

KENTUCKY LOTTERY CORPORATION

FINANCIAL STATEMENTS

MAY 2019

MONTH 11 OF FISCAL YEAR ENDING JUNE 30, 2019

CONTENTS

CHART - "WHERE THE MONEY GOES" (INCEPTION-TO-DATE)

CHART - "WHERE THE MONEY GOES" (YEAR-TO-DATE)

CHART - SALES AND DIRECT COSTS BY MONTH

CHART – OPERATING EXPENSE BY MONTH

FINANCIAL RESULTS

BALANCE SHEETS

STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR, BUDGET, AND PERCENTAGE
OF TOTAL SALES (MONTH AND YEAR-TO-DATE)

STATEMENTS OF RETAINED EARNINGS

STATEMENTS OF CASH FLOWS

PROFIT MARGIN REPORT – MONTH

PROFIT MARGIN REPORT - YEAR-TO-DATE

ADVERTISING AND PROMOTION EXPENSES

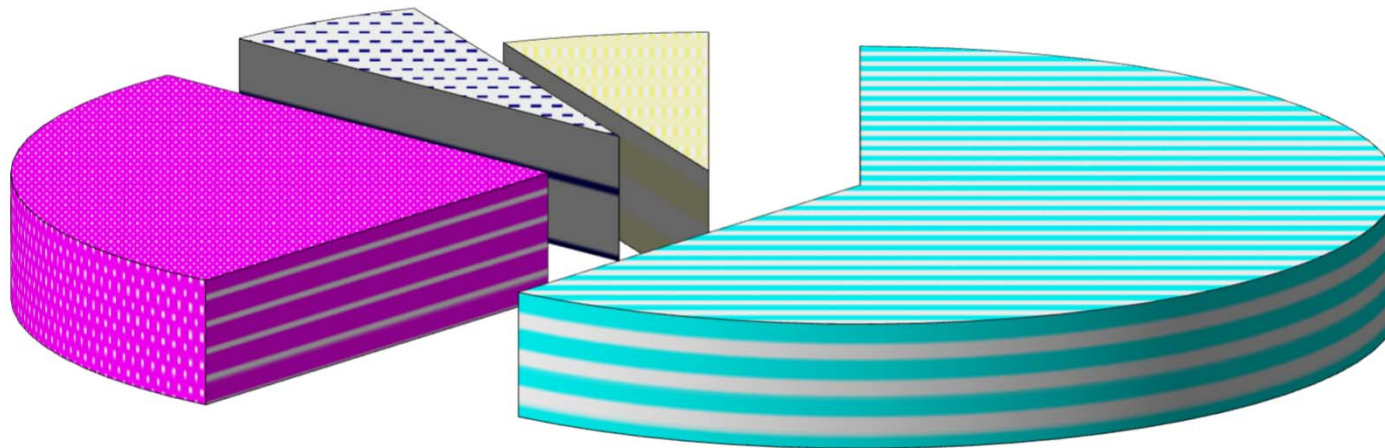
OPERATING EXPENSES

PROPERTY AND EQUIPMENT

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
INCEPTION-TO-DATE SALES AS OF MAY 31, 2019
\$20.462 BILLION**

**\$1.285
BILLION PAID FOR
MARKETING & OPERATING
EXP - 6.3%**

\$1.279 BILLION PAID TO RETAILERS - 6.2%



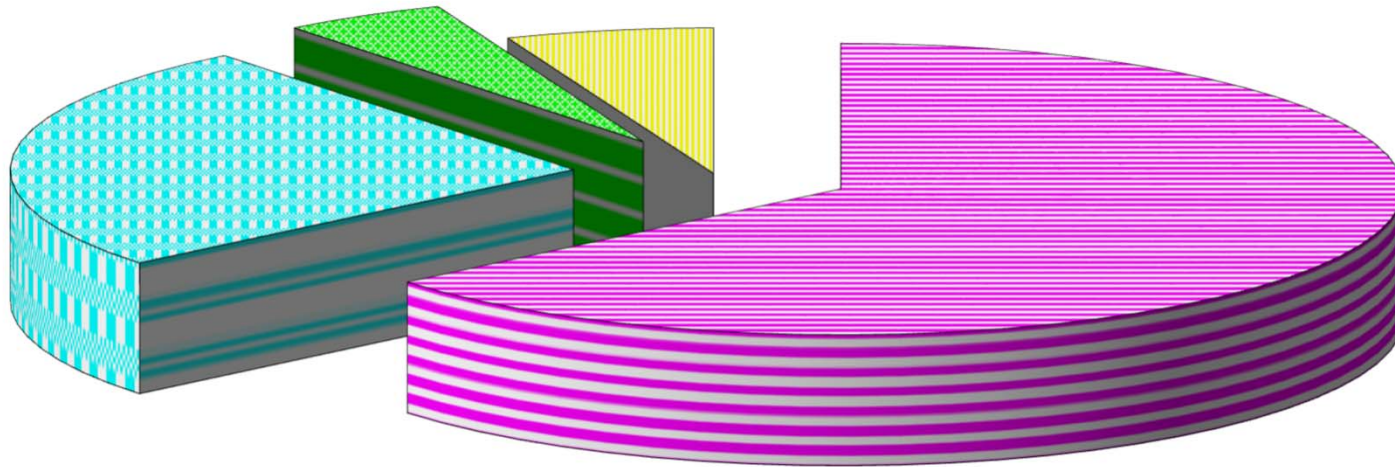
**\$5.423 BILLION
EARNED FOR THE
STATE OF KENTUCKY
- 26.5%**

**\$12.475 BILLION PAID
TO WINNERS - 61.0%**

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
YEAR-TO-DATE SALES AS OF MAY 31, 2019
\$1.0345 BILLION**

**\$48.6 MILLION PAID FOR
MARKETING & OPERATING
EXP - 4.7%**

\$61.6 MILLION PAID TO RETAILERS - 5.9%



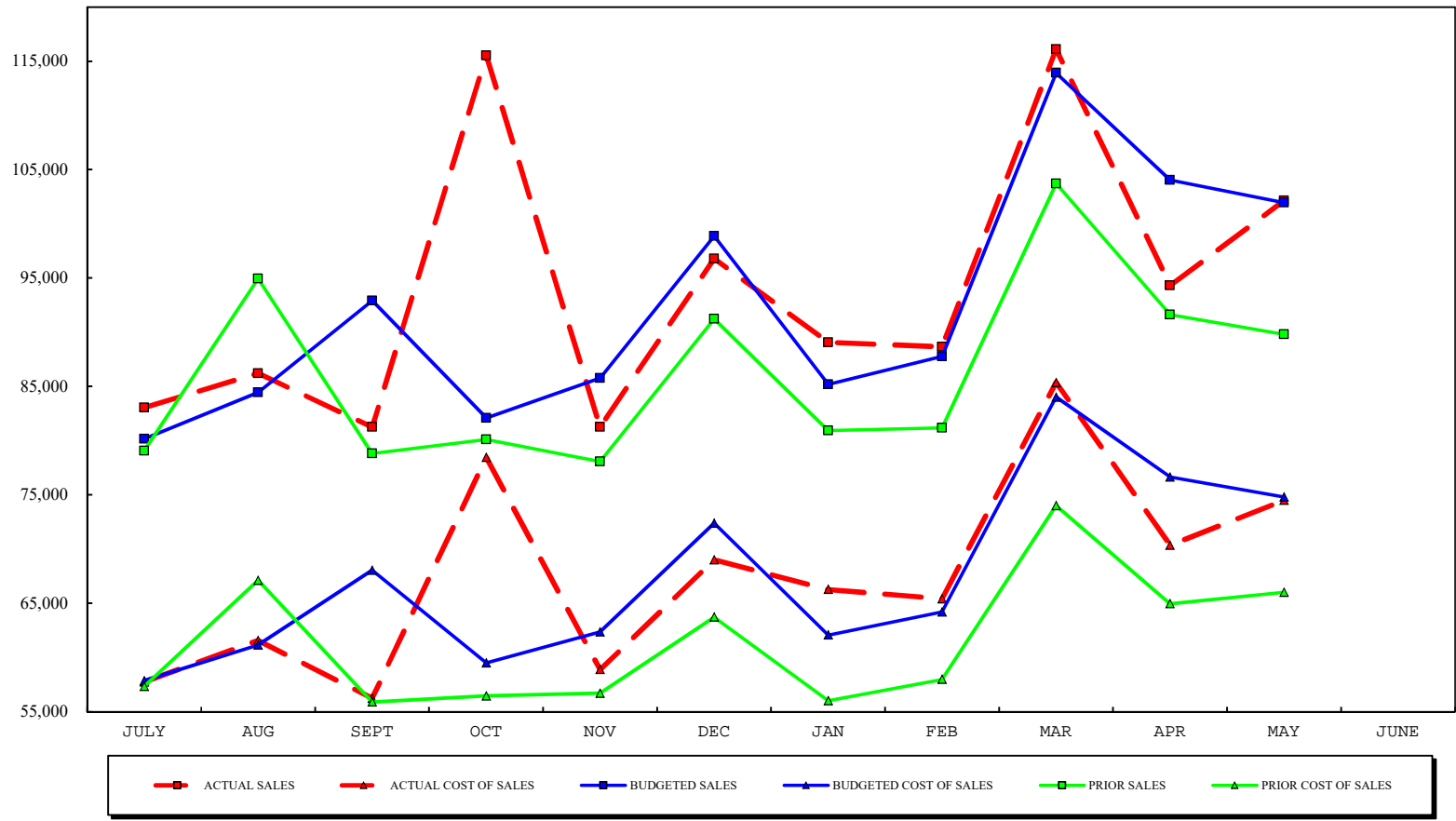
**\$262.6 MILLION
EARNED FOR THE
STATE OF
KENTUCKY - 25.4%**

**\$661.7 MILLION PAID
TO WINNERS - 64.0%**

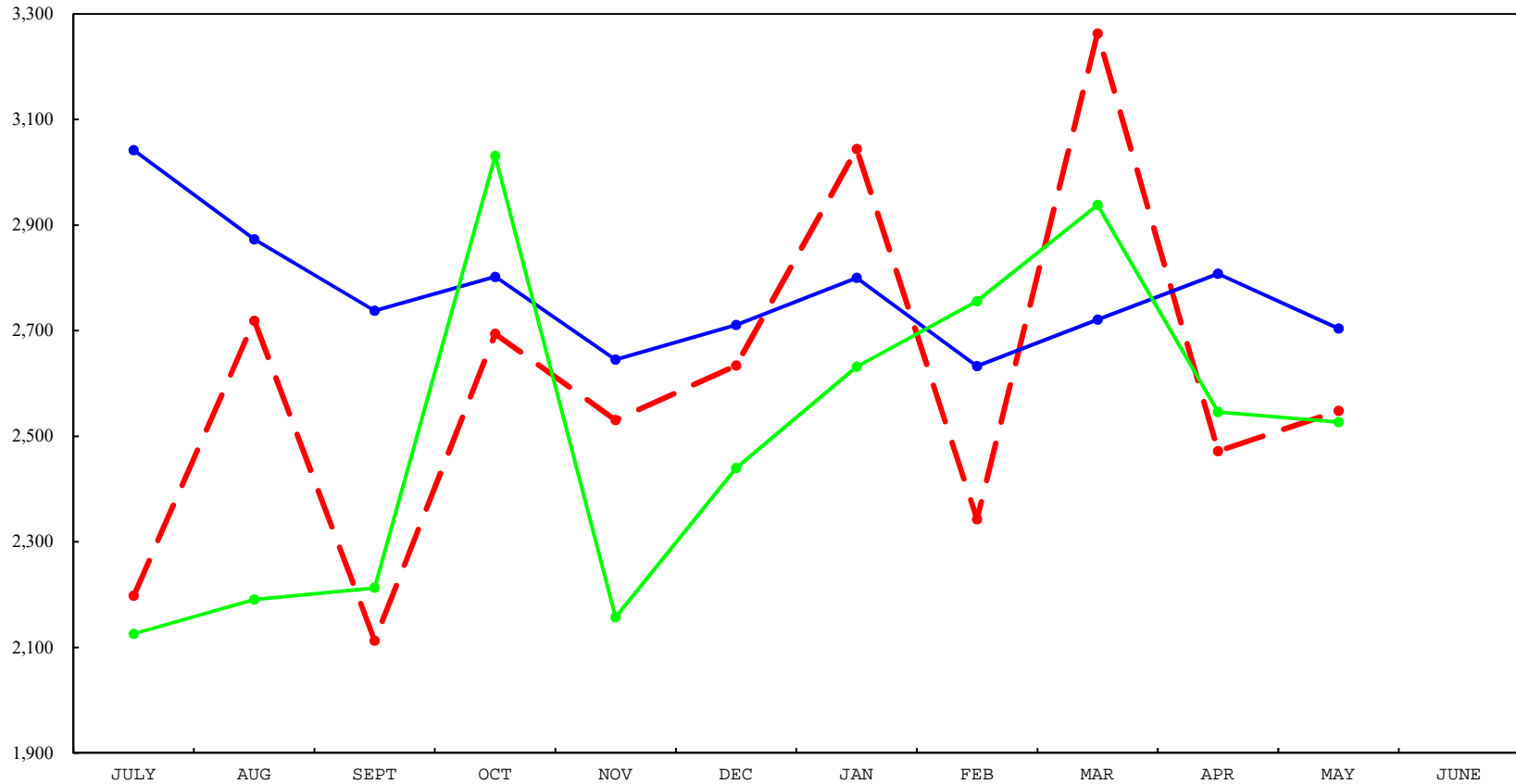
AMOUNTS ARE SHOWN AS A PERCENTAGE OF SALES.

EARNINGS FOR THE STATE OF KENTUCKY ARE USED FOR THE KEES COLLEGE SCHOLARSHIP AND KTG/CAP GRANT PROGRAMS, AS WELL AS THE WORK READY SCHOLARSHIP AND THE DUAL CREDIT SCHOLARSHIP.

SALES AND DIRECT COSTS BY MONTH
AS OF MAY 31, 2019



OPERATING EXPENSE BY MONTH
AS OF MAY 31, 2019



—●— ACTUAL OPERATING EXPENSE —●— BUDGETED OPERATING EXPENSE —●— PRIOR OPERATING EXPENSE

KENTUCKY LOTTERY CORPORATION

FINANCIAL RESULTS

MAY 2019

INCOME STATEMENT

Ticket sales for May 2019 were \$102.1 million which is \$12.2 million or 13.6 % more than the same month of the prior fiscal year. Sales for the year were \$1.035 billion which is \$77.7 million or 8.1% more than in the prior fiscal year. Instant ticket sales were \$6.7 million or 12.2% more than the same month of the prior fiscal year, and \$48.6 million or 8.7% more than the prior fiscal year. Draw game sales were \$4.6 million or 13.6% more than the same month of the prior year, and \$22.8 million or 5.9% more than prior fiscal year. iLottery instant play sales were \$865,000 or 95.7% more than the same month of the prior year, and \$6.3 million or 67.2% more than prior fiscal year.

Ticket sales for the month of May were \$129,000 or 0.1% less than budget. Ticket sales for the fiscal year were \$13.9 million or 1.4% more than budget. Instant ticket sales were \$390,000 or 0.6% less than budget for the current month, and \$2.6 million or 0.4% more than budget for the fiscal year. Draw game sales were \$373,000 or 1.0% less than budget for the month, and \$8.8 million or 2.2% more than budget for the fiscal year. iLottery instant play sales were \$634,000 or 55.9% more than budget for the month, and \$2.5 million or 19.2% more than budget for the fiscal year.

Prize expenses for May 2019 were 65.0% of total sales, compared to 65.6% in the same month last year and 65.4% budgeted. Combined prize expense for the year was 64.0%, compared to 63.4% last fiscal year and 65.0% budgeted. Instant prize expense for the month was 71.3%, draw game prize expense was 54.2%, and iLottery instant play prize expense was 75.1%. Instant prize expense for the fiscal year was 70.4%, draw game prize expense was 53.9%, and iLottery instant play prize expense was 76.4%.

Operating costs were \$2.5 million for May, compared to \$2.7 million budgeted and \$2.5 million for the same month last year. These costs included advertising and promotions of \$869,000, salaries & benefits of \$1.2 million, contracted and professional services of \$225,000, depreciation expense of \$100,000, and other general and administrative costs of \$110,000. Operating costs for the year were \$28.6 million, compared to \$30.5 million budgeted and \$27.6 million in the prior fiscal year.

Income before transfer of dividends for the current month was \$25.2 million, compared to \$21.3 million for the same month in the prior year and \$24.5 million budgeted. Income before transfer of dividends for the fiscal year was \$262.6 million, compared to \$246.2 million in the prior year and \$244.0 million budgeted.

Dividends of \$21.5 million were transferred to the Commonwealth in May for a total of \$223.5 million for the fiscal year. Additional dividends of \$291,000 were accrued in May for transfer to the KEES Reserve for a total of \$7.1 million for the fiscal year. Transfers to the KEES Reserve will be made quarterly during the fiscal year. All dividends were 21.3% of sales for the month. All dividends were 22.3% of sales for the fiscal year compared to 23.9% of sales in the prior year and 22.8% budgeted.

BALANCE SHEET

Cash balance increased to \$48.0 million, which included \$2.6 million restricted for annuity prize payments. Total investments held to pay grand prizes decreased to \$10.0 million. Accounts Receivable decreased to \$32.3 million. Total assets increased to \$102.9 million.

KENTUCKY LOTTERY CORPORATION
BALANCE SHEETS
MAY 31, 2019
(\$000's)

	<u>CURRENT MONTH END</u>	<u>PRIOR MONTH END</u>	<u>PRIOR FISCAL YEAR END</u>
ASSETS:			
CURRENT ASSETS:			
CASH - UNRESTRICTED	\$45,350	\$36,942	\$17,682
CASH - RESTRICTED	2,600	2,600	2,600
INVESTMENTS, CURRENT PORTION	1,594	1,594	1,859
ACCOUNTS RECEIVABLE, NET	32,342	36,223	31,628
OTHER	885	950	1,060
TOTAL CURRENT ASSETS	<u>82,771</u>	<u>78,309</u>	<u>54,829</u>
INVESTMENTS, LESS CURRENT PORTION	8,391	8,554	8,903
PROPERTY AND EQUIPMENT, NET	5,623	5,694	5,441
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	6,150	6,163	5,182
TOTAL ASSETS	<u>\$102,935</u>	<u>\$98,720</u>	<u>\$74,355</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$7,927	\$7,407	\$13,248
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	33,456	32,814	30,986
TOTAL CURRENT LIABILITIES	<u>41,383</u>	<u>40,221</u>	<u>44,234</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	11,409	11,717	11,866
UNFUNDED GRAND PRIZE LIABILITY	1,059	1,059	1,116
TOTAL LIABILITIES	<u>53,851</u>	<u>52,997</u>	<u>57,216</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	48,984	45,623	17,039
TOTAL EQUITY	<u>49,084</u>	<u>45,723</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$102,935</u>	<u>\$98,720</u>	<u>\$74,355</u>

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
MAY 31, 2019
(\$000'S)

MONTH OF MAY:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$62,209	\$55,461	\$6,748	12.2%
DRAW GAMES	38,167	33,584	\$4,583	13.6%
ILOTTERY INSTANT PLAY	1,769	904	865	95.7%
TICKET SALES	102,145	89,949	12,196	13.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(1)	(123)	122	-99.2%
TOTAL TICKET SALES	102,144	89,826	12,318	13.7%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	44,370	38,284	(6,086)	-15.9%
DRAW GAMES	20,705	20,020	(685)	-3.4%
ILOTTERY INSTANT PLAY	1,329	663	(666)	-100.5%
TOTAL PRIZES	66,404	58,967	(7,437)	-12.6%
PAYMENTS TO RETAILERS	6,130	5,339	(791)	-14.8%
DRAW GAMES VENDOR EXPENSE	1,167	1,005	(162)	-16.1%
INSTANT TICKET COSTS	802	704	(98)	-13.9%
TOTAL DIRECT COSTS	74,503	66,015	(8,488)	-12.9%
GROSS PROFIT	27,641	23,811	3,830	16.1%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	869	773	(96)	-12.4%
SALARIES, WAGES & BENEFITS	1,244	1,336	92	6.9%
CONTRACTED & PROFESSIONAL SERVICES	225	176	(49)	-27.8%
DEPRECIATION	100	98	(2)	-2.0%
OTHER GENERAL & ADMINISTRATIVE	110	144	34	23.6%
TOTAL OPERATING EXPENSES	2,548	2,527	(21)	-0.8%
OPERATING INCOME	25,093	21,284	3,809	17.9%
NON-OPERATING INCOME	59	45	14	31.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$25,152	\$21,329	\$3,823	17.9%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
YEAR-TO-DATE THROUGH MAY 31, 2019
(\$000'S)

ELEVEN MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$609,407	\$560,796	\$48,611	8.7%
DRAW GAMES	409,471	386,664	\$22,807	5.9%
ILOTTERY INSTANT PLAY	<u>15,696</u>	<u>9,389</u>	<u>6,307</u>	67.2%
TICKET SALES	1,034,574	956,849	77,725	8.1%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	<u>(111)</u>	<u>(7,242)</u>	<u>7,131</u>	-98.5%
TOTAL TICKET SALES	<u>1,034,463</u>	<u>949,607</u>	<u>84,856</u>	8.9%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	428,891	382,405	(46,486)	-12.2%
DRAW GAMES	220,774	212,129	(8,645)	-4.1%
ILOTTERY INSTANT PLAY	<u>11,988</u>	<u>7,451</u>	<u>(4,537)</u>	-60.9%
TOTAL PRIZES	<u>661,653</u>	<u>601,985</u>	<u>(59,668)</u>	-9.9%
PAYMENTS TO RETAILERS	61,644	56,299	(5,345)	-9.5%
DRAW GAMES VENDOR EXPENSE	12,573	10,175	(2,398)	-23.6%
INSTANT TICKET COSTS	<u>8,042</u>	<u>7,857</u>	<u>(185)</u>	-2.4%
TOTAL DIRECT COSTS	<u>743,912</u>	<u>676,316</u>	<u>(67,596)</u>	-10.0%
GROSS PROFIT	290,551	273,291	17,260	6.3%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	10,392	9,094	(1,298)	-14.3%
SALARIES, WAGES & BENEFITS	13,113	13,639	526	3.9%
CONTRACTED & PROFESSIONAL SERVICES	2,254	2,112	(142)	-6.7%
DEPRECIATION	1,110	1,088	(22)	-2.0%
OTHER GENERAL & ADMINISTRATIVE	<u>1,690</u>	<u>1,623</u>	<u>(67)</u>	-4.1%
TOTAL OPERATING EXPENSES	<u>28,559</u>	<u>27,556</u>	<u>(1,003)</u>	-3.6%
OPERATING INCOME	<u>261,992</u>	<u>245,735</u>	<u>16,257</u>	6.6%
NON-OPERATING INCOME	<u>589</u>	<u>433</u>	<u>156</u>	36.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	<u>\$262,581</u>	<u>\$246,168</u>	<u>\$16,413</u>	6.7%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
MAY 31, 2019
(\$000'S)

MONTH OF MAY:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	62,209	\$62,599	(\$390)	-0.6%
DRAW GAMES	38,167	38,540	(373)	-1.0%
ILOTTERY INSTANT PLAY	1,769	1,135	634	55.9%
TICKET SALES	102,145	102,274	(129)	-0.1%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(1)	(313)	312	-99.7%
TOTAL TICKET SALES	102,144	101,961	183	0.2%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	44,370	43,860	(510)	-1.2%
DRAW GAMES	20,705	21,908	1,203	5.5%
ILOTTERY INSTANT PLAY	1,329	896	(433)	-48.3%
TOTAL PRIZES	66,404	66,664	260	0.4%
PAYMENTS TO RETAILERS	6,130	6,167	37	0.6%
DRAW GAMES VENDOR EXPENSE	1,167	1,173	6	0.5%
INSTANT TICKET COSTS	802	816	14	1.7%
TOTAL DIRECT COSTS	74,503	74,820	317	0.4%
GROSS PROFIT	27,641	27,141	500	1.8%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	869	920	51	5.5%
SALARIES, WAGES & BENEFITS	1,244	1,310	66	5.0%
CONTRACTED & PROFESSIONAL SERVICES	225	230	5	2.2%
DEPRECIATION	100	101	1	1.0%
OTHER GENERAL & ADMINISTRATIVE	110	143	33	23.1%
TOTAL OPERATING EXPENSES	2,548	2,704	156	5.8%
OPERATING INCOME	25,093	24,437	656	2.7%
NON-OPERATING INCOME	59	39	20	51.3%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$25,152	\$24,476	\$676	2.8%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - COMPARISON TO BUDGET
 YEAR-TO-DATE THROUGH MAY 31, 2019
 (\$000'S)

ELEVEN MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	609,407	\$606,843	\$2,564	0.4%
DRAW GAMES	409,471	400,703	8,768	2.2%
ILOTTERY INSTANT PLAY	15,696	13,166	2,530	19.2%
TICKET SALES	1,034,574	1,020,712	13,862	1.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(111)	(3,503)	3,392	-96.8%
TOTAL TICKET SALES	1,034,463	1,017,209	17,254	1.7%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	428,891	424,059	(4,832)	-1.1%
DRAW GAMES	220,774	226,661	5,887	2.6%
ILOTTERY INSTANT PLAY	11,988	10,401	(1,587)	-15.3%
TOTAL PRIZES	661,653	661,121	(532)	-0.1%
PAYMENTS TO RETAILERS	61,644	61,937	293	0.5%
DRAW GAMES VENDOR EXPENSE	12,573	12,037	(536)	-4.5%
INSTANT TICKET COSTS	8,042	8,075	33	0.4%
TOTAL DIRECT COSTS	743,912	743,170	(742)	-0.1%
GROSS PROFIT	290,551	274,039	16,512	6.0%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	10,392	10,952	560	5.1%
SALARIES, WAGES & BENEFITS	13,113	13,699	586	4.3%
CONTRACTED & PROFESSIONAL SERVICES	2,254	2,746	492	17.9%
DEPRECIATION	1,110	1,141	31	2.7%
OTHER GENERAL & ADMINISTRATIVE	1,690	1,939	249	12.8%
TOTAL OPERATING EXPENSES	28,559	30,477	1,918	6.3%
OPERATING INCOME	261,992	243,562	18,430	7.6%
NON-OPERATING INCOME	589	427	162	37.9%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$262,581	\$243,989	\$18,592	7.6%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
 MAY 31, 2019
 (\$000'S)

MONTH OF MAY:	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	60.9%	61.7%	61.4%
DRAW GAMES	37.4%	37.4%	37.8%
ILOTTERY INSTANT PLAY	1.7%	1.0%	1.1%
TICKET SALES	100.0%	100.1%	100.3%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-0.1%	-0.3%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	43.4%	42.6%	43.0%
DRAW GAMES	20.3%	22.3%	21.5%
ILOTTERY INSTANT PLAY	1.3%	0.7%	0.9%
TOTAL PRIZES	65.0%	65.6%	65.4%
PAYMENTS TO RETAILERS	6.0%	5.9%	6.0%
DRAW GAME VENDOR EXPENSE	1.1%	1.1%	1.2%
INSTANT TICKET COSTS	0.8%	0.9%	0.8%
TOTAL DIRECT COSTS	72.9%	73.5%	73.4%
GROSS PROFIT	27.1%	26.5%	26.6%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	0.9%	0.8%	0.9%
SALARIES, WAGES & BENEFITS	1.2%	1.5%	1.3%
CONTRACTED & PROFESSIONAL SERVICES	0.2%	0.2%	0.2%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.1%	0.2%	0.1%
TOTAL OPERATING EXPENSES	2.5%	2.8%	2.6%
OPERATING INCOME	24.6%	23.7%	24.0%
NON-OPERATING INCOME	0.0%	0.0%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	24.6%	23.7%	24.0%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
 YEAR-TO-DATE THROUGH MAY 31, 2019
 (\$000'S)

ELEVEN MONTHS YEAR TO DATE:	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	58.9%	59.1%	59.7%
DRAW GAMES	39.6%	40.7%	39.4%
ILOTTERY INSTANT PLAY	1.5%	1.0%	1.3%
TICKET SALES	100.0%	100.8%	100.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-0.8%	-0.4%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	41.5%	40.3%	41.7%
DRAW GAMES	21.3%	22.3%	22.3%
ILOTTERY INSTANT PLAY	1.2%	0.8%	1.0%
TOTAL PRIZES	64.0%	63.4%	65.0%
PAYMENTS TO RETAILERS	5.9%	5.9%	6.1%
DRAW GAME VENDOR EXPENSE	1.2%	1.1%	1.2%
INSTANT TICKET COSTS	0.8%	0.8%	0.8%
TOTAL DIRECT COSTS	71.9%	71.2%	73.1%
GROSS PROFIT	28.1%	28.8%	26.9%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	1.0%	1.0%	1.1%
SALARIES, WAGES & BENEFITS	1.3%	1.4%	1.3%
CONTRACTED & PROFESSIONAL SERVICES	0.2%	0.2%	0.3%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.2%	0.2%	0.2%
TOTAL OPERATING EXPENSES	2.8%	2.9%	3.0%
OPERATING INCOME	25.3%	25.9%	23.9%
NON-OPERATING INCOME	0.1%	0.0%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	25.4%	25.9%	24.0%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF RETAINED EARNINGS
 MAY 31, 2019
 (\$000'S)

	<u>CURRENT YEAR</u>		<u>PRIOR YEAR</u>	
	MONTH	YEAR-TO- DATE	MONTH	YEAR-TO- DATE
RETAINED EARNINGS- BEGINNING OF PERIOD	\$45,623	\$17,039	\$37,063	\$17,039
INCOME BEFORE TRANSFER	25,152	262,581	21,329	246,168
DIVIDENDS - GENERAL FUND & EDUCATION	(21,500)	(223,500)	(21,000)	(217,500)
DIVIDENDS - KEES RESERVE	(291)	(7,136)	(1,433)	(9,748)
RETAINED EARNINGS- END OF PERIOD	<u>\$48,984</u>	<u>\$48,984</u>	<u>\$35,959</u>	<u>\$35,959</u>

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF CASH FLOWS
 YEAR-TO-DATE THROUGH MAY 31, 2019
 (\$000'S)

	MONTH	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$25,093	\$261,992
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	100	1,110
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	0	116
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	3,881	(830)
OTHER ASSETS	65	175
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	520	(5,321)
ESTIMATED PRIZE LIABILITY	334	1,956
NET CASH PROVIDED BY OPERATING ACTIVITIES	29,993	259,198
CASH FLOWS FROM INVESTING ACTIVITIES:		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	210	1,299
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	(47)	(522)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	13	(968)
INTEREST INCOME	41	329
SECURITY LENDING FEES	0	4
NET CASH PROVIDED BY INVESTING ACTIVITIES	217	142
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
DIVIDENDS TRANSFERRED/PAYABLE	(21,791)	(230,636)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	18	151
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(21,773)	(230,485)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
PURCHASES OF PROPERTY AND EQUIPMENT	(29)	(1,292)
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	0	105
PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT	0	0
REPAYMENTS OF LONG-TERM DEBT	0	0
INTEREST EXPENSE	0	0
NET CASH USED IN CAPITAL FINANCING ACTIVITIES	(29)	(1,187)
NET INCREASE (DECREASE) IN CASH	8,408	27,668
CASH, BEGINNING OF PERIOD	39,542	20,282
CASH, END OF PERIOD	\$47,950	\$47,950

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 MONTH ENDING MAY 31, 2019
 (\$000'S)

PROFIT CONTRIBUTION

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</u>	<u>KY QUICK BUCKS</u>	<u>PICK 4</u>	<u>PICK 3</u>	<u>MEGA MILLIONS</u>	<u>5 CARD CASH</u>	<u>KENO</u>	<u>LFL</u>	<u>Win Place Show</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
SALES:														
SALES AT RETAIL	62,208	5,652	1,073	222	3,866	13,864	4,633	542	6,851	575	23	0	0	99,509
ILOTTERY	<u>0</u>	<u>153</u>	<u>56</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>148</u>	<u>0</u>	<u>465</u>	<u>44</u>	<u>0</u>	<u>1,769</u>	<u>0</u>	<u>2,635</u>
TOTAL SALES	<u>62,208</u>	<u>5,805</u>	<u>1,129</u>	<u>222</u>	<u>3,866</u>	<u>13,864</u>	<u>4,781</u>	<u>542</u>	<u>7,316</u>	<u>619</u>	<u>23</u>	<u>1,769</u>	<u>0</u>	<u>102,144</u>
DIRECT COSTS:														
PRIZES WON:														
PRIZES AT RETAIL	44,370	2,831	423	132	1,618	8,049	2,376	333	4,515	339	11	0	0	64,997
ILOTTERY	<u>0</u>	<u>18</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17</u>	<u>0</u>	<u>302</u>	<u>15</u>	<u>0</u>	<u>1,329</u>	<u>0</u>	<u>1,698</u>
TOTAL PRIZES WON	<u>44,370</u>	<u>2,849</u>	<u>440</u>	<u>132</u>	<u>1,618</u>	<u>8,049</u>	<u>2,393</u>	<u>333</u>	<u>4,817</u>	<u>354</u>	<u>11</u>	<u>1,329</u>	<u>0</u>	<u>66,695</u>
UNCLAIMED PRIZE CREDIT	0	(68)	(17)	0	(45)	(68)	(42)	(8)	(33)	(10)	0	0	0	(291)
PAYMENTS TO RETAILERS	4,061	291	58	13	209	774	235	38	397	31	1	0	22	6,130
ONLINE VENDOR EXPENSE	272	100	22	7	60	228	84	10	151	12	0	84	137	1,167
TICKET COSTS	<u>802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>802</u>
TOTAL DIRECT COSTS	<u>49,505</u>	<u>3,172</u>	<u>503</u>	<u>152</u>	<u>1,842</u>	<u>8,983</u>	<u>2,670</u>	<u>373</u>	<u>5,332</u>	<u>387</u>	<u>12</u>	<u>1,413</u>	<u>159</u>	<u>74,503</u>
GROSS PROFIT	<u>12,703</u>	<u>2,633</u>	<u>626</u>	<u>70</u>	<u>2,024</u>	<u>4,881</u>	<u>2,111</u>	<u>169</u>	<u>1,984</u>	<u>232</u>	<u>11</u>	<u>356</u>	<u>(159)</u>	<u>27,641</u>

(% OF SALES)

PROFIT MARGIN

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</u>	<u>KY QUICK BUCKS</u>	<u>PICK 4</u>	<u>PICK 3</u>	<u>MEGA MILLIONS</u>	<u>5 CARD CASH</u>	<u>KENO</u>	<u>LFL</u>	<u>Win Place Show</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
TOTAL SALES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%
DIRECT COSTS:														
TOTAL PRIZES WON	71.3%	49.1%	39.0%	59.5%	41.9%	58.1%	50.1%	61.4%	65.8%	57.2%	47.8%	75.1%	0.0%	65.3%
UNCLAIMED PRIZE CREDIT	0.0%	-1.2%	-1.5%	0.0%	-1.2%	-0.5%	-0.9%	-1.5%	-0.5%	-1.6%	0.0%	0.0%	0.0%	-0.3%
PAYMENTS TO RETAILERS	6.5%	5.0%	5.1%	5.9%	5.4%	5.6%	4.9%	7.0%	5.4%	5.0%	4.3%	0.0%	0.0%	6.0%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	3.2%	1.6%	1.6%	1.8%	1.8%	2.1%	1.9%	0.0%	4.7%	0.0%	1.1%
TICKET COSTS	<u>1.3%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.8%</u>
TOTAL DIRECT COSTS	<u>79.5%</u>	<u>54.6%</u>	<u>44.5%</u>	<u>68.6%</u>	<u>47.7%</u>	<u>64.8%</u>	<u>55.9%</u>	<u>68.7%</u>	<u>72.8%</u>	<u>62.5%</u>	<u>52.1%</u>	<u>79.8%</u>	<u>0.0%</u>	<u>72.9%</u>
GROSS PROFIT	<u>20.5%</u>	<u>45.4%</u>	<u>55.5%</u>	<u>31.4%</u>	<u>52.3%</u>	<u>35.2%</u>	<u>44.1%</u>	<u>31.3%</u>	<u>27.2%</u>	<u>37.5%</u>	<u>47.9%</u>	<u>20.2%</u>	<u>0.0%</u>	<u>27.1%</u>

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 YEAR TO DATE AS OF MAY 31, 2019
 (\$000'S)

PROFIT CONTRIBUTION

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</u>	<u>KY QUICK BUCKS</u>	<u>PICK 4</u>	<u>PICK 3</u>	<u>MEGA MILLIONS</u>	<u>5 CARD CASH</u>	<u>KENO</u>	<u>LFL</u>	<u>Win Place Show</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
SALES:														
SALES AT RETAIL	609,296	67,498	10,031	1,073	40,936	137,210	57,948	6,382	73,185	6,484	63	0	0	1,010,106
ILOTTERY	<u>0</u>	<u>1,670</u>	<u>567</u>				<u>1,624</u>		<u>4,350</u>	<u>450</u>		<u>15,696</u>	<u>0</u>	<u>24,357</u>
TOTAL SALES	<u>609,296</u>	<u>69,168</u>	<u>10,598</u>	<u>1,073</u>	<u>40,936</u>	<u>137,210</u>	<u>59,572</u>	<u>6,382</u>	<u>77,535</u>	<u>6,934</u>	<u>63</u>	<u>15,696</u>	<u>0</u>	<u>1,034,463</u>
DIRECT COSTS:														
PRIZES WON:														
PRIZES AT RETAIL	431,855	33,456	4,050	631	17,096	79,594	29,153	4,120	47,670	4,114	30	0	0	651,769
ILOTTERY	<u>0</u>	<u>769</u>	<u>414</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>758</u>	<u>0</u>	<u>2,816</u>	<u>275</u>	<u>0</u>	<u>11,988</u>	<u>0</u>	<u>17,020</u>
TOTAL PRIZES WON	<u>431,855</u>	<u>34,225</u>	<u>4,464</u>	<u>631</u>	<u>17,096</u>	<u>79,594</u>	<u>29,911</u>	<u>4,120</u>	<u>50,486</u>	<u>4,389</u>	<u>30</u>	<u>11,988</u>	<u>0</u>	<u>668,789</u>
UNCLAIMED PRIZE CREDIT	(2,964)	(1,265)	(124)	0	(461)	(810)	(933)	(74)	(367)	(138)	0	0	0	(7,136)
PAYMENTS TO RETAILERS	39,348	3,501	552	60	2,215	7,645	2,984	451	4,329	358	4	4	193	61,644
ONLINE VENDOR EXPENSE	2,665	1,181	203	20	644	2,170	1,030	126	1,565	131	1	747	2,090	12,573
TICKET COSTS	<u>8,042</u>													<u>8,042</u>
TOTAL DIRECT COSTS	<u>478,946</u>	<u>37,642</u>	<u>5,095</u>	<u>711</u>	<u>19,494</u>	<u>88,599</u>	<u>32,992</u>	<u>4,623</u>	<u>56,013</u>	<u>4,740</u>	<u>35</u>	<u>12,739</u>	<u>2,283</u>	<u>743,912</u>
GROSS PROFIT	<u>130,350</u>	<u>31,526</u>	<u>5,503</u>	<u>362</u>	<u>21,442</u>	<u>48,611</u>	<u>26,580</u>	<u>1,759</u>	<u>21,522</u>	<u>2,194</u>	<u>28</u>	<u>2,957</u>	<u>(2,283)</u>	<u>290,551</u>

(% OF SALES)

PROFIT MARGIN

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</u>	<u>KY QUICK BUCKS</u>	<u>PICK 4</u>	<u>PICK 3</u>	<u>MEGA MILLIONS</u>	<u>5 CARD CASH</u>	<u>KENO</u>	<u>LFL</u>	<u>Win Place Show</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
TOTAL SALES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%
DIRECT COSTS:														
TOTAL PRIZES WON	70.9%	49.5%	42.1%	58.8%	41.8%	58.0%	50.2%	64.6%	65.1%	63.3%	47.6%	76.4%	0.0%	64.7%
UNCLAIMED PRIZE CREDIT	-0.5%	-1.8%	-1.2%	0.0%	-1.1%	-0.6%	-1.6%	-1.2%	-0.5%	-2.0%	0.0%	0.0%	0.0%	-0.7%
PAYMENTS TO RETAILERS	6.5%	5.1%	5.2%	5.6%	5.4%	5.6%	5.0%	7.1%	5.6%	5.2%	6.3%	0.0%	0.0%	5.9%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.9%	1.6%	1.6%	1.7%	2.0%	2.0%	1.9%	1.6%	4.8%	0.0%	1.2%
TICKET COSTS	<u>1.3%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.8%</u>
TOTAL DIRECT COSTS	<u>78.6%</u>	<u>54.5%</u>	<u>48.0%</u>	<u>66.3%</u>	<u>47.7%</u>	<u>64.6%</u>	<u>55.3%</u>	<u>72.5%</u>	<u>72.2%</u>	<u>68.4%</u>	<u>55.5%</u>	<u>81.2%</u>	<u>0.0%</u>	<u>71.9%</u>
GROSS PROFIT	<u>21.4%</u>	<u>45.5%</u>	<u>52.0%</u>	<u>33.7%</u>	<u>52.3%</u>	<u>35.4%</u>	<u>44.7%</u>	<u>27.5%</u>	<u>27.8%</u>	<u>31.6%</u>	<u>44.5%</u>	<u>18.8%</u>	<u>0.0%</u>	<u>28.1%</u>

KENTUCKY LOTTERY CORPORATION
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING MAY 31, 2019
(\$000'S)

TYPE OF COST	INSTANT	POWERBALL	KY CASH BALL	Quick Bucks	PICK 4	PICK 3	MEGA MILLIONS	5 CARD CASH	KENO	LFL	iLottery Instant Play	NON-GAME SPECIFIC	TOTAL
MEDIA:													
TELEVISION	293	0	0	(2)	0	0	0	0	0	0	0	7	298
RADIO	106	0	0	0	0	0	1	0	(9)	0	0	16	114
PRINT	0	0	0	0	0	0	0	0	0	0	0	0	0
BILLBOARD	45	25	0	0	0	0	25	0	0	0	0	0	95
ONLINE	85	(4)	0	0	0	0	(4)	1	0	0	57	29	164
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	529	21	0	(2)	0	0	22	1	(9)	0	57	52	671
PRODUCTION	8	1	0	0	0	10	0	0	0	0	(2)	57	74
COUPONS & PROMOTIONS	0	0	0	0	0	0	0	0	0	0	1	12	13
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	0	0
PREMIUMS	0	0	0	0	0	0	0	0	0	0	0	20	20
AGENCY FEES	13	0	0	0	0	0	0	0	10	0	0	44	67
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	0	24	24
TOTAL	550	22	0	(2)	0	10	22	1	1	0	56	209	869

YEAR-TO-DATE AS OF MAY 31, 2019
(\$000'S)

TYPE OF COST	INSTANT	POWERBALL	KY CASH BALL	Quick Bucks	PICK 4	PICK 3	MEGA MILLIONS	5 CARD CASH	KENO	LFL	iLottery Instant Play	NON-GAME SPECIFIC	TOTAL
MEDIA:													
TELEVISION	2,606	0	0	299	72	73	0	54	357	0	0	95	3,556
RADIO	1,317	5	0	0	0	0	5	0	286	0	0	56	1,669
PRINT	2	0	0	0	0	0	0	0	0	0	0	22	24
BILLBOARD	274	282	0	0	0	0	282	3	0	0	0	3	844
ONLINE	894	(19)	0	55	3	3	(19)	1	59	0	553	172	1,702
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	5,093	268	0	354	75	76	268	58	702	0	553	348	7,795
PRODUCTION	164	10	0	32	0	7	12	0	107	0	0	633	965
COUPONS & PROMOTIONS	2	0	0	0	0	0	0	0	0	0	6	636	644
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	97	97
PREMIUMS	0	0	0	0	0	0	0	0	8	0	0	195	203
AGENCY FEES	20	0	0	0	0	0	0	0	10	0	0	477	507
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	0	181	181
TOTAL	5,279	278	0	386	75	83	280	58	827	0	559	2,567	10,392

KENTUCKY LOTTERY CORPORATION
 OPERATING EXPENSES
 MAY 31, 2019
 (\$000'S)

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$869	\$10,392
<u>SALARIES, WAGES & BENEFITS:</u>		
SALARIES AND WAGES	982	10,216
BENEFITS AND TAXES	262	2,897
	1,244	13,113
<u>CONTRACTED & PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	19	60
CONSULTANT SERVICES	45	640
SECURITY SERVICES	18	161
REPAIRS AND MAINTENANCE	5	113
CUSTODIAL SERVICES	17	50
PUBLIC INFORMATION SERVICES	1	36
DIRECTOR EXPENSES	4	34
COMPUTER SOFTWARE COST/MAINT.	24	459
COMPUTER HARDWARE COST/MAINT.	43	120
LEGAL SERVICES	13	78
AUDIT EXPENSES	24	263
OTHER	12	240
	225	2,254
<u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	100	1,110
<u>OTHER GENERAL & ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	9	137
OFFICE SUPPLIES & SERVICES	0	162
TRAVEL AND RELATED EXPENSES	32	430
RENT, UTILITIES AND INSURANCE	67	761
A/R COLLECTIONS ALLOWANCE	0	116
OTHER	2	84
	110	1,690
 TOTAL OPERATING EXPENSES	 \$2,548	 \$28,559
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	41	329
OTHER INCOME/(LOSS)	18	260
	\$59	\$589
 TOTAL NON-OPERATING INCOME	 \$59	 \$589

KENTUCKY LOTTERY CORPORATION
PROPERTY AND EQUIPMENT
MAY 31, 2019
(\$000'S)

	<u>CURRENT</u> <u>MONTH END</u>	<u>PRIOR</u> <u>MONTH END</u>	<u>PRIOR FISCAL</u> <u>YEAR END</u>
LEASEHOLD IMPROVEMENTS	\$45	\$45	\$45
BUILDINGS	8,207	8,178	8,079
LAND	423	423	423
TRANSPORTATION	1,223	1,223	1,264
FURNITURE, FIXTURES & EQUIPMENT	1,150	1,150	1,138
DATA PROCESSING EQUIPMENT & SOFTWARE	5,721	5,721	4,379
INCOMPLETE FIXED ASSETS	2	2	572
TELEPHONE & COMMUNICATIONS EQUIPMENT	24	24	6
DRAWING EQUIPMENT	<u>626</u>	<u>626</u>	<u>560</u>
PROPERTY AND EQUIPMENT, GROSS	17,421	17,392	16,466
ACCUMULATED DEPRECIATION	<u>(11,798)</u>	<u>(11,698)</u>	<u>(11,025)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$5,623</u>	<u>\$5,694</u>	<u>\$5,441</u>