



Arkansas

Scholarship Lottery

EXHIBIT C1

**Lottery Oversight Subcommittee Meeting
June 2020**

**Report from the Office of the Arkansas Lottery
By Director Bishop Woosley**

Comparative Income Statements

May 2020 vs. May 2019

GAAP Basis Income Statement	<u>May 2020</u>	<u>May 2019</u>	Favorable/ (Unfavorable)	Percentage Variance
Revenues				
Instant Games	\$ 52,805,222	\$ 32,515,730	\$ 20,289,492	62.4%
Draw Games	8,321,433	8,594,591	(273,158)	-3.2%
Retailer Fees and Other	2,652	48,025	(45,373)	-94.5%
Total Revenues	61,129,307	41,158,346	19,970,961	48.5%
Operating Expense				
Instant Game Prizes	38,231,474	23,123,196	(15,108,278)	-65.3%
Draw Game Prizes	4,617,297	4,488,237	(129,060)	-2.9%
Retailer Commissions	3,475,444	2,306,756	(1,168,688)	-50.7%
Gaming Contract Costs	2,715,513	1,663,129	(1,052,384)	-63.3%
Marketing and Advertising	823,192	615,789	(207,403)	-33.7%
General and Administrative	1,213,793	923,232	(290,561)	-31.5%
Total Operating Expenses	51,076,713	33,120,339	(17,956,374)	-54.2%
Operating Income	10,052,594	8,038,007	2,014,587	25.1%
Interest Income and Other Income	55,372	245,481	(190,109)	-77.4%
Income Before Transfers	\$ 10,107,966	\$ 8,283,488	\$ 1,824,478	22.0%
Net Proceeds	\$ 8,619,106	\$ 8,396,193	\$ 222,913	2.7%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

May 2020 Actual vs. Budget

GAAP Basis Income <u>Statement</u>	May 2020 <u>Actual</u>	May 2020 <u>Budget</u>	Favorable/ <u>(Unfavorable)</u>	Percentage <u>Variance</u>
Revenues				
Instant Games	\$ 52,805,222	\$ 33,311,000	\$ 19,494,222	58.5%
Draw Games	8,321,433	7,367,000	954,433	13.0%
Retailer Fees and Other	2,652	43,000	(40,348)	-93.8%
Total Revenues	61,129,307	40,721,000	20,408,307	50.1%
Operating Expense				
Instant Game Prizes	38,231,474	23,896,000	(14,335,474)	-60.0%
Draw Game Prizes	4,617,297	3,897,000	(720,297)	-18.5%
Retailer Commissions	3,475,444	2,323,000	(1,152,444)	-49.6%
Gaming Contract Costs	2,715,513	1,763,000	(952,513)	-54.0%
Marketing and Advertising	823,192	565,000	(258,192)	-45.7%
General and Administrative	1,213,793	1,026,000	(187,793)	-18.3%
Total Operating Expenses	51,076,713	33,470,000	(17,606,713)	-52.6%
Operating Income	10,052,594	7,251,000	2,801,594	38.6%
Interest Income and Other Income	55,372	191,000	(135,628)	-71.0%
Income Before Transfers	\$ 10,107,966	\$ 7,442,000	\$ 2,665,966	35.8%
Net Proceeds	\$ 8,619,106	\$ 6,892,000	\$ 1,727,106	25.1%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

Year to Date May 31, 2020 vs. May 31, 2019

GAAP Basis Income Statement	Actual YTD 05/31/20	Actual YTD 05/31/19	Favorable/ Unfavorable	Percentage Variance
Revenues				
Instant Games	\$ 406,832,716	\$ 376,192,219	\$ 30,640,497	8.1%
Draw Games	72,167,736	100,958,893	(28,791,157)	-28.5%
Retailer Fees and Other	555,082	672,184	(117,102)	-17.4%
Total Revenues	479,555,534	477,823,296	1,732,238	0.4%
Operating Expense				
Instant Game Prizes	293,128,345	270,334,124	(22,794,221)	-8.4%
Draw Game Prizes	39,920,816	52,584,721	12,663,905	24.1%
Retailer Commissions	27,124,851	26,847,827	(277,024)	-1.0%
Gaming Contract Costs	22,198,393	22,121,945	(76,448)	-0.3%
Marketing and Advertising	7,223,153	6,893,661	(329,492)	-4.8%
General and Administrative	9,109,890	10,664,884	1,554,994	14.6%
Total Operating Expenses	398,705,448	389,447,162	(9,258,286)	-2.4%
Operating Income	80,850,086	88,376,134	(7,526,048)	-8.5%
Interest Income and Other Income	2,057,844	2,311,927	(254,083)	-11.0%
Income Before Transfers	\$ 82,907,930	\$ 90,688,061	\$ (7,780,131)	-8.6%
Net Proceeds	\$ 74,466,458	\$ 84,928,958	\$ (10,462,500)	-12.3%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

Year to Date May 31, 2020 Actual vs. Budget



GAAP Basis Income Statement	Actual YTD 05/31/20	Budget YTD 05/31/20	Favorable/ Unfavorable	Percentage Variance
Revenues				
Instant Games	\$ 406,832,716	\$ 375,769,000	\$ 31,063,716	8.3%
Draw Games	72,167,736	82,003,000	(9,835,264)	-12.0%
Retailer Fees and Other	555,082	519,000	36,082	7.0%
Total Revenues	479,555,534	458,291,000	21,264,534	4.6%
Operating Expense				
Instant Game Prizes	293,128,345	269,687,000	(23,441,345)	-8.7%
Draw Game Prizes	39,920,816	43,287,000	3,366,184	7.8%
Retailer Commissions	27,124,851	25,822,000	(1,302,851)	-5.0%
Gaming Contract Costs	22,198,393	20,662,000	(1,536,393)	-7.4%
Marketing and Advertising	7,223,153	7,334,000	110,847	1.5%
General and Administrative	9,109,890	11,021,500	1,911,610	17.3%
Total Operating Expenses	398,705,448	377,813,500	(20,891,948)	-5.5%
Operating Income	80,850,086	80,477,500	372,586	0.5%
Interest Income and Other Income	2,057,844	1,797,000	260,844	14.5%
Income Before Transfers	\$ 82,907,930	\$ 82,274,500	\$ 633,430	0.8%
Net Proceeds	\$ 74,466,458	\$ 76,224,500	\$ (1,758,042)	-2.3%

Note – Net Proceeds does not include unclaimed prizes amounts

ADHE Transfer Analysis

ADHE Transfer Analysis						
Month	2020 Net Proceeds	2020 Unclaimed Prizes	Total Transfer	2020 Budget	Over/Under Budget	Cumulative Balance
July,2019	\$ 4,523,931	\$ 1,997,466	\$ 6,521,397	\$ 7,006,500	\$ (485,103)	\$ (485,103)
August	4,942,737	1,061,557	\$ 6,004,294	7,641,500	\$ (1,637,206)	\$ (2,122,309)
September	6,565,973	247,474	\$ 6,813,447	6,495,000	\$ 318,447	\$ (1,803,862)
October	6,318,099	780,461	\$ 7,098,560	7,228,500	\$ (129,940)	\$ (1,933,802)
November	5,947,178	864,775	\$ 6,811,953	6,797,000	\$ 14,953	\$ (1,918,849)
December	6,371,983	156,312	\$ 6,528,295	8,143,500	\$ (1,615,205)	\$ (3,534,054)
January, 2020	8,239,084	1,006,865	\$ 9,245,949	7,113,500	\$ 2,132,449	\$ (1,401,605)
February	7,233,557	87,086	\$ 7,320,643	7,438,500	\$ (117,857)	\$ (1,519,462)
March	7,386,497	856,503	\$ 8,243,000	8,960,000	\$ (717,000)	\$ (2,236,462)
April	8,318,313	90,058	\$ 8,408,371	8,008,500	\$ 399,871	\$ (1,836,592)
May	8,619,106	831,426	\$ 9,450,532	7,442,000	\$ 2,008,532	\$ 171,940
June						
Sub total	74,466,458	7,979,983	82,446,440	82,274,500		\$ 171,940

Budget for the Fiscal Year Ending June 30, 2021

	<u>FY2019 Audited</u>	<u>FY 2020 Budget</u>	<u>FY 2021 Budget</u>
Operating Revenues:			
Instant Games	\$ 407,825,514	\$ 407,400,000	\$ 406,200,000
Online Games	107,893,223	89,600,000	59,600,000
Less: Promotions Discount	(225,230)	(500,000)	(500,000)
Retailer application and bonding fees	728,897	550,000	500,000
Non-Gaming Revenue	14,439	12,000	6,000
Total Operating Revenues	516,236,843	497,062,000	465,806,000
Operating Expenses:			
Instant Games Prizes	293,635,992	292,468,000	291,389,000
OnLine Games Prizes	56,240,230	46,892,000	32,354,000
Retailer Commissions	29,062,835	28,004,000	26,318,000
Gaming Contract Costs	23,691,567	22,338,000	21,800,000
Staff Compensation & Benefits	4,829,725	5,550,000	5,400,000
Marketing, Advertising & Promotions	7,251,773	8,000,000	7,500,000
General and Administrative Expenses	5,621,315	5,421,000	2,519,000
Services Provided by Other Agencies:	559,264	585,000	585,000
Legal and Professional Services	1,400	6,000	6,000
Capital Asset Depreciation	123,426	410,000	383,000
Total Operating Expenses	421,017,527	409,674,000	388,254,000
Operating Income	95,219,316	87,388,000	77,552,000
Non-Operating Revenue (Expense):			
Interest Income	2,569,816	2,000,000	670,000
Other Non-Operating Income	-	-	-
Income before Transfers	\$ 97,789,132	\$ 89,388,000	\$ 78,222,000
Transfers To:			
Education Trust Account	(68,205,096)	(82,750,000)	(71,000,000)
Workforce Challenge Trust Account	(23,639,040)	-	-
Unclaimed Prizes Reserve-transferred at June	(6,794,904)	(6,600,000)	(7,200,000)
Total Transfers to ADHE	(98,639,040)	(89,350,000)	(78,200,000)
Change in Net Assets	(\$ 849,908)	\$ 38,000	\$ 22,000