

FISCAL YEAR 2020 GROSS GAMING REVENUE FREQUENTLY ASKED QUESTIONS

NATIONAL INDIAN GAMING COMMISSION

Q: What are audited or reviewed financial statements?

A: NIGC Regulations 25 C.F.R. §571.12 requires tribes to engage an independent certified public accountant to provide an annual audit or review of the financial statements of each class II and class III gaming operation on the tribe's Indian lands for each fiscal year. The independent certified public accountant must be licensed by a state board of accountancy. Financial statements prepared by the certified public accountant shall conform to generally accepted accounting principles and the annual audit or review shall conform to generally accepted auditing standards. Additionally, each tribe shall prepare and submit to the Commission copies of the financial statements and audits within 120 days after the end of each fiscal year of the gaming operation.

Q: How does the NIGC compile Gross Gaming Revenue (GGR)?

A: In accordance with Generally Accepted Accounting Principles, gaming operations are to record, track and report the revenues received from the various gaming activities being offered. These Gaming Revenues are then reported on the annual audited and/or reviewed financial statements and compiled for our Gross Gaming Revenue report.

Q: Why did GGR decline for the first time since 2009?

A: For most of the gaming operations reporting FY2020 revenues, the decline in revenues reported was the direct result of gaming operations being closed for varying lengths of time to address the public health and safety concerns as a result of the COVID-19 pandemic. Most gaming operations began closing in March of 2020. Most operations reopened limited gaming within 60 days. Others remained closed longer or had to reclose out of an abundance of caution when local factors dictated that was the best course of action. Some gaming operations have yet to reopen. There were a few isolated occasions where a gaming operation closed prior to March closures for unrelated factors. Once operations began to reopen, most did so with self-imposed limitations on capacity to help institute social distancing and to allow for frequent cleaning and disinfecting. Some gaming operations helped ensure social distancing by limiting the number of customers at any one table game or turned off every other gaming machine terminal.

Q: Why did some regions show higher percentage of GGR decreases vs the others?

A: The NIGC established eight regions based in part on the number of gaming operations, resources needed to monitor the gaming operations, geographical boundaries of the states in which the gaming operations reside and to provide the best on-the-ground regulatory support to the tribes and their gaming operations. The year-to-year GGR change by region should not be used as a direct indicator of the local economy or conditions created due to the pandemic. Many factors could have an impact on

the GGR in any specific region, such as new gaming operations, expansions to existing operations, temporary or permanent closures, or changes in the operations fiscal year.

Q: What does the number of operations in the GGR announcement represent?

A: The number of operations represents the total number of tribal gaming operations that submitted audited and/or reviewed financial statements either individually or as part of a consolidated audit with multiple gaming operations. It does not include those gaming operations who's audits have been delayed due to issues related to the pandemic or otherwise.

Q: When does NIGC release the GGR report?

A: Historically, the Commission releases the GGR information in July or August. Per our regulations, the gaming operations have 120 days after their fiscal year end to submit the audited financial statements to NIGC. Therefore, tribes who have fiscal year ending December 31, must have submitted their audited financial statements by April 30. Once NIGC receives the audited financial statements, the statements are reviewed, verified, compiled, and analyzed to obtain the total GGR for release in July or August.

Q: What is the fiscal year end date used in the GGR reporting?

A: The tribes or their gaming operations establish the fiscal year end date which varies by gaming operation. A majority of the gaming operations use a fiscal year end of September 30 or December 31.

Q: Why doesn't the NIGC release GGR information by Tribe or State?

A: The NIGC reports the GGR at the regional level. The reason we do not report the GGR at the tribe or state level is to protect the proprietary information of tribes (sovereign nations). In some instances, there is only one or just a few gaming operations within a given state.

Q: What impact has the COVID-19 pandemic had on revenue?

A: The audited financial statements received for FY2020 demonstrated the impact of the pandemic varied greatly from gaming operation to gaming operation. Of those who reported a decrease in GGR compared to FY2019, the average decrease was approximately 30%. There were approximately 65 gaming operations that reported a 50% or more decrease in GGR compared to FY2019. At the time of this report, approximately 30 gaming operations remain closed since March of 2020 due to the pandemic.