Exhibit C

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

One-month and eleven-month periods
May 31, 2018

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

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INDEPENDENT AUDITORS' REPORT

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

State of New Jersey
Department of the Treasury
Division of State Lottery

Report on the Financial Statements

We have audited the accompanying statements of revenues, expenses and changes in net position of the State of New Jersey, Department of the Treasury, Division of State Lottery (the "Division of State Lottery"), for the one-month and eleven-month periods ended May 31, 2018 and 2017, and the related notes to statements of revenues, expenses and changes in net position, which collectively comprise the Division of State Lottery's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the changes in financial position of the Division of State Lottery for the one-month and eleven-month periods ended May 31, 2018 and 2017, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Division of State Lottery's basic financial statements. The accompanying schedules of instant game revenues and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of instant game revenues and administrative expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of instant game revenues and administrative expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated August 17, 2018, on our consideration of the Division of State Lottery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Division of State Lottery's internal control over financial reporting and compliance.

Mercadien, P.C.
Certified Public Accountants

August 17, 2018

BASIC FINANCIAL STATEMENTS

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
One-month and eleven-month periods ended May 31, 2018 and 2017

	May 31, 2018				May 31, 2017			
	One-month period ended		Eleven-month period ended		One-month period ended		Eleven-month period ended	
Operating Revenues:								
Ticket Sales								
Pick 3 Fireball	$ -	0.00%	$ -	0.00%	$ 36,989,157	12.93%	$ 394,074,382	13.32%
Pick 4 Fireball	-	0.00%	-	0.00%	23,476,081	8.20%	251,124,179	8.49%
Jersey Cash 5 Xtra	-	0.00%	-	0.00%	13,472,870	4.71%	152,493,933	5.15%
Pick 6 Xtra	-	0.00%	-	0.00%	4,840,189	1.69%	46,944,495	1.59%
CASH4LIFE Doubler	-	0.00%	-	0.00%	3,589,550	1.25%	37,205,512	1.26%
Mega Millions	-	0.00%	-	0.00%	7,987,105	2.79%	123,504,486	4.17%
Powerball	-	0.00%	-	0.00%	19,722,333	6.89%	189,983,804	6.42%
Fast Play	-	0.00%	-	0.00%	2,348,028	0.82%	24,785,165	0.84%
5 Card Cash All In	-	0.00%	-	0.00%	628,403	0.22%	9,985,220	0.34%
Bonus Draw	-	0.00%	-	0.00%	35,824	0.01%	35,824	0.00%
Instant	-	0.00%	82,016	0.16%	167,443,632	58.51%	1,731,521,384	58.51%
Gross Sales	-	0.00%	82,016	0.16%	280,533,171	98.03%	2,961,658,384	100.07%
Less Sales Discounts/Tickets Provided as Prizes	-	0.00%	-	0.00%	(5,398,358)	(1.89%)	(44,020,261)	(1.49%)
Net Sales	-	0.00%	82,016	0.16%	275,134,813	96.14%	2,917,638,123	98.58%
Other Income:								
Forfeited Prizes	9,482,622	100.00%	50,802,352	99.84%	11,020,713	3.85%	41,815,864	1.41%
Miscellaneous	-	0.00%	(50)	(0.00%)	13,825	0.00%	156,781	0.01%
Total Operating Revenues	9,482,622	100.00%	50,884,318	100.00%	286,169,351	100.00%	2,959,610,768	100.00%
Operating Expenses:								
Prize Expense	(7)	(0.00%)	2,791,229	5.49%	166,662,593	58.24%	1,770,619,955	59.83%
Administrative Expenses	2,323	0.02%	25,556	0.05%	808,615	0.28%	8,862,867	0.30%
Retailer Commissions	83	0.00%	(9,943)	(0.02%)	15,783,997	5.52%	166,305,287	5.62%
Northstar NJ Gaming System Vendor Fees	-	0.00%	918	0.00%	2,945,235	1.03%	31,320,174	1.06%
Northstar NJ Management Fee	-	0.00%	-	0.00%	421,402	0.15%	4,635,427	0.16%
Northstar NJ Manager Expenses	-	0.00%	-	0.00%	(1,935,583)	(0.68%)	18,708,583	0.63%
Northstar NJ Instant Vendor Printing Fees	-	0.00%	-	0.00%	2,085,080	0.73%	22,940,863	0.78%
Northstar NJ Advertising & Marketing Expenses	-	0.00%	-	0.00%	2,179,750	0.76%	23,977,250	0.81%
Multi-State Game Expenses	-	0.00%	-	0.00%	-	0.00%	24,171	0.00%
Drawing Broadcast Fees	-	0.00%	-	0.00%	-	0.00%	476,183	0.02%
Total Operating Expenses	2,399	0.03%	2,807,760	0.00%	188,951,089	66.03%	2,047,870,760	69.19%
Operating Income	9,480,223	99.97%	48,076,559	100.00%	97,218,262	33.97%	911,740,008	30.81%
Non-Operating Revenue								
Interest	-	0.00%	-	0.00%	145,542	0.05%	1,183,192	0.04%
Income Before Transfers	9,480,223	99.97%	48,076,559	100.00%	97,363,804	34.02%	912,923,201	30.85%
Transfers out- contributions for state aid to education and state institutions	-	0.00%	11,000,000	21.62%	82,000,000	28.65%	861,000,000	29.09%
Changes in Net Position	9,480,223	99.97%	37,076,559	78.38%	15,363,804	5.37%	51,923,201	1.75%
Net Position - Beginning of Period	29,223,875		1,627,539		48,006,390		11,446,993	
Net Position - End of Period	$ 38,704,098		$ 38,704,098		$ 63,370,194		$ 63,370,194	

See notes to statements of revenues, expenses and changes in net position.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The State of New Jersey, Department of the Treasury, Division of State Lottery (the "Division of State Lottery") and the State Lottery Commission (the "Commission") were concurrently established in 1970, pursuant to the "State Lottery Law" (N.J.S.A. 5:9-1 et seq.). The Division of State Lottery operates within the Department of the Treasury of the State of New Jersey. The Commission consists of the state treasurer, the director of the Division of (State) Investment and five public members, and is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the price or prices of tickets, the number and size of prizes on winning tickets, the licensing of retailers, and the apportionment of ticket revenues. The Division of State Lottery's financial statements are presented as those of a proprietary fund and include the operations for which the Division of State Lottery is financially accountable and exercises oversight responsibility.

Effective July 1, 2017, with the passage of Chapter 98 of the Public Law of 2017, the Lottery Transfer Act and the subsequent Memorandum of Lottery Contribution ("MOLC") entered into between the State Treasurer and the Division of Investment, the operations of the Division of State Lottery and its resulting net revenues will be transferred to Pension Fund L for a period of thirty years. Both the legislation and the MOLC require that retained assets and liabilities of the Division of State Lottery existing prior to the transfer date (July 1, 2017), not be transferred to Pension Fund L. This requirement compelled the Division of State Lottery, specifically its Finance Department, to maintain two general ledgers. The pre-existing (or residual) Division of State Lottery fund ledger will now only account for all activity associated with those pre-existing assets and liabilities and a new general ledger will account for all the obligations and assets resulting from lottery sales and games emanating on and after the July 1, 2017, transfer date.

The MOLC outlined a six-month transition period for the Division of State Lottery to re-organize its accounting operation in a manner consistent with the spirit and intent of Chapter 98 of the Public Law of 2017. This was necessary to ensure that all the financial reporting, accounting operations, collections activity and accounts receivable functions of the Division of State Lottery are being properly recorded and posted.

Basis of Accounting

The Division of State Lottery prepares its financial statements using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

In its accounting and financial reporting, the Division of State Lottery follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins,

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks and articles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Position

Net position represents resources available for current operating expenses in compliance with legal and budgetary restrictions as well as amounts restricted for prize awards or contributions for aid to education and state institutions consisting of prizes that are not claimed within one year from the date of the drawing for machine games and within one year from the date of game's closing for instant games.

Revenue Recognition

Revenues from the sale of lottery tickets are recognized as follows:

- "Pick-3 Fireball", "Pick-4 Fireball", "Jersey Cash 5 Xtra", "Pick-6 Xtra", "Mega Millions", "Megaplier", "Powerball", "Power Play", "CASH4LIFE Doubler", and "5 Card Cash All In" games on the drawing date.
- Instant games are recognized daily, based upon the settlement of instant game inventory packs by selling retailers. Sales adjustments are recorded based upon final reconciliations prepared after the termination of a lottery instant game.
- Fast play games upon the sale of each ticket.
- Sales discounts are recorded for the sales value of tickets provided to retailers, at no cost, to be used for promotional purposes. Tickets provided as prizes are recorded as sales at the face value of each ticket, then backed out as discounts and not included in prize expense.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Forfeited Prizes

The State Lottery Law requires that prizes not claimed within one year from the date of the drawing for machine games and within one year from the date of the game's closing for instant games be forfeited. Effective November 21, 1991, the Commission authorized that 70% of forfeited prizes are to be maintained in a reserve for prize awards and are available to augment future prize awards or, at the discretion of the executive director, to augment the Division of State Lottery's contribution for state aid for education and state institutions.

The remaining 30% goes directly to contributions to aid education and institutions to be consistent with the 30% minimum contribution requirement of the State Lottery Law. Forfeited prizes are recognized as "Other Revenues" during the period forfeited. For the one-month and eleven-month periods ended May 31, 2018, forfeited prizes were $9,482,622 and $50,802,352, respectively. For the one-month and eleven-month periods ended May 31, 2017, forfeited prizes were $11,020,713 and $41,815,864, respectively.

Installment Prize Awards and Prize Expenses

Installment prize awards are recorded based upon the present value of an annuity at terms to yield a series of future payments needed to meet the obligations of the Division of State Lottery for prize disbursements. For each lottery winner that chooses to receive their prize in installments, the Division of State Lottery purchases annuity contracts from insurance companies or U.S. government securities to fund its liability for installment prize awards. An annuity contract represents an obligation by an insurance company to provide a fixed series of payments over a specified period. Annuity contracts are subject to credit risk. The Division of State Lottery seeks to control its exposure to such credit risk by purchasing annuity contracts only from insurance companies that meet certain minimum standards. Such standards include the following:

1. Combined capital and surplus of at least $1 billion dollars.
2. Admitted assets of at least $10 billion dollars.
3. Risk based capital ratio of at least 300%.
4. Must have ratings equal to or better than those listed below from at least two of the three private rating agencies:
   - Standard & Poor's long term insurer financial strength rating of "AA-" or higher.
   - AM Best financial strength rating of "A" or higher.
   - Moody's long term insurance financial strength rating of "Aa3" or higher.

According to the Division of State Lottery's calculation, only one company does not meet the criteria, that of Delaware Life, formerly Sun Life Assurance. Due to the long-term nature of these contracts, the credit quality of the issuer is subject to change. Amounts recorded as prize expense reflect the cost of annuity contracts and U.S. government securities necessary to satisfy stated prize awards plus any single payment awards.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Prize Awards

The State Lottery Law requires no less than 30% of total revenues accruing from ticket sales to be paid to the State Treasury for state aid for education and state institutions on an annual basis. Contributions for the one-month and eleven-month periods ended May 31, 2018, were $0 and $11,000,000, respectively. Contributions for the one-month and eleven-month periods ended May 31, 2017, were $82,000,000 and $861,000,000, respectively

For machine games, the Division of State Lottery has designated that a minimum of 45% of gross revenues be allocated for prize awards, including retailer bonuses. Prize expense is recorded when the winning ticket number is selected for the respective lottery game based on eligible winning tickets sold. For instant games, the percentage of gross revenues to be allocated for prize awards varies by game.

Commissions and Fees

Retailers (agents) receive a commission of 5% based on the total tickets sold and a commission of 1.25% of terminal validations. The online game contractor receives a fee equal to a contractual percentage of the revenue generated through the respective network maintained by the contractor. All other gaming contractors are paid fees based on the units of service provided.

Northstar New Jersey Lottery Group, LLC (“Northstar NJ or NSNJ”) thus far has had numerous retailer incentive programs for the purpose of boosting sales; these include temporary commission increases and bonuses, both of these incentives are recorded as prize expense.

Administrative Expenses

The Division of State Lottery follows the state’s threshold for capitalizing equipment, which is as follows: machinery and equipment over $20,000 and motor vehicles over $30,000. Purchases that do not meet the threshold for capitalization are recognized as expenses in the statements of revenues, expenses and changes in net position during the period in which they are acquired and are included in administrative expenses.

The Division of State Lottery records vacation and sick time incurred during the period as “Administrative Expenses” in the accompanying statements of revenues, expenses and changes in net position. Payments for accumulated sick leave balances are made to retiring employees upon regular retirement, from the State of New Jersey’s General Fund. Such payment is based on 50% of the employee’s sick leave accumulation at the pay rate in effect at the time of retirement, up to a maximum of $15,000. Employees separating from service prior to retirement are not entitled to payments for accumulated sick leave.

Rounding

Some schedules in the financial statements may have dollar differences due to rounding adjustments.

B. LITIGATION

The Division of State Lottery is a party to a number of lawsuits arising out of the conduct of its business. While the ultimate results of the lawsuits or other proceedings against the Division of State Lottery cannot be predicted with certainty, management of the Division of State Lottery does not expect that these matters will have a material adverse effect on net position.

C. COMMITMENTS

The Division of State Lottery maintains a gaming network of over 7,600 online locations where all games are sold. IGT Corporation is responsible for operating the network games and providing courier services under a contract that was assigned to NSNJ on October 1, 2013, and expires concurrent with NSNJ's contract.

On June 20, 2013, a competitively bid 15-year contract was awarded to NSNJ to provide sales and marketing services to the Division of State Lottery. NSNJ is owned directly by two members: (1) Scientific Games New Jersey, LLC, and (2) Northstar New Jersey Holding Company, LLC, and indirectly by three companies: (1) IGT Corporation, and (2) OSI LTT NJ Holdings Inc., which are the Members of Northstar New Jersey Holding Company, LLC, and (3) Scientific Games International, Inc., which is the owner of Scientific Games New Jersey, LLC. The base services commenced on October 1, 2013. The contract required NSNJ to bid net income targets for each fiscal year of the 15-year contract. An amendment signed on December 31, 2015, revised the income level and targets downward for contract years 3 through 15. If NSNJ meets or exceeds the net income target for a given fiscal year, they can earn an incentive pay or alternatively, if they don't meet the net income target, they are assessed a penalty. The NSNJ contract provided for an allowance of $20 million to offset any potential contribution shortfall payments over the life of the contract. For fiscal years 2017 and 2016, NSNJ met its amended contractual net income target resulting in an incentive contribution due to NSNJ of $28,961,387 and $30,623,965, respectively.

The next net income incentive or penalty calculation will be performed at June 30, 2018, and recorded in the Pension Fund L financial statements.

Prior to the beginning of each fiscal year the Division of State Lottery and NSNJ agree to an annual business plan that includes the projected operating expenses, which includes management fee, manager, advertising and marketing expenses of NSNJ for the fiscal year. Each month NSNJ may invoice the Division of State Lottery one twelfth (1/12) of the total operating expenses for the fiscal year. Each monthly invoice is accompanied by detailed backup data and information supporting expenses incurred. At the end of the fiscal year NSNJ operating expenses are aggregated and reconciled with any excess returned to the Division of State Lottery. The NSNJ expenses for services to the Division of State Lottery amounted to $0 for the one-month and eleven-month periods ended May 31, 2018, respectively. The NSNJ expenses for services to the Division of State Lottery amounted to $665,569 and $47,321,260 for the one-month and eleven-month periods ended May 31, 2017, respectively.

C. COMMITMENTS (CONTINUED)

In addition to the budgeted monthly expenditures, NSNJ receives a system provider vendor fee based on 1.05% of ticket sales and a system provider printing fee based on 1.215% of ticket sales as part of its subcontractor agreements. All other gaming contractors are paid fees based on the units of service provided.

Rent expense for office facilities and equipment is included in administrative expenses and amounted to $0 for the one-month and eleven-month periods ended May 31, 2018, respectively. Rent expense for office facilities and equipment was $90,400 and $997,200 for the one-month and eleven-month periods ended May 31, 2017, respectively.

SUPPLEMENTARY INFORMATION

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

SCHEDULES OF INSTANT GAME REVENUES

	May 31, 2018		May 31, 2017	
	One-month period ended	Eleven-month period ended	One-month period ended	Eleven-month period ended
100X THE CASH	$ -	$ 24,920	$ -	$ -
LUCKY CASH	-	24,405	-	-
INSTANT BINGO	-	15,126	-	-
JINGLE BILLS	-	9,345	-	-
SUPER CROSSWORD	-	8,215	-	-
$500,000 WINFALL	-	8,100	-	-
LUCKY DAY	-	7,208	-	-
LIFE IS GOOD	-	6,327	-	-
20X THE CASH	-	5,810	-	-
LOTERIA	-	3,939	-	-
$250,000 CROSSWORD	-	3,430	-	-
BIG MONEY SPECTACULAR	-	3,380	-	-
50X THE CASH	-	2,610	-	-
$20,000 PAY DAY	-	2,100	-	-
10X THE CASH	-	1,986	-	-
$2,000,000 MEGA CASH	-	1,500	-	-
$5,000,000 CASH EXTRAVAGANZA	-	600	-	-
TIC TAC TOE	-	288	-	-
HOLIDAY LUCKY TIMES 10	-	146	-	-
$5,000,000 FORTUNE	-	-	20,258,310	60,506,790
100 X THE BUCKS	-	-	13,071,540	13,071,540
CROSSWORD	-	-	9,045,009	20,635,749
$5,000,000 CASH EXTRAVAGANZA	-	-	7,689,750	185,444,020
MULTIPLIER MANIA	-	-	7,396,070	14,527,330
PLATINUM DIAMOND SPECTACULAR	-	-	6,449,880	86,688,800
LADY LUCK	-	-	6,397,265	6,397,265
SUPER CROSSWORD	-	-	6,040,845	6,249,645
$1,000,000 MAYHEM	-	-	5,983,850	62,927,642
BIG MONEY SPECTACULAR	-	-	5,593,992	6,227,592
$500 MONEY MADNESS	-	-	5,171,380	10,103,890
MEGA CROSSWORD	-	-	5,127,600	33,831,040
$250,000 CROSSWORD	-	-	4,805,070	15,889,970
LUCKY 7s MULTIPLIER	-	-	4,727,450	27,173,790
LUCKY 7s TRIPLER	-	-	3,438,790	19,271,770
ALL CASH MILLIONS	-	-	3,231,940	47,318,360
SUPER CROSSWORD	-	-	2,925,165	25,683,660
BLACK AND GOLD	-	-	2,850,750	11,907,990
BINGO BONUS SQUARE	-	-	2,534,315	19,795,476
LOTERIA	-	-	2,495,427	13,507,041
CASH IN A FLASH	-	-	2,326,740	2,381,640
LUCKY 7s DOUBLER	-	-	2,315,232	11,120,920
$250,000 CROSSWORD	-	-	2,301,700	2,301,700
BIG MONEY SPECTACULAR	-	-	2,255,368	24,117,534
MONEY VAULT	-	-	2,164,908	6,692,325
MONEY BAGS	-	-	1,986,802	6,575,370
$10K BLOWOUT	-	-	1,925,460	23,350,733
POKER SHOWDOWN	-	-	1,909,750	24,551,681

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	May 31, 2018		May 31, 2017	
	One-month period ended	Eleven-month period ended	One-month period ended	Eleven-month period ended
SPRING $50s	-	-	1,839,564	3,304,344
EXTRA PLAY	-	-	1,788,700	24,185,377
INSTANT BINGO	-	-	1,729,384	5,465,982
$500 MAYHEM	-	-	1,726,710	34,387,250
LUCKY CATCH	-	-	1,605,974	1,605,974
WIN FOR LIFE	-	-	1,502,204	30,434,092
BANKROLL BINGO	-	-	1,396,704	14,943,900
WIN FOR LIFE	-	-	1,369,551	1,466,151
CASH IN A FLASH	-	-	1,298,860	34,092,181
HOT STREAK	-	-	1,257,375	15,794,660
POCKET CHANGE	-	-	802,398	1,021,698
LUCKY 7s	-	-	761,983	4,109,770
$150,000 GOLD RUSH	-	-	613,680	17,291,476
WHEEL OF FORTUNE	-	-	608,885	21,420,561
CROSSWORD	-	-	591,841	41,558,425
BIRTHDAY SURPRISE	-	-	589,454	4,386,730
$100 MAYHEM	-	-	521,132	13,482,487
ALL CASH CLUB	-	-	510,930	11,901,778
CASINO ROYALE	-	-	498,510	9,932,805
POCKET CHANGE	-	-	470,261	4,388,051
100X THE CASH	-	-	366,720	54,339,040
$100,000 WINNING STREAK	-	-	330,430	8,360,310
CASH FLURRIES	-	-	325,648	6,915,836
$20,000 HOLLWOOD CASH FANTASY	-	-	309,962	6,796,806
$250,000 CROSSWORD	-	-	309,460	17,791,750
KISSES & CASH	-	-	248,550	7,438,165
$500,000 WINFALL	-	-	232,550	12,555,990
LUCKY CASH	-	-	219,015	7,883,350
RED WHITE & BLUE DOUBLER	-	-	207,210	5,124,384
DOUBLE DOLLARS	-	-	176,757	4,065,770
JINGLE BILLS	-	-	147,289	17,096,410
BOARDWALK BUCKS	-	-	116,136	5,758,686
LIFE IS GOOD	-	-	86,860	6,784,943
INSTANT BINGO	-	-	84,242	11,568,236
LUCKY DAY	-	-	82,944	9,530,069
SUPER CROSSWORD	-	-	64,545	27,108,895
$25 MAYHEM	-	-	63,402	5,008,572
LOTERIA (D)	-	-	37,800	37,800
BIG MONEY SPECTACULAR	-	-	33,526	25,157,886
20X THE CASH	-	-	32,935	19,964,525
HOLIDAY LUCK	-	-	28,424	6,337,663
$250,000 CROSSWORD	-	-	18,340	17,462,914
10X THE CASH	-	-	17,594	8,555,614
HOLIDAY LUCKY TIMES 10	-	-	16,156	11,629,883
LOTERIA	-	-	13,893	16,222,722
50X THE CASH	-	-	6,740	29,843,445

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	May 31, 2018		May 31, 2017	
	One-month period ended	Eleven-month period ended	One-month period ended	Eleven-month period ended
TIC TAC TOE	-	-	1,430	2,209,406
$2,000,000 MEGA CASH	-	-	300	14,115,690
HOLIDAY CHEER	-	-	-	(8,255)
TRIPLE WINNING 7s	-	-	-	(6,465)
BLOOMIN' BUCKS	-	-	-	(6,188)
CASH EXPLOSION	-	-	-	(4,366)
ESCAPE TO MARGARITAVILLE	-	-	-	(4,316)
5X MONEY	-	-	-	(3,244)
$5,000 JACKPOT	-	-	-	(3,224)
CROSSWORD	-	-	-	(3,081)
CASH BONUS BINGO	-	-	-	(2,874)
DOUBLE MATCH	-	-	-	(2,710)
BIG CASH SPECTACULAR	-	-	-	(2,238)
SUPER CROSSWORD	-	-	-	(1,380)
$250,000 CROSSWORD	-	-	-	(1,310)
50X MONEY	-	-	-	(1,060)
SUPER CROSSWORD	-	-	-	(1,020)
HOLIDAY CASH	-	-	-	(654)
CLASSIC BINGO	-	-	-	(548)
$10,000 PAYDAY	-	-	-	(460)
MASSIVE MONEY BINGO	-	-	-	(340)
BINGO X10	-	-	-	(335)
WORLD SERIES OF POKER	-	-	-	(315)
$500 FRENZY	-	-	-	(315)
$250,000 CROSSWORD	-	-	-	(300)
LUCKY IN LOVE	-	-	-	(300)
CANDY CANE CROSSWORD	-	-	-	(300)
CROSSWORD	-	-	-	(300)
BIG MONEY SPECTACULAR	-	-	-	(192)
HOLIDAY MAGIC	-	-	-	(115)
CHILLY BILLS	-	-	-	(46)
2015 CASH SPECTACULAR	-	-	-	(2)
WIN $1,000 A WEEK FOR LIFE	-	-	-	(2)
DIAMOND SPECTACULAR	-	-	-	300
HOLIDAY SPARKLE	-	-	-	350
BIRTHDAY BUCKS	-	-	-	1,098
HOLIDAY LUCKY TIMES 10	-	-	-	2,336
$250,000 CROSSWORD	-	-	-	2,560
GEM 7s	-	-	-	2,695
SUPER TIC TAC TOE	-	-	-	2,988
BIG MONEY SPECTACULAR	-	-	-	3,366
LOOSE CHANGE	-	-	-	3,394
AMC THE WALKING DEAD	-	-	-	4,374
MONOPOLY ($1)	-	-	-	4,490
$30,000 JACKPOT	-	-	-	4,638
LUCKY LOOT	-	-	-	6,875

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	May 31, 2018		May 31, 2017	
	One-month period ended	Eleven-month period ended	One-month period ended	Eleven-month period ended
GOLD BAR BINGO	-	-	-	8,165
DOUBLE DIAMOND SPECTACULAR	-	-	-	8,220
SUPER CROSSWORD	-	-	-	10,065
MONOPOLY ($2)	-	-	-	10,474
$500,000 FORTUNE	-	-	-	11,160
10X MONEY	-	-	-	11,512
CROSSWORD	-	-	-	11,859
SEASON'S GOLD	-	-	-	13,570
WIN IT ALL	-	-	-	15,230
QUICK CHANGE	-	-	-	15,706
20X MONEY	-	-	-	15,839
$250,000 CROSSWORD	-	-	-	31,110
CLASSIC BINGO	-	-	-	58,852
WIN $500 A WEEK FOR LIFE	-	-	-	65,129
WIN $2,500 A WEEK FOR LIFE	-	-	-	124,895
$500 FRENZY	-	-	-	126,180
$250,000 CROSSWORD	-	-	-	378,350
LOTERIA	-	-	-	437,064
$5,000,000 CASH EXTRAVAGANZA	-	-	-	548,550
$100 FRENZY	-	-	-	648,354
WILD CHERRY BINGO DOUBLER	-	-	-	668,529
WIN FOR LIFE!	-	-	-	702,005
BIG CASH SPECTACULAR	-	-	-	2,234,902
$150,000,000 CASH SPECTACULAR	-	-	-	13,897,459
BIG MONEY SPECTACULAR	-	-	(2)	3,255,146
SUPER CROSSWORD	-	-	(10)	330,000
$20,000 PAY DAY	-	-	(100)	6,031,000
WILD CASH	-	-	(165)	5,677,825
WORLD SERIES OF POKER	-	-	(170)	6,323,160
FROSTY FUN	-	-	(176)	370,363
WILD CASH BONANZA	-	-	(210)	7,989,216
$2,500 FRENZY	-	-	(230)	7,429,834
DOUBLE YOUR LUCK	-	-	(300)	(5,755)
CROSSWORD	-	-	(300)	1,817,145
$10,000 PAY DAY	-	-	(300)	4,235,150
SUPER CROSSWORD	-	-	(300)	10,251,345
SUPER CASH SPECTACULAR	-	-	(310)	9,130,731
JOKER'S WILD	-	-	(330)	1,204,610
$10K BLOWOUT	-	-	(350)	12,664,865
BINGO MULTIPLIER	-	-	(365)	9,546,579
$250,000 CROSSWORD	-	-	(400)	7,657,940
WILD 10S	-	-	(404)	116,804
$50 FRENZY	-	-	(447)	76,338
BIG MONEY SPECTACULAR	-	-	(556)	83,012
$1,000,000 JACKPOT	-	-	(560)	5,186,700
DOUBLE DOUBLER	-	-	(697)	1,419,643

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	May 31, 2018		May 31, 2017	
	One-month period ended	Eleven-month period ended	One-month period ended	Eleven-month period ended
$250,000 CROSSWORD	-	-	(720)	17,784,888
SPRING FLING TRIPLER	-	-	(754)	1,471,374
MONOPOLY MILLIONAIRES' CLUB	-	-	(755)	1,270,296
SUPER CROSSWORD	-	-	(760)	27,025,365
PRIOR YEAR GAME	-	-	(820)	(6,820)
BIG MONEY SPECTACULAR	-	-	(832)	24,032,284
SUPER SLOTS	-	-	(870)	1,801,435
$200,000 JACKPOT	-	-	(960)	3,105,265
CASH BLAST	-	-	(990)	9,842,899
WILD DOUBLER	-	-	(1,014)	6,123
CROSSWORD	-	-	(1,221)	36,736,937
QUICK $50S	-	-	(1,470)	5,335,121
5X THE CASH	-	-	(1,472)	2,086,963
SHIMMERING 7'S	-	-	(1,575)	11,876,137
INSTANT BINGO	-	-	(1,592)	4,171,728
BIRTHDAY BUCKS	-	-	(2,260)	3,232,824
RAPID REFUND	-	-	(2,284)	538,144
SUPER 7'S SLINGO	-	-	(5,112)	7,493,025
POCKET CHANGE	-	-	(7,541)	3,799,642
$100 FRENZY	-	(4)	-	-
$2,500 FRENZY	-	(40)	-	-
WILD DOUBLER	-	(77)	-	-
WILD CASH BONANZA	-	(100)	-	-
CROSSWORD	-	(108)	-	-
$200,000 JACKPOT	-	(110)	-	-
WILD 10S	-	(124)	-	-
$50 FRENZY	-	(185)	-	-
QUICK CHANGE	-	(198)	-	-
MONOPOLY MILLIONAIRES' CLUB	-	(205)	-	-
CLASSIC BINGO	-	(230)	-	-
JOKER'S WILD	-	(240)	-	-
WIN $500 A WEEK FOR LIFE	-	(246)	-	-
SUPER CASH SPECTACULAR	-	(265)	-	-
GEM 7s	-	(300)	-	-
WIN FOR LIFE!	-	(300)	-	-
WIN $2,500 A WEEK FOR LIFE	-	(310)	-	-
BIG CASH SPECTACULAR	-	(312)	-	-
BINGO MULTIPLIER	-	(320)	-	-
$250,000 CROSSWORD	-	(330)	-	-
WILD CHERRY BINGO DOUBLER	-	(336)	-	-
CROSSWORD	-	(348)	-	-
CASH BLAST	-	(430)	-	-
BIG MONEY SPECTACULAR	-	(516)	-	-
SUPER CROSSWORD	-	(565)	-	-
BIG MONEY SPECTACULAR	-	(604)	-	-
SUPER CROSSWORD	-	(625)	-	-

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	May 31, 2018		May 31, 2017	
	One-month period ended	Eleven-month period ended	One-month period ended	Eleven-month period ended
WILD CASH	-	(670)	-	-
$250,000 CROSSWORD	-	(670)	-	-
$1,000,000 JACKPOT	-	(700)	-	-
$25 MAYHEM	-	(737)	-	-
BIRTHDAY BUCKS	-	(818)	-	-
SHIMMERING 7'S	-	(865)	-	-
WORLD SERIES OF POKER	-	(1,075)	-	-
QUICK $50S	-	(1,106)	-	-
SUPER 7'S SLINGO	-	(1,305)	-	-
$150,000,000 CASH SPECTACULAR	-	(1,310)	-	-
SPRING FLING TRIPLER	-	(1,476)	-	-
$10K BLOWOUT	-	(1,690)	-	-
SUPER SLOTS	-	(1,780)	-	-
INSTANT BINGO	-	(1,856)	-	-
5X THE CASH	-	(2,067)	-	-
DOUBLE DOUBLER	-	(2,390)	-	-
RAPID REFUND	-	(2,462)	-	-
PRIOR YEAR GAME	-	(3,600)	-	-
POCKET CHANGE	-	(5,331)	-	-
HOLIDAY LUCK	-	(8,083)	-	-
Total Instant Game Revenues	$ -	$ 82,016	$ 167,443,632	$ 1,731,521,384

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY

SCHEDULES OF ADMINISTRATIVE EXPENSES

	May 31, 2018		May 31, 2017	
	One-month period ended	Eleven-month period ended	One-month period ended	Eleven-month period ended
Salaries	$ -	$ -	$ 528,669	$ 5,662,509
Printing & Office Supplies	-	-	6,300	65,457
Vehicular Supplies	-	-	-	1,020
Household & Clothing	-	-	374	4,738
Travel	-	-	2,245	29,496
Telephone	-	-	7,667	84,333
Postage	-	-	3,667	40,333
Data Processing	-	-	56,900	752,787
Household & Security	-	-	23,789	228,494
Professional Services	-	-	32,900	373,554
Other Professional Services	-	-	21,200	252,677
Data Processing-Oit	-	-	16,900	172,600
Maintenance-Bldg & Grounds	-	-	4,670	6,305
Maintenance-Office Eqpt	-	-	-	6,880
Rent-Bldg & Grounds	-	-	90,400	997,200
Central Motor Pool	-	-	6,900	60,400
Vehicular Equipment	-	-	-	1,103
Other Equipment	-	-	-	30,278
Info Processing Equipment	-	-	3,711	27,565
Amortization	2,323	25,556	2,323	65,138
Total Administrative Expenses	$ 2,323	$ 25,556	$ 808,615	$ 8,862,867

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

State of New Jersey
Department of the Treasury
Division of State Lottery

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of revenues, expenses and changes in net position of the State of New Jersey, Department of the Treasury, Division of State Lottery (the "Division of State Lottery") for the one-month and eleven-month periods ended May 31, 2018, and the related notes to statements of revenues, expenses and changes in net position, which collectively comprise the Division of State Lottery's basic financial statements, and have issued our report thereon dated August 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Division of State Lottery's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Division of State Lottery's internal control. Accordingly, we do not express an opinion on the effectiveness of Division of State Lottery's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Division of State Lottery's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercadien, P.C.
Certified Public Accountants

August 17, 2018