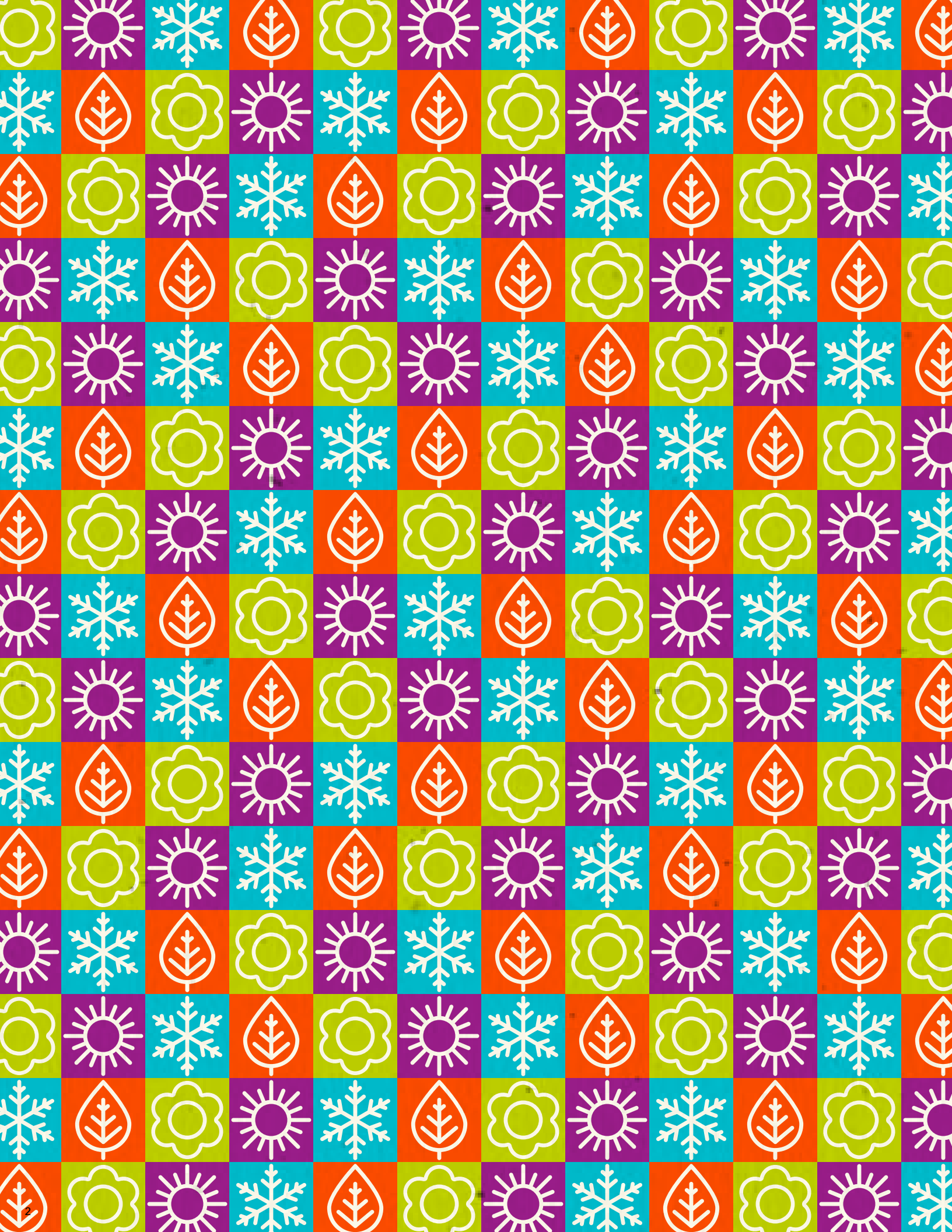




A Lottery for **ALL SEASONS**

Fiscal Year 2024
Annual Report





Fiscal Year 2024

ANNUAL REPORT

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Our Mission & **VISION**

Mission / The Minnesota Lottery exists to raise money for programs that positively impact the lives of Minnesotans.

Vision / The Minnesota Lottery benefits all Minnesotans by offering fun, secure, innovative entertainment while generating income for the state that is used to preserve, restore, and protect Minnesota's environment.



Photo credit: Paul Stafford



Fall 2024

Greetings,



At the Minnesota Lottery, we are mission-driven and dedicated to raising money for programs that positively impact the lives of Minnesotans. Fiscal Year (FY) 2024 was another successful year for the Minnesota Lottery, with nearly \$776 million in sales, our third best total on record. This trend of near record-breaking sales now stretches back almost a decade. As a result, more money goes into the hands of our players in the form of prizes, and we continue to substantially invest in the state's environment and natural resources, and vital state services. In fact, FY 2024 saw \$197 million returned to the state, the highest contribution in the lottery's history.

These trends reflect the sustained popularity of our product and its appeal as a fun, secure, innovative form of entertainment that adults across Minnesota can enjoy responsibly. Through market research, sales trends, and discussions with players and business partners, we get a sense of which types of games are popular with our players. By offering a robust rotation of scratch and lotto games, we appeal to a broad player base. Working in collaboration with distinctive local artists and brands, we capture the attention of prospective players and provide a unique play experience they won't find elsewhere.

A look at the numbers for FY 2024 highlights our continued support provided for Minnesotans:

- \$476.4 million in prizes won by players in all parts of the state.
- \$196.5 million returned to the state to support important state services, including:
 - \$101.7 million for the General Fund
 - \$93.3 million for Minnesota's environment and natural resources
 - \$1.5 million for responsible gambling initiatives
- \$51.0 million in commissions and incentives for approximately 3,000 retail partners around the state.

After 34 years in operation, the future remains bright for the Minnesota Lottery. From Luverne to Grand Marais and everywhere in between, players from all over have said I'MN to our product. Thanks to the hard work of our staff, the dedication of our retail partners, and the commitment of our players, we have returned more than \$4 billion back to the state to support projects and programs that benefit all Minnesotans. We remain committed to finding new opportunities for growth, overcoming obstacles as they arise, and improving operational efficiencies.

All the best,

Adam Prock, Executive Director



BENEFICIARIES

We're proud of our state here in Minnesota, and whenever our players purchase a Minnesota Lottery ticket, they know they are playing their part to support programs, places and projects that benefit the state's environment and natural resources. No matter where you live in Minnesota, the impact of lottery dollars can be seen all around you.

FY 2024 was the best year yet. Thanks to our players and our retail partners, the Minnesota Lottery sent a record \$197 million to the state to help fund important environmental initiatives that otherwise would not have received support. This includes funding for the Natural Resources Fund, the Game and Fish Fund, and the Environment and Natural Resources Trust Fund (ENRTF).

Since 1990, the Minnesota Lottery has sent more than \$1 billion to the ENRTF, a constitutionally dedicated fund that provides long-term funding for activities that conserve, preserve, and protect the state's land, air, water, wildlife, and other natural resources. These dollars have been used to fund more than 1,700 projects across Minnesota with impacts in all 87 counties.



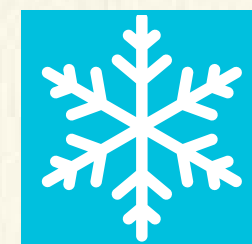
Photo credit: Tom Fisk





A Lottery for **ALL SEASONS**

Whether you prefer the fall colors or that first perfect spring day, one thing all Minnesotans can agree on is that you can always find something to do outdoors, no matter the season. From bunny hills to summer thrills, the Minnesota Lottery has supported a wide variety of recreational activities enjoyed by residents and visitors throughout our 34 year history. With more than \$4 billion returned to the state since 1990, the Minnesota Lottery is truly a lottery for all seasons.





SPRING

After months of cold and snowy weather, spring is the perfect time to get outside and enjoy fresh air, new life, and the state’s natural beauty. Across Minnesota, spring is also an important time for our farmers and growers, as they work to get seeds in the ground and cultivate a healthy crop for the year. Lottery dollars regularly work to preserve and promote the state’s clean air and water and support local and state parks and trails – including in the metro area. Over the last 34 years, many ENRTF projects have been agriculture-focused, helping to support research and projects that both protect and promote Minnesota’s farms and fields.



SUMMER

Mosquitoes aside, summer is the best time of year for many Minnesotans. It’s the perfect opportunity to spend time outside, go fishing, or go camping. Since 1990, the lottery-funded ENRTF has consistently provided funding for projects to stabilize shorelines, protect beaches, and provide safe and accessible fishing piers for Minnesota communities. The ENRTF has also funded efforts to revitalize, repair, and extend bike, walking, and hiking trails throughout the state.



WINTER

The winter months are some people’s favorite time of year in Minnesota to get out and enjoy some activities you only get when the weather turns cold. By supporting state and local parks and trails, the Minnesota Lottery helps provide ample opportunities for cross-country skiing, hiking, and snowshoeing. For the ice-fishing enthusiasts, the lottery’s support of the Game and Fish Fund contributes to a healthy fish population throughout Minnesota’s 10,000 lakes.



FALL

Each fall, many Minnesotans are on the hunt for peak fall colors or their game of choice. The Minnesota Lottery generates funds each year for the Game and Fish Fund, while the lottery-funded ENRTF regularly supports projects aimed at studying, protecting, and enriching the state’s game population. For leaf peepers, the lottery contributes to state and local parks and trails, as well as projects to study and preserve Minnesota’s natural woodlands.





Continued INNOVATION

Innovation is key to our success and allows us to be more flexible responding to opportunities and challenges while operating as efficiently and effectively as possible. With the introduction of our mobile app in FY 2024, players now have a convenient way to engage with the Minnesota Lottery. This app makes the lottery experience smoother, quicker, and easier than ever before – anytime, anywhere. It’s important to note that this app does not allow players to buy or cash tickets without visiting a brick-and-mortar retail location.

SOME KEY FEATURES OF THE APP INCLUDE:

- GPS-enabled Lottery Retailer Locator
- Digital Play Slips
- Ticket Checker
- Scan 2nd Chance Entries
- Winning Lotto Numbers
- Game Information
- Responsible Gambling Information

The security of players and their data is of the utmost importance to the Minnesota Lottery. Like all systems at the lottery, the app and its corresponding backend system have undergone extensive testing and all data is encrypted both in transit and within the app.

By prioritizing increased efficiency and sound decision-making, administrative expenses remain roughly five percent of our total income. These innovations have positioned the Minnesota Lottery for success now and into the future, and we will continue to monitor industry trends and best practices to ensure we are taking the necessary steps to remain a strong contender in Minnesota’s gambling landscape and advance our mission to raise money for programs that positively impact the lives of Minnesotans.



Google Play is a trademark of Google LLC.



“Winning at retail is all about increasing foot traffic – and the Minnesota Lottery is all about that and much more! The continued support from the Minnesota Lottery allows retail members of the Minnesota Service Station & Convenience Store Association (MSSA) a better opportunity for success today, tomorrow, and well into the future! The importance of preserving, restoring, and protecting our environment is how we all play our part, and that’s why MSSA members “Say I’MN.””

– Lance Klatt, Executive Director, Minnesota Service Station & Convenience Store Association

Our Lottery RETAILERS

More than 3,000 retailers located throughout Minnesota’s 87 counties serve as the first point of contact for many potential players. Working in collaboration with our retailers and the state’s retail associations, the Minnesota Lottery provides the support necessary for retailers to promote unique and exciting games, sell our product, and provide customers with information on responsible gambling resources available in the state. With a robust commission structure for the sale and redemption of lottery products and a bonus program for selling jackpot winning tickets, partnering with the Minnesota Lottery is a good bet for our retailers, boosting bottom lines and investing additional money back into communities around the state.





"Every special occasion my husband and I buy each other scratch-offs. This year was different. The first one I scratched off was a \$1,000 winner! Best Valentine's Day ever!"

– Amy from St. Augusta

**"I've never seen so many zeroes before!
...Always listen to your mom!"**

– \$3.1 million Lotto America winner who won using family birthdates her mom had mentioned

"I've been picking the same numbers for 30 years."

– \$1 million Powerball® winner

A Ticket to **DREAM**

We believe purchasing a Minnesota Lottery ticket is buying a ticket to dream. In FY 2024, we made dreams come true for 30.6 million winners throughout the state, awarding \$476.4 million in prizes ranging from \$1 all the way to a \$3.73 million jackpot. This spring we saw back-to-back Lotto America® jackpot winners in Minnesota for the first time since way back in 1991! Our own Gopher 5® game had its largest winner to date this year – a \$2.05 million jackpot won in Baxter. Each year, the Minnesota Lottery returns approximately 61.4% of revenue to players from all corners of the state in the form of prizes.

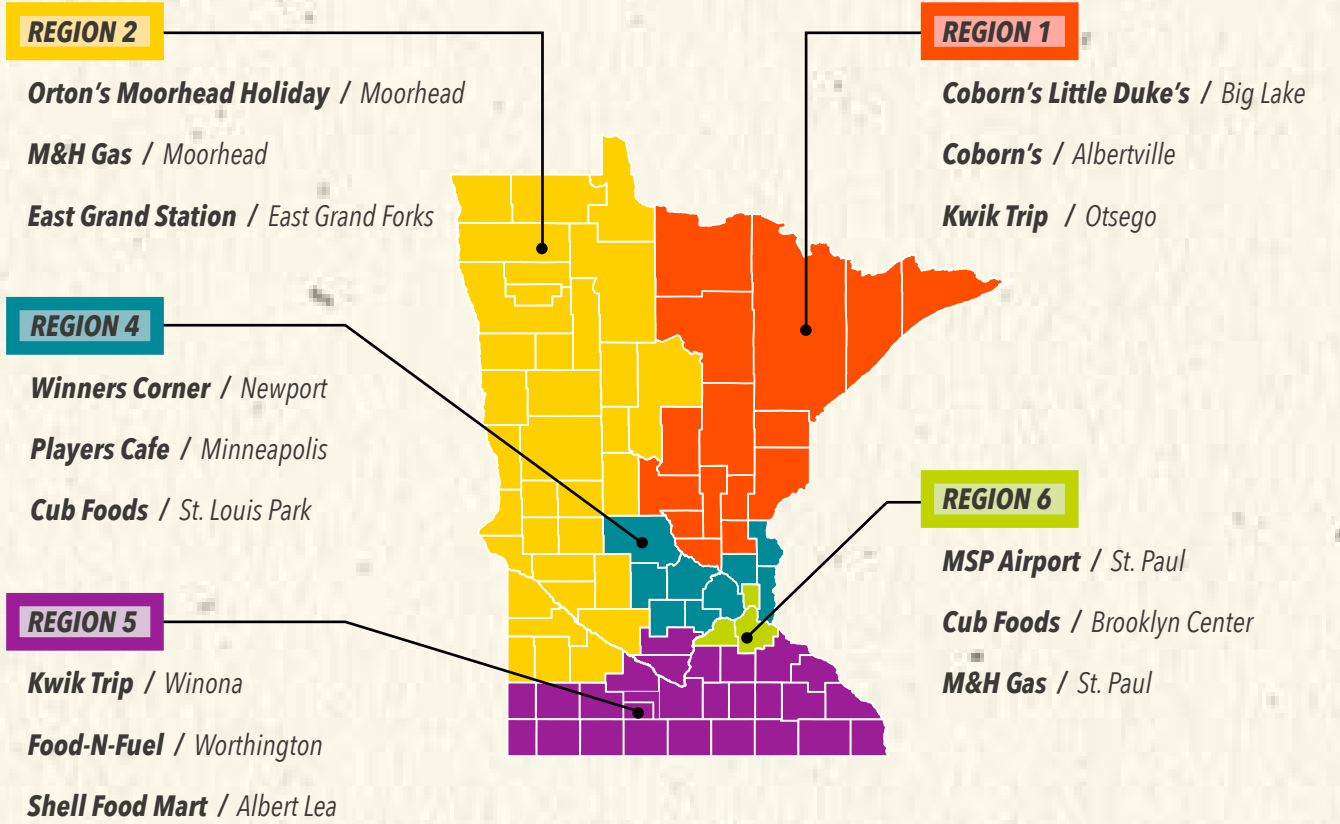
Players are able to scratch their lottery itch all over the state, including at the Great Minnesota Get Together.





Retailers & WINNERS

FY 2024 TOP RETAILERS BY REGION (TOTAL SALES)



FY 2024 WINNER HIGHLIGHTS

Total Number of Winners: 30,600,000

Biggest Prize Claimed: \$3,730,000

By offering commissions on all lottery tickets sold, the Minnesota Lottery is able to support local businesses and lottery retailers across the state.





Top Ten Scratch TICKETS



\$25 Million Big Blowout II

Price: \$20

Net Sales: \$33,843,400



Mystery Box Multiplier Crossword

Price: \$20

Net Sales: \$25,048,840



Diamond Riches

Price: \$50

Net Sales: \$23,737,600



\$500,000 Cash Money

Price: \$20

Net Sales: \$22,927,560



Power Shot Multiplier

Price: \$5

Net Sales: \$16,448,495



Money Multiplier

Price: \$20

Net Sales: \$16,348,380



\$500 Cash Crossword

Price: \$5

Net Sales: \$15,617,075



\$200,000 Payroll

Price: \$10

Net Sales: \$15,191,960



Camo Crossword

Price: \$10

Net Sales: \$13,305,490



Minnesota Vikings

Price: \$5

Net Sales: \$12,946,440



Community PARTNERS

Since selling our first ticket in 1990, the Minnesota Lottery has become a trusted institution for many Minnesotans and a part of their everyday lives. Throughout the year, we partner with other trusted Minnesota organizations and events to engage new players, highlight unique and exciting games, and educate the public on all the positive impacts of lottery dollars around the state. This allows us to meet potential players where they are at, build stronger ties with our communities, and give back to the people of Minnesota.



Local events are a great opportunity for lottery staff to engage with the public, educate them on the lottery, and have some fun.



In keeping with our mission, lottery staff volunteer throughout the year to help improve outdoor spaces in local communities.



Activations at events around the state are a great opportunity to introduce community members to the Minnesota Lottery.



Call 1-800-333-HOPE
Text HOPE to 53342

"Gambling harm is real and impacts not just the gambler but their loved ones. Early prevention and awareness can be one of our best tools to minimize the number of people who may become addicted to gambling. The Minnesota Lottery understands their responsibility in offering gambling games. The intent is to be entertaining and for all players to engage with minimal risk. That's why one should never bet more than they can afford to lose or believe this is a good way to make money. We appreciate our longstanding partnership with the Minnesota Lottery and their efforts to being a responsible operator."

– Susan Sheridan Tucker, Executive Director, Minnesota Alliance on Problem Gambling



Responsible PLAY

It only takes one ticket to win. As a conscientious partner in the gambling space, we recognize the Minnesota Lottery's role in encouraging players to engage with our product in a responsible way as a form of fun entertainment. We actively work throughout the year to support and encourage responsible gambling habits and the identification and treatment of problem gambling behaviors. Working in collaboration with the Minnesota Alliance on Problem Gambling (MNAPG), we educate players and the general public through ad campaigns, social media content, public events, and informational materials available at all Minnesota Lottery retailers.

If you are concerned about your gambling habits or those of someone close to you, there is always someone available to help. Call 1-800-333-HOPE, text HOPE to 53342, or go to getgamblinghelp.com for free and confidential assistance.



FINANCIAL OVERVIEW

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis includes an overview of financial activities regarding the financial performance of the Minnesota State Lottery (the Lottery) for the fiscal year ended June 30, 2024 and comparison for the two previous fiscal years ended June 30, 2023 and June 30, 2022. The management discussion and analysis should be read in conjunction with the transmittal letter and supplementary information included in this report. This report consists of three parts: management’s discussion and analysis, the basic financial statements and the notes to the financial statements. Included below and on the following pages are the financial highlights, summary of contributions to the State, summary results of operations and a condensed statement of net position for the years ended June 30, 2024, 2023 and 2022.

SUMMARY OF CONTRIBUTIONS TO THE STATE	2024	2023	2022
Net proceeds to the state	\$126,801,973	\$129,739,366	\$110,742,164
In-lieu-of-sales tax	50,422,811	51,165,544	48,110,394
Compulsive gambling contribution	1,513,205	1,459,580	1,519,142
Unclaimed prizes to the state	17,786,515	13,723,549	12,256,846
Total paid to state	<u>\$196,524,504</u>	<u>\$196,088,039</u>	<u>\$172,628,546</u>

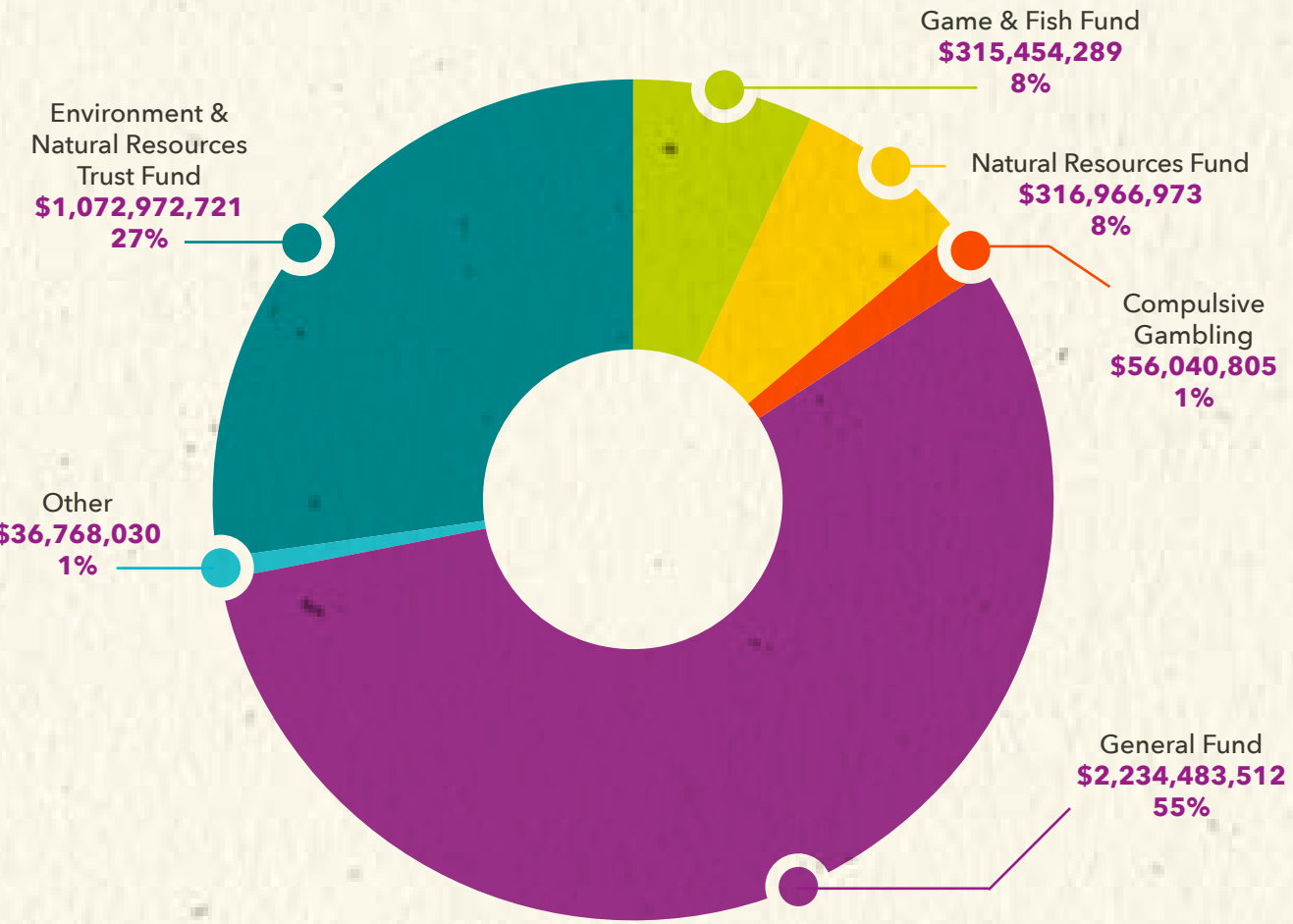
FINANCIAL HIGHLIGHTS

The Minnesota State Lottery had operating revenues of \$775.9 million in fiscal year 2024 and contributed \$196.5 million to the State. Contributions to the State were up compared to last year and set a record. Operating revenues were our third best year behind fiscal years 2021 and 2023.

SUMMARY OF CONTRIBUTIONS TO THE STATE

The Lottery contributed \$196.5 million to the State in fiscal year 2024. This was a \$400 thousand or a 0.2% increase from 2023. The following table provides detail on the total amounts transferred to the State as well as the source of the transfers provided to the State.

THE LOTTERY HAS CONTRIBUTED \$4.0 BILLION TO THE STATE SINCE INCEPTION



SUMMARY RESULTS OF OPERATIONS	2024	2023	2022
Gross receipts	\$725,429,560	\$736,137,171	\$692,051,433
Prizes, commissions and ticket costs	548,963,049	561,230,421	538,427,884
Gross profit	176,466,511	174,906,750	153,623,549
Operating expenses	33,154,620	28,883,372	22,152,863
Operating income	143,311,891	146,023,378	131,470,686
Non-operating revenues (expenses):			
Interest earned on investments	2,976,801	1,851,121	181,462
Unused compulsive gambling contribution	722,795	776,420	716,859
Payments to state (not including in-lieu-of-sales tax)	(146,824,488)	(145,698,915)	(125,235,011)
Total non-operating expense	(143,124,892)	(143,071,374)	(124,336,690)
Change in net position	\$186,999	\$ 2,952,004	\$7,133,996
Net position at beginning of year	\$(3,065,999)	\$(6,018,003)	\$(13,151,999)
Net position at end of year	<u>\$(2,879,000)</u>	<u>\$(3,065,999)</u>	<u>\$(6,018,003)</u>

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OPERATING INCOME

Operating Income has decreased by \$2.7 million in 2024 from 2023. Gross receipts decreased by \$10.7 million or 1.5% due to decreased scratch sales by \$20.7 million. As a result of lower gross receipts operating income decreased by \$2.7 million. Increased Lotto sales of \$9.3 million with lower costs helped to alleviate some of the reduction in operating income. Direct costs which include prizes, commissions and ticket costs as a percent of gross were 75.7% in 2024 as compared to 76.2% in 2023.

Operating Income has increased by \$14.6 million in 2023 from 2022. Gross receipts increased by \$44.1 million or 6.4% due to increased lotto sales by \$63.0 million. As a result of higher gross receipts operating income increased

by \$14.6 million. Direct costs which include prizes, commissions and ticket costs as a percent of gross were 76.2% in 2023 compared to 77.8% in 2022.

OPERATING EXPENSES

Operating Expenses increased by \$4.3 million in 2024 from 2023. The increase is primarily due to higher salaries and benefit costs due to costs of living adjustments and staffing closer to budgeted levels which resulted in a \$4.2 million increase.

Operating Expenses increased by \$6.7 million in 2023 from 2022. This was primarily due to recognizing the change in the pension valuation.

GROSS RECEIPTS BY GAME	2024	2023	2022
Scratch ticket sales	\$524,928,373	\$ 545,670,840	\$561,636,704
Lotto ticket sales:			
Pick 3®	21,539,047	20,829,926	22,406,621
Gopher 5®	22,824,352	18,612,995	17,002,602
Powerball®	104,042,194	89,002,098	68,928,118
Powerball® Power Play®	6,259,623	4,809,386	3,875,694
Mega Millions®	53,554,894	60,529,874	23,837,710
Mega Millions® Megaplier®	3,363,454	3,211,102	1,603,213
North 5®	9,618,093	10,726,284	9,700,106
Minnesota Millionaire Raffle®	7,999,380	6,999,050	6,999,460
Lotto America®	9,793,383	16,009,153	9,605,978
Lotto America® All Star Bonus®	1,628,910	2,278,671	1,345,669
Progressive Print-N-Play®	10,183,845	8,482,843	13,218,036
Total lotto ticket sales	250,807,175	241,491,382	178,523,207
Operating revenue	775,735,548	787,162,222	740,159,911
Other income	116,823	140,493	1,916
Total operating revenue	775,852,371	787,302,715	740,161,827
Less in-lieu-of-sales tax	50,422,811	51,165,544	48,110,394
Gross receipts	\$725,429,560	\$736,137,171	\$692,051,433

SCRATCH GAMES

Scratch games sales accounted for 67.7% of operating revenue in fiscal year 2024, down from 69.3% in 2023. Total scratch sales were down \$20.7 million compared to 2023. The first three months of the fiscal year scratch sales were outperforming 2023 then sales dropped off. Most US lotteries saw a reduction in scratch sales during fiscal year 2024.

Scratch game sales accounted for 69.3% of operating revenue in fiscal year 2023, down from 75.9% in 2022. Total scratch sales were down \$16.0 million compared to 2022. The

decrease in scratch sales was all in the first six months of the fiscal year. The last six months exceeded fiscal year 2022 by \$8.8 million.

LOTTO GAMES

Lotto sales saw a modest increase of \$9.3 million in 2024 from 2023. This was attributed to five large jackpot runs during the year between Powerball and Mega Millions.

Lotto sales saw a large increase of \$63.0 million in 2023 from 2022. This was attributed to four large jackpot runs during the fiscal year between Powerball and Mega Millions.

CONDENSED STATEMENTS OF NET POSITION	2024	2023	2022
Assets:			
Cash and cash equivalents	\$42,323,363	\$37,580,849	\$42,631,461
Receivables	4,924,193	8,676,284	4,492,659
Inventory and prepaid expenses	2,863,724	2,615,655	2,143,672
Capital assets	1,279,616	916,953	731,716
Right-to-use asset	14,876,259	3,105,784	1,500,735
Total Assets	\$66,267,155	\$52,895,525	\$51,500,243
Deferred Outflows	\$3,382,000	\$4,573,000	\$5,880,000
Liabilities:			
Due to State and State Agencies	\$ 24,295,169	\$ 21,090,907	\$19,398,247
Accounts payable & current accrued expenses	8,894,749	9,405,472	9,430,620
Prize liability	17,360,012	18,400,681	20,043,939
Lease and subscription liability	14,876,259	3,105,784	1,654,217
Long-term accrued expenses	4,411,482	6,551,022	1,953,146
Total Liabilities	\$69,837,671	\$58,553,866	\$52,480,169
Deferred Inflows	\$2,690,485	\$1,980,658	\$10,918,077
Net Position:			
Unrestricted net position	(\$4,158,616)	(\$3,982,952)	(\$6,749,719)
Net investment in capital assets	1,279,616	916,953	731,716
Net Position	(\$2,879,000)	(\$3,065,999)	(\$6,018,003)

NET POSITION

Minnesota State Lottery’s net position at the end of fiscal year 2024 was \$(2.9) million, 2023 was \$(3.1) million and 2022 was \$(6.0) million. All negative net position is attributable to the offset of the net pension liability and recognition of post-employment benefits liability.

CASH AND CASH EQUIVALENTS AND RECEIVABLES

The total of cash and cash equivalents and receivables increased slightly by \$990 thousand from 2023 to 2024. This slight increase was due to operational activities.

The total of cash and cash equivalents and receivables decreased by \$876 thousand from 2022 to 2023. This was primarily due to spending more on capital activities.

CAPITAL ASSETS AND OTHER ASSETS

Net Capital assets increased by \$363 thousand in 2024 versus 2023. Purchase of capital assets totaled \$767 thousand comprised of \$5 thousand in office equipment, \$289 thousand in software, \$434 thousand in computer equipment and \$39 thousand in warehouse equipment.

During fiscal year 2024 Net Right to Use Assets increased by \$11.8 due to entering into a new long-term building lease arrangement. For a more detailed explanation, see Footnotes 2, 5, 9 and 16.

Net Capital assets increased by \$185 thousand in 2023 versus 2022. Purchase of capital assets totaled \$594 thousand comprised of \$97 thousand in computer equipment, \$396 thousand in software costs and \$101 thousand in vehicles. For a more detailed explanation, see Footnote 5.

During the fiscal year the Lottery adopted GASB No. 96 Accounting for Subscription Based Information Technology Arrangements which accounts for \$2.2 million of the \$3.1 million

right-to-use assets. The other \$884 thousand of the right-to-use asset is for GASB No. 87 Accounting for Leases which was adopted during the previous fiscal year. For a more detailed explanation, see Footnotes 2, 5, 9 and 16.

DUE TO STATE AND STATE AGENCIES

Payment due to state at the end of fiscal year 2024 was \$3.2 higher than fiscal year 2023. This was primarily due to higher unclaimed prizes.

Payment due to state at the end of fiscal year 2023 was \$1.7 million higher than fiscal year 2022. This was due to a \$1.5 million increase in unclaimed prizes and a \$225 thousand increase in net proceeds due.

PRIZE LIABILITY

Prize Liability decreased by \$1.0 million from 2023 to 2024 due to mid and high tier scratch game prizes.

Prize Liability decreased by \$1.6 million from 2022 to 2023 due to mid and high tier scratch game prizes.

ACCOUNTS PAYABLE AND CURRENT ACCRUED EXPENSES

During fiscal year 2024 accounts payable and accrued expenses decreased by \$511 thousand from 2023 due to recognizing slight decreases in trade payables, sales taxes and unearned revenue.

Accounts payable and current accrued expenses decreased slightly by \$25 thousand from fiscal year 2022 to 2023.

STATEMENTS OF NET POSITION – JUNE 30, 2024 AND 2023	2024	2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$42,323,363	\$37,580,849
Accounts Receivable, Net (Note 4)	4,685,109	8,461,351
Interest Receivable	239,084	214,933
Scratch Ticket Inventory	2,157,465	1,967,260
Prepaid Expense	706,259	648,395
Total Current Assets	50,111,280	48,872,788
Capital Assets, Net (Note 5)	1,279,617	916,953
Right-to Use Assets, Net (Note 5)	14,876,259	3,105,784
Total Assets	66,267,156	52,895,525
Deferred Outflows (Notes 14 and 15)	3,38 2,000	4,573,000
LIABILITIES		
Current Liabilities:		
Net Proceeds Due to State (Note 8)	6,508,654	7,367,358
Unclaimed Prizes Due to State (Note 6)	17,786,515	13,723,549
Accounts Payable	2,855,177	3,162,926
In-Lieu-of-Sales Tax Payable	3,637,604	3,809,260
Prize Liability	17,360,012	18,400,681
Accrued Salaries and Benefits Payable, current (Note 7)	1,886,744	1,704,944
Lease and Subscription Liability (Note 9)	1,822,104	1,428,568
Deferred Revenue	515,224	795,342
Total Current Liabilities	52,372,034	50,392,628
Accrued Benefits Payable, net of current portion (Note 7)	1,757,482	1,700,022
Lease and Subscription Liability, net of current portion (Note 9)	13,054,155	1,677,216
Net Pension Liability (Note 14)	2,654,000	4,784,000
Total Non-Current Liabilities	17,465,637	8,161,238
Total Liabilities	69,837,671	58,553,866
Deferred Inflows (Notes 14 and 15)	2,690,485	1,980,658
Net Position:		
Net Invested in Capital Assets (Note 8)	1,279,617	916,953
Unrestricted	(4,158,617)	(3,982,952)
Total Net Position	\$(2,879,000)	\$(3,065,999)

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED JUNE 30, 2024 AND 2023		2024	2023
Operating Revenues:			
Scratch Ticket Sales		\$524,928,373	\$545,670,840
Online Ticket Sales		250,807,175	241,491,382
Other Income		116,823	140,493
	Total Operating Revenues	775,852,371	787,302,715
	Less: In-Lieu-of-Sales Tax	50,422,811	51,165,544
	Gross Receipts	725,429,560	736,137,171
Direct Costs:			
Scratch Ticket Prizes		352,737,038	367,294,797
Online Ticket Prizes		123,430,640	120,703,500
Online Vendor Expense		14,369,675	13,955,934
Ticket Costs		7,448,072	7,374,730
Retailer Commissions and Incentives (Note 11)		50,977,624	51,901,460
	Total Direct Costs	548,963,049	561,230,421
	Gross Profit	176,466,511	174,906,750
Operating Expenses:			
Advertising (Note 13)		7,609,301	7,381,958
Salaries and Benefits (Note 14)		15,996,887	11,783,552
Promotion		1,318,051	1,257,990
Purchased Services		1,984,814	1,755,237
Communication		513,979	510,881
Occupancy Costs		286,343	201,318
Supplies and Materials		1,082,966	1,360,066
Computer and Omnipoint Maintenance		916,533	822,769
Depreciation/Amortization		2,892,258	3,517,705
Other Expense		553,488	291,896
	Total Operating Expenses	33,154,620	28,883,372
Operating Income		143,311,891	146,023,378
Nonoperating Revenue (Expense):			
Interest Earned on Investments		2,976,801	1,851,121
Compulsive Gambling Contribution from Prize Fund (Note 10)		(1,513,205)	(1,459,580)
Unclaimed Prizes to State (Note 6)		(17,786,515)	(13,723,549)
Net Proceeds to State (Note 8)		(126,801,973)	(129,739,366)
	Total Nonoperating Revenue (Expense)	(143,124,892)	(143,071,374)
Change in Net Position		186,999	(2,952,004)
Net Position at Beginning of Year (Note 8)		(3,065,999)	(6,018,003)
Net Position at End of Year (Note 8)		<u>\$(2,879,000)</u>	<u>\$(3,065,999)</u>

For the complete Minnesota Lottery Annual Comprehensive Financial Report, including referenced Notes, please visit mnlottery.com.

STATEMENTS OF CASH FLOWS — YEARS ENDED JUNE 30, 2024 AND 2023		2024	2023
Cash Flows from Operating Activities:			
Cash Received from Customers		\$779,246,499	\$783,155,691
Cash Received from Other Income		116,823	140,493
Payments to State (In-Lieu-of-Sales Tax)		(50,594,467)	(51,038,147)
Payments to Employees		(16,001,627)	(15,164,093)
Payments to Suppliers		(36,645,710)	(35,247,146)
Payments to Retailers		(50,977,624)	(51,901,460)
Payments to Prizewinners		(477,208,347)	(489,641,555)
	Net Cash Provided by Operating Activities	147,935,547	140,303,783
Cash Flows from Non-Capital Financing Activities:			
Net Proceeds Paid to State		(127,660,677)	(129,513,409)
Compulsive Gambling Contribution Transfer		(1,513,205)	(1,459,580)
Unclaimed Prizes Transfer		(13,723,549)	(12,256,846)
	Net Cash Used by Non-Capital Financing Activities	(142,897,431)	(143,229,835)
Cash Flows from Capital and Related Financing Activities:			
Payments on Lease and Subscription Liabilities		(2,487,508)	(3,270,405)
Purchases of Capital Assets		(767,414)	(600,124)
Proceeds on sale of Capital Assets		6,670	77,033
	Net Cash Used by Capital Financing Activities	(3,248,252)	(3,793,496)
Cash Flows from Investing Activities:			
Investment Income		2,952,650	1,668,936
Net Increase (decrease) in Cash and Cash Equivalents		4,742,514	(5,050,612)
Beginning of Year Cash and Cash Equivalents		37,580,849	42,631,461
End of Year Cash and Cash Equivalents		<u>\$42,323,363</u>	<u>\$37,580,849</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income		\$143,311,891	\$146,023,378
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:			
Depreciation/Amortization		2,892,258	3,517,705
Gain on the Disposal of Capital Assets		(6,670)	(62,928)
Change in Retirement Activity		(187,000)	(2,952,000)
Net Change in Assets and Liabilities:			
Inventory		(190,205)	(395,516)
Accounts Receivable		3,776,242	(4,001,440)
Prepaid Expenses		(57,864)	(76,467)
Other Current Liabilities		(577,263)	(2,272)
Change in Deferred – Lease		14,826	(103,420)
Prize Awards Payable		(1,040,668)	(1,643,257)
Net Cash Provided by Operating Activities		<u>\$147,935,547</u>	<u>\$140,303,783</u>

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