

LBA Financial Audit Report Summary:

Sweepstakes Commission Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2002

The New Hampshire Sweepstakes Commission (the Commission) was established in 1964 and became the first modern state-run lottery program to benefit public education. The Commission has three members appointed by the Governor and an executive director who is appointed by the Commission. The Commission operates both instant and on-line games for the purpose of funding state aid to education. As a member of two joint lottery ventures, the Tri-State Lotto Commission and the Multi-State Lottery Association, the Commission is able to offer a variety of games, including the Megabucks and Powerball games. The Commission also licenses and taxes charitable organizations which hold Bingo games and the manufacture, distribution and retail sale of Lucky 7 tickets.

During fiscal year 2002, the Commission had total sales of \$214.9 million, an 9% increase from fiscal year 2001. The majority of sales, as in past years, continued to be from instant "scratch" tickets, accounting for 66% of fiscal year 2002 sales. Fiscal year 2002 saw Powerball sales increase by \$14 million, a 47% gain, as a result of a record \$295 million jackpot in August, 2001. Net profit contributed toward public education totaled \$66.1 million, exceeding by \$2.1 million the Commission's estimated share of state aid to education.

We audited the financial statements of the Commission as of and for the years ended June 30, 2002 and 2001 and issued our unqualified report thereon dated December 16, 2002. A copy of the Commission's comprehensive annual financial report may be obtained from the New Hampshire Sweepstakes Commission, P.O. Box 1208, Concord, New Hampshire, 03302-1208.

A management letter dated December 16, 2002 describing certain internal control, compliance, and other management matters has been issued under a separate cover.