Consolidated Financial Statements of the

ONTARIO LOTTERY AND GAMING CORPORATION

for the years ended March 31, 2019 and 2018

ONTARIO LOTTERY AND GAMING CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Ontario Lottery and Gaming Corporation
and the Minister of Finance of Ontario

Opinion

We have audited the consolidated financial statements of Ontario Lottery and Gaming Corporation (the Corporation), which comprise:

- the consolidated statements of financial position as at March 31, 2019 and March 31, 2018
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

We are independent of the Corporation 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.

Emphasis of Matter

We draw attention to Note 3(e) to the financial statements which indicate that the Corporation has changed its accounting policy for revenue as a result of the adoption of IFRS 15, Revenue from Contracts with Customers, and IFRS 9, Financial Instruments, and has applied those changes using the retrospective method.

Our opinion is not modified in respect of these matters.

Other Information

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

- the information included in the Corporation's Management's Discussion and Analysis
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "OLG Annual Report 2018-19".

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

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

The information included in the Corporation's Management's Discussion and Analysis and the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "OLG Annual Report 2018-19" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 27, 2019

Ontario Lottery and Gaming Corporation
Consolidated Statements of Financial Position
As at March 31, 2019 and 2018
(in thousands of dollars)

	Notes	March 31, 2019	March 31, 2018
Assets			
Current assets			
Cash and cash equivalents		$ 267,542	$ 208,903
Restricted cash	6	72,384	59,955
Trade and other receivables	7	139,145	209,558
Due from Service Providers		18,838	-
Prepaid expenses		27,562	33,285
Inventories	8	31,158	38,156
Assets held for sale	10	136,108	117,987
Total current assets		692,737	667,844
Non-current assets			
Restricted cash	6	115,994	119,903
Property, plant and equipment	9	1,054,147	1,148,979
Goodwill		-	1,776
Total non-current assets		1,170,141	1,270,658
Total assets		**$ 1,862,878**	**$ 1,938,502**
Liabilities and Equity			
Current liabilities			
Trade and other payables	11	$ 309,059	$ 364,841
Provisions	12	20,689	6,007
Due to operators and Service Providers	15	288,844	94,427
Due to the Government of Canada	17	43,769	27,330
Current portion of contract liabilities	18	34,063	8,506
Current portion of long-term debt	19	22,594	19,734
Liabilities held for sale	10	13,660	9,437
Total current liabilities		732,678	530,282
Non-current liabilities			
Due to operators and Service Providers	15	-	148,230
Due to the Government of Canada	17	-	16,305
Contract liabilities	18	22,744	24,016
Long-term debt	19	270,646	287,167
Employee benefits	24	13,848	16,190
Total non-current liabilities		307,238	491,908
Total liabilities		1,039,916	1,022,190
Equity			
Retained earnings		644,623	734,064
Contributed surplus		62,345	62,345
Reserves	6	115,994	119,903
Total equity		822,962	916,312
Total liabilities and equity		**$ 1,862,878**	**$ 1,938,502**

Related party transactions (Note 14)
Commitments (Notes 15 and 25)
Contingencies (Note 26)
Subsequent events (Notes 15, 19, 25 and 28)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board

George L Cooke

George L Cooke, Chair

L O'Neill

Lori O'Neill, Director

Ontario Lottery and Gaming Corporation
Consolidated Statements of Comprehensive Income
For the years ended March 31, 2019 and 2018
(in thousands of dollars)

	Notes	March 31, 2019	March 31, 2018 Restated (Notes 3.e and 4.t)
Proceeds from Lottery and Gaming		$ 8,299,400	$ 7,820,919
Less: Lottery prizes		(2,331,311)	(2,115,607)
Less: Land-based gaming Service Provider fees		(1,170,628)	(364,934)
Gaming revenue		4,797,461	5,340,378
Non-gaming site revenue		80,955	121,731
Lease revenue		14,306	-
Revenue		4,892,722	5,462,109
Expenses (income)			
Stakeholder payments	20	694,150	659,864
Personnel		572,055	855,794
Commissions and fees		486,496	484,352
Win contribution	16	280,093	312,929
Marketing and promotion		215,351	281,774
Systems maintenance		96,486	109,763
Amortization	9	94,426	204,426
General operating, administration and other	22	78,576	132,931
Food, beverage and other purchases		73,752	103,074
Facilities		66,861	159,100
Ticket printing, distribution and testing		56,089	50,259
Regulatory fees		28,809	36,030
Finance costs	13	14,299	16,023
Finance income	13	(14,143)	(10,998)
Gains on disposal of property, plant and equipment, net	21	(41,498)	(107,086)
		2,701,802	3,288,235
Net income and comprehensive income		$ 2,190,920	$ 2,173,874

Other information (Note 27)

The accompanying notes are an integral part of these consolidated financial statements.

Ontario Lottery and Gaming Corporation
Consolidated Statements of Changes in Equity
For the years ended March 31, 2019 and 2018
(in thousands of dollars)

	Retained earnings	Contributed surplus	Capital renewals reserves	Operating reserves	Severance reserves	Total
Balance at March 31, 2017	$ 1,056,010	$ 62,345	$ 19,267	$ 55,516	$ 46,518	$ 1,239,656
Net income and comprehensive income	2,173,874	-	-	-	-	2,173,874
Contributions or distributions						
Transfers to (from) reserves	1,398	-	(3,167)	1,233	536	-
Payments to the Province of Ontario	(2,497,218)	-	-	-	-	(2,497,218)
Balance at March 31, 2018	$ 734,064	$ 62,345	$ 16,100	$ 56,749	$ 47,054	$ 916,312
Net income and comprehensive income	2,190,920	-	-	-	-	2,190,920
Contributions or distributions						
Transfers to (from) reserves	3,909	-	(5,803)	1,034	860	-
Payments to the Province of Ontario	(2,284,270)	-	-	-	-	(2,284,270)
Balance at March 31, 2019	$ 644,623	$ 62,345	$ 10,297	$ 57,783	$ 47,914	$ 822,962

The accompanying notes are an integral part of these consolidated financial statements.

Ontario Lottery and Gaming Corporation
Consolidated Statements of Cash Flows
For the years ended March 31, 2019 and 2018
(in thousands of dollars)

	Notes	March 31, 2019	March 31, 2018
Cash flows from operating activities			
Net income and comprehensive income		$ 2,190,920	$ 2,173,874
Adjustments to reconcile profit for the period to net cash from operating activities:			
Amortization	9	94,426	204,426
Gains on disposal of property, plant and equipment, net	21	(41,498)	(107,086)
Net finance costs	13	156	5,025
Impairment loss on property, plant and equipment	9	755	976
Other long-term employee benefits	24.c	(2,342)	(1,484)
Other		(1,272)	-
Operating cash flows before change in non-cash working capital		2,241,145	2,275,731
Changes in non-cash working capital and current restricted cash:			
(Increase) decrease in current restricted cash		(12,429)	2,169
Decrease (increase) in trade and other receivables		70,413	(58,627)
(Increase) in due from Service Providers		(18,838)	-
Decrease in prepaid expenses		5,723	13,879
Decrease (increase) in inventories		6,998	(6,898)
(Decrease) increase in trade and other payables		(54,060)	15,750
Increase (decrease) in provisions		14,682	(777)
Increase in due to operators and Service Providers		43,751	46,570
(Decrease) increase in due to the Government of Canada		(134)	11,152
Increase in current portion of contract liabilities		25,557	21,362
Net cash from operating activities		2,322,808	2,320,311
Cash flows from (used) in investing activities			
Interest received		14,143	10,998
Capital expenditures		(74,001)	(113,241)
Change in net assets held for sale		3,078	(22,310)
Proceeds from disposal of property, plant and equipment		98,721	232,353
Non-current restricted cash		3,909	1,398
Net cash from investing activities		45,850	109,198
Cash flows from (used) in financing activities			
Interest paid		(11,595)	(13,364)
Proceeds from long-term debt		5,100	3,400
Repayments of long-term debt		(19,254)	(20,648)
Payments to the Province of Ontario		(2,284,270)	(2,497,218)
Net cash used in financing activities		(2,310,019)	(2,527,830)
Increase (decrease) in cash and cash equivalents		58,639	(98,321)
Cash and cash equivalents, beginning of year		208,903	307,224
Cash and cash equivalents, end of year		$ 267,542	$ 208,903
Supplemental disclosure relating to non-cash financing and investing activities:			
Acquisition of property, plant and equipment through finance leases		$ 436	$ 243,303
Acquisition of property, plant and equipment not yet paid for		$ 2,553	$ 3,782

The accompanying notes are an integral part of these consolidated financial statements.

1. Reporting entity

Ontario Lottery and Gaming Corporation (OLG or the Corporation) was established without share capital on April 1, 2000 pursuant to the *Ontario Lottery and Gaming Corporation Act, 1999*. The Corporation is classified as an Operational Enterprise Agency of the Ontario government and is responsible for conducting and managing lottery games, Charitable Gaming (cGaming), Digital Gaming (formerly Internet Gaming), and Land-based Gaming, which includes OLG-operated Slots and Casinos prior to the transition to Service Providers, Service Provider-operated Slots and Casinos and Resort Casinos; Caesars Windsor, Casino Rama prior to the transition to a Service Provider, Casino Niagara and Niagara Fallsview Casino Resort (Fallsview) in the Province of Ontario. In addition, the Corporation proudly supports and administers funding to Ontario's horse racing industry (Note 25.e).

As at March 31, 2019, the Corporation had operating agreements with Caesars Entertainment Windsor Limited (CEWL) and Falls Management Group, L.P. for the operation of Caesars Windsor, Casino Niagara and Fallsview, respectively. The Corporation consolidates the financial positions and results of the Resort Casinos but not those of their respective operators. OLG also had an operating agreement with CHC Casinos Canada Limited for the operation of Casino Rama. This agreement was terminated on July 18, 2018 at which time an agreement with a new Service Provider (Note 2) became effective. OLG consolidated the financial results of Casino Rama up until July 18, 2018, which was the period OLG controlled the operations.

As detailed in Note 2, the Corporation entered into Casino Operating Services Agreements (COSAs) with certain Service Providers. The Corporation does not control these Service Providers and therefore does not consolidate the financial position or results of operations of these Service Providers. In accordance with the COSAs, OLG recognizes its share of gaming revenue generated at the Casino, Slot or Resort facility operated by the Service Provider in the same period the game is played. In addition to the long-term gaming revenue share arrangement, when OLG sites transition to Service Providers, OLG recognizes any applicable gains on sale of gaming bundle assets (Note 21).

The Corporation's head office and corporate office, respectively, are located at:

- 70 Foster Drive, Suite 800, Sault Ste. Marie, Ontario, P6A 6V2
- 4120 Yonge Street, Suite 402, Toronto, Ontario, M2P 2B8

These Consolidated Financial Statements were authorized for issue by the Board of Directors of the Corporation on June 27, 2019.

2. Modernizing Gaming in Ontario

As part of the Corporation's modernization strategy, the Corporation bundled all slots at racetracks and casino operations, with the exception of Caesars Windsor, into eight gaming bundles. The bundles transferred the tangible assets, working capital and the right to operate and build to private sector service providers (each, a Service Provider) following the successful procurement process. Once the Request for Proposal (RFP) stage for a gaming bundle is completed, OLG selects a Service Provider and a Transition and Asset Purchase Agreement (TAPA) is signed by the parties. The TAPA commits the Service Provider to acquire certain assets and assume certain liabilities related to the gaming sites in the bundle and to sign the COSA, which governs the operations of the gaming sites in the bundle. OLG continues to conduct and manage land-based gaming sites in the bundles while the Service Providers assume control of the day-to-day operations.

(tabular amounts in thousands of Canadian dollars)

2. Modernizing Gaming in Ontario (continued)

OLG's procurement activities for existing and proposed gaming facilities either have been completed or remain in progress as outlined in the chart below:

OLG Gaming Bundle	Sites	Service Provider	Status of Bundle	COSA Effective Date	Operating Agreement Term Expiration
East	Shorelines: Casino Thousand Islands Slots at Kawartha Downs Casino Belleville Casino Peterborough	Ontario Gaming East Limited Partnership (OGELP)	TAPA signed on September 8, 2015 COSA signed on January 11, 2016	January 11, 2016	March 31, 2036
Southwest	Gateway Casinos: Point Edward London Clinton Dresden Hanover Woodstock	Gateway Casinos & Entertainment Limited (Gateway)	TAPA signed on December 13, 2016 COSA signed on May 9, 2017	May 9, 2017	March 31, 2037
North	Gateway Casinos: Sault Ste. Marie Thunder Bay Sudbury North Bay (New Build) Kenora (Optional New Build)	Gateway	TAPA signed on December 13, 2016 COSA signed on May 30, 2017	May 30, 2017	March 31, 2037
Ottawa	Rideau Carleton Raceway Casino	HR Ottawa L.P. (Hard Rock)	TAPA signed on May 15, 2017 COSA signed on September 12, 2017	September 12, 2017	March 31, 2037
Greater Toronto Area	Casino Woodbine Casino Ajax Great Blue Heron Casino Pickering (New Build)	Ontario Gaming GTA Limited Partnership (OGGLP)	TAPA signed on August 7, 2017 COSA signed on January 23, 2018	January 23, 2018	January 22, 2039
West Greater Toronto Area	Elements Casino Brantford Flamboro Mohawk Grand River	Ontario Gaming West GTA Limited Partnership (OGWGLP)	TAPA signed on December 18, 2017 COSA signed on May 1, 2018	May 1, 2018	March 31, 2038
Central	Slots at Georgian Downs Casino Rama Resort Simcoe County (New Build)	Gateway	TAPA signed on March 14, 2018 COSA signed on July 18, 2018	July 18, 2018	July 31, 2041
Niagara	Casino Niagara Fallsview	Mohegan Gaming & Entertainment	TAPA signed on September 10, 2018 COSA signed on June 11, 2019	June 11, 2019	March 31, 2040

3. Basis of preparation

a. Statement of compliance

These Consolidated Financial Statements include the accounts of the Corporation, the Resort Casinos prior to transition to Service Providers and the wholly owned subsidiary, Ontario Gaming Assets Corporation (OGAC), and have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

b. Basis of measurement

These Consolidated Financial Statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments classified as financial liabilities through profit and loss that are measured at fair value (Note 4.k).

c. Functional and presentation currency

These Consolidated Financial Statements are presented in Canadian dollars. The Canadian dollar is the Corporation's functional currency and the currency of the primary economic environment in which the Corporation operates.

d. Use of estimates and judgments

The preparation of these Consolidated Financial Statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements are included in the following notes:

- Revenue (Notes 3.e and 4.c)
- Leases (Note 4.o)
- Consolidation (Note 4.a)

Areas of significant estimation and uncertainty that may have a significant effect on the amounts recognized in the Consolidated Financial Statements, and could result in a material adjustment within the next fiscal year, are discussed in the following notes:

- Property, plant and equipment – useful lives and residual values (Note 4.l)
- Disposal group held for sale (Note 10)
- Provisions (Note 12)
- Obligations under finance leases (Note 19.d)
- Valuation of financial instruments (Note 23)
- Employee benefits (Note 24)
- Contingencies (Note 26)
- Contract liabilities (Note 18)

3. Basis of preparation (continued)

e. Adoption of new accounting standards

Effective April 1, 2018, the Corporation adopted IFRS 9, Financial Instruments (IFRS 9) and IFRS 15, Revenue from Contracts with Customers (IFRS 15).

Financial Instruments

IFRS 9 supersedes IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit and loss (FVTPL). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. IFRS 9 also accounts for the loss allowance for trade receivables as calculated using the expected lifetime credit loss model and records the allowance at the time of initial recognition of the receivable. There is no significant effect on the carrying value of the financial instruments related to this new model.

As a result of adopting IFRS 9, the classification of the Corporation's financial instruments changed as follows:

Financial instrument	**IAS 39**	**IFRS 9**
Financial assets:		
Cash and cash equivalents	Held-for-trading (FVTPL)	Amortized cost
Restricted cash	Held-for-trading (FVTPL)	Amortized cost
Trade and other receivables	Loans and receivables (Amortized cost)	Amortized cost
Financial liabilities:		
Trade and other payables	Financial liabilities at amortized cost	Amortized cost
Due to operators and Service Providers	Financial liabilities at amortized cost	Amortized cost
Due to the Government of Canada	Financial liabilities at amortized cost	Amortized cost
Long-term debt	Financial liabilities at amortized cost	Amortized cost

These new classifications did not have a quantitative impact on the measurement of the financial instruments.

3. Basis of preparation (continued)

e. Adoption of new accounting standards (continued)

Revenue Recognition

IFRS 15 supersedes the existing standards and interpretations including International Accounting Standard 18, Revenue (IAS 18) and International Financial Reporting Interpretations Committee 13, Customer Loyalty Programmes (IFRIC 13). IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

(i) Identify the contract with a customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations in the contract; and

(v) Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

Significant judgment is needed to determine whether a gaming transaction is within the scope of IFRS 9 or IFRS 15. In transactions where the Corporation takes a position against the customer such that the Corporation's net gain or loss on the transaction is determined by an uncertain future event, the transaction is within the scope of IFRS 9 (Wagering Transactions). For all other transactions, where the Corporation administers games amongst players, the transaction falls within the scope of IFRS 15 (Administered Games).

For Wagering Transactions, the Corporation recognizes the gain or loss on the transaction as revenue when settled with the customer. Any unsettled wagers are accounted for as a financial liability at fair value through profit or loss.

For Administered Games, the Corporation's revenue is recognized net of prize expenses in the period performance occurs. Previously, under IAS 18, revenue from Administered Games was presented gross with prizes presented as an expense in the Consolidated Statements of Comprehensive Income.

The Corporation has made an accounting policy choice to adopt both IFRS 9 and IFRS 15 with full retrospective application. As a result, all comparative information in these financial statements has been prepared as though IFRS 9 and IFRS 15 had been in effect since April 1, 2017. The impact of adopting IFRS 9 and IFRS 15 on the opening Consolidated Statement of Financial Position as at April 1, 2017 is immaterial and therefore a restated Statement of Financial Position as of that date is not presented.

(tabular amounts in thousands of Canadian dollars)

3. Basis of preparation (continued)

e. Adoption of new accounting standards (continued)

The accounting policies set out in Note 4.c have been applied in preparing the Consolidated Financial Statements for the year ended March 31, 2019 and the comparative information presented in these Consolidated Financial Statements for the year ended March 31, 2018. The effect of transition to IFRS 9 and IFRS 15 for the year ended March 31, 2018 is included in the following table:

For the year ended March 31, 2018	As previously reported	Effect of transition to IFRS 15	Restated
Gaming revenue	$ 7,455,985	$ (2,115,607)	$ 5,340,378
Lottery prize expense	(2,115,607)	2,115,607	-
Gaming revenue less lottery prize expense	$ 5,340,378	$ -	$ 5,340,378

Under IFRS 15, prize expense meets the definition of consideration payable to a customer. As a result, lottery prize expense, previously presented as an expense, has been reclassified and netted against gaming revenue.

In addition, amounts previously presented as deferred revenue in the Consolidated Statements of Financial Position have been reclassified to contract liabilities under IFRS 15.

4. Significant accounting policies

The following accounting policies have been applied consistently by the Corporation in the Consolidated Financial Statements as at and for the years ended March 31, 2019 and March 31, 2018.

a. Basis of consolidation

The Consolidated Financial Statements include the accounts of the Corporation, OGAC and the Resort Casinos. The Corporation consolidates the results of operations prior to the transition of the sites to Service Providers (Note 2). The Corporation does not control any of the Gaming Bundle Service Providers (Note 2) and therefore does not consolidate their respective financial position and results. In accordance with agreements entered into with Services Providers, OLG recognizes its share of revenue as disclosed in Note 4.c. Control is achieved when the Corporation is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated on consolidation.

4. Significant accounting policies (continued)

b. Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to the Corporation's functional currency at the exchange rates at that date. Non-monetary assets and liabilities in foreign currencies measured in terms of historical cost are converted at historical exchange rates at the date of the transaction. Transactions in foreign currencies are converted to the Corporation's functional currency using the exchange rates at the date of the transactions. The Consolidated Statements of Comprehensive Income items are converted at the rate of exchange in effect on the transaction date. Foreign currency transaction gains and losses are recognized within Finance income or Finance costs in the Consolidated Statements of Comprehensive Income in the period in which they arise. The Corporation does not have any foreign operations.

c. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue represents the core operating business transactions accounted for under both IFRS 15 and IFRS 9. IFRS 15 reflects revenue earned from transactions where the Corporation administers games amongst players, (Administered Games) as well as other transactions made in exchange for a defined good or service. IFRS 9 reflects revenue from transactions where the Corporation takes a position against the customer such that the Corporation's net gain or loss on the transaction is determined by an uncertain future event (Wagering Transactions). Significant judgment is needed to determine whether wagering transactions are within the scope of IFRS 9 or IFRS 15. Tickets issued as a result of the redemption of free ticket prizes are not recorded as revenue.

Revenue from Administered Games is recognized as follows:

- Revenue from tickets sold to customers for lottery games, through contracted lottery retailers and over the internet at PlayOLG.ca, for which results are determined based on a draw and the Corporation can definitively determine its return, is recognized when the related draw occurs net of awarded prizes.

- National Lotto games are administered by the Interprovincial Lottery Corporation and sold throughout Canada, while regional Lotto games are administered by the Corporation and sold only in Ontario. Unclaimed prizes on national Lotto games are returned to players through guaranteed jackpots and bonus draws. Expired unclaimed prizes on regional Lotto games are returned to the Province of Ontario through distributions to the province. Unclaimed regional Lotto game prizes anticipated to reach expiration, are estimated based on a 12 month period average and are recorded as a reduction to the unclaimed prize liability included in trade and other payables as well as an increase to gaming revenue.

- Revenue from INSTANT games is recognized net of the predetermined prize structure when retailers make them available for sale to the public, as indicated by the retailers' activation of tickets which acts as a proxy for the eventual sale to the customer.

- Revenue from certain cGaming products is recognized net of the predetermined prize structure once the period of play has ended.

4. Significant accounting policies (continued)

c. Revenue recognition (continued)

Gaming revenue from Land-based Gaming Service Provider-operated sites, which includes OLG’s share, pursuant to the COSA, of the proceeds generated at the facility operated by the Service Provider, is recognized in the same period the game is played. OLG’s share of revenue is after the deduction of Service Providers' fees, primarily comprising a fixed fee, a variable fee (calculated as a percentage of gaming revenue above a set revenue threshold) and an amount for permitted capital expenditures.

Non-gaming site revenue generated at sites operated or owner by OLG, includes revenue earned from accommodations, food and beverage, entertainment centre and other services excluding the retail value of accommodations, food and beverage and other goods and services provided to customers on a complimentary basis. Non-gaming site revenue is recognized at retail value, being the stand-alone selling price of the underlying items as goods are delivered and services are performed. OLG does not recognize non-gaming revenue generated at Service Provider-operated sites. Revenue is recognized in the period it is earned.

The Corporation leases certain properties to Land-based gaming Service Providers in exchange for base rent. In addition to the base rent amounts, in accordance with IFRS 15, an adjustment is made to reallocate gaming revenue to lease revenue with the objective of recognizing a fair market value lease payment.

Funds collected for lottery games for which results are determined based on a draw, and for which tickets are sold in advance of the game draw, are recorded as contract liabilities representing the portion of revenue to be recognized once the related draw occurs and a separate portion for prizes that the Corporation expects to be returned to players. Contract liabilities also includes prepaid lease revenue and consideration received from Land-based Gaming Bundle Service Providers related to OLG's future share of gaming revenue which is recognized on a straight-line basis over the duration of the COSA.

Revenue earned from Wagering Transactions is recognized as follows:

Revenue earned from Wagering Transactions where the outcome is based on a future event, includes revenue from certain lottery and digital game offerings, charitable gaming and slot and table game operations operated by the Corporation or its Resort Casino operators. Gaming revenue from Wagering Transactions represents the difference between amounts earned through gaming wagers less the payouts from those wagers, net of any changes in accrued jackpot liabilities and liabilities under customer loyalty incentive programs. For Wagering Transactions, revenue is recognized in the same period the game is played or when the related draw occurs.

d. Customer loyalty incentive programs

The Corporation has customer loyalty incentive programs whereby customers have the choice to receive free or discounted goods and services and, in many cases, the right to receive cash. Some of these customer loyalty incentive programs allow customers to earn points based on the volume of play during gaming transactions. These points are recognized as a separate deliverable in the revenue transaction. A financial liability is recognized when the points are granted and a corresponding amount equal to the cash value is recognized as promotional allowance as a reduction to revenue.

4. Significant accounting policies (continued)

d. Customer loyalty incentive programs (continued)

In certain circumstances, a customer may have the right to receive free or discounted goods and services and/or the option of receiving cash. In such cases, a financial liability is recognized when the points are granted and a corresponding amount equal to the cash value is recognized as a reduction to revenue. A customer's point balance is forfeited in the event the customer does not earn additional points over the subsequent six- to 12-month period. If the points expire or are forfeited, the financial liability is derecognized.

For programs that provide customers the right to receive free or discounted goods and services, revenue, as determined by the fair value of the undelivered goods and services, is deferred until the award is provided or expires.

e. Complimentary goods and services

The Corporation often provides lodging, transportation, food and beverage, entertainment and other goods and services to customers at no charge.

When such complimentaries are provided in conjunction with a gaming transaction, a portion of the transaction price received from such customers is allocated to the complimentary goods and services and recognized when the goods and services are delivered. The Corporation performs this allocation based on the stand-alone selling price of the underlying goods and services.

When such complimentaries are not provided in conjunction with a gaming transaction, the Corporation does not recognize revenue from the complimentary goods and services.

f. Commissions and bonuses

Commissions and bonuses are recognized in the Consolidated Statements of Comprehensive Income in the period in which they are incurred.

(i) Lottery

Commissions paid to lottery retailers are based on revenue earned by OLG, ticket redemptions or sales of major prize-winning tickets.

(ii) cGaming

cGaming service providers receive a commission based on percentages of adjusted net win (net win after the payment of applicable marketing expenses), as defined in their respective agreements.

Charities and not-for-profit agencies receive a commission based on percentages of adjusted net win and non-gaming revenue, as defined in their respective agreements.

Municipalities that host cGaming Centres receive a commission based on a percentage of adjusted net win, as defined in the cGaming Centre Municipality Agreements.

4. Significant accounting policies (continued)

f. Commissions and bonuses (continued)

(iii) Municipalities

Municipalities that host a Casino or Slots at Racetracks facility, including the City of Niagara Falls and the City of Windsor, receive a percentage of Electronic Games Revenue and Live Table Game Revenue as defined in the Municipal Contribution Agreements. OLG continues to pay the obligations within these agreements after the sites transition to Service Providers.

Municipalities that host cGaming Centres receive a commission based on a percentage of adjusted net win, as defined in the cGaming Centre Municipality Agreements.

(iv) Mississaugas of Scugog Island First Nation (MSIFN)

As the host community of the Great Blue Heron Casino, MSIFN receives a Revenue Sharing Payment and Contribution Agreement Payment from the slot and live table game revenue as defined in the respective agreements. OLG continues to pay MSIFN related to these agreements after Great Blue Heron Casino transitioned to Ontario Gaming GTA Limited Partnership (OGGLP).

g. Cash and cash equivalents

Cash and cash equivalents include cash and liquid investments that have a term to maturity of less than 90 days from the time of purchase.

h. Restricted cash

Restricted cash consists of cash and liquid investments that have a term to maturity at the time of purchase of less than 90 days. Cash is restricted for the purposes of funding reserves and includes prize funds on deposit, horse racing program funds, unused proceeds received from term loans and funds held on behalf of Digital Gaming patrons.

i. Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less an allowance for expected credit losses. Trade and other receivables are due for settlement no more than 30 days from the date of recognition.

j. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

k. Financial instruments

(i) Non-derivative financial assets recognition

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI). The Corporation does not have FVTPL or FVOCI financial assets.

4. Significant accounting policies (continued)

k. Financial instruments (continued)

The Corporation initially recognizes trade receivables on the date that they originated. All other financial assets are recognized initially on the trade date on which the Corporation becomes a party to the contractual provisions of the instrument.

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

(ii) Non-derivative financial asset measurement

Amortized cost	Comprised of all Cash and cash equivalents, Restricted cash, Trade and other receivables, Due from Service Providers	A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL: i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding Subsequent to initial recognition, such assets are measured at amortized cost using the effective interest method, less any allowance for expected losses.

(iii) Financial liabilities recognition

On initial recognition, a financial liability is classified and measured at amortized cost or FVTPL.

The Corporation's non-derivative financial liabilities are classified and measured at amortized cost. The Corporation's derivative financial liabilities are classified and measured at FVTPL.

The Corporation initially recognizes financial liabilities on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or have expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

4. Significant accounting policies (continued)

k. Financial instruments (continued)

(iv) Financial liabilities measurement

Amortized cost	Comprised of Trade and other payables, Due to operators and Service Providers, Due to Government of Canada and Long-term debt	Non-derivative financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation initially recognizes a derivative financial liability at fair value. Subsequently, these financial liabilities are measured at fair value. Net gains or losses, including any interest expense, are recognized in profit or loss. The Corporation's derivative financial liabilities include any liabilities arising from Wagering Transactions as well as the liability relating to the Brantford lease arrangement (Note 18).

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statements of Financial Position when, and only when, the Corporation has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

l. Property, plant and equipment

(i) Recognition and measurement

The Corporation capitalizes any major capital purchase that has a useful life beyond one year.

Property, plant and equipment are measured at cost less accumulated amortization and accumulated impairment losses.

Cost includes an expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and other costs directly attributable to bring the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs on qualifying assets. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized on a net basis within Gains on disposal of property, plant and equipment in the Consolidated Statements of Comprehensive Income.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized upon replacement. The cost of the day-to-day servicing of property, plant and equipment is recognized as incurred in the Consolidated Statements of Comprehensive Income.

4. Significant accounting policies (continued)

l. Property, plant and equipment (continued)

(iii) Amortization

Amortization is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the Consolidated Statements of Comprehensive Income on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are amortized over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the term of the lease.

The estimated useful lives for the current and comparative periods are as follows:

Asset	Rate
Buildings	10 to 50 years
Furniture, fixtures and equipment	2 to 10 years
Leasehold improvements	Lesser of useful life or term of lease
Lottery gaming assets	2 to 7 years
Land-based Gaming assets	2 to 10 years

Property, plant and equipment are amortized when they are ready for their intended use. Construction in progress and assets not yet in use are stated at cost, less any recognized impairment loss. Amortization of these assets are determined on the same basis as other property assets and commences when the assets are ready for their intended use.

Amortization methods, useful lives and residual values are reviewed at each fiscal year end and are adjusted if appropriate.

Borrowing costs incurred during the construction and development of qualifying property, plant and equipment are capitalized and amortized over the estimated useful life of the associated property, plant and equipment.

m. Disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through a sale rather than continuing use. Such assets, or disposal groups, are measured at the lower of the carrying amount or fair value less costs to sell. Any impairment loss on a disposal group is allocated among the related assets and liabilities on a pro rata basis, except that no loss is allocated to inventories and financial assets that continue to be measured in accordance with the Corporation’s other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in the Consolidated Statements of Comprehensive Income. Once items of property, plant and equipment are classified as held for sale, they are no longer amortized.

4. Significant accounting policies (continued)

n. Impairment

(i) Financial assets

At each reporting date, the Corporation assesses whether financial assets carried at amortized cost are credit-impaired. The Corporation measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for cash balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

For trade receivables, the Corporation uses historic actual credit losses as the basis for estimating ECLs and uniformly applies this estimate to its gross balance (net of balances already fully impaired and written off) at each reporting date. The Corporation believes this amount to best reflect the ECL. ECLs are discounted at the effective interest rate of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment and including forward-looking information.

Loss allowances on financial assets measured at amortized cost are deducted from the gross carrying amount of the asset and the related impairment loss is recorded separately on the Statement of Comprehensive Income (loss). The gross carrying amount of a financial asset is written off when the Corporation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets 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. For goodwill, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset is allocated.

4. Significant accounting policies (continued)

n. Impairment (continued)

(ii) Non-financial assets (continued)

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 General operating, administration and other in the Consolidated Statements of Comprehensive Income. Impairment losses recognized in respect of CGUs are first allocated to reduce the carrying amount of any goodwill allocated to the units and then to reduce, on a pro rata basis, the carrying amounts of the other assets in the unit or group of units.

An impairment loss in respect of goodwill is not reversed. For all other assets, 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 amortization, if no impairment loss had been recognized.

o. Leases

At the inception of an arrangement, the Corporation determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the Corporation has the right to control the use of the underlying asset.

At the inception or upon the reassessment of the arrangement, the Corporation separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Corporation concludes that it is impracticable to separate the payments reliably under a finance lease, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Corporation's incremental borrowing rate.

Leases where the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. On a lease-by-lease basis, the Corporation estimates whether substantially all the risks and rewards of ownership are assumed, considering the length of the lease, the present value of the minimum lease payments compared to the fair value of the leased asset and other terms contained within the lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the Finance costs and the reduction of the outstanding liability. The Finance costs are allocated to each period during the term of the lease to produce a constant periodic rate of interest on the remaining balance of the liability.

4. Significant accounting policies (continued)

o. Leases (continued)

Leases other than finance leases are classified as operating leases and are not recognized in the Corporation's Consolidated Statements of Financial Position. Operating lease payments are recognized as an expense on a straight-line basis over the term of the lease, except when another systematic basis is more representative of the pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

For operating leases where the Corporation is the lessor, the leased assets are recognized as Property, plant and equipment and amortized according to their useful lives. The lease payments earned from the lessee are recognized as Lease revenue in the Consolidated Statements of Comprehensive Income.

p. Provisions

Provisions are liabilities of uncertain timing and amount. A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as Finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

q. Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the Consolidated Statements of Comprehensive Income in the periods during which services are rendered by the employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan, which are due more than 12 months after the end of the period in which the employees render the service, are discounted to their present value.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan that requires entities to record their net obligation in respect of the plan and is not a defined contribution plan. The Corporation provides defined benefit pension plans through the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees Union (OPSEU) Pension Fund. The Corporation does not have a net obligation in respect of the defined benefit pension plans as the plans are sole-sponsored defined benefit plans established by the Province of Ontario. The Province of Ontario controls all entities included in the pension plans. The Corporation has classified these plans as state plans as there is no contractual agreement or stated policy for charging the net defined benefit cost of the plans to the Corporation. As such, the Corporation records these post-employment benefits as a defined contribution plan.

4. Significant accounting policies (continued)

q. Employee benefits (continued)

(iii) Other long-term employee benefits

The Corporation's net obligation with respect to long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Corporation's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in the Consolidated Statements of Comprehensive Income in the period in which they arise.

(iv) Termination benefits

Termination benefits are recognized as an expense at the earlier of when the Corporation can no longer withdraw the offer of those benefits and when the Corporation recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, they are discounted to their present value.

(v) Short-term employee benefits

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

A liability and expense are recognized for the amount expected to be settled wholly within 12 months of the end of the reporting period if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

r. Finance income and Finance costs

Finance income consists of interest income on funds invested, changes in the fair value of financial assets at amortized cost and net foreign currency transaction gains. Interest income is recognized as it accrues in the Consolidated Statements of Comprehensive Income using the effective interest method.

Finance costs consist of interest expense on borrowings, unwinding of the discount on provisions and interest on finance leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the Consolidated Statements of Comprehensive Income using the effective interest method.

s. Income taxes

As the Corporation is an agent of the Crown, it is not subject to federal or provincial corporate income taxes or corporate capital taxes.

t. Consolidated Statements of Comprehensive Income presentation

Proceeds from Lottery and Gaming represents sales from Lottery before the deduction of Lottery prizes and net win from cGaming, Digital and Land-based Gaming before the deduction of Service Provider fees.

Lottery prizes are prizes awarded for Lottery product offerings through retailers and PlayOLG.ca.

(tabular amounts in thousands of Canadian dollars)

4. Significant accounting policies (continued)

t. Consolidated Statements of Comprehensive Income presentation (continued)

Service Provider fees represent primarily the fixed fee, variable fee (calculated as a percentage of gaming revenue above a set revenue threshold) and an amount for permitted capital expenditures paid or payable to Service Providers.

In addition to adopting the new accounting standards in fiscal 2018–19 (Note 3.e), the Corporation has changed the presentation of the Consolidated Statements of Comprehensive Income for the current and comparative periods to better align internal and external reporting for the users of the financial statements. The following summarizes the changes to the comparative year:

Expense	Fiscal 2017–18 amount	Presentation for the year ended March 31, 2019	Presentation for the year ended March 31, 2018
Host community commissions	$ 137,298	Stakeholder payments	Commissions and fees
Charity payments	$ 41,396	Stakeholder payments	Commissions and fees
Indirect service provider fees	$ 7,383	Commissions and fees	Other
Responsible gambling fees	$ 4,683	Commissions and fees	Other
Payments to the Government of Canada	$ 341,609	Stakeholder payments	Payments to the Government of Canada
Gaming Revenue Sharing Payment	$ 139,561	Stakeholder payments	Gaming Revenue Sharing Payment
Ticket distribution and testing	$ 3,355	Ticket printing, distribution and testing	Other
Facilities	$ 156,931	Facilities	Cost of premises and equipment
Third party utility charges	$ 2,169	Facilities	Other
Systems maintenance	$ 109,763	Systems maintenance	Cost of premises and equipment
AGCO licenses	$ 1,443	Regulatory fees	Other
General operating, administration and other	$ 132,931	General operating, administration and other	Other

u. Accounting standards issued but not yet adopted

The IASB has issued the following new standards that will become effective in a future year and will have an impact on the Corporation's financial statements in a future period.

IFRS 16, Leases (IFRS 16)

In January 2016, the IASB issued the final publication of the IFRS 16 standard, which will supersede the current IAS 17, Leases (IAS 17) standard. Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model and for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. The Company will adopt IFRS 16 in its financial statements for the annual period beginning on April 1, 2019. The Corporation is continuing to finalize the impact of adopting this standard.

(tabular amounts in thousands of Canadian dollars)

5. Capital risk management

The capital structure of the Corporation consists of cash and cash equivalents, long-term debt and equity, comprised of retained earnings, contributed surplus and reserves.

The Corporation is required to finance certain capital expenditures with debt obtained from the Ontario Financing Authority (OFA). The approval of the Minister of Finance is required for the Corporation to borrow funds for major capital expenditures.

The Corporation's objectives in managing capital are to ensure sufficient resources are available to fund future development and growth of its operations and to provide returns to the Province of Ontario.

The Board of Directors is responsible for the oversight of Management, including the establishment of policies related to financial and risk management. The Corporation manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. Operating agreements require the Resort Casinos to establish reserve funds. The Corporation is not subject to any externally imposed capital requirements. Refer to Note 23 for further details on the Corporation's financial risk management and financial instruments.

6. Restricted cash

Restricted cash, consisting of the following items and respective amounts, is held in separate bank accounts.

	March 31, 2019	March 31, 2018
Current		
Prize funds on deposit (a)	$ 62,645	$ 54,996
Horse racing funds (b)	1,115	2,370
Other (c)	8,624	2,589
	$ 72,384	$ 59,955
Non-current		
Reserves (d)		
Capital renewals	10,297	16,100
Operating	57,783	56,749
Severance	47,914	47,054
	$ 115,994	$ 119,903
Restricted cash	$ 188,378	$ 179,858

a. Prize funds on deposit of $62,645,000 (March 31, 2018 – $54,996,000) are funds set aside for the estimated gross prizes outstanding of $98,996,000 (March 31, 2018 – $92,918,000) less an estimate for prizes not expected to be claimed by customers of $36,351,000 (March 31, 2018 – $37,922,000).

b. In the Corporation's role as administrator of the Horse Racing Partnership Funding Program (Note 25.e), at March 31, 2019 $1,115,000 (March 31, 2018 – $2,370,000) were yet to be distributed.

c. Other restricted cash represents loan proceeds for the Gaming Management System project, funds held on behalf of Digital Gaming patrons and interest earned and received on Ontario Financing Authority loans.

(tabular amounts in thousands of Canadian dollars)

6. Restricted cash (continued)

d. The Corporation has established certain reserves at the Resort Casinos in accordance with their respective operating agreement for the following purposes:

(i) Capital renewals reserves – for property, plant and equipment additions, other than normal repairs, and to satisfy specified obligations if cash flows are insufficient to meet such obligations.

(ii) Operating reserves – to satisfy specified operating obligations if cash flows are insufficient to meet such obligations.

(iii) Severance reserves – to satisfy certain obligations arising from the termination or layoff of employees of an operator in connection with the expiry or termination of the related operating agreement.

The capital renewals reserves and operating reserves related to Casino Rama continue to be held, in accordance with the former operating agreement, to fund non-insured legal costs.

7. Trade and other receivables

	March 31, 2019	March 31, 2018
Trade receivables	$ 80,693	$ 162,815
Less: allowance for impairment	(1,325)	(6,310)
Trade receivables, net	79,368	156,505
Other receivables	59,777	53,053
Trade and other receivables	$ 139,145	$ 209,558

The Corporation's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 23.

8. Inventories

	March 31, 2019	March 31, 2018
Lottery and cGaming tickets and paper	$ 26,876	$ 30,454
Food and beverage	860	2,227
Retail	725	1,093
Slot machine and table game parts	418	1,846
Other	2,279	2,536
Inventories	$ 31,158	$ 38,156

Inventory costs included in expenses for the year ended March 31, 2019 were $98,726,000 (March 31, 2018 – $118,161,000).

(tabular amounts in thousands of Canadian dollars)

9. Property, plant and equipment

Cost

	Land	Buildings	Furniture, fixtures and equipment	Leasehold improvements	Lottery gaming assets	Land-based Gaming assets	Assets under finance lease	Construction in progress and assets not yet in use	Total
Balance at April 1, 2017	$ 129,651	$ 1,770,552	$ 575,215	$ 612,562	$ 95,519	$ 554,638	$ 73,088	$ 32,048	$ 3,843,273
Additions and assets put into use	-	2,897	47,591	17,233	5,352	41,198	243,303	(8,387)	349,187
Disposals and retirements	-	(2,144)	(82,153)	(452,478)	(76)	(176,901)	-	-	(713,752)
Transfers to held for sale (Note 10)	-	-	(93,865)	(32,438)	-	(151,406)	-	-	(277,709)
Balance at March 31, 2018	**$ 129,651**	**$ 1,771,305**	**$ 446,788**	**$ 144,879**	**$ 100,795**	**$ 267,529**	**$ 316,391**	**$ 23,661**	**$ 3,200,999**
Balance at April 1, 2018	$ 129,651	$ 1,771,305	$ 446,788	$ 144,879	$ 100,795	$ 267,529	$ 316,391	$ 23,661	$ 3,200,999
Additions and assets put into use	-	14,242	25,596	7,439	6,092	19,926	436	(959)	72,772
Disposals and retirements	-	(2,002)	(20,064)	(231)	(23)	(24,499)	-	-	(46,819)
Transfers to held for sale (Note 10)	-	-	(106,857)	(126,880)	-	(170,267)	-	(569)	(404,573)
Balance at March 31, 2019	**$ 129,651**	**$ 1,783,545**	**$ 345,463**	**$ 25,207**	**$ 106,864**	**$ 92,689**	**$ 316,827**	**$ 22,133**	**$ 2,822,379**

(tabular amounts in thousands of Canadian dollars)

9. Property, plant and equipment (continued)

Accumulated amortization and accumulated impairment losses

	Land	Buildings	Furniture, fixtures and equipment	Leasehold improvements	Lottery gaming assets	Land-based Gaming assets	Assets under finance lease	Construction in progress and assets not yet in use	Total
Balance at April 1, 2017	$ 41,091	$ 1,099,927	$ 502,224	$ 534,439	$ 78,282	$ 428,372	$ 53,262	$ -	$ 2,737,597
Amortization for the period	-	33,379	34,564	76,007	5,798	39,171	10,522	-	199,441
Impairment loss	-	-	976	-	-	-	-	-	976
Disposal and retirements	-	(1,193)	(75,228)	(446,951)	(2)	(140,990)	-	-	(664,364)
Transfers to held for sale (Note 10)	-	-	(76,866)	(32,033)	-	(112,731)	-	-	(221,630)
Balance at March 31, 2018	**$ 41,091**	**$ 1,132,113**	**$ 385,670**	**$ 131,462**	**$ 84,078**	**$ 213,822**	**$ 63,784**	**$ -**	**$ 2,052,020**
Balance at April 1, 2018	$ 41,091	$ 1,132,113	$ 385,670	$ 131,462	$ 84,078	$ 213,822	$ 63,784	$ -	$ 2,052,020
Amortization for the period	-	31,036	24,694	2,275	9,307	14,360	12,754	-	94,426
Impairment loss	-	-	755	-	-	-	-	-	755
Disposal and retirements	-	(1,430)	(21,699)	5,721	(23)	(28,156)	(88)	-	(45,675)
Transfers to held for sale (Note 10)	-	-	(86,647)	(121,084)	-	(125,563)	-	-	(333,294)
Balance at March 31, 2019	**$ 41,091**	**$ 1,161,719**	**$ 302,773**	**$ 18,374**	**$ 93,362**	**$ 74,463**	**$ 76,450**	**$ -**	**$ 1,768,232**

(tabular amounts in thousands of Canadian dollars)

9. Property, plant and equipment (continued)

Carrying amounts

	Land	Buildings	Furniture, fixtures and equipment	Leasehold improvements	Lottery gaming assets	Land-based Gaming assets	Assets under finance lease	Construction in progress and assets not yet in use	Total
Balance at March 31, 2018	$ 88,560	$ 639,192	$ 61,118	$ 13,417	$ 16,717	$ 53,707	$ 252,607	$ 23,661	$ 1,148,979
Balance at March 31, 2019	**$ 88,560**	**$ 621,826**	**$ 42,690**	**$ 6,833**	**$ 13,502**	**$ 18,226**	**$ 240,377**	**$ 22,133**	**$ 1,054,147**

(tabular amounts in thousands of Canadian dollars)

9. Property, plant and equipment (continued)

On September 8, 2016, the OLG entered into a lease agreement with Mississaugas of Scugog Island First Nation (MSIFN) for a term of 22 years plus a Stub Period, as defined therein, for the Great Blue Heron Casino premises. The lease agreement was considered a finance lease for accounting purposes. On January 23, 2018, the lease was part of certain assets acquired and liabilities assumed by Ontario Gaming GTA Limited Partnership (OGGLP) which resulted in the derecognition of the finance lease obligation and corresponding Other asset. Prior to derecognition the amortization expense recognized during fiscal 2017–18 was $4,985,000.

Finance leases as lessee

The Corporation leases certain items of property, plant and equipment under finance lease agreements. At March 31, 2019, the net carrying amount of leased property, plant and equipment was $240,377,000 (March 31, 2018 – $252,607,000) (Note 19.d).

Property, plant and equipment leased to third parties

The Corporation leases certain items of property, plant and equipment to third parties as operating leases.

Future minimum lease payments

At March 31, 2019, the future minimum lease payments under non-cancellable leases to be earned by the Corporation are as follows:

Less than one year	$	19,894
Between one and five years		79,575
More than five years		340,323
Total	$	439,792

Impairment

As a result of the economic performance of the cGaming Cash Generating Units (CGU)s, made up of the individual cGaming Centres, Management performed an impairment analysis.

The recoverable amounts of the CGUs were based on fair value less costs of disposal, which was greater than the value in use. Management performed the fair value analysis utilizing discounted cash flows based on its best estimates and using the market information currently available. The valuation technique used Level 3 inputs which are unobservable inputs supported by little or no market activity for the assets (Note 23.f). Cash flow projections were based on annual approved budgets and Management's projections thereafter. The cash flows are Management's best estimate of future events considering experience and future economic assumptions. A discount rate of 7.0 per cent that was applied to the cash flow projections was derived from Management's consideration of current market assessments and the risks specific to the CGUs.

(tabular amounts in thousands of Canadian dollars)

9. Property, plant and equipment (continued)

Management determined that the recoverable amount of the CGUs of $nil was less than their carrying value and, as a result, an impairment loss of $755,000 (fiscal 2017–18 – $976,000) was recognized in General, operating, administration and other in the Consolidated Statements of Comprehensive Income (Note 22) and relates to the cGaming line of business (Note 27).

Management did not identify any further impairment indicators at any of the Corporation's other CGUs and, therefore, has not recognized any additional impairment losses at March 31, 2019.

10. Disposal group held for sale

On September 10, 2018, OLG signed a TAPA with MG&E Niagara Entertainment ULC (now MGE Niagara Entertainment Inc. effective April 29, 2019) (MGE) as the Service Provider for the Niagara Gaming Bundle. Under the terms of the TAPA, OLG committed to sell certain assets and MGE agreed to purchase such assets and assume certain liabilities related to the sites in the Bundle (Note 28).

Accordingly, at March 31, 2019, the assets and liabilities to be transferred or disposed of under the Niagara Gaming Bundle met the criteria to be classified as a disposal group held for sale and stated at their carrying values comprised of the following:

	March 31, 2019	March 31, 2018
Cash	$ 49,794	$ 54,663
Property, plant and equipment (Note 9)	71,279	56,079
Other	15,035	7,245
Assets held for sale	$ 136,108	$ 117,987
Trade payables and other	13,660	9,437
Liabilities held for sale	$ 13,660	$ 9,437

On December 18, 2017 and March 14, 2018, OLG signed TAPAs with Ontario Gaming West GTA Limited Partnership (OGWGLP) and Gateway Casinos & Entertainment Limited (Gateway) as the Service Providers for the West GTA and Central Gaming Bundles, respectively. As such, at March 31, 2018, the assets and liabilities to be transferred under the West GTA and Central Gaming Bundles met the criteria to be classified as a disposal group held for sale. The sale of these Bundles was completed in fiscal 2018–19 (Note 21) and resulted in a gain on disposal of $42,496,000.

11. Trade and other payables

	March 31, 2019	March 31, 2018
Trade payables and accruals	$ 88,318	$ 120,605
Prizes payable	62,632	54,996
Short-term employee benefits	31,775	40,613
Gaming liability	61,661	74,618
Commissions payable	32,037	28,910
Horse racing liability	238	475
Due to Rama First Nation	534	1,809
Other payables and accruals	31,864	42,815
Trade and other payables	$ 309,059	$ 364,841

Prizes payable are unclaimed and estimated lottery prizes.

(tabular amounts in thousands of Canadian dollars)

11. Trade and other payables (continued)

Short-term employee benefits include salaries payable, incentive accruals, long-term service awards, vacation pay accrual and other short-term employee-related liabilities.

Gaming liability includes progressive jackpots, unredeemed chips, customer loyalty incentive points and other gaming-related payables. Progressive jackpots are measured based on the anticipated payout of the progressive jackpots. Unredeemed chips are funds deposited by customers for chips before gaming play occurs where the chips remain in the customers' possession. Customer loyalty incentive points that are earned based on the volume of play and redeemable for complimentary goods and services and/or cash are recognized as a liability and measured at the amount payable on demand.

Commissions payable includes amounts payable to lottery retailers and cGaming Centre service providers, municipalities and First Nations that host a Casino, a cGaming Centre or a Slots at Racetracks facility, including the City of Niagara Falls and the City of Windsor.

Horse racing liability includes the funds related to the Horse Racing Partnership Funding Program yet to be distributed.

Due to Rama First Nation includes the variable portion of the annual fee related to the Amended and Restated Post-2011 Contract and services for fire protection, police protection and other community services relating to Casino Rama (Note 19.d).

Other payables and accruals include accrued win contribution, casino customer deposits, security deposits, corporate marketing, and other miscellaneous amounts.

The Corporation's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 23.

12. Provisions

All provisions are included in current liabilities. The carrying amount was:

	Legal claims	Other provisions	Total
Balance at April 1, 2018	$ 1,947	$ 4,060	$ 6,007
Increases and additional provisions	653	15,590	16,243
Amounts paid	(400)	(382)	(782)
Amounts reversed	(425)	(354)	(779)
Balance at March 31, 2019	$ 1,775	$ 18,914	$ 20,689

Legal claims

During fiscal 2018–19, an additional $653,000 of potential legal claims were accrued, with an offsetting reduction of $400,000 in payments to claimants. $425,000 of legal claims were reversed in fiscal 2018–19 because the likelihood of the obligations had become remote. The ultimate outcome or actual cost of settlement depends on the court proceedings and may vary significantly from the original estimates. Legal matters that have not been recognized as provisions, as the outcome is not probable or the amount cannot be reliably estimated, are disclosed as contingent liabilities, unless the likelihood of the outcome is remote (Note 26).

(tabular amounts in thousands of Canadian dollars)

12. Provisions (continued)

Other provisions

Other provisions include provisions for decommissioning obligations, Harmonized Sales Tax (HST) and minor claims managed by a third party.

The decommissioning provision is associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. During fiscal 2018–19, an additional $4,000 of decommissioning obligations were accrued.

The HST provision relates to a refund received in fiscal 2018–19 which is under review with the Canada Revenue Agency (CRA) in the amount of $13,928,000.

During fiscal 2018–19, an additional $1,658,000 of minor claims managed by a third party was accrued, $382,000 of which were settled and $354,000 were reversed as the likelihood was remote that the claims would be incurred.

13. Finance income and Finance costs

	March 31, 2019	March 31, 2018
Interest income on financial assets measured at amortized cost	$ 6,868	$ 3,926
Foreign exchange gain, net	7,275	7,072
Finance income	$ 14,143	$ 10,998
Interest expense for non-derivative financial liabilities:		
Interest on bank overdraft and loans	$ 910	$ 426
Interest on obligations under finance leases	10,605	12,900
Other interest expense	2,784	2,697
Finance costs	$ 14,299	$ 16,023

14. Related parties

The Corporation is related to various other government agencies, ministries and Crown corporations. Related party transactions include loan agreements with the OFA (Note 19), post-employment benefit plans with the Ontario Pension Board (Note 24.b), other long-term employee benefits with the Workplace Safety and Insurance Board (Note 24.c) and restricted intermediary funding arrangements with the Province of Ontario related to horse racing (Note 6).

All transactions with these related parties are within the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

(tabular amounts in thousands of Canadian dollars)

14. Related parties (continued)

Transactions with key management personnel

Key management personnel compensation

The Corporation's key management personnel, consisting of the Corporation's Board of Directors and certain Executive Committee members, have authority and responsibility for overseeing, planning, directing and controlling the activities of the Corporation.

Key management personnel compensation includes:

	March 31, 2019	March 31, 2018
Short-term employee benefits	$ 4,757	$ 4,827
Post-employment benefits	312	244
	$ 5,069	$ 5,071

Short-term employee benefits include salaries and benefits and other short-term compensation.

Post-employment benefits include the employer's portion of pension and other post-retirement benefits.

15. Due to operators and Service Providers

	March 31, 2019	March 31, 2018
Due to operators (a)	$ 178,062	$ 186,821
Due to Service Providers (b)	110,782	55,836
	288,844	242,657
Less: current portion	(288,844)	(94,427)
Non-Current Due to operators and Service Providers	$ -	$ 148,230

(tabular amounts in thousands of Canadian dollars)

15. Due to operators and Service Providers (continued)

a. Due to operators

Under the terms of the operating agreements for each of the Resort Casinos, each operator is entitled to receive an operator's fee calculated as a percentage of Gross Revenue and as a percentage of Net Operating Margin, both as defined in the related operating agreements. OLG also had an operating agreement with CHC Casinos Canada Limited for the operations of Casino Rama. This agreement was terminated on July 18, 2018 at which time an agreement with a new Service Provider became effective. The total amount accrued with respect to the operator's fees at March 31, 2019 was $24,785,000 (March 31, 2018 – $37,264,000). The Resort Casinos, including Casino Rama and their respective operators, are as follows:

Site	Operator	Operating Agreement Term Expiration Date
Casino Rama	CHC Casinos Canada Limited	Terminated July 18, 2018
Casino Niagara and Fallsview	Falls Management Group, L.P.	Terminated June 10, 2019
Caesars Windsor	Caesars Entertainment Windsor Limited (CEWL)	July 31, 2020

Also included in amounts Due to operators are:

i. Casino Niagara and Fallsview

During fiscal 2015–16, the Corporation incurred onetime operator non-extension costs in relation to exercising its option to not extend the Permanent Casino Operating Agreement with Falls Management Group, L.P. As at March 31, 2019, the amount due to the operator was $152,661,000 (March 31, 2018 – $148,230,000). On June 7, 2019, the Corporation paid in full, $153,149,000 to the operator and $16,846,000 to the Government of Canada for HST.

Under the terms of the Permanent Casino Operating Agreement, in a Competitive Environment, as defined in the Permanent Casino Operating Agreement, the operator is entitled to receive additional operator services fees and an attractor fee. As a result, at March 31, 2019, the Corporation has included $294,000 (March 31, 2018 – $1,000,000) in Due to operators and has a remaining commitment as at March 31, 2019 of $456,000.

ii. Caesars Windsor

Under the terms of the Caesars Trademark Licence Agreement related to the rebranding of Casino Windsor, the Corporation pays a licence fee calculated as a percentage of the Adjusted Gross Revenues, as defined, of Caesars Windsor. The Caesars Trademark Licence Agreement is with an affiliate company of CEWL and will terminate on July 31, 2020. As at March 31, 2019, the amount included in Due to operators in respect of the trademark licence agreement was $322,000 (March 31, 2018– $327,000).

15. Due to operators and Service Providers (continued)

a. Due to operators (continued)

At each of the Resort Casinos, the operator is the employer, either directly or indirectly, of the employees working at that facility. OLG also had an operating agreement with CHC Casinos Canada Limited for the operations of Casino Rama. This agreement was terminated on July 18, 2018 at which time an agreement with a new Service Provider as detailed in Note 2 became effective. All payroll and payroll-related costs are charged to the Corporation monthly and expensed in the Corporation's Consolidated Statements of Comprehensive Income.

b. Due to Service Providers

Under the terms of their respective COSAs, each Service Provider is entitled to receive a share of the gaming proceeds, as defined herein, generated at the Casino, Slot facility or Resort Casino it operates. The amount due to Service Providers represents the Service Provider's accrued share of gaming revenue primarily comprising a fixed fee, variable fee (calculated as a percentage of gaming revenue above a set revenue threshold) and an amount for permitted capital expenditures. Also included in Due to Service Providers is an amount due to a Service Provider in the event the Service Provider terminates a lease agreement.

16. Win contribution

The Corporation remits a contribution to the Province of Ontario equal to 20 per cent of gaming revenue, as defined, from the Resort Casinos and the Great Blue Heron Casino in accordance with the *Ontario Lottery and Gaming Corporation Act, 1999*, which amounted to $280,093,000 for fiscal 2018–19 (fiscal 2017–18 – $312,929,000). The Corporation retains the responsibility to remit the contribution once a site is operated by a Service Provider.

17. Due to Government of Canada

As at March 31, 2019, the amount Due to the Government of Canada was $43,769,000 (March 31, 2018 – $43,635,000), of which $16,793,000 (March 31, 2018 – $16,305,000) was the amount Due to the Government of Canada related to the Falls Management Group, L.P. non-extension (Note 15). The recognition of this obligation requires Management to make certain estimates regarding the nature, timing and amounts associated with the Due to the Government of Canada liability.

a. Payments on behalf of the Province of Ontario

The provincial lottery corporations make payments to the Government of Canada under an agreement dated August 1979 between the provincial governments and the Government of Canada. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

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

As a prescribed registrant, the Corporation makes GST/HST remittances to the Government of Canada pursuant to the Games of Chance (GST/HST) Regulations of the Excise Tax Act. The Corporation's net tax for a reporting period is calculated using net tax attributable to both gaming and non-gaming activities.

The net tax attributable to non-gaming activities is calculated in the same way as it is for any other GST/HST registrant in Canada. The non-recoverable GST/HST payable to suppliers and the additional imputed tax payable to the Government of Canada on gaming-related expenses were recognized as payments to the Government of Canada.

(tabular amounts in thousands of Canadian dollars)

17. Due to Government of Canada (continued)

b. Goods and Services Tax / Harmonized Sales Tax (GST/HST) (continued)

The net tax attributable to gaming activities results in a 26 per cent tax burden on most taxable gaming expenditures incurred by the Corporation.

18. Contract liabilities

	March 31, 2019	March 31, 2018
GTA Gaming Bundle contract liability (a)	$ 24,016	$ 25,288
Deferred lease revenue (b)	22,328	-
Deferred lottery gaming revenue	4,513	3,200
Expected prize payout	4,252	2,933
Other	1,698	1,101
	56,807	32,522
Less: current portion	(34,063)	(8,506)
Contract liabilities	$ 22,744	$ 24,016

a. GTA Gaming Bundle contract liability

GTA Gaming Bundle contract liability represents consideration received from the GTA Gaming Bundle Service Provider related to OLG's future share of gaming revenue.

b. Deferred lease revenue

During fiscal 2018–19, the Corporation and OGWGLP entered into 20-year lease agreement for the Brantford Casino land and building. The lease agreement provides OGWGLP the option to terminate the agreement at any time. Upon termination, the Corporation is required to pay OGWGLP the then fair value of the land and building. As part of the lease agreement, OGWGLP prepaid $60,900,000 for use of the land and building where Casino Brantford resides representing a portion of deferred lease revenue to be recognized over the term of the lease and an estimate of the fair value of the Corporation's obligation related to the put option held by OGWGLP.

19. Long-term debt

	March 31, 2019	March 31, 2018
Gaming Management System loan (a)	$ 26,854	$ 33,079
Player Platform loan (b)	3,043	-
Lottery Terminals loan (c)	2,108	-
Obligations under finance leases (d)	261,235	273,822
	293,240	306,901
Less: current portion	(22,594)	(19,734)
Long-term debt	$ 270,646	$ 287,167

On June 1, 2012, the Province of Ontario amended the *Ontario Lottery and Gaming Corporation Act, 1999* to require the Corporation to finance certain capital expenditures with debt obtained from the OFA. The approval of the Minister of Finance is required for the Corporation to borrow funds for major capital expenditures.

19. Long-term debt (continued)

a. Gaming Management System loan

In July 2014, the Corporation entered into a loan agreement with the OFA, involving two facilities, to borrow an amount up to $35,200,000 to finance the implementation of its Gaming Management System. This system will replace infrastructure that tracks and records gaming activity and accounting, as well as data and security events, at all slot machines while operated by the Corporation. During fiscal 2017–18, the Corporation fully repaid facility one, with a cumulative balance of $33,079,000 with facility two. Facility two is repayable over five years in average semi-annual payments of $3,507,000. The loan bears interest and fees of 2.65 per cent per annum and is unsecured. The loan is due September 30, 2022.

b. Player Platform loan

In June 2018, the Corporation entered into a loan agreement with the OFA, involving two facilities, to borrow an amount up to $28,600,000 to finance the development and implementation of a new player platform solution. During fiscal 2018–19, the Corporation drew $3,000,000 on facility one bringing the total cumulative loan balance to $3,043,000 inclusive of interest. Facility one is repayable, inclusive of interest accrued, at the earlier of the project completion date or July 2020. Facility one bears interest and fees of 3.027 per cent per annum and is unsecured.

c. Lottery Terminals loan

In February 2018, the Corporation entered into a loan agreement with the OFA, involving two facilities, to borrow an amount up to $85,700,000 to finance the replacement and expansion of the Corporation's lottery terminal network and the Corporation's implementation of an enhanced communications network. During fiscal 2018–19, the Corporation drew $2,100,000 on facility one bringing the total cumulative loan balance to $2,108,000 inclusive of interest. Facility one is repayable, inclusive of interest accrued, at the earlier of the project completion date or September 2020. Facility one bears interest and fees of 2.589 per cent per annum and is unsecured.

d. Obligations under finance leases

Casino Niagara facility

Effective March 2010, the Corporation entered into an amending agreement for an additional 15-year term with Maple Leaf Entertainment Inc., Canadian Niagara Hotels Inc., 1032514 Ontario Limited and Greenberg International Inc. (collectively, the Landlord) to lease the facility that houses Casino Niagara and to license certain adjacent parking facilities. The amending agreement extends the term of the original lease and licence agreements by 15 years from March 10, 2010 to March 9, 2025. The lease agreement is a finance lease for accounting purposes and has an implicit interest rate of 8.5 per cent. The total remaining obligation under the finance lease was $27,231,000 at March 31, 2019 (March 31, 2018 – $30,453,000).

Subsequent to March 31, 2019, the Casino Niagara finance lease was terminated on June 11, 2019 and MGE entered into its own new lease arrangement with the Landlord immediately following such termination. The Corporation was released of its remaining Casino Niagara finance lease payment obligations resulting in an estimated net gain of $13,227,000 in fiscal 2019–20 for derecognition of the finance lease asset and finance lease liability.

19. Long-term debt (continued)

d. Obligations under finance leases (continued)

cGaming TapTix

The Corporation entered into a master services agreement on August 22, 2012 to lease TapTix, formerly known as Break Open Ticket (BOT) dispensers. This agreement is a finance lease for accounting purposes and has an implicit interest rate of 9.0 per cent. The total remaining obligation under the finance lease was $2,623,000 at March 31, 2019 (March 31, 2018 –$5,531,000).

Casino Rama complex

On July 17, 2009, and as amended and restated on June 13, 2017, OLG and Chippewas of Rama First Nation entered into an agreement relating to the continued conduct of the business of Casino Rama for the 20-year period commencing August 1, 2011 and possible future development (the Post-2011 Contract). The Post-2011 Contract continues until July 31, 2031, subject to earlier terminations or the exercise by OLG of two successive options to extend for periods of 10 and 5 years, respectively.

The lands used for the Complex are leased under a 30-year Ground Lease, which expires on January 31, 2047, from Her Majesty the Queen in Right of Canada by Casino Rama Inc., a wholly owned subsidiary of Chippewas of Rama. On June 13, 2017, OLG and Casino Rama Inc. entered into a new Complex Sublease, which aligns the term with the Post-2011 Contract and consolidates previous leases for office and warehouse space, land, other additional parking lands and the employee parking lot.

In addition to annual rent payments, the Complex Sublease and the Amended and Restated Post-2011 Contract entitles Rama First Nation to receive an annual fee from OLG for each successive 12-month period equal to the greater of 1.9 per cent of the Gross Revenues of the Casino Rama Complex, as defined, and $5,500,000 adjusted annually based on the Consumer Price Index. For accounting purposes, the agreements were determined to contain a finance lease.

In calculating the present value of minimum lease payments, the $5,500,000 minimum gross revenue payment was considered in substance to be a payment of rent. A discount rate of 3.19 per cent was used and a term of 24 years.

The total remaining obligation under the finance lease as at March 31, 2019 is $231,381,000 (March 31, 2018 – $237,838,000).

On March 29, 2018, OLG and Gateway Casinos and Entertainment Ltd. entered into the Casino Rama Net Sublease and Sub-sublease (the sub-sublease) which commenced on the Central Bundle COSA signing date, July 18, 2018. The term of the sub-sublease expires on July 31, 2041 provided that if the term of the COSA is extended beyond July 31, 2041, the Term of the sub-sublease shall automatically be extended for a corresponding period of time. The minimum leases payments to the Corporation under the agreement are $12,400,000 per year and the lease is accounted for as an operating lease.

(tabular amounts in thousands of Canadian dollars)

19. Long-term debt (continued)

e. Payments over the next five years and thereafter

Payments related to long-term debt and obligations under finance leases that are expected to be made over the next five years and thereafter are approximated as follows:

As at March 31	Long-term debt	Obligations under finance leases *		Total
	Principal Repayments	Principal Repayments	Interest Payments	
2020	$ 9,946	$ 12,648	$ 10,121	$ 32,715
2021	6,892	12,003	9,454	28,349
2022	7,816	12,282	8,812	28,910
2023	4,569	13,011	7,889	25,469
2024	1,089	13,434	7,465	21,988
Thereafter	1,693	197,857	49,569	249,119
	$ 32,005	**$ 261,235**	**$ 93,310**	**$ 386,550**

* see Note 23.d regarding the Casino Niagara finance lease derecognition

20. Stakeholder payments

	Notes	March 31, 2019	March 31, 2018
Payments to the Government of Canada	17	$ 362,344	$ 341,609
Gaming Revenue Sharing Payment to OFNLP	25.d	146,379	139,561
Municipal commissions	4.f(iii)	134,987	130,465
Other		50,440	48,229
Stakeholder payments		$ 694,150	$ 659,864

Other Stakeholder payments comprise of charity and non-for-profit agency payments (Note 4.f(ii)) and the MSIFN Revenue Sharing Payment (Note 4.f(iv)).

21. Gains on disposal of property, plant and equipment, net

During fiscal 2018–19, the Corporation realized net gains on disposal of property, plant and equipment of $41,498,000 (fiscal 2017–18 – $107,086,000) which included gains associated with the sales of the assets in the two gaming bundles: West GTA ($16,776,000) and Central ($25,720,000) (See Note 2 and Note 4.c for the related long-term gaming revenue share model entered into by the Corporation and the Service Providers). The gain on disposal in fiscal 2017–18 included gains associated with the sale of the North and Southwest, Ottawa and GTA gaming bundles of $63,088,000, $9,610,000 and $30,251,000, respectively.

22. General operating, administration and other

	March 31, 2019	March 31, 2018
General and administration (a)	$ 101,982	$ 175,559
ATM fees	(13,516)	(33,055)
Impairment charge (b)	755	976
Miscellaneous income	(10,645)	(10,549)
General operating, administration and other	$ 78,576	$ 132,931

22. General operating, administration and other (continued)

a. General and administration

General and administration expenses are primarily comprised of office supplies and consumables, legal and consulting fees, settlements, research and development, travel, telecommunication, information technology and other miscellaneous expenses.

b. Impairment charge

The Corporation recognized an impairment loss for the year ended March 31, 2019 of $755,000 (March 31, 2018 – $976,000) (Note 9).

23. Financial risk management and financial instruments

a. Overview

The Corporation has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Corporation's exposure to each of these risks and the Corporation's objectives, policies and processes for measuring and managing them.

b. Risk management framework

The Corporation has a formal Enterprise Risk Management Program, which aligns with ISO 31000 and conforms to the Ontario Public Service Risk Management guidance and requirements. This program supports the Corporation in the identification, assessment and management of risks that could threaten the achievement of financial and non-financial objectives.

The Board of Directors, through its Audit and Risk Management Committee (ARMC), provides oversight with respect to the identification and management of risk along with adherence to internal risk management policies and procedures. The ARMC was assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc engagements to assess risk management controls and procedures, the results of which are reported to the ARMC.

The Corporation's financial risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities.

The Corporation, through its policies, training and management standards and procedures, aims to enable employees at all levels of the organization to understand risks, to exercise appropriate risk-taking and to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

c. Credit risk

Credit risk is the risk that the Corporation will suffer a financial loss due to a third party failing to meet its financial or contractual obligations to the Corporation. The Corporation has financial instruments that potentially expose it to a concentration of credit risk. The instruments consist of Trade and other receivables, and Due from Service Providers and liquid investments.

23. Financial risk management and financial instruments (continued)

c. Credit risk (continued)

Trade and other receivables and Due from Service Providers

Trade and other receivables include credit provided to retailers of lottery products, cGaming service providers and customers of Resort Casinos, while Due from Service Providers represents unsettled Service Provider fees, both of which meet the standards set by the Alcohol Gaming Commission of Ontario. The Corporation performs initial credit or similar evaluations and maintains reserves for potential credit losses on accounts receivable balances. The carrying amount of these financial assets represents the maximum credit exposure.

The amounts disclosed in the Consolidated Statements of Financial Position for Trade and other receivables are net of allowances for impairment, which consist of a specific provision that relates to individually significant exposures, estimated by Management based on experience and an assessment of the current economic environment. The Corporation establishes an allowance for impairment that represents its estimate of potential credit losses. Historically, the Corporation has not experienced any significant losses. As at March 31, 2019, the Corporation had an allowance for impairment of $1,325,000 (March 31, 2018 – $6,310,000), which represented approximately 1.0 per cent (March 31, 2018 – 3.0 per cent) of the Corporation’s consolidated Trade and other receivables. The Corporation believes that its allowance for impairment is sufficient to reflect the related credit risk. The Corporation has not set up an allowance for the amount Due from Service Providers as the amount is expected to be settled within 120 days after March 31, 2019.

Liquid investments

The Corporation limits its exposure to credit risk by investing only in short-term debt securities with high credit ratings and minimal market risk. The Corporation has a formal policy for short-term investments that provides direction for Management to minimize risk. As a result, this risk is considered minimal.

d. Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation’s approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Corporation currently settles its financial obligations using cash provided by operations. The Corporation has established reserves at the Resort Casinos in accordance with their respective operating agreements. In addition, all investments held by the Corporation are low risk and have a term to maturity of less than 90 days, further reducing liquidity risk.

The Corporation manages its liquidity risk by performing regular reviews of net income and cash flows from operations and continuously monitoring the forecast against future liquidity needs. Given the Corporation’s business historically generates positive cash flows, liquidity risk is considered minimal.

(tabular amounts in thousands of Canadian dollars)

23. Financial risk management and financial instruments (continued)

d. Liquidity risk (continued)

The undiscounted contractual maturities of the financial liabilities are as follows:

March 31, 2019	**Carrying amount**	**Contractual cash flows**	**<1 year**	**1 - 2 years**	**3 - 5 years**	**> 5 years**
Trade and other payables	$ 309,059	$ 309,059	$ 309,059	$ -	$ -	$ -
Due to operators and Service Providers	288,844	289,333	289,333	-	-	-
Due to Government of Canada	43,769	43,823	43,823	-	-	-
Long-term debt, including obligations under finance leases*	293,240	388,459	33,292	29,052	76,948	249,167
	$ 934,912	$ 1,030,674	$ 675,507	$ 29,052	$ 76,948	$ 249,167
March 31, 2018	**Carrying amount**	**Contractual cash flows**	**<1 year**	**1 - 2 years**	**3 - 5 years**	**> 5 years**
Trade and other payables	$ 364,841	$ 364,841	$ 364,841	$ -	$ -	$ -
Due to operators and Service Providers	242,657	245,570	94,427	151,143	-	-
Due to Government of Canada	43,635	43,956	27,330	16,626	-	-
Long-term debt, including obligations under finance leases	306,901	424,814	30,769	33,051	80,355	280,639
	$ 958,034	$ 1,079,181	$ 517,367	$ 200,820	$ 80,355	$ 280,639

* Within Long-term debt, including obligations under finance leases were the future lease payments related to the Casino Niagara property. The Corporation was released of its remaining Casino Niagara finance lease obligations as of June 11, 2019, which would reduce its future contractual cash flows in the above chart by $4,601,000 for less than a year, $5,900,000 for 1-2 years, $17,700,000 for 3-5 years and $5,550,000 greater than 5 years for an overall total of $33,751,000.

e. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, foreign currency risk and other market price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation has financial assets and liabilities that potentially expose it to interest rate risk.

The Corporation is subject to interest rate risk on its cash and cash equivalents, including short-term investments with maturity dates of less than 90 days and long-term debt.

(tabular amounts in thousands of Canadian dollars)

23. Financial risk management and financial instruments (continued)

e. Market risk (continued)

At March 31, 2019, long-term debt consists of three loan agreements with the OFA and obligations under finance leases. The obligations under finance leases (Note 19.d) and the loan agreements have fixed interest rates for their entire terms. Each of the long-term debt instruments is currently subject to limited interest rate risk.

At March 31, 2019, the Corporation had cash and cash equivalents of $267,542,000 (March 31, 2018 – $208,903,000). The impact of fluctuations in interest rates is not significant and, accordingly, a sensitivity analysis of the impact of fluctuations in interest rates on net income has not been provided.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to foreign currency risk by settling certain obligations in foreign currencies, primarily in U.S. dollars (USD), and by holding bank accounts and investments in USD.

The majority of the Corporation's suppliers and customers are based in Canada and, therefore, transact in Canadian dollars (CAD). Some suppliers and customers are based outside of Canada. The suppliers located outside of Canada typically transact in USD. The Corporation's border properties attract U.S. players who are required to exchange their USD for CAD prior to play. The Corporation exchanges USD using the daily market exchange rate and utilizes both a 'buy' and 'sell' rate. The Corporation holds USD cash and bank accounts for the purposes of transacting in USD with customers, as well as paying its U.S. suppliers. The balances held in USD are closely monitored to ensure future USD requirements are met. The Corporation's net foreign exchange gain for the year ended March 31, 2019 was $7,275,000 (March 31, 2018 – $7,072,000).

The Corporation does not enter into financial instruments for trading or speculative purposes.

The Corporation's exposure to currency risk, based on the carrying amounts, was:

USD (balances shown in CAD equivalents)	**March 31, 2019**	**March 31, 2018**
Cash and cash equivalents	$ 21,667	$ 24,246
Trade and other payables	(3,069)	(4,463)
Obligations under finance leases	(2,623)	(5,531)
Net exposure	$ 15,975	$ 14,252

Sensitivity analysis

A 10 per cent increase in the value of the USD at March 31, 2019 would have increased net income by $1,598,000. A 10 per cent decrease in the value of the USD at March 31, 2019 would have decreased net income by $1,598,000. This analysis assumes that all other variables, including interest rates, remain constant.

23. Financial risk management and financial instruments (continued)

e. Market risk (continued)

(iii) Other market price risk

The Corporation offers sports-based lottery products. The Corporation manages risks associated with these products by:

- setting odds for each event within a short time frame before the actual event
- establishing sales liability thresholds by sport
- providing credit management controls
- posting conditions and prize structure statements on OLG.ca
- limiting the aggregate amount of prizing that may be won on any given day for all sports-based products
- suppressing sales of any game at any time when liability risk is a concern.

f. Fair values measurement

The carrying values of Cash and cash equivalents and Restricted cash, Trade and other receivables and Due from Service Providers approximate fair value because of the short-term nature of these financial instruments. The carrying amounts of Trade and other payables, current Due to operators and Service Providers and Due to the Government of Canada approximate fair values because of the short-term nature of these financial instruments or because they are payable on demand.

The fair value of the Corporation's long-term debt, excluding obligations under finance leases, is not determinable given its related party nature, and there is no observable market for the Corporation's long-term debt. Obligations under finance leases and non-current Due to operators and Service Providers and Due to the Government of Canada are carried at amortized cost using the effective interest method which approximates fair value.

Financial instruments are measured subsequent to initial recognition at fair value and grouped into one of three levels based on the degree to which the fair value is observable. The Corporation has determined the fair value of its financial instruments as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The lease arrangement for the Brantford property (Note 18) requires the Corporation on expiry or termination of the lease to buy back the property of the then fair market value. Valuing this option requires level 3 (valuation techniques using non-observable data) inputs for the year ended March 31, 2019. No financial statement categories were in Level 3 for the year ended March 31, 2018.

23. Financial risk management and financial instruments (continued)

f. Fair values measurement (continued)

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

24. Employee benefits

a. Defined contribution plans

The operators of the Resort Casinos have created defined contribution pension plans for their employees. The pension expense for Resorts defined contribution plans for fiscal 2018–19 amounted to $19,068,000 (fiscal 2017–18 – $22,093,000).

b. Other post-employment benefit plans

The Corporation provides pension benefits for all its permanent employees and for non-permanent employees who elect to participate through the PSPF and the OPSEU (up until September 12, 2017) Pension Fund, which are sole-sponsored defined benefit pension plans established by the Province of Ontario. The Province of Ontario controls all entities included in the PSPF and OPSEU Pension Fund. Contribution rates are set by the *Public Service Pension Act*, whereby the Corporation matches all regular contributions made by the member. The Corporation classified these plans as state plans whereby there is no contractual agreement or stated policy for charging the net defined benefit cost of the plans to the Corporation. As such, the Corporation accounts for these post-employment benefits as defined contribution plans and has recorded no additional liability for the plan deficit. The annual contributions made by the Corporation are recorded as an expense in the Consolidated Statements of Comprehensive Income. The Corporation’s contribution and pension expense for fiscal 2018–19 was $10,081,000 (fiscal 2017–18 – $15,634,000).

c. Other long-term employee benefits

As a Schedule 2 employer under the *Workplace Safety and Insurance Act, 1997*, (the Act), the Corporation is individually responsible for the full cost of accident claims filed by its workers. The Workplace Safety and Insurance Board (WSIB) maintains full authority over the claims entitlement process and administers and processes claims payments on the Corporation’s behalf. WSIB liabilities for self-insured employers are reported in the Consolidated Statements of Financial Position.

The WSIB accrual at March 31, 2019 was $15,409,000 (March 31, 2018 – $17,944,000), of which $13,848,000 (March 31, 2018 – $16,190,000) was included in non-current employee benefits liability and $1,561,000 (March 31, 2018 – $1,754,000) was included in Trade and other payables (Note 11). The accrued benefit costs are based on actuarial assumptions.

The operators of the Resort Casinos are Schedule 1 employers under the Act and are not subject to the financial reporting requirements of self-insured employers. CHC Casinos Canada Limited, as operator of Casino Rama, was also a Schedule 1 employer under the Act until July 18, 2018.

(tabular amounts in thousands of Canadian dollars)

25. Commitments

	Obligations under operating leases (a)	HST on lease commitments (b)	Suppliers (c)
2020	$ 9,990	$ 23,491	$ 85,698
2021	10,027	19,856	52,650
2022	5,208	16,318	6,450
2023	5,130	14,052	6,450
2024	4,393	11,626	6,450
	34,748	85,343	157,698
Thereafter	20,767	178,730	109,658
	$ 55,515	$ 264,073	$ 267,356

a. Obligations under operating leases

The Corporation has several operating leases for facilities, property and equipment with a typical term of five to seven years.

b. HST on lease commitments

The Corporation and the Resort Casinos have entered into several agreements to lease property, plant and equipment from the Corporation's subsidiary and other external parties. The non-recoverable HST and the additional imputed tax on the gaming-related assets payable to the Government of Canada (Note 17.b) on the future lease payments are approximated as summarized above.

c. Suppliers

The Corporation has computer hardware maintenance, utility service and asset acquisition agreements with future payments as at March 31, 2019. The future payments are approximated as summarized above.

d. Ontario First Nations (2008) Limited Partnership

On February 19, 2008, Her Majesty the Queen in Right of Ontario, the Corporation, the Ontario First Nations Limited Partnership and Ontario First Nations (2008) Limited Partnership entered into the Gaming Revenue Sharing and Financial Agreement (GRSFA). Pursuant to the terms of the GRSFA and an Order-in-Council, the Corporation was directed to pay the Ontario First Nations (2008) Limited Partnership (OFNLP), commencing in fiscal 2011–12 and in each fiscal year for the remainder thereafter of the 20-year term, an amount equal to 1.7 per cent of the prior year's Gross Revenues of the Corporation, as defined (Gaming Revenue Sharing Payment to OFNLP). Pursuant to the GRSFA, during fiscal 2018–19, $146,379,000 was expensed (fiscal 2017–18 – $139,561,000) as Gaming Revenue Sharing Payment to OFNLP.

25. Commitments (continued)

e. Horse Racing Funding Agreement

During 2018–19, the Corporation acted as a flow through intermediary for provincial funding of horse racing pursuant to the Transfer Payment Agreements with racetracks under Horse Racing Partnership Funding Program. The Corporation also provided the Ontario horse racing industry with advice and support in areas including responsible gambling, marketing and performance management.

On May 7, 2018, the Corporation with support from the Ontario government executed a Funding Arrangement for Live Horse Racing for Ontario's horse racing industry. On March 21, 2019, the Ontario government announced increased funding for the horse racing industry in the province pursuant to the Amended and Restated Funding Agreement for Live Horse Racing.

Starting April 1, 2019, the Corporation will directly fund the Ontario horse racing industry pursuant to the terms and conditions of the Amended and Restated Funding Agreement for Live Horse Racing, which will provide the industry with up to approximately $117,000,000 per year for up to 19 years. In addition, the Corporation is committed to contribute $3,000,000 annually as part of the three-year transitional funding support of purses and operating costs for grassroots and signature-level racetracks.

f. Niagara Falls Entertainment Centre

In August 2017, OLG executed a lease agreement with Niagara Falls Entertainment Partners General Partnership (NFEP) requiring NFEP to design, construct, finance and subsequently maintain the Niagara Falls Entertainment Centre (NFEC) in Niagara Falls, Ontario. The construction is scheduled to be completed in late 2019 and the lease term of approximately 21 years will commence at that time. As at March 31, 2019, OLG has not made any payments under the lease agreement. The expected cumulative base rent payments to NFEP are estimated to be a minimum of $130,000,000 plus other costs, as defined, over the term of the lease. OLG intends to transfer the lease of the facility to MGE as the successful Niagara Bundle Service Provider but it will remain jointly liable for all obligations and covenants as tenant. At the expiration or termination of the lease term, OLG holds the option to purchase the land and building.

26. Contingencies

The Corporation is, from time to time, involved in various legal proceedings of a character normally incidental to its business. In addition, as the Corporation continues to modernize and transition gaming sites to Service Providers, there is a risk of contingent liabilities being present for binding contracts that cannot be assigned to Service Providers. The Corporation believes that the outcome of these outstanding claims and contingencies will not have a material impact on its Consolidated Statements of Comprehensive Income or the possibility of an outflow of resources is not determinable. Estimates, where appropriate, have been included in the Consolidated Statements of Financial Position (Note 12); however, additional settlements, if any, concerning these contingencies will be accounted for as a charge in the Consolidated Statements of Comprehensive Income in the period in which the settlement occurs.

27. Other information

The Corporation has four lines of business supported by Corporate Services. The four lines of business are distinct revenue-generating business units that offer different products and services and are managed separately because they require different technologies and marketing strategies. The following summary describes the operations in each line of business:

- **Lottery** derives its revenue from the sale of lottery products, which include Lotto, INSTANT and Sports products. Lotto products are also available for purchase over the Internet at PlayOLG.ca.

- **Charitable Gaming** (cGaming) derives its revenue from the sale of Charitable Gaming products.

- **Land-based Gaming** comprises:

  - **Slots and Casinos**, which are gaming facilities operated by OLG or a Service Provider, offer slot and table games, as well as food and beverage services. At the Service Provider-operated sites, OLG receives a share of the gaming revenue generated. The non-gaming revenue is earned and retained by the Service Provider.

  - **Resort Casinos**, operated by an Operator or Service Provider, which are full-service casinos that offer customers a variety of amenities, including accommodations, entertainment and food and beverage services, in addition to slot and table games.

- **Digital Gaming** derives its revenue from casino-style games available over the Internet at PlayOLG.ca.

Ontario Lottery and Gaming Corporation
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27. Other information (continued)

March 31, 2019	Lottery	cGaming	Land-based Gaming	Digital Gaming	Corporate Services	Total
Proceeds from Lottery and Gaming	$ 4,167,528	$ 182,995	$ 3,856,961	$ 91,916		$ 8,299,400
Less: Lottery prizes	(2,331,311)	-	-	-	-	(2,331,311)
Less: Land based gaming Service Provider fees	-	-	(1,170,628)	-	-	(1,170,628)
Gaming revenue	1,836,217	182,995	2,686,333	91,916	-	4,797,461
Non-gaming site revenue	-	-	80,955	-	-	80,955
Lease revenue	-	-	14,306	-	-	14,306
Revenue (a)	**1,836,217**	**182,995**	**2,781,594**	**91,916**	**-**	**4,892,722**
Expenses (income)						
Personnel	35,008	3,073	409,284	4,158	120,532	572,055
Commissions and fees	304,589	92,039	62,695	21,949	5,224	486,496
Marketing and promotion	92,097	-	98,587	5,648	19,019	215,351
Systems maintenance	25,354	7,893	41,272	-	21,967	96,486
Amortization	12,175	-	75,853	10	6,388	94,426
General operating, administration and other	9,168	981	33,014	349	35,064	78,576
Food, beverage, and other purchases	-	-	73,752	-	-	73,752
Facilities	2,546	-	53,706	284	10,325	66,861
Ticket printing, distribution and testing	50,133	5,956	-	-	-	56,089
Regulatory fees	13,914	2,268	8,515	3,358	754	28,809
Net finance (income) costs	85	604	2,298	-	(2,831)	156
(Gains) losses on disposal of property, plant and equipment, net	(19)	-	(41,480)	-	1	(41,498)
	545,050	**112,814**	**817,496**	**35,756**	**216,443**	**1,727,559**
Net income (loss) before the deduction of the undernoted	**$ 1,291,167**	**$ 70,181**	**$ 1,964,098**	**$ 56,160**	**$ (216,443)**	**$ 3,165,163**
Stakeholder payments	119,371	66,510	331,755	6,529	169,985	694,150
Win contribution	-	-	280,093	-	-	280,093
Net income (loss)	1,171,796	3,671	1,352,250	49,631	(386,428)	2,190,920
Add: Win contribution (Note 16)	-	-	280,093	-	-	280,093
Net Profit (loss) to the Province (b)	**$ 1,171,796**	**$ 3,671**	**$ 1,632,343**	**$ 49,631**	**$ (386,428)**	**$ 2,471,013**

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27. Other information (continued)

March 31, 2018	Lottery	cGaming	Land-based Gaming	Digital Gaming	Corporate Services	Total
Proceeds from Lottery and Gaming	$ 3,779,738	$ 172,096	$ 3,796,011	$ 73,074		$ 7,820,919
Less: Lottery prizes	(2,115,607)	-	-	-	-	(2,115,607)
Less: Land based gaming Service Provider fees	-	-	(364,934)	-	-	(364,934)
Gaming revenue	1,664,131	172,096	3,431,077	73,074	-	5,340,378
Non-gaming site revenue	-	-	121,731	-	-	121,731
Lease revenue	-	-	-	-	-	-
Revenue (a)	**1,664,131**	**172,096**	**3,552,808**	**73,074**	**-**	**5,462,109**
Expenses (income)						
Personnel	35,505	2,837	688,613	4,024	124,815	855,794
Commissions and fees	278,172	87,204	97,564	16,729	4,683	484,352
Marketing and promotion	71,753	-	184,208	5,038	20,775	281,774
Systems maintenance	22,847	5,843	69,686	-	11,387	109,763
Amortization	7,764	-	190,059	153	6,450	204,426
General operating, administration and other	8,708	1,258	41,368	506	81,091	132,931
Food, beverage, and other purchases	-	-	103,074	-	-	103,074
Facilities	2,492	-	146,201	398	10,009	159,100
Ticket printing, distribution and testing	44,083	6,176	-	-	-	50,259
Regulatory fees	11,735	2,633	18,473	3,079	110	36,030
Net finance (income) costs	38	417	2,856	(2)	1,716	5,025
(Gains) losses on disposal of property, plant and equipment, net	16	-	(107,073)	-	(29)	(107,086)
	483,113	**106,368**	**1,435,029**	**29,925**	**261,007**	**2,315,442**
Net income (loss) before the deduction of the undernoted	**$ 1,181,018**	**$ 65,728**	**$ 2,117,779**	**$ 43,149**	**$ (261,007)**	**$ 3,146,667**
Stakeholder payments	110,095	63,399	316,845	5,552	163,973	659,864
Win contribution	-	-	312,929	-	-	312,929
Net income (loss)	1,070,923	2,329	1,488,005	37,597	(424,980)	2,173,874
Add: Win contribution (Note 16)	-	-	312,929	-	-	312,929
Net Profit (loss) to the Province (b)	**$ 1,070,923**	**$ 2,329**	**$ 1,800,934**	**$ 37,597**	**$ (424,980)**	**$ 2,486,803**

(a) During fiscal 2018–19, $3,358,510,000 (fiscal 2017–18 - $1,948,610,000) represented revenue earned from Administered Games and $1,534,212,000 (fiscal 2017–18 - $3,513,499,000) represented revenue earned from Wagering Transactions.

(b) Net Profit to the Province (NPP) is the amount the Corporation returns to the Province of Ontario after stakeholder and other payments. NPP is calculated by adding back win contribution to net income (loss).

28. Subsequent events

a) On June 11, 2019, OLG and MGE entered into a 21-year COSA for the Niagara Gaming Bundle and a 21-year lease agreement for the Fallsview and Montrose properties. MGE purchased the assets of the Gaming Bundle for $138,230,000, which included an estimate for working capital of $49,393,000, resulting in an estimated gain on sale of assets of $15,785,000 and assumed day-to-day operations of the sites in the Gaming Bundle from OLG. In addition to the gain on sale of assets, OLG will recognize its share of gaming revenue over the duration of the COSA. MGE is entitled to receive a share of the gaming revenue, as defined in the COSA, generated at the Casinos it operates in the Gaming Bundle. The share of revenue owed to MGE primarily reflects the fixed fee, a variable fee (calculated as a percentage of gaming revenue above a set revenue threshold) and an amount for permitted capital expenditures. On the sale date, OLG derecognized all held for sale assets and liabilities – including property, plant and equipment – related to the sites in the Niagara Gaming Bundle. As part of the lease agreements, MGE is required to pay OLG approximately $26,700,000 per year for the combined properties subject to CPI adjustments. Also on June 11, 2019, OLG's lease agreement with respect to the Casino Niagara premises was terminated and MGE entered into its own new lease arrangement with the Landlord immediately following such termination. As disclosed in Note 19(d), OLG estimates recognizing a $13,227,000 gain on derecognition of the finance lease liability and asset, bringing the total estimated net gain on sale of the Niagara Bundle to $29,012,000.

b) Subsequent to March 31, 2019, the Corporation entered into 10-year Charitable Gaming Centre Service Provider Agreements (CGCSPA) with three separate Service Providers for 25 out of the 31 charitable gaming centres (cGaming centres). In accordance with the CGCSPA, OLG records its share of gaming revenue generated at the cGaming centres operated by the Service Provider and is recognized in the same period the game is played. The share of revenue owed to the Service Providers primarily reflects the variable fee (calculated as a percentage of gaming revenue) and other costs as defined in the agreement. As sites transitioned to the CGCSPA, OLG sold the assets it owned associated with the charitable gaming centres for a nominal amount.