

THE
BUSINESS
OF
IGNITING
THE
POWER
TO
DREAM.

2021 REPORT
TO THE PUBLIC

**In
Fifteen
Years**



THE
BUSINESS
OF
IGNITING
THE
POWER
TO
DREAM.



Fifteen years

of play and fun has added up to quite a lot. Here's the story of how, in just 15 years, the lottery has become part of the North Carolina day-to-day, giving everyone in our state the chance to dream a little.



In 15 years, we have created a world of winning possibilities for our state

“On March 30, 2006, as chair of the State Board of Education, I got to buy the first lottery tickets in North Carolina. Back then, the needs of our public schools were great. They still are. So it is good to see our state lottery raising additional dollars each year for public education. Money that used to go to other states now stays here to help our state. Fifteen years later, I believe our lottery system has been a success. The lottery continues to make major financial contributions to our educational budgets. I am delighted to have been there at the start, pleased to see how well our state lottery has performed in raising money for education, and appreciate its efforts to raise that money in a responsible way.”

– Howard N. Lee, Former chair, N.C. State Board of Education

Since North Carolinians bought those first lottery tickets, the N.C. Education Lottery has grown into one of the most successful and responsible lotteries in the world.

Its successes include:

- ▶ Raising \$936 million for education in its 15th year, the most money ever in a single year.
- ▶ Setting a new record of \$3.8 billion in sales thanks to the popularity of its games with North Carolinians.
- ▶ Providing fun and excitement with scratch-off games, life-changing jackpots, VIP trips and once-in-a-lifetime opportunities. Prizes in a single year now tally more than \$2.4 billion.

- ▶ Building a network of retail partners – many of the top retail brands in the state – with tickets now on sale at more than 7,000 locations statewide, online and on a mobile app.
- ▶ Providing, since the start, more than \$8.2 billion for our state to invest in one of its greatest causes, public education.

Along the way, the state lottery has become part of fun play and traditions for North Carolinians and communities all across our state.

People dress up as Mr. First Tuesday for Halloween. They get excited when a lottery ticket is left under the tree. And they celebrate at ground-breakings for new schools or when a student gets an Education Lottery Scholarship.

The lottery works with community partners from the mountains to the Crystal Coast, sponsoring well-loved festivals and sports teams, providing information and conversation at education conferences and volunteering with organizations that help our state thrive.

This report to the public tells the story of how the lottery has grown with the state, becoming a top U.S. lottery and supporting our communities while doing it.

A lot has changed since that first day - lots of money raised for education and thousands of stories that inspire. But our commitment to our mission of providing fun games and raising money for a good cause has been unwavering.





In 15 years, we have become one of the most responsible lotteries in the world

“The N.C. Education Lottery has been an active and engaged partner to the N.C. Problem Gambling Program since our inception in 2005. We applaud the dedication of the NCEL to bringing services and resources to all the residents of North Carolina.”

– Amanda Winters, Program Administrator, N.C. Problem Gambling Program

We made the decision early on, before the first ticket was even sold, to operate the lottery responsibly and with integrity. We believed that was the only sustainable path forward. We’ve taken that initial commitment and have grown into one of the most responsible lotteries in the world. Here’s how:

- ▶ Providing \$1 million annually to support the N.C. Problem Gambling Program. We continue to be the sole funder of the program that provides free counseling and treatment for those experiencing problems and their families, with any form of gambling.
- ▶ Becoming one of the first U.S. lotteries to champion “No Sales to Minors” campaigns.
- ▶ Leading the development of a national responsible gaming training program to help educate and train retailers and lottery employees on how to recognize symptoms of potential problems and how to share treatment resources.
- ▶ Developing a discrete way to share the N.C. Problem Gambling Helpline information at retail locations that is now a standard practice in the lottery industry.

Achieving top certification in the world for responsible gaming

In 15 years, our commitment to operating the lottery responsibly never faltered. Instead, we worked every year to evolve our program, staying abreast on trends in research and developing new, evidence-based programs to ensure we are meeting our mission in responsibly raising money for education.

We worked each year to improve, following the steps outlined by the World Lottery Association’s Responsible Gaming Framework, the global authority on lottery business.

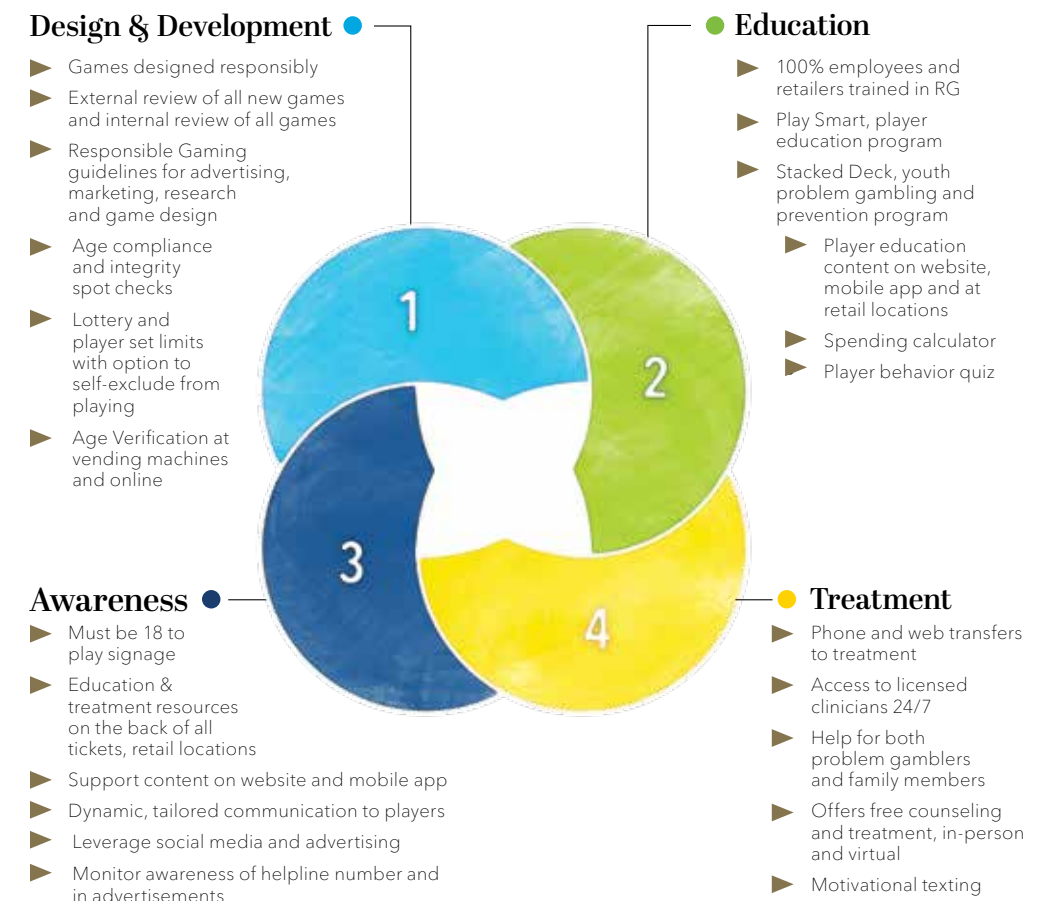
In 2009, just three years after selling our first lottery ticket, we took the first

step by obtaining Level 1 certification. We kept improving. We received Level 2 certification in 2011 and our Level 3 certification in 2014. We kept learning and refining. We reached our goal, Level 4 certification, in 2017.

We were the fourth U.S. lottery and the youngest U.S. lottery to reach the highest achievement recognized internationally. Since then, we made significant improvements in our social responsibility program, becoming recertified as a top, Level 4 lottery in 2021.



Four ways we approach responsible gaming



Creating Play Smart™ — a winning game plan for players

We wanted to grow and evolve our responsible gaming program in line with the changes we were seeing in North Carolina and across the industry. That's why we added a new, award-winning approach to our responsible gaming program - education through Play Smart. Play Smart™ was designed to be approachable and digestible for everyone, regardless of playing habits.

The lottery brings thrill and excitement to people across North Carolina. Play Smart™ is all about keeping it that way.

With this creation in January 2020, we became the first U.S. lottery to create and develop an original player-focused,

lottery-specific responsible gaming and prevention program centered on the education, encouragement and empowerment of lottery players. We have continued to evolve the Play Smart™ brand in 2021 with a distinctive fresh look

to garner attention both at retail, on our website and mobile app.

The good news! It is working and is resonating with our players.

In short, we care about our players. We care about our state. Operating the lottery with the highest degree of integrity and social responsibility shows that commitment to all North Carolinians. We live up to

that promise every day by being one of the most socially responsible lotteries in the world.

Our research shows us that 76 percent of players said they were either satisfied or very satisfied with the Play Smart™ website or tools. It gets better, with 80 percent of players saying that Play Smart™ tools helps them be more informed about how they play the lottery.



When you play the lottery, Play Smart



In 15 years, billions in lottery prizes have added up to a lot of possibilities in the lives of North Carolinians

“I want to do something good. I’m going to pay it forward and donate to St. Jude Hospital, the Wounded Warriors Project and the Shriners. I always said I would if I ever won the lottery. So I’m going to make due on the promise.”

– Charles Jackson Jr., winner of the largest lottery prize in state history, a \$344.6 million Powerball jackpot.

When the first ticket was sold in 2006, the top prize folks could win was \$100,000. Richard Garland of Newton was the first big winner. He said he planned to buy a house as he claimed the prize on the lottery’s second day. Moments like that show the potential the lottery had to change lives, giving all North Carolinians the chance to dream a little.

Now, 15 years later, the games and the top prizes look quite a bit different. Scratch-offs now offer top prizes up to \$10 million. Jackpots grow into the billions. But the

joy our winners experience when claiming their prizes has stayed consistent.

Today we sometimes think of the lottery as a luck factory that produces billions in prizes a year. Our first full year, \$452 million in prizes came rolling down the production line. In our most recent year, the lottery delivered \$2.46 billion, or on average \$6.7 million a day, in prizes. Winners have won \$1 million or more 639 times. In 15 years, the total prize expense of the lottery added up to more than \$18.8 billion.

Prizes at a Glance: Then vs. Now

<u>1st Full Year Total Prizes</u>	→	<u>15th Year Total Prizes</u>
\$452 Million		\$2.46 Billion
<u>1st Full Year Daily Average</u>	→	<u>15th Year Daily Average</u>
\$1.2 Million		\$6.7 Million

We love celebrating players' big wins

The best moments of our days at the lottery occur when we get to meet the thousands of people who collect their prizes. We see their smiles and feel their joy.

Winners are handed their big checks – with their name big and bold – and share their plans with us. Some are saving for retirement or maybe college for their kids. Many are paying off bills, paying off mortgages and paying off car loans. Some

have dreams of starting a new business, buying their first home, or traveling to see the world – all dreams that have come true because of the purchase of a lottery ticket.

They also tell us amazing stories of good luck. It might be the set of lucky numbers that won a jackpot and why they picked them. It might be how they bought a scratch-off on a whim, or just a lucky feeling. It might be the unusual turn of events that led them to try their luck in



a new place or on a new game. Some of the most common refrains are: "I couldn't believe it was real" and "It's a blessing."

Almost all our winners are grateful and want to give back. They have their own good cause to help. They plan a donation to their places of worship or community

organization close to their heart. They have parents, children, or friends they want to help.

We're lucky to be part of these special moments and tell their stories – stories that inspired us then and continue to inspire us today.

Our winners come from all walks of life, but have one thing in common - a dream.

Here are a few of our memorable winners and their dreams over the past 15 years:



The 85-year-old grandfather from Clemmons who gifted his 22-year-old granddaughter a ticket that won a prize of \$25,000 a Year for the rest of her life. "I'm happy with the little wins," he said, "and I'm so happy this is a gift I can give to her."

The retired Marine, Master Sgt. Alvin Mack II of Jacksonville, who planned to use his \$10 million prize to keep alive the memory of his son, who served in the Air Force Honor Guard at Arlington Cemetery, by using the money to help others. "He was my only son and he meant so much to me," Mack said. "I've always been a believer of luck but, in this case, I just felt like it was a little bit more than that."



The former presidential chef, Chef Roberto Mendoza of Charlotte, who planned to use his \$250,000 prize on a project in the Dominican Republic to feed the homeless. "I know what it's like to be hungry," he said. "I told myself when I was a teen that if I'm ever in a position to give back I'd do everything I can to make sure no one else has to go hungry."

The breast cancer survivor, Gina Short of Mecklenburg County, who won \$1 million in a second-chance drawing and said her good luck would help her "truly live" as she battles cancer. "I have a second chance," she said. "That's what my whole life is about, second chances."



We create once-in-a-lifetime experiences.



... Like playing on a giant Monopoly board, landing on "GO," and collecting \$1 million as retired bank manager, Elizabeth Davolio did in November 2015 in Las Vegas. "Dreams do come true," she said.

... Such as 20 years of season tickets for Carolina Panthers games that went to Pamela Jamison of Dallas, a cook at a truck stop. "I've been cheering for the Panthers ever since they started," Jamison said.

... Like a VIP trip to L.A. for Valerie Pruitt of Winston-Salem as a prize in a second-chance drawing with the Wheel of Fortune ticket in January 2020. "Best trip ever," Pruitt posted on Facebook. "... We

are still riding high on all the excitement and of meeting the most friendly and wonderful people ever!"

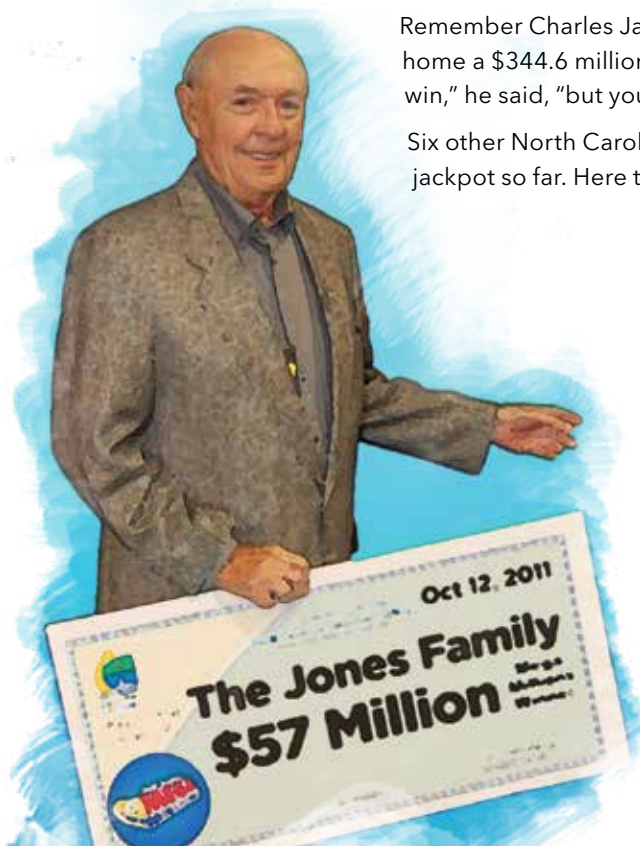
Jackpots produced the biggest wins during first 15 years.

The fun of playing lottery games comes from the chance to win prizes. Here at the lottery, we're lucky we get to deliver joy and thrill to North Carolinians who play lottery games. Most lottery wins are those that make your day or week, a \$20 win cover a trip to the movies or \$200 for weekend fun. And others can be truly life-changing, from a \$10 million scratch-off prize to a Powerball jackpot of \$344 million.

Remember Charles Jackson? He's our biggest winner so far, taking home a \$344.6 million Powerball jackpot on June 1, 2019. "You play to win," he said, "but you never really expect to win the whole dang pot."

Six other North Carolinians have won a Powerball or Mega Millions jackpot so far. Here they are, ranked by the size of the jackpot.

- ▶ Marie Holmes of Shallotte
\$188 million | Powerball | February 2015
- ▶ Frank Griffin of Asheville
\$141.4 million | Powerball | February 2010
- ▶ Jeff Wilson of Kings Mountain
\$88.1 million | Powerball | June 2009
- ▶ Jackie Alston of Halifax
\$74.5 million | Powerball | November 2006
- ▶ James Jones of Greenville
\$57 million | Mega Millions | September 2011
- ▶ Mike Manheim of Greensboro
\$12 million | Mega Millions | May 2010



Scratch-offs have some life-changing prizes too

A couple from Lexington, Dale and Robin Summey, became the first to win the lottery's top scratch-off prize of \$10 million. The win came in September 2015 in the Ultimate Millions game.

"It feels wonderful, but it is still hard to believe. It is. It's wonderful, and it's a blessing."

Over fifteen years, all of our games have delivered big



- ▶ **Cash 5:** A \$2.1 million Cash 5 jackpot was won on April 19, 2021. Two Mecklenburg County women, Nadia Belhaj and Timiaya Ellison, each matched all five numbers with their tickets to split the record jackpot. Ellison said her win put her "through the roof." Said Belhaj: "I didn't know I was sleeping rich."
- ▶ **Pick 4:** On Aug. 24, 2020, "quads" of 9-9-9-9 drawn in the evening drawing delivered \$9.3 million in prizes to more than 2,700 winning tickets.
- ▶ **Pick 3:** On May 29, 2020, "trips" of 1-1-1 drawn in the evening drawing delivered \$5 million in prizes to more than 12,000 winning tickets.



- ▶ **Carolina Keno:** A Raleigh couple, Patricia Forrest and her husband, Barry, became the first to win \$100,000 in the Carolina Keno game in July 2018. "We have four grandkids," she said. "So that should tell you where it is going."
- ▶ **Fast Play:** The biggest jackpot so far in a Fast Play game, \$691,417, stunned Joshua Hinton of Concord, who won with a \$10 ticket in November 2020. "I was just in awe," he said. "Just stunned. It's hard to believe."
- ▶ **Lucky for Life:** Manalle Earnhardt of Salisbury is getting \$1,000 a Day for the rest of her life after becoming the first winner of the top prize in the Lucky for Life game back in November 2016. "I don't have to worry about retirement now," said Earnhardt, a nurse at the VA Center at the time. "I don't have to worry about college for my boys or all of these other things. It's nice to know it's taken care of."

Players win an average of \$6.7 million every day in prizes.

It takes luck to win a prize, so no matter the size - we celebrate with you. When you play the lottery, every win is thrilling and full of excitement. Just check out these celebrations.



In 15 years, we have created community partnerships that help our state thrive

"Blue Dove Promotions has enjoyed a fruitful relationship with the lottery for several years. The business partnership with NCEL has been valuable and has helped to position my company as a major marketing and promotions vendor. As a HUB-certified, MWBE-certified woman-owned business, we have established ourselves as a strong contender in the promotional products industry, and NCEL is a part of that success."

– Joyce Williams, CEO, Blue Dove Promotions, Winston-Salem, NC

When we laid the foundations of the lottery 15 years ago, we knew we wanted to grow with the state, become part of the North Carolina culture and establish ourselves as part of the community. We knew we could do more. Each year we made progress in being a socially responsible

organization, listening to stakeholders and growing together.

We believe that when we dream together, we grow together and create lasting partnerships that help our communities thrive.



Growing together with our state

The first few years, we focused on ways to protect our players through responsible and sustainable business practices. The next couple of years we created an employee volunteer committee, where we empowered employees to give back to their communities across the state with eight hours of paid volunteer leave. In recent years, we established partnerships with state and community groups and worked to develop a minority business affairs program that is now leading the lottery industry. These small, incremental changes made big impacts to the development of our corporate social responsibility program.

Now, just 15 years after the first ticket was sold, we've established partnerships all across our state that support the cultural and civic life in our communities as well as our education and business partners. The partnerships are rewarding to us, help ensure we stay in touch with our stakeholders, and ultimately make the lottery part of the fabric of our wonderful state.

Here are some of our favorite examples of how we do just that.



We bring the fun of the lottery to places and events where North Carolinians play

In 15 years, we've become some of North Carolina's biggest fans. Love the Panthers, Hurricanes, minor league baseball? We do too. Enjoy our state's rich tradition of fairs and festivals such as the Azalea Festival on the coast or Apple Festival in the mountains? We're there. And we might bring the likes of Vanna White or Ric Flair with us. When North Carolinians are having fun, it's a great time for

us to introduce our newest games and promotions and teach everyone how to play the lottery the way it is meant to be played - for fun.



We listen to stakeholders by attending their meetings and conferences

Have a question about your state lottery? We want to hear it and get you an answer. In 15 years, we've talked to dozens of civic clubs, make annual trips to conferences of educators, PTA members, and county commissioners, and we've set up advisory groups to get regular feedback. At a conference, we might give a workshop on how the lottery is helping to build new schools in the state. At our booths, we can show any visitor how the money raised by the lottery supports education programs in their communities. In addition to meetings and conferences, we support programs by our TV partners to put a spotlight on great teachers and educators across our state.



We connect with North Carolina businesses and our partnerships help them grow

For 15 years, we have turned to many North Carolina businesses for the services and products we need to operate the lottery successfully. Businesses help us with sales, marketing, advertising, and operations of our headquarters and six claim centers. Our sponsorships of business training programs help increase the capacity of hundreds of minority

entrepreneurs, including women, veterans and disability-owned companies. They get one-on-one engagement with dedicated lottery staff describing opportunities to do business with the lottery. At the same time, we believe our outreach and education efforts are helping minority-owned businesses grow their businesses. Our sponsorships in minority business programming exposed our brand to more than 7,500 individuals at 20 statewide events last year. We want to be a model for inclusion in state government, as well as in the lottery industry.



We give back to the communities where we live and work

Our desire to responsibly raise money for education is equally matched by our desire to make a positive difference in the community. We offer all employees eight hours of paid leave to take part in volunteering initiatives throughout the year like holding Red Cross Blood Drives, donating and sorting food for local food banks, participating in Toys for Tots holiday campaigns and reading to children at local schools.

Our community relations efforts provide ways for the lottery to meet the people of our state where they are. We believe it is important to be active within the community, interacting with key stakeholders and learning and growing together. Through our partnerships, we can tell the story of the lottery's success, sharing ways we promote responsible gaming, business opportunities, and how the lottery benefits public education in North Carolina.



In 15 years, we have grown into a \$3.8 billion business, increasing sales each year of operations

“Here at Eagles Express, we are proud to be a top lottery store and are grateful to be a business partner with the lottery. We believe the flow of customers that come for lottery tickets has helped to keep us in business. Over the years, when times were tough, we always had the 7 cents on the dollar commissions. We would not have the business we have today, if it were not for the lottery. The growth of lottery ticket sales every year boosts our retail sales. The more we grow with the lottery, the more our other departments grow. The more people win, the more they spend. And we are known for being a good winning store.”

- Donna Fowler, owner, Eagles Express, Knightdale

In 15 years, our retail partners have grown into a network of more than 7,000 convenience stores, grocery stores, restaurants, bars and taverns. Some of these stores are some of the top retail brands in our state – Walmart, Sheetz, Circle K, Food Lion, Harris Teeter, Ingles and Publix – while others have been a community mainstay, run by the same family for decades.

All of these stores, no matter the location or the size, keep the lottery running. And we depend on our retail partners to help

our players and their customers to play smart and play for fun.

Because of this strong partnership, last year sales topped \$3.8 billion, averaging \$10.4 million a day. And in 15 years, our partnership with North Carolina retailers has paid off with more than \$30.5 billion in sales.

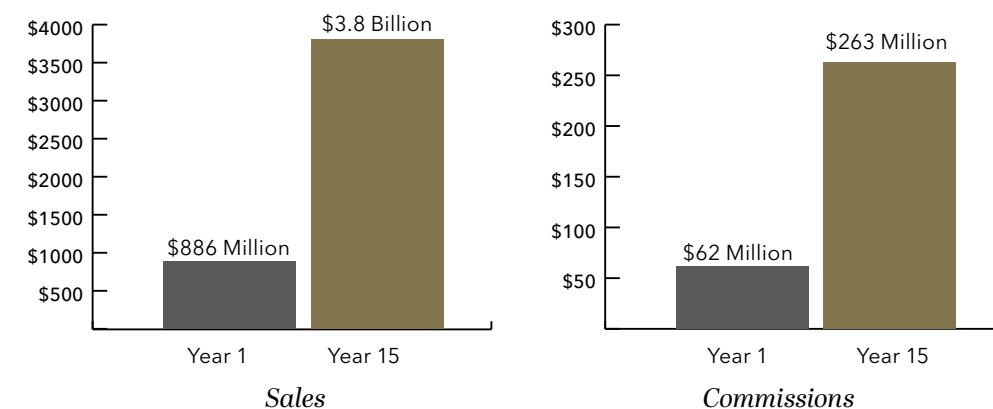
Those record-breaking sales lead to retail commissions, with seven cents of every ticket sold going back to the store. Over time, that has added up to a lot of good.

Growth in ticket sales help drive state’s retail economy

While the mission of the lottery is to raise money for education, along the way lottery ticket sales help to support our state’s retail economy. In 15 years, that impact has grown tremendously.

In our first year, retailers earned about \$62 million in commissions for selling tickets. In the 15th year, retailers earned \$263 million in commissions and incentives. Top-selling stores now record more than \$3 million a year in ticket sales.

1st Year Vs. 15th Year in Sales and Commissions



Ticket sales also boost a store’s bottom line in other ways, helping local communities thrive.

Players can drop into one of the 7,000 retail locations across the state and play. We hear folks like to pick up a Powerball ticket on their way into the office, and grab a coffee

or a quick snack. Other times folks decide to try their luck on a scratch-off when they fill up their tank at their local gas station. And when the Powerball or Mega Millions jackpots get big, the chance of winning a life-changing prize attracts additional customers into a lottery store.



Those additional customers and purchases, along with sales commissions, help stores grow their business. Owners tell us they use this extra revenue to hire new employees, add to the franchise and build infrastructure. This growth does more than help the store owner, it helps the employees, customers and the community. It comes full circle.

More ways to play, more ways to win and more fun to have

Over time, our players began wondering if they would ever be able to play the lottery whenever they felt luck strike. They wanted to play the lottery when it was convenient to them. We thought they were on to something, so we did something about it.

Now our players have even more ways to play. They can purchase tickets for four draw games on our website or while they are on the go with our NC Lottery Official Mobile App - Cash 5, Powerball, Mega Millions and Lucky for Life.

This addition paid off big for our players. We have seen players win Cash 5 jackpots, \$1 million prizes and \$25,000 A Year for

We have seen, year-after-year, that North Carolinians enjoy playing our games for a good cause, helping to establish ourselves as a leading U.S. lottery in sales. In just 15 years, lottery ticket sales have proved to be a win-win for both the lottery's good cause - education - and retailers all across the state.

Life prizes with tickets purchased through Online Play.

This addition increased the popularity of games, helping to boost sales at the retail-environment too.

Players also can participate in Lucke-Rewards, our loyalty program, using their NC Lottery account through nclottery.com or the NC Lottery mobile app. They earn points by entering their purchased tickets and completing other activities. Then they can use those points to win prizes in drawings. More than 1.7 million adults have nclottery.com accounts and over 843,000 are active participants in Lucke-Rewards.



Jones County School Ribbon Cutting

In 15 years, money raised by the lottery has changed many lives

We love to share the good news of how the money we raise makes real, tangible impacts in the lives of North Carolinians.

Every year, the legislature decides how best to spend the money we raise. Over the years, it has supported many important educational programs and initiatives. Now the money we raise goes toward paying the salaries of our school staff, funding school construction projects, awarding college scholarships and grants, supporting the NC Pre-K Program and school transportation.

Since day one, we've had the opportunity to get to know some of the folks who have

felt the benefit of the money we raise in a very personal way. They shared their stories with us, and we love that we can share them too.

Over 15 years, that has added up to a lot of lives changed. Here are a few of our most memorable stories collected over the years that show the impact of the money raised by our lottery.





Meet Sarah Hall

In March 2020 she lost her job when the restaurant she worked at closed due to COVID. Thanks to an Education Lottery Scholarship, she was able to round out her senior year without needing to work an extra job to help pay for school.

"I've always wanted to be a nurse. Finding out I got a scholarship was good because I had not worked all summer. That was a nice little surprise."



Meet Myesia Howard-Martin

Myesia was looking for something to help her 4-year-old, Jacob, prepare for the "big school" world. And she found that in the NC Pre-K program at Care-O-World Learning Center in Washington.

"I think Pre-K made a difference with Jacob. He was the type of child who would shut down when asked a question. Now he's raising his hand to answer questions. It makes me feel good as a parent. My child can go to an awesome program for free! And that's a big relief."



Meet Tiana Washington

Tiana's dream of becoming a pediatric psychologist in a rural community is well underway. Tiana understood right away that paying for college would put a strain on her mother, as she has siblings who are close enough in age that they would be attending college at the same time. So, to help pay for college, she interned and worked part-time throughout her four years at East Carolina University.

"Receiving a lottery scholarship meant that I could focus on school and let go of any stress about paying for college."



Meet Raymond Brown

Raymond Brown is a custodian at White Oak Elementary School in Edenton. He wears many more hats than simply being a custodian. It's known throughout campus that he shows up early every morning to make sure the lights are on and checks to make sure that the campus is safe for the students and staff. He's become the behind-the-scenes force at the school.

"I feel good to see their smiling faces coming off the bus, and smiling faces going home."



Meet Tod Morgan

Tod Morgan is principal of Jones Senior High School, part of a new state-of-the-art school campus in Jones County. About \$15 million raised by the lottery helped to build the new school.

"The better we can provide the education for our future generations, the better the future will be. We are so blessed to have this new school. The funds that we received from the N.C. Education Lottery were a huge part of that."



Meet Caraline Malloy

Caraline's goal of becoming an industrial organizational psychologist is becoming a reality thanks to an North Carolina Education Lottery Scholarship.

"I knew that this scholarship would help me to continue my dream of my education. A college education means everything to me."

Celebrating Education

We've celebrated education in our state with programs like Proud Moments and NC School Heroes. In 2016, we asked folks to share their proudest moments in education and how they would use a \$20,000 prize to create more of them. We received hundreds of moving responses from all across the state. In 2019, NC School Heroes was born. This time, we asked for stories about the folks who go above and beyond at school for our kids. The response was overwhelming. Winners received \$10,000 for themselves and \$10,000 for their schools too.

Meet a NC School Hero

Meet Tawanda Hunt of Orrum. She is a substitute teacher and bus driver for Orrum Middle School in Robeson County. In October 2019 she saved the 17 students she had on her bus from potentially being hurt in a fire. The fire started after two cars crashed into her bus. In that moment, she redefined what it meant to "go above and beyond" for your students.



Here's a Proud Moment

Kim Hetzler of Hendersonville lived homeless at times while growing up and didn't complete high school. Her proud moment came when she got her GED. That certificate led to a master's degree and a business of her own. With her \$20,000, she planned to help pay for her sons' college tuition.





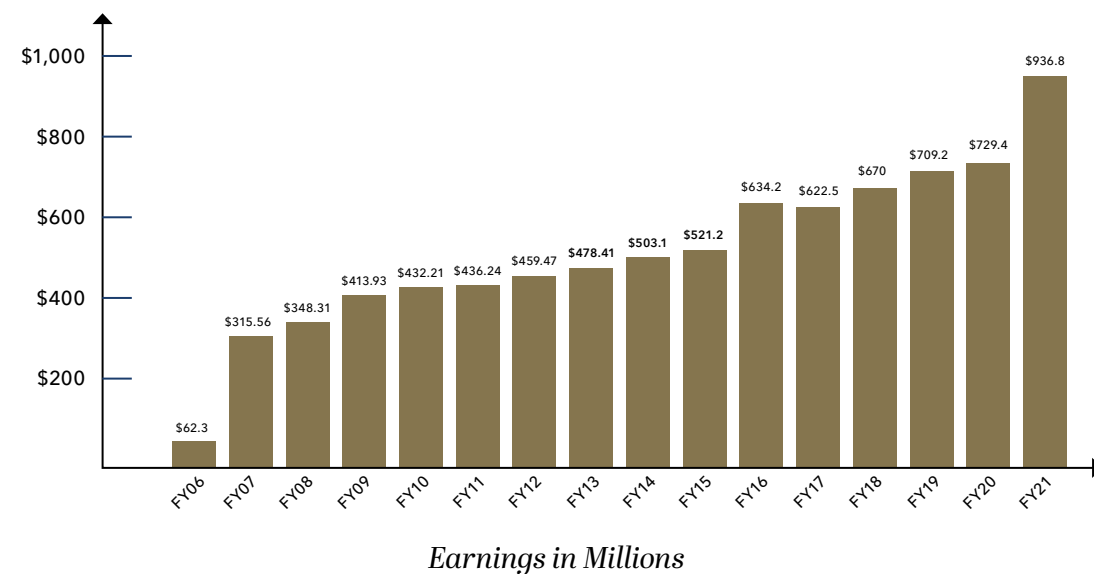
In 15 years, we have helped dreams come true with \$8.27 billion raised for education

When you buy a lottery ticket, you aren't just getting a chance to win big, you're also supporting education in our state. Every dollar spent on the lottery brings a benefit to education.

Now the lottery raises nearly \$1 billion every year - \$936.8 million last year. That's over \$8.27 billion raised for education in just 15 years, and it keeps growing.

It's easy to see that North Carolinians enjoy playing our games and supporting

education. While these funds represent only a small portion of the state's overall education budget, the positive impact is felt in communities from the Crystal Coast to the Blue Ridge Mountains.



Helping education – from the first day to graduation day

While we raise this money, we like to celebrate the many ways it benefits all 100 counties in North Carolina. Originally, the lottery supported four education programs. As the needs changed, so did the programs we support. Over the years, we've continued to fund prekindergarten, school construction and college scholarships but other education initiatives have also benefited. One year we supported digital learning initiatives. Another year, we helped cover the salaries of teacher assistants.

The legislature decides each year how best to spend the money we raise, but we are proud to do our part in fueling the future of our state. Here are some of our proud moments on how money we raised made a difference.

- ▶ More than 222,000 at-risk four-year-olds benefited from a free, pre-school experience.
- ▶ Students received \$436 million for scholarships – more than 390,000 scholarships in all – and another \$166 million in financial aid funds to make the costs of college more affordable to those attending state universities and community college.
- ▶ \$1.5 billion went toward paying for teachers' salaries and \$2.2 billion has gone toward paying the salaries of school support staff.
- ▶ Over \$107 million has funded the safe transportation of our kids to and from school.

In 15 years :

- ▶ Counties have received more than \$2 billion to help build and repair their public schools.





How did the lottery support education last year?

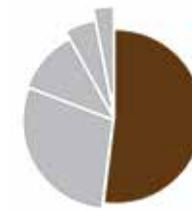
All the money raised went to a good cause, bringing additional dollars to important education programs.

Last year, because folks all across the state enjoyed playing lottery games for fun, we were able to raise the most money ever for education - \$936 million. That adds up to over \$2.5 million raised for education each day and each of North Carolina's 100 counties benefit.

Breaking it down

At the beginning of each fiscal year, the legislature decides how best to spend the money we raise. At the end of the year, legislative staff reaches out to the state departments and agencies that administer the monies and produces a report that provides us with the exact breakdown of how money raised by the lottery was used in each of North Carolina's 100 counties.

Here's how that money made a difference last year:



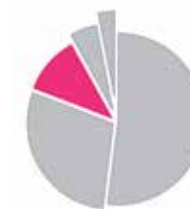
52% - School Staff

To raise a child, it takes a village. And in our schools that village looks like the substitute teachers, custodians, and office assistants who help make schools run.



29% - School Construction

Students need a space to learn. One school construction program covers everything from new ADA access ramps to a new HVAC system to a new school altogether. Another program provides grants to small counties that might otherwise be unable to build a brand new school. Since 2017 29 counties have received grants to build a new school for their students. Some are enjoying their new, state-of-the-art campus and others are well on their way to having that too.



11% - NC Pre-K

Students need a good head start and being ready to learn helps kids get the most out of going to school. The NC Pre-K programs gave 12,299 four-year-

olds a free pre-school experience before entering into kindergarten.



5% - College Scholarships and Grants

Our needs-based scholarships and grants help make paying for college in North Carolina a little easier, allowing dreams of going to college to become a reality. Last year, 26,341 scholarships went to students attending a state university or community college. And 51,613 grants, partially funded by the lottery, went to students at state universities. Students need to fill out their FAFSA to get a chance at a scholarship or grant.



3% - School Transportation

Our kids all need a safe way to get to-and-from school. The money we raise helps cover the cost of transportation, such as bus drivers' salaries and fuel.

Information on how the money raised benefits education programs in the state is kept up-to-date on our website. Visit nclottery.com and click on the **Impact** section. You'll find a detailed county-by-county breakdown of exactly how much went to each of the programs listed above.



Leading with a track record of excellence

“For the past 15 years, we’ve been delivering joy and thrill through fun games and experiences. Along the way, as North Carolinians enjoyed playing our games and winning billions in prizes, we have done a lot of good for our state. We have raised \$8.27 billion for education, helping to support the dreams of students in each of North Carolina’s 100 counties. We’ve become one of the most successful sales and marketing organizations in the state, increasing sales every year since the start. We’ve become a leader in responsible gaming, holding the highest level of responsible gaming certification recognized internationally. We have done it all with a track record of efficiency, responsibility and integrity. We are proud to play a part in fueling the future of our state, and I know we will continue to do so into the next 15 years.”

– Mark Michalko, executive director of the N.C. Education Lottery

Recognition of Excellence

The N.C. Education Lottery has brought in some well-deserved awards over the past 15 years, including organization-wide recognition and individual appreciation. This past year, we were able to continue with that tradition of excellence, bringing home a few awards that continue to speak to our values as an organization - integrity, respect, honesty and trust - and our four pillars of corporate social responsibility - protecting players, engaging stakeholders, maintaining transparency and supporting communities.

Each award we have received has helped us establish ourselves as a leading sales and

marketing organization in our state, creating a reputation of excellence. Over the next 15 years, we will continue to deliver for our state and our good cause - education.

Excellence in Transparency

We were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada. This Certificate of Achievement is the highest form of recognition in the area of government accounting and financial reporting.

Excellence in Responsible Gaming

The National Council on Problem Gambling is the leading responsible gambling and problem gambling non-profit in North America, advocating for programs and services to assist people and families affected by problem gambling. Last year we were awarded three first place excellence awards for leading our industry in promoting responsible play.



- ▶ Best Corporate Public Awareness Campaign for Play Smart
- ▶ Best Corporate Website for Play Smart
- ▶ Best Holiday Responsible Gaming Campaign

Excellence in Community Engagement

Last year, we received the Corporate Partner of the Year Award from

the National Association of Women Business Owners-Greater Raleigh. This award recognizes sponsors who have made significant contributions to the advancement of the organization’s mission - to propel women entrepreneurs into economic, social and political spheres of power worldwide. We are a proud partner of this organization and many others across the state as we work together to help our communities and all North Carolinians.



N.C. Education Lottery Commission

“As chairman of the N.C. Education Lottery Commission, I am proud to report we have met our mission of responsibly raising money for education every year for the past 15 years. Every year, our business becomes more responsible, profitable and sustainable because of the innovations we develop and establish and the hard work lottery employees put in each day. By building on the steady progress we have made in all aspects of our business, I am confident that we will continue to make a difference for all North Carolinians.”

- Brad Adcock of Cary, Chairman of the N.C. Education Lottery Commission



Joshua Malcolm
Pembroke

Randy Jones
Pine Level

Nigel Long
Charlotte

Nick Picerno
Seven Lakes



Jason Roth
Cary

Ripley E. Rand
Raleigh

Jody Tyson
Snow Hill

Pam Whitaker
Winston-Salem



To view the lottery's financial statements detailed in the Comprehensive Annual Financial Report and the overview of the lottery's financial condition detailed in the Popular Annual Financial Report, please visit our website, nclottery.com.

Every year an independent auditor examines the lottery and financial matters under the supervision of the Office of the State Auditor. The lottery has received the highest opinion available every year of operation. Audit reports issued by the Office of the State Auditor can be obtained from the website, www.ncauditor.net. Also, parties may register on the website to receive automatic email notifications whenever reports of interest are issued. Otherwise, copies of audit reports may be obtained by contacting:

Office of the State Auditor

State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601

Telephone: 919.807.7500



2728 Capital Blvd, Suite 144, Raleigh, NC 27604

919.301.3300 | nclottery.com

1,010 copies of this public document were printed at a cost of \$15,164.01 or \$15.01 per copy.