

A New Decade
Igniting the of Dreams.
Power to Dreain. of Dreams.

We're in the business of possibility. We deliver
Carolina. And we help give back millions to
education every single day. We are among
the lucky few who get to change lives.


Building a ${ }_{\text {The N. . State Loterer Commision consisting of nine higly }}$
Better Lottery.
appointed to serve the stamit of North Carolina, jointly oversee and help puide leadership in increasing sales and appointed to serve the State of North Carolina, jointly oversee and help guide leadership in increasing sales and
providing entertaining games to players. Comission memers, who are appointed by either the Governor or
the General Assembly serve fiveyear terms providing entertaining games to players. Commission members, who are appointed by either the Governor or
the Genear Assembly serve five-yeart erms and can only sere two successive terms. Unless otherwise noted,
commission meetings are open to the public and held quarterly.





Senior Management
Sult driven, people-oriented leadership lay the foundation for another record-breaking yea.
If you add up the years of experience at the top ranks of leadership at the lottery, it totals over 130 years of experience and
"As our new brand says, 'We're in the
business of possibility.' The new brand symbolized by a dream bubble logo displaying the beautiful landscape of our state, fits us well. It speaks to our core
purpose, purpose, raising money for rubilic ceducation
where dreams of our state's children can com true. Our lottery raised $\$ 622$ million to help
support those dreams last year And it spep support those dreams last year. And it speaks
to the dreams of those who enjioy playing on to the dreams of those who enjoy playing our
games: a dream vacation, a dream home, a dream of college for their kids, or a dream of
doing a good deed. The lottery awarded, on doing a good deed. The lottery awarded, of
average, $\$ 4.2$ million a day in prizes last yea average, $\$ 4.2$ million a day in prizes last yen Whether it's a life-altering prize for a player
or money raised for education, playing and supporting the Education Lottery creates a world of winning possibilities.
*Alice Garland,
Executive Director
Nond

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Brand Management
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## A New Brand, A New Era.

Playing and supporting the North Carolina Education Lottery creates a world of wining
possibilities for the entire state. Through the fun of lay and the billions we raise for education, provide the fuel for our most important dreams.
A period of growth and renewed strength
Fiscal year 2017 was the year of transformation, marking a period of growth and renewed
strength for the Education Lottery.
To keep up with the pace of change and to ensure our contribution to public education in North
Carolina continues, we moderizized our services and modernized our brand. We expanded our Carolina continues, we mede ticnolousies, and created stronger relationships with stakeholders. product, implemented new technologies, and created stronger relationships with stakeh
We are now better positioned to reach new heights in sales and earnings for education.

Our rebranding effort went much deeper than a visual facelift. We transformed our strategic and
operational business models. We redefined our foccus on operating responsibly and renewe operational business models. We redefined our focus on operating responsibly and renewed
our commitment to serving North Carolina. But this new brand was not an overnight revolution our commitment to serving North Carolina. But this new brand was not an overnigh
It was an evolution that had been in the works since the first ticket was sold in 2006 .

This new brand captures the essence of the lottery being in the business of possibilities, offering
joy and thrill to winners of prizes and raising money for education that helps to fulfill the dreams ioy and thrill to winders of prizs and raising money for education that helps to fulfill the dreams
of students and educators. It reflects an organization that is more focused, more e eficient, more
responsibe and better equiped for long-term growth

The FY 17 Report to the Public complements our rransformation and
to North Carolina - setting the stage for a new decade of dreams.

## Leotery

The new logo kept the familiar mountains to the
sea scene, graced with a shooting star but sea scene, graced with a shooting star, but evolved
into a dreamy look The star is a nod to the state into a dreamy look. The star is a nod to the state
flag as well as to the hopes and dreams that com flag as well as to the hopes and dreams that come
from playing the oltter. The mountains and ocean
represent the diverse and beautiful landscape oul

Fun of play fuels the state.
The power of innovation and tremendous efforts to transform the lottery this fiscal year laid the groundwork for
another record-breaking year in sales. For a second year in a row, tickets sales topped $\$$ b billion, marking the lottery as

It's clear from those sales that North Carolinians enjoy playing the lottery. Did you know $\$ 0.95$ of every dollar spent
on a lottery ticket comes back to the state? Whether its a prize big or small, a lift to local businesses or support for education, every ticket makes a difference for our state's future. Here is how that breaks down, from the largest expense to the smallest:
Prizes - $63 \%$ Games and prizes make for a lot of fun. Without the fun of prizes, North Carolinians wouldn't enioy
playing the lottery. So it's no surorise that prize money makes up the largest operating expense that the lottery has. About 63 pery. So it's no surprisis that prize money makes up the largest operating expense that the lottery ${ }^{3 \%}$ Administration has. About 63 percent of revenue from the sale of lottery tickets go back to players as prizes. Big winners tell us
they plan to use the prize money to do things such as pay off their mortgage, make home improvements, or buy
a new home. Whome
Return to Education - $26 \%$ The fun of prizes fuels the sales. And the sales produce the profits that go to a


Commissions $-7 \%$ The lottery paid out $\$ 170.6$ million in sales commissions and retailer incentives to
6.863. retailers - big and small - -ike Walmart Sheetz and Food lion some of the most well-known retail
6,863 retailers - big and small - like Walmart, Sheetr, and Food Lion, some of the most well-known retail
brands in the state. Those commissions can be used to pay or hire employees or make other improvements in the business.
Administrative Expenses - $3 \%$ Administrative expenses are a combination of employee salaries and benefits,
gaming system services, and infrastructure. The lottery is an effective and eff
one percent of revenue was spent on employee salaries and benefits last year
Advertising $-1 \%$ Advertising is important and essential to meet our mission in raising money for education.
Just like brands need to advertise their products or sevices, the lottery needs to advertise to increase return to
Just $t$ ike brands need to advertise their products or services, the lottery need
education. Less than one percent of lottery revenue is spent on advertising.
\$622 million raised for education last year, averaging $\$ 1.7$ million for education each day.

> We're in the business of possibility.

What does it mean when we say in the business of possibilities? When North
Carolinians are asked why they play the lottery, they say over and over again it' he fun of thinking what they would do if they win a big prize. The possibilities makes, offer to its players. They offer a chance to dream a little. And lasty year, the lotterery awarded the most t prizes ever, totaling $\$ 1.54$ bill ion. That's an average of
$\$ 4.2$ milion in prizes every New technology, more fun
Al of the lottery games now operate on the newest technology available after
the lottery completed a conversion to a brand new operating system. The new system provided the new technical infrastructure that support tames and
payment of prizes, new vending machines with touch screens, ticket checkers for payment of prizes, new vending machines with touch screens, ticket checkers for
lottery players in all locations, and new play centers. lottery Players in all locations, and new play centers.
The new system allows the lottery to provide more engaging and fun games for
Winning possibilities.
Some people prefer the thill of a scratch-off, while others prefer the anticipation
of a draw game. No matter your preference - we've got you covered. The lottery


# POWERC 



Delivering additional joy and thrills

Generating more excitement.
How do we generate more excitement? More prizes and more chances to win. One way we do
that is with our promotions. Last year we had seven draw game promotions. That's at least one Pion

Double the prizes, double the fun. Pick 3 players had the chance to win double cash every night of the week. When the Green Ball was drawn, players with winning tickets for the dra
win double the normal prize. The ball was drawn five times, and players won an additional
\$757,957.

Pick 4 More Money Monday
Mondays mean more money for Pick 4 winners. Thanks to the Pick 4 More Money Mondays, in Pick 3 Double Draw
Red Ball means double draw. Pick 3 players had even more chances to win in March because
of the Pick 3 Double Draw promotion. It the Red Ball was drawn, a second draw will take place The best part? Players get paid on both set of numbers. The Red Ball was drawn six times in The est part? Players get paid on both set of
March and players won an additional $\$, 038,402$

More chances to win, more fun. The
fun doesn't stop for olayers after they fun doesn't stop for players after they
scratach their ticket. $\begin{aligned} & \text { ach month } \\ & \text { me give }\end{aligned}$ members of our Player's Club additition opportunitit
like that?
Players can enter tickets to get Lucke-
Reward points and use th Rayers can enter tickets to get Lucke-
Revard opints and use those point to
make entries into weekly and monthly make entries into weekly and monthly
drawings for a chance to win cash and prizes. Players can also enter tickets
into second-chance drawings to win into second-chance drawings to
experiences that last a liftime.

Reaching new milestones ...


Dennis Powell - $\$ 4$ MILLION
$\qquad$



We deliver joy and thrill across the entire state of North Carolina.

A year of big wins and big dreams.





Record Cash 5 Jackpot
\$1,701,811 Win





Gregory Errthum Powerball $\$ 150,000$ Wi "My dream is, to live life a little more
comfortably, "said Gregory Errthum Denver upon being presented with his big check. The 22 -year paper industry worker.
who won \$150,000 Playing Powerbill, said
"I've been working long days my whole life, taking care of two childre
three stepchildren, and grandchildren. This just feels so good."

Our winners come from across the state and all walks of life, but they all have one thing in common - a dream.


Lisa Williard Won Cash 5 Jackpot twice
\$355,141 Win
"2017 debt free is our new motto", Lisa
Williard of Harmony said upon claming her Wiliard of Harmony said upon claiming her
second Cash 5 ajckpot. Her irst win came in
seons 2008, when she won $\$ 333,041$. Her second
one scored her a third of a $\$ 1,065,423$ jackp


# We are among the lucky few who get to change lives. 

Our Four Pillars of
Corporate Responsibility


Education is our mission and the good cause we serve. As we accomplish that
mision, we also want to be a responsible corporate citizen of our state. This past mission, we also want to be a responsibe corporate citizen ol our state. This past
year we developed asytematic coroorate social responsibility $\begin{aligned} & \text { rogram. marking } \\ & \text { a period of transformation and a recommitment to strengthening North Carol ina. }\end{aligned}$. Our four pillars of corporate social responsibility bring our purpose to life, helping
to erinin us thet every decision has an imact. These pillars repesenent the areas
that are most important to our stakeholders.
(1) Maintaining
or education is through public trust. Every year we pubbish our corporate financial
 - everly year so far. The lottery has also received the Certificate of Achievement for
Excellence in Financial Reporting bestowed by the Government Finance Officers
Association ten times. Last year the lottery Association ten times. Last year, the lottery:
Conducted research and answered over 40 formal public information requests
from state and national inquiries.
Responded to 279 media requests.
Responded to 277 media requests.
Shared news and information with the public through 265 media releases andProtecting
Players how to play them, encouraging lottery play in a sensible and responsible way, and empowering players to stay informed and be in control of their play. Last year,
the loter.:

$$
\begin{aligned}
& \text { The only way we can continue to grow and uphold the mission of raising money } \\
& \text { for education is through public trust. Every year we publish our corporate financial }
\end{aligned}
$$ $\simeq \quad \begin{aligned} & \text { - Established the first responsible gaming committee, } \\ & \text { consisting of a representative from every department }\end{aligned}$

$0=\begin{aligned} & \text { Developed a more robust responsible gaming } \\ & \text { identifying measurable gaols and objectives. }\end{aligned}$ identitying measurable goals and objectives.
Preparef for the submission of the World 1 totery Association's Level 4 certification, the highest level of
international achievement in responsible gaming.
 10 Supporting Supporting
Communities

While we work to tstengthen our relationship with individual stakeholders,
we also work to support the communities where we do business
ea also work to support the communit where we do business
he lotery is always looking for new ways to engage with stakeholders, share

(6)Engaging
Stakeholder
Through our improved stakeholder engagement program, we are creating a
positive, transparent environment where stakeholders are informed of dayy-o-day operations and feel comfortable with voicing concerns
ad asking questions. Last year, the lottery

- Created the first tatekeholder advisory panel, consisting of a repres.
stakeholder group.
Conducted 13 community and civic talks across
the state. the state. Engaged with our online Player's Club of over
830,000 members, writing over 215 blogs and answering thousands of player ques
blog and social media platorms.
- Paticipted in 14 community events acoss the state.

Participated in 14 community events across the state.



# Celebrating Education. 

For the fourth year in a row, earnings for education topped half a billion dollars.
And while that's certainly something to celebrate, we realize it's not just about what we do, but how we do it.
Every day we celebrate education. We celebrate education by meeting our mission
of raising money for education and the dreams it makes possible for students in our state.
Creating "Proud Moments" in Education Each year the lottery helps create countless proud moments in education across
the state. To celebrate these moments, we asked parents, teachers, and students the state. To celebrate these moments, we asked parents, teachers, and studens
to tetus what hheir proud educational moment was. We hose ten winers and
awarded them each $\$ 20,000$. Heres a look at some of their inspiring stories: Skller spearheaded a campaignt to rise money to repair broken equipment on his
schools spayoround . He donated hal of the prize money to help the school reach
its fund-raising goal. its fund-ralising goal.
Heather underwent brain surgery and overcame severe heath challenges to
graduate high h chool on time. She's now attending community college to to fufill her


When Jeffrey turned nine, instead of asking to birthday presents, he asked for
books oto give to his schools library. He
collected 31 ne books to give to his school's library.
collected 31 new books for the school.
"This proud moment furthers our
school's love for reading and edu sch ool's love for reading and education
as well as creates inspiration for others." as well as creates inspiration for others."


Saying thanks to teachers
The lottery celebrates education by celebrating some of ofr
As part of our partnership, each week our four draw stations
across the state share a feature on an inspoiring teacher in
 teachers in our state and the work they do to help our children
succeed in school. But the program is also a way to show succeed in shool. But the program is also a way to show
apperiation to teachers all during the school year for their
work and dedication
"I'm proud to work for an organization
Rive back to the community."
Supporting education through acts of service
The lotter''s renewed commitment to North Carolina inspired the evolunter committee to pursue
partnerships with organizations and causes that align with the lottery's mission - public education partierships sith organizations and causes that align nith the lotter's mission - public education.
This year, the ovolunteer committee established atrue mission statement of supporting education programs statewide, seeking to not only be a leader in funding education, but in enriching education
programs in local communites.



## 3 Dream a little.

The Report to the Public is a new way to share information with our stakeholders - that's you! We hope you found this report to be helpful. We know the only way we can continue to uphold our mission of raising money for education and to grow esponsibly is with public trust. As part of our commitment to
North Carolina, we pubbish and share our corporate reports. To view the loltery's financial statements detailed in the Comprehensive Financial Annual Report and the overNorth Carolina, we publish and share our corporate reports. To view the lottery's financial statements detailed in the Comprenensive Financial Annual Report and the over-
view of the lottery's financial condition detailed in the Popular Financial Report, leaese visit nclottery.com/Corporatesocialilesponsibility_Integrity. To see a breakdown of where the money goes in your county, please vist: nclottery.com/Education.
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
Audit reports issued by the Office of the State Auditor can be obtained from the web site at www.ncauditornet. Also, parties may register on the web site to receive auto-
matic email notification wheneverer reports of interest are issued. Otherwise, copies of audit repots be obtained by contacting the

