

A N N U A L



**D.C.
Lottery**
CHARITABLE GAMES

**19th
Anniversary**



**D.C.
Lottery**
CHARITABLE GAMES

R E P O R T

MISSION

The mission of the D.C. Lottery and Charitable Games Control Board is to raise revenue for the District of Columbia through the regulation and the operation of a lottery and through the regulation of charitable gaming.

Congratulations to Our Partners in Success

D.C. Lottery Agents Received Over \$11.6 Million in Commissions

Top 10 Agents Selling On-Line Tickets

South Capitol Mini Mart
Waterside Food & Convenience
Tenley Mini Market
Takoma Park Liquors
4 Season Convenience
Avondale Coffee
Patron Convenience
Cork N Bottle Liquor
Morris Miller Liquor
News 2 U

Top 10 Agents Selling Instant Tickets

Tenley Mini Market
News 2 U
Waterside Food & Convenience
Metro Center News
Georgia Avenue Food Barn
Goodies
Me & My Super Market
Glover Park Market
Speedy Liquor
Penn Avenue Shell Food Mart

2001

FISCAL YEAR MESSAGE



Frances Timmons, grand prize winner for 19th Anniversary, second chance drawing, Get-away for two in Nassau, Bahamas, pictured with Kevin Johnson, Director of Marketing.



District Citizens Win Big: \$84 Million

Fiscal Year 2001 was a winning year for Washingtonians. The D.C. Lottery and Charitable Games Control Board transferred **\$84 million** to the General Fund of the District of Columbia. The near record transfer was made possible by **\$224.8 million in gaming revenue** that generated **\$11.6 million in commissions for Lottery agents**. This major contribution by the D.C. Lottery, in its 19th year of operation, helped the Nation's Capital maintain its economic vitality, while enabling our city to prepare for the future.

During the year, D.C. Lottery players also won big taking home **\$105.5 million in prizes**. Dozens of players won all-expense-paid trips to Hollywood, California to appear on POWERBALL® - The TV Game Show. Each had a chance of winning up to \$1 million. Three D.C. Lottery players, who used our Washington Auto Show Instant Scratch ticket to enter the Auto Show Second Chance Drawing at the Washington Convention Center, won luxury vehicles. Of course, the summer sizzled for the players who cashed in on the big POWERBALL® jackpot drawing in August. The D.C. Lottery produced three \$100,000 winners, 19 lucky players won \$5,000 each and 230,000 players each took home prizes of \$3 to \$100.

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The D.C. Lottery also continued to play a major role in the lives of those in need. The agency issued 123 licenses to nonprofit organizations that raised more than \$4 million for their causes. This money strengthened the social service safety net that directly impacts the lives of thousands of D.C. residents.

While preparing to launch new games and upgrade our technology, we are strengthening our message on playing responsibly. As we move into our 20th year of service, a year of continuous celebration, the D.C. Lottery plans to remain a major player in the Washington, D.C. economy by providing new and exhilarating games that are fun and generate revenue for our city.

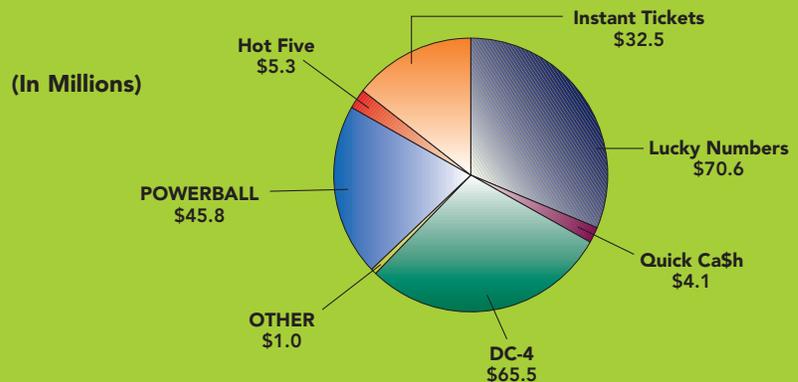
FISCAL

YEAR 2001 HIGHLIGHTS

The D.C. Lottery:

- Gaming revenue totaled \$224.8 million for FY 2001.
- Transferred \$84 million to the District of Columbia General Fund to support such city services as education, elderly care, parks and recreation, public safety, housing, and economic development initiatives.
- Officially transferred over **\$1 Billion** to the General Fund of the District of Columbia since its inception in August 1982.
- Paid thousands of lucky players \$105.5 million in prizes and paid D.C. Lottery agents more than \$11.6 million in commissions.
- Launched 36 new instant games generating more than \$32.5 million in sales.
- Debuted **POWERBALL® – The TV Game Show** Saturday, October 7, 2000 on UPN-20. **The Instant POWERBALL® TV Game Show** ticket offers players eight chances to win up to \$25,000 instantly, or a chance to enter a drawing to be an on-air contestant or at-home player on the new game show.
- Flew 52 on-air contestants to Hollywood, California to appear on **POWERBALL® – The TV Game Show** for a chance to win up to \$1 million.
- Selected 344 at-home contestants from the **Instant POWERBALL® TV Game Show** ticket second chance drawing for a chance to win up to \$10,000 from **POWERBALL® – The TV Game Show**.
- Promoted **DC-4™** game in partnership with WKYS-FM radio **"It's All For You"** contest. Winner received a trip for two to see **Janet Jackson** at the MGM Grand Garden Arena in Las Vegas.
- Celebrated Black History month with the FY 2001 "Exploring Black History" poster exhibit and citywide program at Martin Luther King Jr. Memorial Library.

WHERE THE MONEY CAME FROM...



WHERE THE MONEY WENT...



LET'S PLAY THE D.C. LOTTERY

DC LUCKY NUMBERS™

D.C. Lottery's **Lucky Numbers™** has nine ways to win with payouts ranging from \$25 to a top prize of \$500. Players select their *favorite three numbers* or choose the random Quick Pick to play. Drawings are held twice daily, seven days a week.

DC-4™

Add another number and D.C. Lottery players can win even more with **DC-4™**. This is the game for those who enjoy the higher stakes of a four-digit game. **DC-4™** features seven ways to win and a top prize of \$5,000. **DC-4™** is played Monday through Sunday, with drawings twice daily.

Quick Ca\$h™

The secret is out about **Quick Ca\$h™**, and the buzz around town is that the D.C. Lottery's **Quick Ca\$h™** game offers players a chance to win \$250,000 all at once! For \$1, players get three chances to win \$250,000 by selecting numbers ranging from one to 39. But that's not all, with three plays for \$1, players who match *the same set of numbers on all three plays* win \$750,000! **Quick Ca\$h™** is available to play seven days a week with drawings nightly.

HOT FIVE™

D.C.'s hottest game, **HOT FIVE™**, is played seven days a week with a host of grand prize winners. For \$1, this five-digit game offers players a chance to win \$25,000 by selecting five numbers ranging from one to 33. **HOT FIVE™** has a nightly drawing seven days a week.



For big jackpots, play **POWERBALL®**! The D.C. Lottery has united with 21 states to produce some of the largest jackpots in U.S. history. **POWERBALL®**, a multi-state game, is offered through the Multi-State Lottery Association. With nine ways to win for \$1, players select five numbers ranging from one to 49 and the **POWERBALL®** number from one to 42. Players have a choice of selecting the annuity or cash option payout. **POWERBALL®** is drawn twice a week on Wednesday and Saturday nights.

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Belinda J. Broadus, \$100,000
POWERBALL® winner.

MARKETING

THE D.C. LOTTERY



1970's classic rock band Bachman, Turner, Overdrive performs for an attentive crowd at the D.C. Lottery sponsored, HOT FIVE™ Concert series.

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The D.C. Lottery's Marketing Department continued its mission to produce advertising and promotional campaigns that generate and increase revenue from the sale of lottery games. It also engaged in partnerships and promotions that took its games beyond the traditional agent locations into entertainment venues. Here are highlights of the Marketing Department's 2001 activities.

The Instant "scratch" game offered D.C. Lottery players the excitement of the first \$10.00 ticket, "Steppin' Out." The D.C. Lottery continued to use the "scratch" ticket in the co-promotion with the Washington Auto Show giving players a second chance to win three exciting cars. The 19th Anniversary Instant "scratch" game culminated with a celebration and second chance drawing at Union Station.

The "Fat Tuesday" promotion was developed to give Lucky

Numbers™, 3-digit, game players an opportunity to win 10% more on their winnings on Tuesdays.

The slogan, "Be Different, Play" stimulated new interest in the DC-4™, 4-digit, game. It was used as a vehicle to attract a non-traditional market. DC-4™ was the game used in the cross promotion with WKYS Radio to produce the "It's All For You" contest. The contest featured a top prize of a trip for two to see Janet Jackson in concert at the MGM Grand Hotel in Las Vegas.

"Power Play" was introduced this year to POWERBALL® players. It is a feature of the game that allows players to increase their winnings up to five times, for an additional \$1.00.

Expanding player awareness was one of the major goals for the HOT FIVE™ game. To that end, the D.C. Lottery continued its promotional partnership with NBC 4 TV, Metro, The

Downtown Bid, and the National Park Service to produce the NBC 4 Classic Rock Block Party...HOT FIVE™ Concerts. This series of free outdoor concerts every Thursday evening in August was a great branding opportunity.

For the first time in the history of the D.C. Lottery, players purchasing \$5 worth of HOT FIVE™ on a single ticket received a **free** POWERBALL® ticket. This "Buy X Get Y Free" promotion ran five weeks and had a positive impact on sales that continued for several months after the promotion.

Event Marketing opportunities were an important goal in an effort to reach beyond the confines of the established D.C. Lottery agent locations and to tap into the non-traditional-lottery-player-markets. Events that supported this goal included the Lionel Ritchie concert, Zanzibar on the Waterfront concerts, and a cruise on the Odyssey to introduce Washington, D.C. to the new Morning Crew of radio station WHUR.

Additionally, the Marketing Department engaged in over 50 community-advertising partnerships that covered a wide range of nonprofit and community-based organizations. These diverse organizations included the Korean American Grocers Association, the Hispanic Consumer Expo, Elderfest, D.C. Annual Reggae Music Awards, Bike to Work 2001, Eritrean Festival, and Black Family Reunion.

CHARITABLE GAMES

PUTTING FUN INTO FUNDRAISING

As clouds of recession hovered over the Nation's Capital last year, nonprofit organizations faced an urgent question. Where could they go to make up for vastly reduced charitable donations? As it has done for the past 18 years, the D.C. Lottery and Charitable Games Control Board continues to step into the gap to serve our city in its time of need by providing guidance and technical



Fun fundraising. NBC celebrity, Jay Leno with Alan G. Boyd of the D.C. Lottery Department of Licensing and Charitable Games.

assistance to help organizations stage successful fundraising events. The D.C. Lottery offers the following six types of gaming licenses to nonprofit organizations: raffles, regular Bingo games, limited period Bingo, Mega Bingo, recreational Bingo for senior citizens, and Monte Carlo Night Parties.

The D.C. Lottery and Charitable Games Control Board issued 123 licenses to nonprofit organizations that raised more than \$4 million in FY 2001. The following is a small sampling of the wide variety of nonprofit organizations that raised funds through charitable gaming last year:

- *Children's Hospital Foundation*
- *George Washington University's student and faculty groups*
- *Georgetown Day School*
- *Georgetown University's student and faculty groups*
- *Gonzaga High School*
- *Greater DC Cares*

- *The Hoop Dreams Scholarship Fund*
- *The Hospital for Sick Children*
- *Kalorama Civic Association*
- *National Council of Negro Women*
- *The Darrell Green Youth Life Foundation*
- *The Leukemia & Lymphoma Society*
- *Martha's Table*
- *The National Kidney Foundation*
- *Oyster School Community Council*
- *Saint John's High School*
- *Spina Bifida Association of America*
- *The Blessed Sodality of Our Lady of Perpetual Help Church Inc.*
- *Christmas in April, Washington, D.C.*

The Bingo operated by The Blessed Sodality of Our Lady of Perpetual Help is one fund-raising success story of many found among the groups working with the D.C. Lottery and Charitable Games Control Board. The church operates a school in the economically depressed Anacostia area of Washington D.C. Bingo operated by the church raised \$101,665 in FY 2001. This money was used to buy school supplies and assist in the significant upkeep of two buildings maintained by the school. The money also supported healthy and fun extracurricular activities that the students might not otherwise have had access to, such as track and field, Little League, and lacrosse.

Another success story made possible by the Charitable Games Department through its licensing and technical assistance was Greater DC Cares' Monte Carlo Night event, The White and BlackJack Ball, which raised \$41,000. The money supported programs such as Family Cares, and publication of their monthly newsletter, *Connections*. The Family Cares program sends volunteers to over 150 Washington area charities and associations including The American Red Cross, Capital Area Food Bank, and D.C. Public Schools.

Since its inception, the D.C. Lottery and Charitable Games Control Board has issued nearly 3000 licenses to nonprofit organizations, raising \$76 million for a variety of worthwhile causes.



Photo: David Colwell

SHARING OUR HISTORY AND CULTURE

The D.C. Lottery and Charitable Games Control Board has a long-standing tradition of producing Black History calendar style posters, primarily for distribution to D.C. Public School students. Each poster highlights the achievements of African Americans and their contributions to American history in the areas of education, science, arts and entertainment, and most recently, Blacks in the military. Many early American inventions attributed to revolutionizing American life and culture were African American innovations.

The purpose of the posters is to impart African American history and culture through historical information and visual arts. The posters provide an additional resource for teachers in the classroom, as well as enrich the learning experience of D.C. Public School students and the Washington, D.C. community.

Virginia Williams

Mother of D.C. Mayor Anthony Williams

"The programs that are partially funded by the D.C. Lottery benefit the youth of our community. A good example is the Black History poster that the D.C. Lottery created this year. Teaching our kids about the Underground Railroad is something they need to know."

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Photo: David Colwell

The D.C. Lottery's first Black History poster was produced in 1986 and featured the achievements of **Sojourner Truth**, "A Pilgrim of Freedom" and **Colonel Charles Young**, who was honored as the first African American of Distinction at West Point. The 2001 poster **O' Freedom: The Underground Railroad**, revealed the meaning of secret codes that were hidden in quilt patterns of the 1800's. Freedom quilts, as they were called, explained a process of steps for the slaves to memorize and follow in their journey to freedom. The poster also delineated the four main escape routes to freedom in the United States including Harriet Tubman's escape route from Dorchester County, Maryland.

Diane Miller

D.C. Resident

"I'm very happy to see that the D.C. Lottery is giving back to the community. Programs like this make a big difference. The (poster) will be great to promote awareness."

The D.C. Lottery's Black History posters have received citywide and national recognition, as well as city and lottery industry awards. From library exhibits, to local television, and The Washington Post newspaper, the relevance of the information and the popularity of the posters are incomparable. The 2001 **O' Freedom: The Underground Railroad** poster was the highlight, if not the focal point of many historical and cultural events held around the Washington, D.C. area.

FINANCIAL STATEMENTS

September 30, 2001 and September 30, 2000

BALANCE SHEETS

September 30, 2001 and September 30, 2000

(In thousands)

Assets	2001	2000
Current assets:		
Cash and cash equivalents	\$9,385	\$8,846
Accounts receivable, net	3,930	3,951
Inventory	557	556
Prepaid expenses and other	5	6
Total current assets	<u>13,877</u>	<u>13,359</u>
Property and equipment, net	1,328	480
Restricted investments	79,795	76,878
Total assets	<u>\$95,000</u>	<u>\$90,717</u>
Liabilities and Retained Earnings		
Current liabilities:		
Accounts payable	\$2,816	\$1,763
Accrued payroll and related liabilities	640	613
Deferred revenue	113	133
Accrued prizes and commissions	7,841	7,730
Other current liabilities	420	325
Obligations for unpaid prizes, current	8,631	8,631
Total current liabilities	<u>20,461</u>	<u>19,195</u>
Obligations for unpaid prizes, long-term	71,164	68,247
Total liabilities	<u>91,625</u>	<u>87,442</u>
Retained earnings	3,375	3,275
Total liabilities and retained earnings	<u>\$95,000</u>	<u>\$90,717</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Years ended September 30, 2001 and September 30, 2000

(In thousands)

	2001	2000
Gaming revenue	\$224,885	\$215,938
Operating expenses:		
Prizes	105,594	112,813
Agent commissions	11,637	11,721
Contractor fees	11,962	11,686
Advertising	3,837	3,605
Administration	9,008	7,995
Amortization and depreciation	226	155
Total operating expenses	<u>142,264</u>	<u>147,975</u>
Operating income	82,621	67,963
Nonoperating revenues, principally interest	1,479	1,534
Income before transfers	84,100	69,497
Operating transfers to District of Columbia General Fund	<u>(84,000)</u>	<u>(69,450)</u>
Net income	100	47
Retained earnings, beginning of the year	3,275	3,228
Retained earnings, end of year	<u>\$3,375</u>	<u>\$3,275</u>

STATEMENTS OF CASH FLOWS

Years ended September 30, 2001 and September 30, 2000

(In thousands)

	2001	2000
Cash flow from operating activities:		
Operating income	\$82,621	\$67,963
Adjustments to reconcile income to net cash provided by operating activities:		
Amortization and depreciation	226	155
Decrease (Increase) in assets		
Accounts receivables, net	21	(993)
Inventory	(1)	(89)
Prepaid expenses	1	17
Increase (Decrease) in liabilities:		
Accounts payable	1,053	(176)
Accrued payroll and related liabilities	27	37
Deferred revenue	(20)	(18)
Accrued prizes and commissions	111	(842)
Other current liabilities	95	306
Net cash provided by operating activities	<u>84,134</u>	<u>66,360</u>
Cash flows from financing activities		
Acquisition of property and equipment	(1,074)	(235)
Cash used from noncapital financing activities:		
Operating transfers to General Fund of the District of Columbia	(84,000)	(69,450)
Cash flows from investing activities:		
Receipt of interest and dividends	1,479	1,534
Net increase (decrease) in cash and cash equivalents	539	(1,791)
Cash and cash equivalents, beginning of the year	8,846	10,637
Cash and cash equivalents, end of the year	<u>\$9,385</u>	<u>\$8,846</u>

For accompanying notes to the financial statements, contact the D.C. Lottery and Charitable Games Control Board at (202) 645-7900



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HEADQUARTERS

2101 Martin Luther King, Jr. Ave., S.E.
Washington, D.C. 20020
(202) 645-8000

D.C. LOTTERY CLAIM CENTER

2000 14th St. N.W.
Washington, D.C. 20009
(202) 671-2607

D.C. LOTTERY LOT-LINE

(202) 678-3333

PLEASE PLAY RESPONSIBLY

Many District residents, commuters from the surrounding states, and tourists have played D.C. Lottery games at one time or another, with the vast majority playing responsibly. Nevertheless, lottery games are still a form of gambling and can be abused.

At the D.C. Lottery, we encourage players to play lottery games responsibly, using only discretionary entertainment dollars to purchase lottery tickets. Lottery games are a “fun” investment, not a “financial” investment. Neither the lottery, our players, nor the residents who benefit from the D.C. Lottery revenue win when our games are abused. These games are designed solely for entertainment and the proceeds go toward a good cause – our city. When you play in moderation, we all win. Please play responsibly and let’s keep the good in a good cause.

**PLAY
RESPONSIBLY**

**Looking
Forward
To...**

