



Arkansas

Scholarship Lottery

EXHIBIT C1

**Lottery Oversight Subcommittee Meeting
October 2020**

**Report from the Office of the Arkansas Lottery
By Director J. Eric Hagler**

Comparative Income Statements

October 2020 vs. October 2019

GAAP Basis Income Statement	<u>October 2020</u>	<u>October 2019</u>	Favorable/ (Unfavorable)	Percentage Variance
Revenues				
Instant Games	\$ 35,423,904	\$ 32,356,780	\$ 3,067,124	9.5%
Draw Games	7,131,414	6,509,829	621,585	9.5%
Retailer Fees and Other	60,522	66,031	(5,509)	-8.3%
Total Revenues	42,615,840	38,932,640	3,683,200	9.5%
Operating Expense				
Instant Game Prizes	26,147,509	23,183,132	(2,964,377)	-12.8%
Draw Game Prizes	3,847,563	3,653,446	(194,117)	-5.3%
Retailer Commissions	2,398,576	2,191,774	(206,802)	-9.4%
Gaming Contract Costs	2,198,690	1,899,342	(299,348)	-15.8%
Marketing and Advertising	657,471	696,595	39,124	5.6%
General and Administrative	653,130	786,586	133,456	17.0%
Total Operating Expenses	35,902,939	32,410,875	(3,492,064)	-10.8%
Operating Income	6,712,901	6,521,765	191,136	2.9%
Interest Income and Other Income	59,144	235,979	(176,835)	-74.9%
Income Before Transfers	\$ 6,772,045	\$ 6,757,744	\$ 14,301	0.2%
Net Proceeds	\$ 8,447,337	\$ 6,318,099	\$ 2,129,238	33.7%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

October 2020 Actual vs. Budget

GAAP Basis Income Statement	October 2020 Actual	October 2020 Budget	Favorable/ (Unfavorable)	Percentage Variance
Revenues				
Instant Games	\$ 35,423,904	\$ 32,000,000	\$ 3,423,904	10.7%
Draw Games	7,131,414	4,930,000	2,201,414	44.7%
Retailer Fees and Other	60,522	51,500	9,022	17.5%
Total Revenues	42,615,840	36,981,500	5,634,340	15.2%
Operating Expense				
Instant Game Prizes	26,147,509	22,958,000	(3,189,509)	-13.9%
Draw Game Prizes	3,847,563	2,656,000	(1,191,563)	-44.9%
Retailer Commissions	2,398,576	2,090,000	(308,576)	-14.8%
Gaming Contract Costs	2,198,690	1,878,000	(320,690)	-17.1%
Marketing and Advertising	657,471	668,000	10,529	1.6%
General and Administrative	653,130	777,500	124,370	16.0%
Total Operating Expenses	35,902,939	31,027,500	(4,875,439)	-15.7%
Operating Income	6,712,901	5,954,000	758,901	12.7%
Interest Income and Other Income	59,144	60,000	(856)	-1.4%
Income Before Transfers	\$ 6,772,045	\$ 6,014,000	\$ 758,045	12.6%
Net Proceeds	\$ 8,447,337	\$ 5,414,000	\$ 3,033,337	56.0%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

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



GAAP Basis Income Statement	Actual YTD 10/31/20	Actual YTD 10/31/19	Favorable/ Unfavorable	Percentage Variance
Revenues				
Instant Games	\$ 162,157,490	\$ 132,330,736	\$ 29,826,754	22.5%
Draw Games	27,164,843	24,701,198	2,463,645	10.0%
Retailer Fees and Other	247,207	241,645	5,562	2.3%
Total Revenues	189,569,540	157,273,579	32,295,961	20.5%
Operating Expense				
Instant Game Prizes	119,082,249	93,950,784	(25,131,465)	-26.7%
Draw Game Prizes	15,000,954	13,642,348	(1,358,606)	-10.0%
Retailer Commissions	10,736,072	8,889,556	(1,846,516)	-20.8%
Gaming Contract Costs	9,173,277	7,428,018	(1,745,259)	-23.5%
Marketing and Advertising	2,288,108	2,695,766	407,658	15.1%
General and Administrative	3,407,316	3,094,973	(312,343)	-10.1%
Total Operating Expenses	159,687,976	129,701,445	(29,986,531)	-23.1%
Operating Income	29,881,564	27,572,134	2,309,430	8.4%
Interest Income and Other Income	268,919	1,050,956	(782,037)	-74.4%
Income Before Transfers	\$ 30,150,483	\$ 28,623,090	\$ 1,527,393	5.3%
Net Proceeds	\$ 32,594,405	\$ 22,350,740	\$ 10,243,665	45.8%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

Year to Date October 31, 2020 Actual vs. Budget



GAAP Basis Income Statement	Actual YTD 10/31/20	Budget YTD 10/31/20	Favorable/ Unfavorable	Percentage Variance
Revenues				
Instant Games	\$ 162,157,490	\$ 129,200,000	\$ 32,957,490	25.5%
Draw Games	27,164,843	19,755,000	7,409,843	37.5%
Retailer Fees and Other	247,207	192,000	55,207	28.8%
Total Revenues	189,569,540	149,147,000	40,422,540	27.1%
Operating Expense				
Instant Game Prizes	119,082,249	92,712,000	(26,370,249)	-28.4%
Draw Game Prizes	15,000,954	10,643,000	(4,357,954)	-40.9%
Retailer Commissions	10,736,072	8,429,000	(2,307,072)	-27.4%
Gaming Contract Costs	9,173,277	7,161,000	(2,012,277)	-28.1%
Marketing and Advertising	2,288,108	2,547,000	258,892	10.2%
General and Administrative	3,407,316	2,981,000	(426,316)	-14.3%
Total Operating Expenses	159,687,976	124,473,000	(35,214,976)	-28.3%
Operating Income	29,881,564	24,674,000	5,207,564	21.1%
Interest Income and Other Income	268,919	244,000	24,919	10.2%
Income Before Transfers	\$ 30,150,483	\$ 24,918,000	\$ 5,232,483	21.0%
Net Proceeds	\$ 32,594,405	\$ 22,518,000	\$ 10,076,405	44.7%

Note – Net Proceeds does not include unclaimed prizes amounts.

ADHE Transfer Analysis

ADHE Transfer Analysis						
Month	2021 Net Proceeds	2021 Unclaimed Prizes	Total Transfer	2021 Budget	Over/Under Budget	Cumulative Balance
July,2020	\$ 8,592,574	\$ 138,541	\$ 8,731,115	\$ 5,825,000	\$ 2,906,115	\$ 2,906,115
August	7,862,917	653,444	\$ 8,516,361	6,746,000	\$ 1,770,361	\$ 4,676,476
September	7,691,577	167,166	\$ 7,858,743	6,333,000	\$ 1,525,743	\$ 6,202,219
October	8,447,337	89,981	\$ 8,537,318	6,014,000	\$ 2,523,318	\$ 8,725,537
November						
December						
January, 2021						
February						
March						
April						
May						
June						
Sub total	32,594,405	1,049,132	33,643,537	24,918,000		\$ 8,725,537
Reserve for GPW						
Total	\$ 32,594,405	\$ 1,049,132	\$ 33,643,537	\$ 24,918,000		\$ 8,725,537