

LETTER FROM THE DIRECTOR



FISCAL YEAR 2021 IN REVIEW



As Colorado continues the long, slow recovery from COVID-19, I am humbled by the challenges of the past fiscal year, and uplifted by the response of our players, retailers and Lottery staff.

For all the accomplishments we will describe here, none is more important to me than the safety of our staff and the fact that no outbreaks were reported at any of our facilities. The rest is icing on the cake.

The three pillars that define the purpose of the Lottery are Revenue, Responsibility and Conservation. Below are some highlights of those areas.

Revenue: Several factors came together to provide the Lottery with a record sales and proceeds year. In addition to multi-state jackpots that came close to \$1 billion, our Scratch games continued to grow in part due to increasing the number of games available, especially at higher price points. We also worked closely with our retail partners to increase “facings” for these games and bring more families of games to market, consistent with best practices.

Responsibility: The Lottery took another big step toward our goal of achieving World Lottery Association Level 4 certification in responsible gaming by achieving Level 3 certification. Only seven U.S. lotteries have achieved Level 4 certification, and we hope to join that elite list in 2022.

Conservation: In addition to our second annual “Runyon to the Res” clean-up project on the Arkansas River, the Lottery helped fund dozens of important conservation efforts across the state. Our website allows Coloradans to research proceeds projects close to home. Additionally, the decrease in the Lottery’s Denver office footprint and the fact that a majority of the Lottery’s staff work remotely have contributed positively to the environment by decreasing the use of paper and lowering vehicle emissions.

The Lottery has plenty to be grateful for this year. In addition to these achievements, we are proud to have assisted Governor Polis with the “Colorado Comeback Cash” promotional drawings to help encourage vaccination and power the comeback.

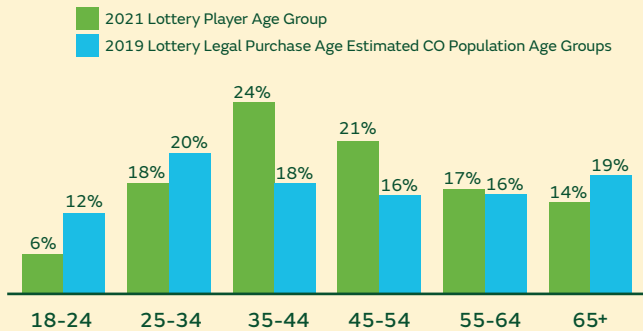
In the year ahead, we will continue to do our best for our beneficiaries, and for all Coloradans, to give them the games they want to play, and more places where they can “play on.”

Tom Seaver
-Tom Seaver

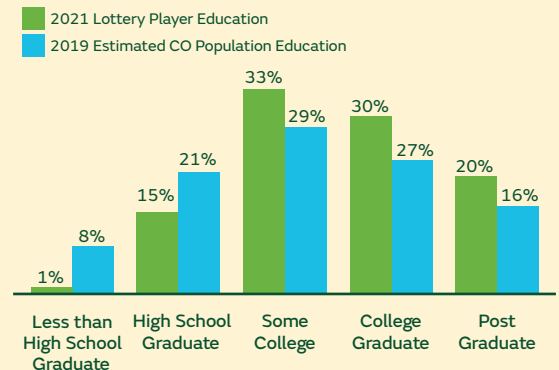
ABOUT OUR PLAYERS

OUR PLAYERS ARE A REFLECTION OF THE GREAT STATE OF COLORADO.

2021 AGE GROUP COMPARISON



2021 EDUCATIONAL COMPARISON



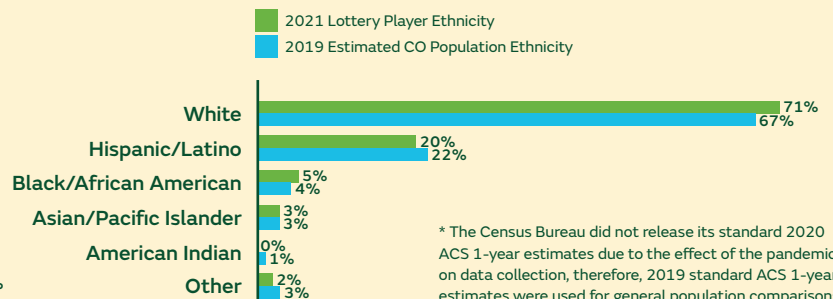
2021 LOTTERY PLAYER HOUSEHOLD INCOME

\$60,000+ (Over half of Lottery players had an average household income of greater than \$60,000)

\$75,000+ (Over 40% of Lottery players had an average household income greater than \$75,000)

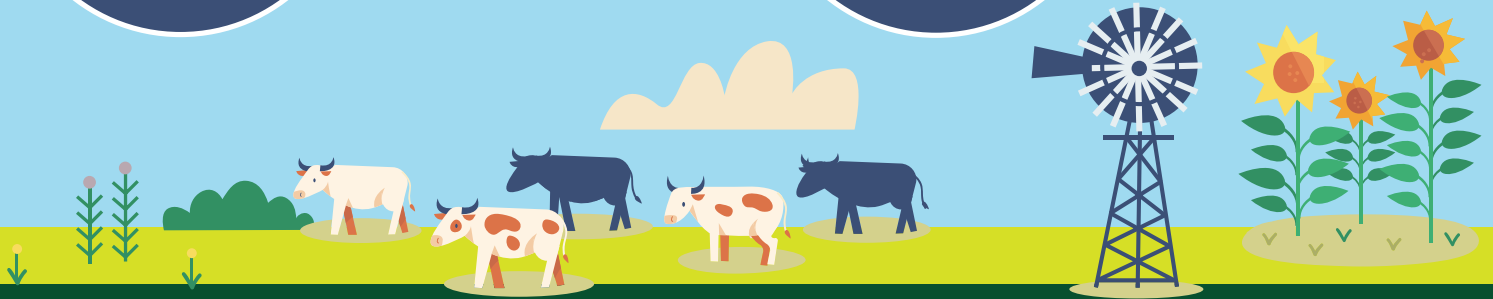
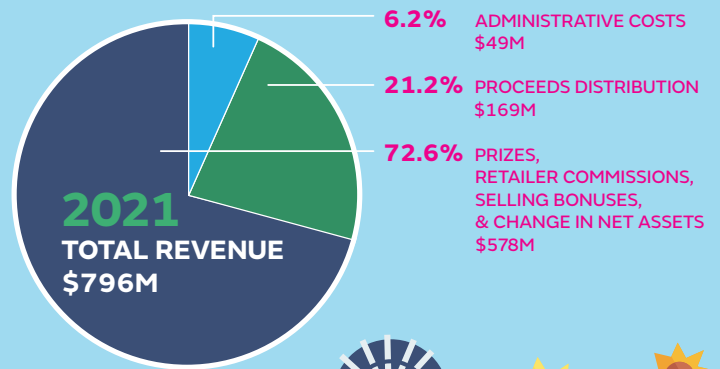
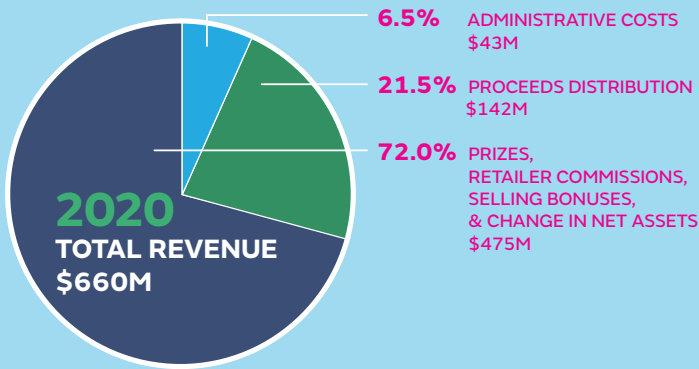


2021 ETHNICITY COMPARISON



* The Census Bureau did not release its standard 2020 ACS 1-year estimates due to the effect of the pandemic on data collection, therefore, 2019 standard ACS 1-year estimates were used for general population comparisons.

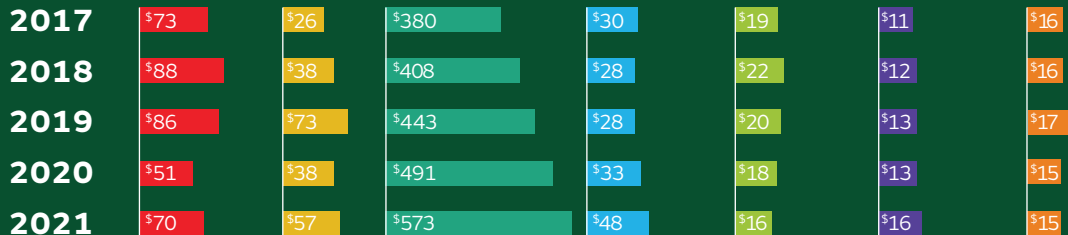
KEY FINANCIAL HIGHLIGHTS



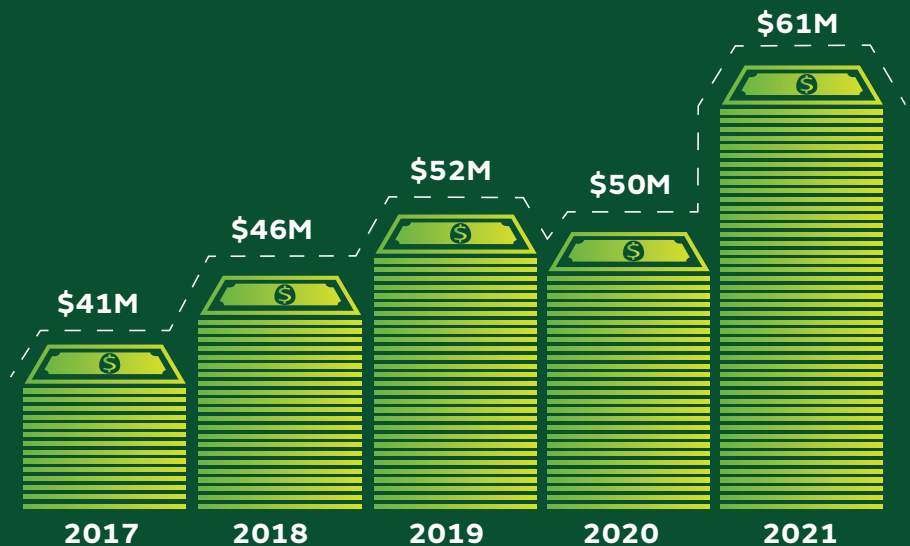
LOTTERY SALES BREAKDOWN (IN MILLIONS)

SALES REVENUE:
2020 - \$660M
2021 - \$796M

PROCEEDS DISTRIBUTION:
2020 - \$142M
2021 - \$169M

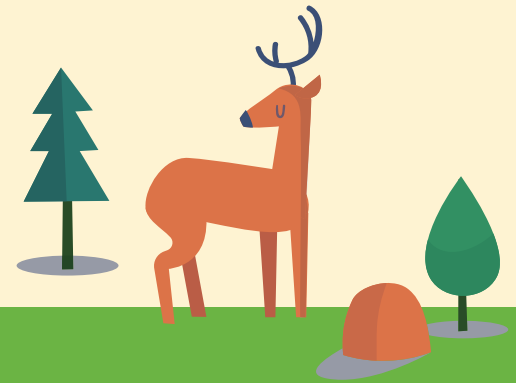


LAST FIVE YEARS: TOTAL RETAILER COMMISSIONS



JBC SUCCESSES

This fiscal year, the Lottery made great strides in evolving its operations to help build revenue through enhanced efficiencies. The Lottery earned the unanimous support of the Joint Budget Committee on the approval of its 2021 decision item to change its contracts with its Scratch ticket vendor — from a fixed cost pricing model to a percentage of sales. Shifting to a model where vendors are incentivized based on sales is a best practice in the industry and has resulted in higher sales at other lotteries. The decision will allow the Lottery to utilize industry-leading technology, tools, products and support for its sales and marketing teams to continue to grow revenue in future years. In addition, the variable cost model is already employed with the organization's Jackpot vendor, making this a more consistent method of compensation across product vendors.



OUTDOOR EQUITY FUND

Also new for Fiscal Year 2021, for the first time in over a decade, new legislation changed the Lottery's funding distribution after the GOCO cap was met. The Colorado Legislature passed House Bill 21-1318, which created the Outdoor Equity Fund. The new fund will be administered by Colorado Parks and Wildlife, to fund projects that expand access to the outdoors for underrepresented communities. A fund that will grow every year, this year the fund received \$750,000.

NEW DISTRIBUTIONS TO CPW FUNDS

In addition to the Outdoor Equity Fund, in Fiscal Year 2021, CPW received an additional \$4.6 million based on the new funding formula. These funds are split equally between the Colorado Parks and Wildlife Cash Fund and the Parks and Outdoor Recreation Cash Fund. Building Excellent Schools Today will continue to receive spillover funds through Fiscal Year 2024; this year they received \$7.6 million.

PROCEEDS HIGHLIGHTS

LAKE SAN CRISTOBAL ISLAND

Great Outdoors Colorado's (GOCO) Resilient Communities Program (RCP) funds one-time, immediate needs or opportunities that emerged in direct response to the COVID-19 pandemic. The program helps its partners advance outdoor recreation, stewardship, and land protection projects in a way that best reflects community needs and priorities. A \$1.3 million GOCO grant to The Trust for Public Land helped protect a 10.3-acre peninsula property that transitioned to public open space for residents and visitors to Lake San Cristobal in the San Juan Mountains. The property serves as a key access point for year-round activities.



WINNER HIGHLIGHT:

Travel. Travel. Travel.

In March of Fiscal Year 2021, Colorado Lotto+ saw its biggest winner yet. Simply going by “Travel. Travel. Travel.”, this lucky Jackpot winner bought his ticket at King Soopers at 12043 Alameda in Lakewood. Now he is \$5.9 million richer and plans to travel the world as much as possible. This was the Lottery’s 445th Lotto jackpot winner since 1989.



RESPONSIBLE GAMING UPDATE

For the 19th year, the Colorado Lottery, in collaboration with the National Council on Problem Gambling and the Problem Gambling Coalition of Colorado (PGCC), has dedicated the month of March to help people identify signs of problem gambling and take action. In Fiscal Year 2021, the Lottery went further, developing a year-round responsible gaming plan that integrated responsible gaming into every aspect of its operations. In addition to mandatory annual training for staff, vendors and retailers, responsible gaming best practices were interwoven into every aspect of Lottery’s sales, marketing, and operations to minimize any negative impacts of Lottery sales on the community. Also as part of its increased commitment, the Lottery developed new, entertaining, and creative videos to help drive awareness on social media. Having achieved Level 3 Responsible Gaming certification from the World Lottery Association in Fiscal Year 2021, the Lottery immediately began planning for its Level 4 application.



LOTTERY COMMISSIONERS

The Colorado Lottery Commission is a critical partner to the organization. It ensures that the Lottery operates responsibly, providing oversight and governance with regards to fiduciary responsibilities in the sale of Lottery games. This year, after more than eight years of service, Honorable C. Dennis Maes completed his term and stepped down from the Commission. Arnold J. Hanuman, Esq., was appointed by Gov. Jared Polis to fill the vacancy. To learn more, visit: www.coloradolottery.com/about/commissioners/

