ANNUAL REPORT 2016

NHLottery

Over $1.7 billion to education

A NOTE FROM THE *governor*

Since 1964, The New Hampshire Lottery's commitment to investing in the public education system and the continued success of our children continues to grow stronger with each passing year. The contributions of the New Hampshire Lottery – nearly $1.8 billion to date – have helped to provide our children with the educational opportunities needed to ensure success in their future and the future of our state.

As if a record-breaking $308 million in sales wasn't exciting enough, I am pleased to announce that we were able to raise over $79 million in net profit for education during the 2016 fiscal year. The support of the New Hampshire Lottery helps make many critical programs and classes possible, giving our children the opportunity to achieve the quality education they deserve.

On behalf of the people of New Hampshire, I would like to thank everyone for their support in making our mission to strengthen the public education system possible. Thanks to the combined efforts and hard work of the Lottery staff, retailers, dedicated teachers and everyone in the education community, we're ensuring a brighter future for the New Hampshire public school system and for the children whose futures depend on it.

With every good wish,

Maggie Hassan

Margaret Wood Hassan, Governor

A MESSAGE FROM THE *director*

What a year it's been for the New Hampshire Lottery! Thanks to our dedicated Lottery and Racing and Charitable staff and hardworking retailers, fiscal year 2016 was filled with innovative, exciting and creative accomplishments including a record-breaking $308 million in sales revenue. This was an increase of more than $25 million over the previous year. With such strong sales, we are proud to say that the New Hampshire Lottery was able to raise $79 million for our public education system. Now that's something to celebrate!

Our commitment to exploring and offering enticing ways to keep players in the game really paid off this past year. With games like Mega Makeover, NHL Hockey, Ugly Sweater and the introduction of our first ever The Home Depot themed ticket, our instant ticket sales totaled an impressive $218 million. Combine that with a record-breaking $1.5 billion Powerball jackpot, the past year has been a winning experience for both the New Hampshire Lottery and our devoted players.

In an effort to reach new players and cast a wider net, we're upping our social game with contests, apps, giveaways, Facebook posts and Instagram hashtags. It's a great opportunity to engage with our players and get the word out about the latest New Hampshire Lottery happenings.

It was also an exciting year for our new "Chief Luck Officer," Chuck McLuck. The New Hampshire Lottery introduced this adventurous character in our advertising, marketing and social media efforts this year. Tapping into the documentary-style trends, we featured our "Chief Luck Officer" in iconic locations across New Hampshire including Mount Washington and the Isles of Shoals. Incorporating Chuck McLuck into our story proved to be a fun and exciting way to not only engage with Lottery players, but to showcase the best of New Hampshire's landscape as well.

Between unique new scratch tickets and big jackpots, the incorporation of the Racing and Charitable Gaming division, record-breaking sales and innovative marketing initiatives, it was another banner year for the New Hampshire Lottery. Congratulations and thanks goes to all of our staff members and retailers for their immense effort in helping fiscal year 2016 be a truly record-breaking year!

CHARLES MCINTYRE,
EXECUTIVE DIRECTOR

A MESSAGE FROM THE

commission chairman

With the help of our incredible staff and valued retailers, everyone won in 2016. The New Hampshire Lottery raised a record-breaking $308 million in sales, retailers earned over $18 million in commissions and our players received almost $200 million in prizes. Talk about a successful year.

As a proud sponsor of education, giving back to New Hampshire's public school system has always been a top priority for the Lottery. Contributing over $79 million to this worthy cause is amongst our greatest achievements in fiscal year 2016.

We also experienced some huge milestones with Powerball. The Powerball jackpot reached an all-time high of $1.5 billion, which increased sales by an outstanding 47% or $13.6 million from the previous year in just two weeks.

Since its inception in 1964, the New Hampshire Lottery has had a significant impact on the state contributing nearly $1.8 billion to education, giving over $3.8 billion back to our players and recording almost $6 billion in lottery sales and other earnings. We are so proud of this impressive list of accomplishments and look forward to the challenge ahead of us.

I would also like to offer my sincere thanks to the Executive Council for their continuous support of the Lottery and its mission to strengthen New Hampshire public schools: Joseph D. Kenney, Christopher C. Pappas, Debora B. Pignatelli, Christopher T. Sununu, Colin Van Ostern and David Wheeler, as well as my fellow Commission members Paul J. Holloway and David L. Gelinas. Most importantly, I would also like to thank all of the Lottery players across the Granite State who help turn our dream of a brighter future for New Hampshire's children into a reality.

DEBRA DOUGLAS,
CHAIRMAN

Chairman
Debra Douglas

Commissioner
David L. Gelinas

Commissioner
Paul J. Holloway

FISCAL YEAR 2016 *highlights*

With exciting promotions and games, amazing sales and new additions to the team, it's no wonder that the New Hampshire Lottery continued to live up to its reputation as one of the most innovative lotteries in the country over the last year.

Honoring our commitment to providing loyal players with fun and exciting new ways to win, we introduced a spectacular lineup of scratch tickets in the past year. The Halloween Clown Cash, Ugly Christmas Sweater and NHL Hockey scratch tickets were amongst the most popular of our games in 2016.

The New Hampshire Lottery also joined forces with The Home Depot and introduced a Mega Makeover scratch ticket. We even brought back some crowd favorites like the Bruins and Patriots scratch tickets.

In order to engage more directly with our players, the New Hampshire Lottery held numerous exciting promotions all across the state. From a High-Speed Scratch Off contest at the New Hampshire Motor Speedway to family events at The Home Depot stores, there was never a dull moment. We were especially excited to bring the first live drawing to the New Hampshire Fisher Cats stadium to award over $1.3 million to a few lucky winners.

The New Hampshire Lottery also introduced the new "Chief Luck Officer," Chuck McLuck. Between a series of commercials, various promotions, a dedicated website and an Instagram account, Chuck McLuck quickly became everyone's favorite eccentric adventurer.

Across the board, it was another successful year in sales. Our partners at the Racing and Charitable Gaming division brought in $5 million through games like Bingo and Lucky 7. Powerball, Mega Millions, Megabucks Plus, Lucky For Life, Pick 3/Pick 4 and Hot Lotto sales combined totaled a whopping $133 million. Fast Play sales continued to soar and rose by 32% from the previous year. All of this contributed to a record-breaking year for the New Hampshire Lottery with $308 million in sales revenue.

balance SHEET

ASSETS	AS OF JUNE 30, 2016
CURRENT ASSETS	
Cash and cash equivalents	$2,602,943
Cash and cash equivalents - Restricted (Note 1)	48,034
Accounts receivable	2,353,250
Due from other funds (Liquor)	511,070
Instant scratch games ticket inventories	1,093,155
Prepaid expenses and other	48,768
Total current assets	6,657,220
NONCURRENT ASSETS	
Restricted deposits (Note 8)	4,048,459
Capital assets net of accumulated depreciation (Note 4)	210,692
Total noncurrent assets	4,259,151
Total assets	**10,916,371**
Deferred outflows of resources	**404,000**
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	2,102,461
Accrued payroll and benefits	277,514
Ticket sales for future draws	1,217,335
Restricted Deposits - Hinsdale (Note 1)	48,034
Unclaimed prizes net of estimated expired prizes (Note 1)	2,559,459
Compensated absences	124,026
Workers compensation claims	1,000
Due to Education Trust Fund	221,977
Total current liabilities	**6,551,806**
NONCURRENT LIABILITIES	
Compensated absences	496,106
Net pension liability	3,675,000
Total noncurrent liabilities	**4,171,106**
Total liabilities	**10,722,912**
Deferred inflows of resources	**228,000**
NET POSITION	
Net investments in capital assets	210,692
Restricted for prize funds (Note 8)	4,048,459
Unrestricted (deficit)	(3,889,692)
Total net position	**$369,459**

The notes to the financial statements are an integral part of this statement.

income STATEMENT

OPERATING REVENUES	FOR THE YEAR ENDED JUNE 30, 2016
Instant scratch games	$218,037,410
Multi-State online games	56,510,087
Tri-State online games	23,499,627
Lucky For Life	5,294,823
Bingo/Lucky 7/Racing & Charitable Gaming	5,038,351
Other Income	147,305
Total operating revenues	**308,527,603**
OPERATING EXPENSES	
Cost of sales:	
Prizes	192,963,388
Retailers' commissions	18,057,048
Other	8,262,245
Total cost of sales	219,282,681
Administration	10,133,173
Depreciation	71,942
Total operating expenses	**229,487,796**
Operating income	79,039,807
NONOPERATING REVENUES (EXPENSES)	
Interest and miscellaneous income	41,164
Distributions to the State's Education Trust Fund	(79,184,886)
Total nonoperating revenues (expenses)	(79,143,722)
Change in net position	(103,915)
Net position, July 1 - restated (Note 1)	473,374
Net position, June 30	$369,459

Unaudited

NHLottery

Over $1.7 billion to education

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