

Q1 CORPORATE REPORT

July 1 – September 30, 2018

October 27, 2018

OVERVIEW / AGENDA

- State of the Lottery Summary
- Financial Update
- Sales Update
- Corporate Responsibility
- Marketing Updates
- Campaign Updates
- Game Updates
- Wyoming Responsible Gambling
 Coalition Update
- Thank you



STATE OF THE LOTTERY SUMMARY

Transfers to the State

April 5, 2016: \$1,120,000

July 5, 2016: \$915,865

October 5, 2016: \$797,524

January 5, 2017: \$633,710

April 7, 2017: \$1,007,976

July 5, 2017: \$200,000

October 5, 2017: \$862,263

January 5, 2018: \$1,001,963

April 5, 2018: \$1,405,000

July 5, 2018: \$1,474,346

October 5, 2018: \$1,407,967

Total to Date: \$10,826,614

Winners

In the first quarter, we have seen:

- \$1,976,732 in total winnings paid across all games
- 242,865 total winners for all games

Q1 Balance Sheet

Bal	ng Lottery Corp ance Sheet eptember 30, 2018		
ASSETS	9.30.18	9.30.17	\$ Change
Current Assets			
Checking/Savings			
Checking Accounts	4,131,207.35	2,929,566.60	1,201,640.75
Prize Account Petty Cash (Till)	799.17	805.00	(5.83
Restricted Cash			
Unclaimed Prizes	967,114.86	367,473.86	599,641.0
Responsible Gambling Funds	172,899.43	202,273.48	(29,374.0
Fidelity Fund	55,887.59	52,253.23	3,634.3
Total Checking/Savings	5,327,908.40	3,552,372.17	1,775,536.2
Other Current Assets			
Prepaid Expenses	26,232.22	263,629.01	(237,396.7
Retail Accounts Receivable	747,489.53	342,323.35	405,166.1
MUSL Accounts Receivable	0.00	0.00	0.0
Total Other Current Assets	773,721.75	605,952.36	167,769.3
Total Current Assets	6,101,630.15	4,158,324.53	1,943,305.6
Noncurrent Assets			
Capital Assets, Net	402,655.06	401,923.23	731.8
Capital Assets, Trademarks	42,575.00	42,575.00	0.0
Deposits - Building	7,500.00	7,500.00	0.0
Total Noncurrent Assets	452,730.06	451,998.23	731.8
Deferred Outflows of Resources			
Pension Related Outflows	333,664.00	327,657.00	6,007.0
TOTAL ASSETS	6,888,024.21	4,937,979.76	1,950,044.4
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	506,045.00	383,615.88	122,429.1
Jonah Bank Credit Card	5,207.94	8,628.26	(3,420.3
State of Wyoming Transfer Payable	1,407,967.30	862,263.36	545,703.9
Unearned Revenue (net)	577,149.00	410,628.00	166,521.0
Prizes Payable	2,412,506.44	1,464,184.17	948,322.2
Payroll Liabilities	33,791.06	39,087.41	(5,296.3
Total Current Liabilities	4,942,666.74	3,168,407.08	1,774,259.6
Noncurrent Liabilities			
Xerox-Gapital Lease	91,976.37	49,862.92	42,113.4
Net Pension Liability	917,239.00	843,684.00	73,555.0
Total Noncurrent Liabilities	1,009,215.37	893,546.92	115,668.4
Deferred Inflows of Resources			
Pension Related Inflows	197,279.00	49,630.00	147,649.0
Total Liabilities	6,149,161.11	4,111,584.00	2,037,577.1
Equity			
Retained Earnings	448,175.31	296,888.64	151,286.6
Net Income	290,687.79	529,507.12	(238,819.3

Q1 Profit & Loss

Accrual Basis

Wyoming Lottery Corp Profit Loss July 2018 through September 2018

Operating Income/Expense	7.1.18 to 9.30.18	7.1.17 to 9.30.17	\$ Change
Income			
Income / Revenues			
Mega Millions Sales (net)	1,712,091.42	1,277,869.00	434,222.42
Power Ball Sales (net)	2,038,951.00	3,861,644.00	-1,822,693.00
Cowboy Draw Sales (net)	3,771,795.90	2,247,070.00	1,524,725.90
Lucky For Life (net)	682,610.00	785,260.00	-102,650.00
Total Income / Revenues	8,205,448.32	8,171,843.00	33,605.32
Other Revenues			
Application Fees (Fidelity-Res)	700.00	200.00	500.00
Other Revenues		0.00	0.00
Total · Other Revenues	700.00	200.00	500.00
Total Income	8,206,148.32	8,172,043.00	34,105.32
Cost of Goods Sold			
Direct Gaming Costs			
Prize Expense - Low Tier/ Hi			
Megamillions Low Tier	194,984.00	208,146.15	-13,162.15
Powerball Low Tier	320,942.00	684,620.84	-363,678.84
Cowboy Draw Low Tier	1,017,790.00	575,547.54	442,242.46
Lucky For Life L-T	235,439.00	258,784.01	-23,345.01
Total Prize Expense - Low Tier/ Hi	1,769,155.00	1,727,098.54	42,056.46
Prize Expense - MUSL	1,373,630.27	1,960,517.68	-586,887.41
Prize Expense CD Jackpot	1,156,000.00	418,000.00	738,000.00
Total Direct Gaming Costs	4,298,785.27	4,105,616.22	193,169.05
Gaming Expenses			
Gaming Retail Commissions	496,037.76	488,473.56	7,564.20
Gaming Retail Validation Bonus	12,821.94	11,787.98	1,033.96
Vendor Expense - (Intralot)	975,626.22	971,627.97	3,998.25
Total Gaming Expenses	1,484,485.92	1,471,889.51	12,596.41
Total COGS	5,783,271.19	5,577,505.73	205,765.46
Gross Profit	2,422,877.13	2,594,537.27	-171,660.14
Expense			
Operating Expenses			
Board Expenses	10,690.13	10,200.05	490.08
Employee Recruitment & Relocate	960.50	5,008.80	-4,048.30
Insurance	4,751.51	2,935.58	1,815.93
Membership Dues	32,444.22	42,830.88	-10,386.66
Responsible Gambling Program	1,295.00	54,575.05	-53,280.05
Vendor Background Services	133.00	159.00	-26.00
Accounting / Audit Fees	7,140.20	26,200.00	-19,059.80
Legal Fees	31,716.47	22,690.23	9,026.24
Marketing	262,550.20	377,859.29	-115,309.09
New Game Development (MM Update)	0.00	167,500.00	-167,500.00
Outside Contract Services (IT)	23,533.37	22,170.97	1,362.40
Payroll Services	1,289.00	1,664.50	-375.50

Accrual Basis Wyoming Lottery Corp Profit Loss July 2018 through September 2018					
Retall Investigation	3.161.00	3,187.00	-26.00		
Facilities & Equipment	37.982.72	140.540.56	-102.557.84		
Retailer Special Incentive	0.00	0.00	0.00		
Communications	2.538.44	2.997.26	-458.82		
Office Costs	7,649.09	5.868.75	1,780.34		
Outside Services	7,827.00	0.00	7.827.00		
Petty Cash Over/Short	16.80	60.96	-44.16		
Rent & Janitorial	26.449.50	26,287.50	162.00		
Salaries, Wages & Benefit		256,798.80	-8,997.33		
Travel	20.727.29	29,369,43	-8.642.14		
EE Uniforms	156.32	2,153.64	-1,997.32		
Total Operating Expenses	730,813.23	1,201,058.25	-470,245.02		
Net Operating Income Nonoperating Expenses	1,692,063.90	1,393,479.02	298,584.88		
Gain/Loss on Sale of Assets	-7.250.00	0.00	-7,250.00		
Interest Expense (net)	-7,250.00 658.81	1,708.54	-1,250.00		
State of Wyoming Transfers	1,407,967.30	862.263.36	545.703.94		
Total Other Expense	1,401,376.11	863,971.90	537,404.21		
Net Income	290,687.79	529,507.12	-238,819.33		
Reserve Account	55,000.00				
Infrastructure Development	236,982.79				
Responsible Gambling Expenses	-1,295.00				
Remaining Net Income	-0.00				

Q1 Budget vs. Actual

Wyoming Lottery Corp Profit & Loss Budget vs. Actual July through Sept 2018

	I	FY 19 QTR 1 TOTAL			
	Т				
	I	July - Sept 18	Budget	+ Favorable	% of Budget
Ordinary Income/Expense	T				
Total 40000 · Income / Revenues	Т	8,205,448.32	6,564,999.00	1,640,449.32	124.99%
Total 48000 · Other Revenues	T	700.00	0.00	700.00	100.0%
Total Income	\perp	8,206,148.32	6,564,999.00	1,641,149.32	125.0%
Cost of Goods Sold					
Total 50000 · A Direct Gaming Costs	1	4,298,785.27	3,920,271.00	378,514.27	109.66%
Total 51000 · B Gaming Expenses	T	1,484,485.92	1,184,982.00	299,503.92	125.28%
Total COGS	T	5,783,271.19	5,105,253.00	678,018.19	113.28%
Gross Profit	T	2,422,877.13	1,459,746.00	963,131.13	165.98%
	T	July - Sept 18	Budget	- Favorable	% of Budget
Expense	7				
Total 60000 · Business Expenses	Т	50,141.36	87,115.00	-36,973.64	57.56%
Total 61000 - Contract Services		329,523.24	530,133.00	-200,609.76	62.16%
Total 62000 · Facilities and Equipment	Т	37,982.72	46,915.00	-8,932.28	80.96%
Total 63000 · Operations	\top	44,480.83	56,397.00	-11,916.17	78.87%
Total 64000 · Personnel Salaries, Benefits & Travel	T	268,685.08	322,127.00	-53,441.92	83.41%
Total Expense		730,813.23	1,042,687.00	-311,873.77	70.09%
Net Ordinary Income	I	1,692,063.90	417,059.00	1,275,004.90	405.71%
Other Income/Expense	Т				
70000 · Interest Income		203.08	0.00	203.08	100.0%
81000 · Interest Expense	Т	861.89	0.00	861.89	100.0%
82000 · Gain/Loss on Discarded Assets		-7,250.00			
Total Other Expense		-6,388.11	0.00	-6,388.11	100.0%
Net Other Income		6,591.19	0.00	6,591.19	100.0%
	Ι	July - Sept 18	Budget	+ Favorable	% of Budget
Net Income before Transfer to State of Wyoming		1,698,655.09	417,059.00	1,281,596.09	407.29%
Transfer to State of Wyoming		1,407,967.30			The Line of
Net Income	Т	290,687.79			

- * \$11,900 EE Recruitment; Membership Dues not Invoiced this Quarter
- ** \$33,000 Accting/Audit; \$32,000 Legal; \$75,000 Swag; \$42,000 Marketing
- EA Position Open
- **** Net Income Allocation:

Reserve Account
Infrastructure Development
Responsible Gamblings Expenses
Net Income:

55,000.00 236,982.79 -1,295.00 290,687.79

WRGC Q1 Budget vs. Actual

Wyoming Lottery Corp Profit & Loss Responsible Gambling Budget vs. Actual July through Sept 2018

	FY 19 QTR 1 TOTAL			
	July - Sept 18	FY19 Budget	- Favorable	
Responsible Gambling Expenses				
Tracker Study Follow Up Research	0.00	15,000.00	-15,000.00	
Certifications - Univeristy of Minnesota	1,295.00	15,000.00	-13,705.00	
Strategic Plan 2019	0.00	10,000.00	-10,000.00	
Brochure Reprints	0.00	7,000.00	-7,000.00	
Media Planning & Buying	0.00	100,000.00	-100,000.00	
Responsible Gambling Travel/Conferences as Needed	0.00	35,000.00	-35,000.00	
Fremont County Service Research	0.00	3,000.00	-3,000.00	
Total Responsible Gambling Expenses	1,295.00	185,000.00	-183,705.00	

Responsible Gambling Balance

4/30/18 Responsible Gambling Balance	64.06
5/1/18 Unclaimed Prize Funding	200,000.00
FY18 Expenses	-25,869.63
FY 19 Expenses	-1,295.00
9/30/18 Responsible Gambling Balance	172,899.43

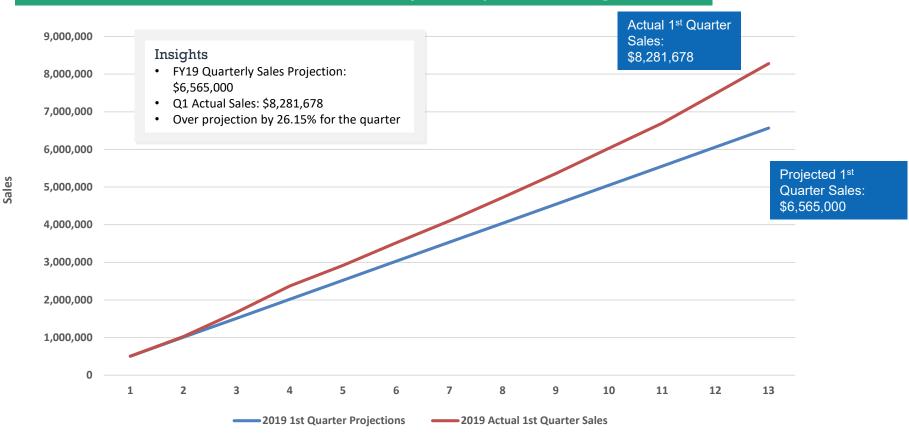
Total Sales: FY 19 Actual vs Projection | Week ending 9.30.18

2019FY Projections

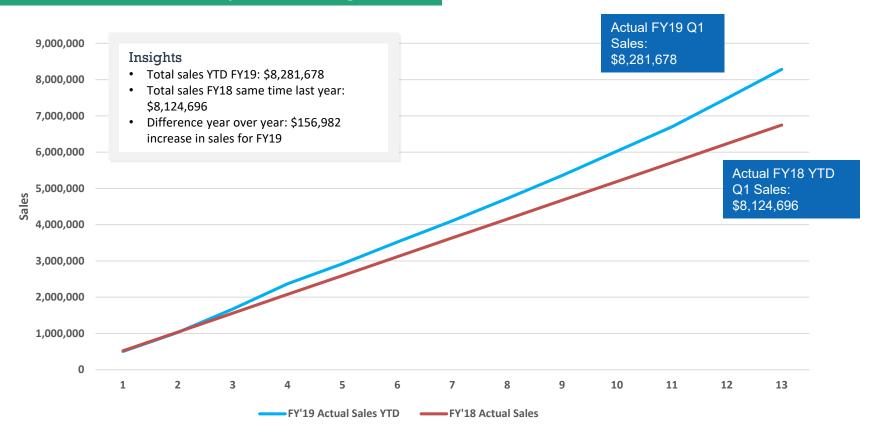


2019FY Actual Sales YTD

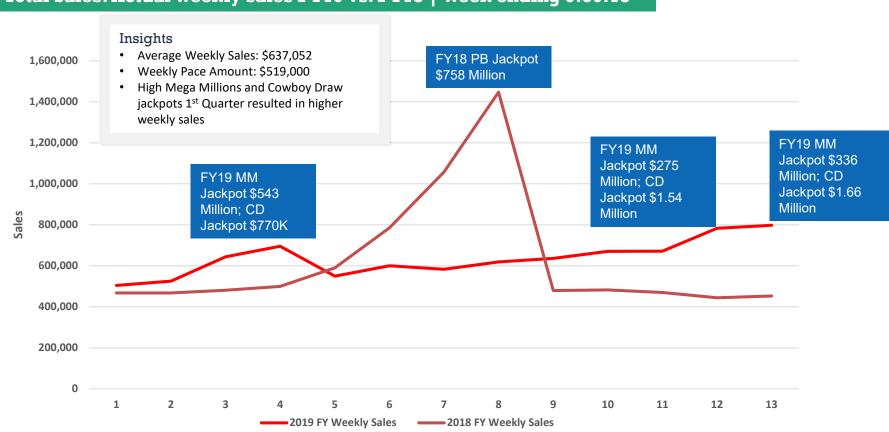
Total 1st Quarter Sales: FY 19 Actual vs Projection | Week ending 9.30.18



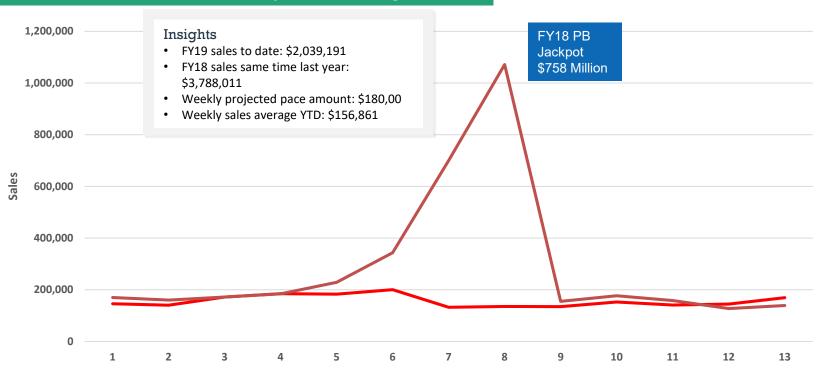
Total Sales: FY19 vs. FY18 | Week ending 9.30.18

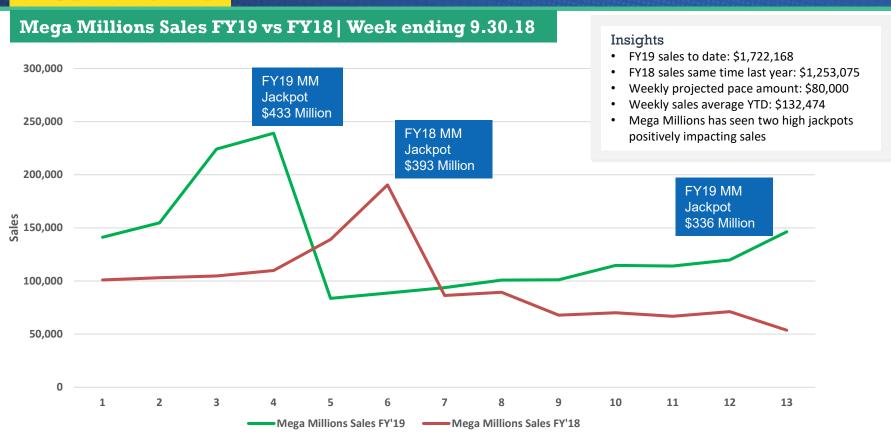


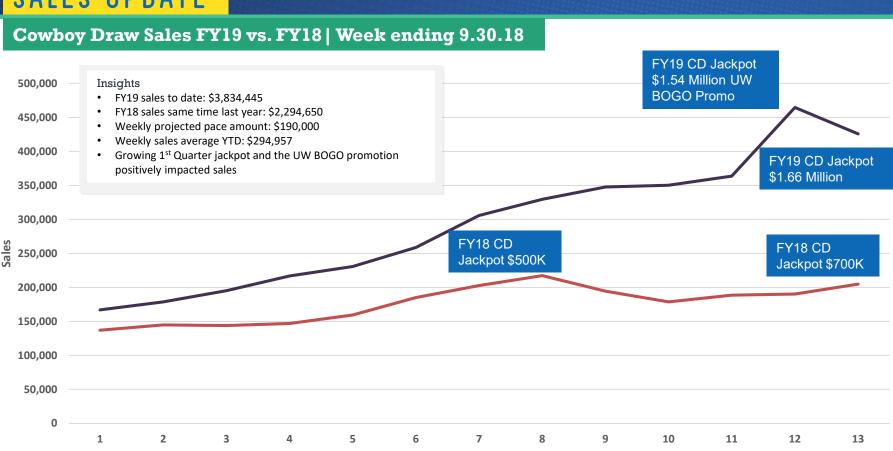
Total Sales: Actual weekly sales FY19 vs. FY18 | Week ending 9.30.18



Powerball Sales FY19 vs FY18 | Week ending 9.30.18



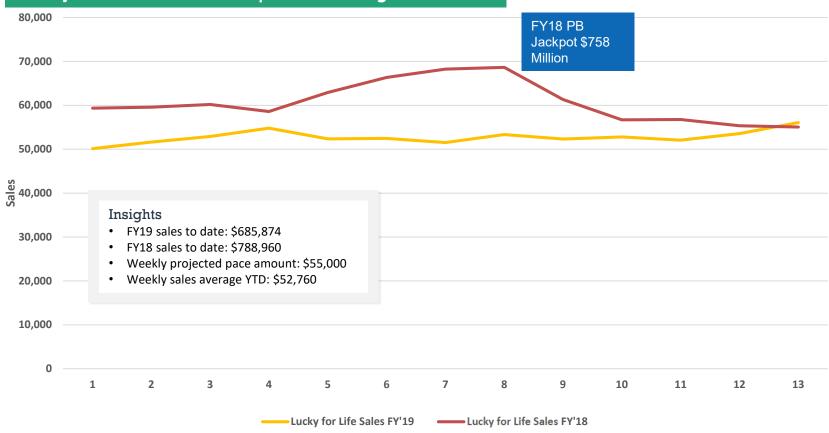




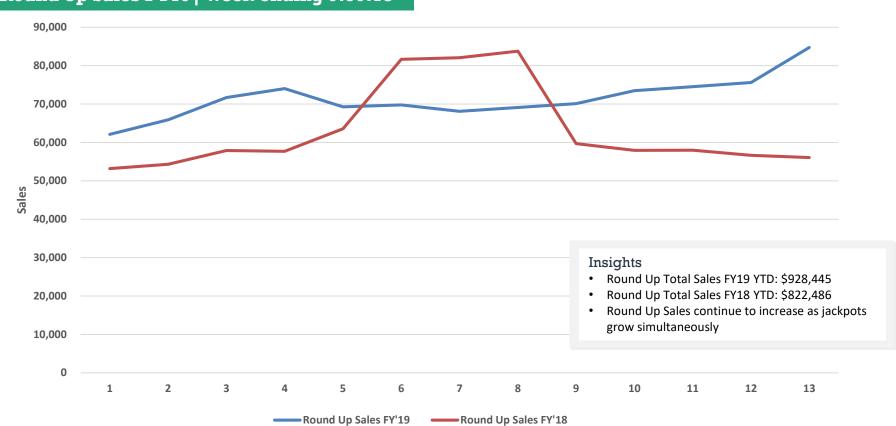
Cowboy Draw Sales FY'18

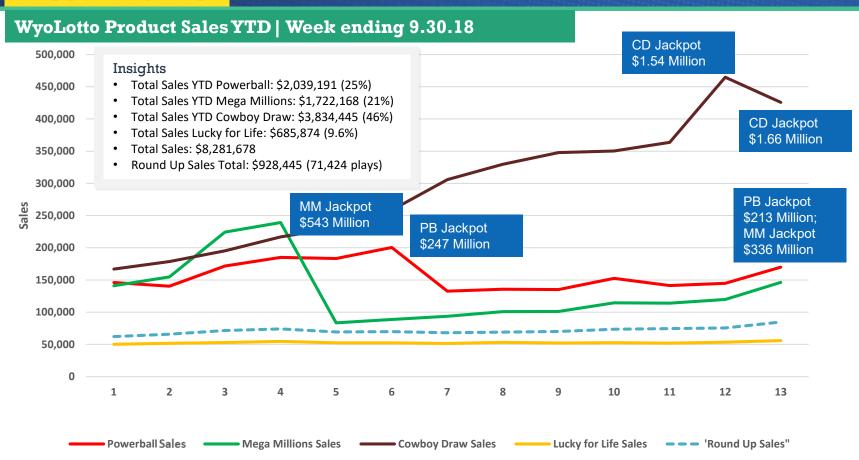
Cowboy Draw Sales FY'19

Lucky for Life Sales: FY19 | Week ending 9.30.18



Round Up Sales FY19 | Week ending 9.30.18





CORPORATE RESPONSIBILITY

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WyoLotto continues to demonstrate its care for Wyoming communities and citizens.

Problem Gambling

Initiatives to prevent problem gambling:

- Single transactions are capped at \$125 and products are not available 24/7
- The Problem Gambling Hotline is posted on the back of every ticket, listed on play slips, and featured on our website.
- Problem Gambling brochures are located wherever Lottery tickets are sold
- Continued education regarding Problem and Responsible Gambling is a priority



CORPORATE RESPONSIBILITY



Game Security

Leadership in game security and integrity:

- With each game release and subsequent upgrades, the central game system and Random Number Generator (RNG) are tested
- With each batch release, the Statement of Work (SOW) is thoroughly reviewed for accuracy and release outcomes are verified
- In advance of all system changes, game risks are proactively documented, assessed and analyzed
- Lottery's Internal Control System (ICS) provides its players with a sense of security, knowing the central gaming system is operating at the highest degree of integrity
- The Lottery works with the Department of Family Services (DFS) to collect back child support owed by a player from prize payments

WYOLOTTO MARKETING UPDATES

MARKETING UPDATES: PUBLIC RELATIONS

Insights

During the first quarter, WyoLotto saw coverage on several topics:

- July 23: Mega Millions Jackpot over \$500 Million
- July 24: WyoLotto Transfers Another Record Breaker to Wyoming
- August 16: WyoLotto Cowboy Draw Jackpot Hits \$1 Million Mark
- September 25: WyoLotto's Cowboy Draw Jackpot Tops \$1.6 Million

6,617,259
Total readership

\$12,439 Ad Equivalency

MARKETING UPDATES: SOCIAL

facebook

Insights:

- 32,091 Total Page Likes
- 62 new followers this quarter (0.2% increase from last quarter)
- Total engagements increased by 154% in comparison to Q4 2018. This year we've adjusted follower growth and
 engagement goals to follow the peaks and valleys that coincide with larger campaigns, particularly those tied to large
 giveaways. Fans were receptive to messaging regarding the Cowboy Draw BOGO promotion as well as the smaller
 giveaways in this quarter.



Total Engagements: 2,372

Reach: 30,601 users



Total Engagements: 1,313 Reach: 17,373 users



Total Engagements: 299 Reach: 8,766 users

MARKETING UPDATES: SOCIAL

twitter*

Insights:

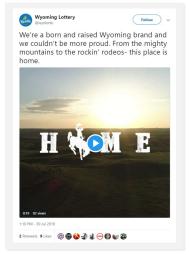
- 1,258 Followers
- 6 new followers this quarter (0.5% increase from last quarter)
- Total engagements increased by 20.3% compared to the last quarter
- Impressions per Tweet decreased by 1.1% compared to the last quarter
- This quarter was planned to be a quieter one for this platform as we lead up to the Powerball campaign in the new year. This platform continues to be utilized to celebrate lower tier winners.



Total Engagements: 35 Reach: 3,807 users



Total Engagements: 25 Reach: 2,149 users



Total Engagements: 35 Reach: 1,619 users

MARKETING UPDATES: SOCIAL

Instagram

Insights:

- 1.190 Followers
- 42 new followers this quarter (3.7% increase from last quarter)
- Total engagements decreased by 3.6% compared to the last quarter
- · Impressions per post decreased by 22.9% compared to the last quarter
- The drop in engagements for this quarter is due in large part to the Mother's Day giveaway that was executed in the previous quarter that skewed the normal data. This platform continues to see a steady growth of followers and will be utilized in the upcoming quarter for another giveaway in celebration of the Lucky for Life anniversary.







Total Engagements: 60 Reach: 511 users

Total Engagements: 46
Reach: 504 users

Total Engagements: 37 Reach: 494 users

MARKETING UPDATES: WEBSITE

Insights

- Overall site traffic: 862,781 sessions
- Bounce rate: 61.73% (slight increase from Q4 2018, less than 1%)
- Pages per session: 1.98 (slight increase of 0.82% from Q4)
- Session duration: 00:01:30 (3.82% increase from Q4)
- Organic search saw a 33.96% increase in traffic
- Email generated 22.08% more users than the previous quarter
- The homepage saw a 26.29% increase in traffic from the previous quarter

Top Cities Visiting

- 1. Cheyenne 22.52%
- 2. Casper 15.50%
- 3. Rock Springs 15.00%
- 4. Gillette 6.22%
- 5. Laramie 5.11%

MARKETING UPDATES: EMAIL

Email Marketing

Total subscribers:

33,404 (0.69% decrease from Q4 FY18)

Total emails sent:

669,535 individual emails

DURING THIS QUARTER, WE SENT 4 PLAYER EMAILS, 3 PRESS RELEASES, AND 103 RSS EMAILS

Insights:

- The most opened email was the "Wofford Cowboy Draw Promo" email with a 14.05% open rate
 - Reasons for success:
 - Wyoming won, which resulted in the promotion going into effect
 - Cowboy Draw sees more player interaction than other games
- The "Giving Back" email saw the highest click rate at 0.36%
 - Reasons for success:
 - Included clickable link to the video
 - Giving Back is an important topic for WyoLotto Players

CAMPAIGN UPDATES

CAMPAIGN UPDATES: UW COWBOY DRAW PROMOTION

September 1 – November 17, 2018







24 Comments 83 Shares

For this year's UW sponsorship we decided to go away from the flyaway giveaways and tie in a promotion for Cowboy Draw for when the Pokes win the fans win too with a Buy One – Get One (BOGO) offer in conjunction with the football season. For select home games, if the football team wins, then from 11 a.m. – 2 p.m. the following Sunday, fans can visit their local retailer and for every Cowboy Draw play purchased, they will get that many plays for free.

The promotion has been active for the past three home games with social, website, email and pad messaging, live reads and recorded messaging during the radio broadcasts of the games, public address announcements, and ribbon board and scoreboard messaging in the stadium.

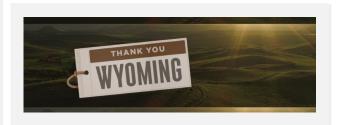
The first execution of the promotion was held on Sept. 16 that resulted in \$89,940 of coupons for the BOGO promotion and net sales across all games of \$126,305 for the one day.

CAMPAIGN UPDATES: GIVING BACK VIDEO MEDIA BUY

Aug. 3, 2018 – Mar. 3, 2019

The giving back video showcases the impact WyoLotto has made on Wyoming in the last four years through the quarterly transfers to the state that are distributed to the cities, towns and counties, as well as through supporting the state economy through retailer commissions, paid media and payouts to winners. To help support the roll out of the video, we developed a media plan to get the video in front of Wyoming residents during key times over the next eight months.

- Run #1: Aug. 3 Aug. 31, 2018: Statewide via TV, social and digital
- Run #2: Oct. 1 Oct. 14, 2018: Statewide via TV, social and digital
- Run #3: Nov. 5 Nov. 18, 2018: Statewide via social and digital
- Run #4: Feb. 4 Mar. 3, 2019: Cheyenne only via TV, social and digital in conjunction with legislative session





CAMPAIGN UPDATES: MEGA MILLIONS CAMPAIGN

Oct. 15, 2018 – May 17, 2019

This campaign will showcase the Mega Millions product with a call to action for current and potential players to not just play Lotto, but to specifically play Mega Millions or add Mega Millions to their purchase of their favorite product.

Campaign Goals:

- Grow sales by 4% from \$3.224 Million in FY18 to \$4.16 Million in FY19
- · Increase brand awareness measured by impressions

Tactics:

- (2) 30-day execution periods for targeted media tactics
 - Run 1 mid-October through mid-November
 - Run 2 mid April through mid-May
- Sales team activations at local grocery stores with Spin-2-Win promotions with main prize of a Yeti cooler each day at each location
 - October 21 and 28 Casper and Cheyenne
 - November 10 and 17 Gillette and Rock Springs







CAMPAIGN UPDATES: POWERBALL CAMPAIGN

Status Update



This campaign will focus on driving Powerball sales through giveaways to promote the product and increase sales and awareness with players.

We will execute a statewide campaign that drives a 1.7% growth in sales and increase customer engagement through the giveaway promotions. Funding for the prizes are from the Multi-State Lottery Association to promote the national Powerball brand

Giveaway Structure Concept:

- **Duration:** Players will enter to win 4 main prizes from January until the end of March. Smaller prizes will be given out monthly on social media, drawing from the pool of entries.
- **How to enter:** Every ticket is a chance to win (and increase sales). Enter online with a unique code that is printed on each ticket.
- The drawing: Winners will be vetted for eligibility to win, prior to a live drawing in early April. During the event, Jon will draw to see what prize each winner receives.

Prizes:

- Grand Prize: 2019 Chevy pickup truck.
- First Prize: \$20,000 cash money
- Second Prize: A travel camper
- Third Prize: A river boat + trailer
- January social prize: A paddleboard (with paddle/life jacket/etc.)
- February social prize: A dirt bike or mountain bike.
- March social prize: A nice grill. \$1,000

GAME UPDATES

GAME UPDATES: COWBOY DRAW

This Quarter

In the first quarter,

we have seen:

- 134,814 total Cowboy Draw winners
- \$1,080,180 in total Cowboy Draw winnings
- 257 players that each won \$1,000



Since Launch

Since the launch of Cowboy Draw, we've seen:

- 18 lucky players hit the jackpot
- \$26,018,976 in prizes awarded
- 1,433,702 winners





GAME UPDATES: POWERBALL

This Quarter

In the first quarter, we have seen:

- 34,488 total Wyoming Powerball winners
- \$409,510 in total Wyoming Powerball winnings
- One \$100,000 winner, one \$50,000 winner and four \$500 winners this quarter

Since Launch

Since the launch of WyoLotto, we've seen:

- \$9,780,942 to Wyoming residents in Powerball winnings
- 743,375 Wyoming winners







GAME UPDATES: MEGA MILLIONS

This Quarter

In the first quarter, we have seen:

- 29,262 total Wyoming Mega Millions winners
- \$232,344 in total Wyoming Mega Millions winnings
- One \$20,000 winner, one \$10,000 winner and two \$2,500 winners this quarter

Since Launch

Since the launch of WyoLotto, we've seen:

- \$8,529,466 to Wyoming residents in Mega Millions winnings
- 815,352 Wyoming winners







GAME UPDATES: LUCKY FOR LIFE

This Quarter

In the first quarter,

we have seen:

- 44,301 total Wyoming Lucky for Life winners
- \$254,698 in total Wyoming Lucky for Life winnings
- One \$5,000 winner



Since game launch, we've seen:

- \$2,489,608 to Wyoming residents in Lucky for Life winnings
- 362,710 Wyoming winners





WRGC STATUS UPDATE

WYOMING RESPONSIBLE GAMBLING COALITION

Status Update

FY19 Campaign Planning

- Based on the success of the initial media buy campaign, we've developed a proposal for spending FY19 funds through another four month media buy running from February thru May 2019 utilizing creative from the initial campaign media buy.
- Will develop formal media buy scope of work following proposal approval and begin planning for the next media buy in January 2019.





Billboard



Newspaper



Social

NEXT STEPS

NEXT UP...

Giving Back Media Buys

- Buy #3: November 5 November 18, 2018
- Buy #4: February 4 March 3, 2019

Cowboy Draw Promotion Campaing

Running thru November 17, 2018

Mega Millions Campaign Executions

- · Onsite Events:
 - October 21 and 28, 2018 Casper and Cheyenne
 - November 10 and 17, 2018 Gillette and Rock Springs

Powerball Giveaway Design and Production

- Design: October November 2018
- Production: November December 2018
- Deployment: January 2019

Governor's Report/Annual Report

 Design and Production: November – December 2018

