinos	1,002
Number of VLTs	4,194
Number of businesses with VLTs	576
Number of cannabis retail store permits issued	170
Number of cannabis wholesale permits issued	5
Number of cannabis licensed producer registrations	204
Number of sanctions and warnings (liquor, gaming, cannabis, and horse racing)	358
Number of conditions, issues, and violations	137
Number of registered gaming employees	2,170
Number of registered gaming suppliers	107
Total number of bingo, raffle, breakopen, charitable gaming event, Texas Hold'em, and Monte Carlo licences	6,483
Number of bingo halls	9
Total gross bingo sales	\$6.1M
Total gross raffle sales	\$82.1M
Total gross breakopen sales	\$1.1M
Total gross charitable gaming event sales	\$39.1M
Total net proceeds to charity (bingo, raffle, breakopen, charitable gaming event, Texas Hold'em and Monte Carlo)	\$38.1M
Total grants paid to charitable gaming licensees	\$6.3M

All data as of March 31, 2023

<sup>3</sup> This total includes the number of special order products noted in the line above.