



Benefit from Special Event Licenses

Many non-profits have ideal opportunities to raise funds for their lawful purposes through special event licenses held at events in their communities—including festivals, banquets, annual meetings, sporting events, and conventions. Plan ahead and let the games begin.

A raffle license allows an organization to hold an event where tickets are sold and at least one winner is determined by a drawing of ticket stubs or an approved alternative method.

A **Small Raffle License** is used when the total prize value does not exceed \$500 per day. The fee for this license is \$15 for up to three days. Any additional days cost \$5 per day. All drawing dates listed on the application must be at the same location.

A **Large Raffle License** allows for a total prize value of over \$500 per day. The fee is \$50 per drawing date and all drawing dates listed on the application must be at the same location.

Try a new twist to your raffle event by conducting an Animal Determination Raffle, a Daily 3/Daily 4 Raffle, a Duck Raffle, or a Playing Card Progressive Raffle. These are alternative raffles that have already been approved by the bureau.

The number of raffle licenses an organization may hold in a given year is unlimited.

Bingo is a game where players mark off numbers on cards as the numbers are drawn randomly, the winner being the first person to mark off the required pattern and call bingo.

A **Special Bingo License** is typically held at a festival or special event where prizes are limited to \$3500 per occasion and \$1100 per game. The fee for a Special Bingo License is \$25 which allows an organization to conduct bingo for up to seven consecutive days. An organization can receive up to four special bingo licenses per calendar year.

Charity game tickets are commonly referred to as a break-open or pull-tab tickets. Each come in a set that have pre-determined prizes.

A **Special Charity Game Ticket License** allows an organization to sell charity game tickets at a location for up to four consecutive days. The license fee is \$15 per day. Eight Special Charity Game Ticket Licenses can be issued to an organization per calendar year.

Visit our website to print an application and view qualification requirements, rules, guides, and directives for conducting these special events. Also find a list of suppliers that sell charity game tickets. For more information, call the Charitable Gaming office at (517) 335-5780.



Ticket Integrity: Who Can't Play?

Those who work at a licensed event where charity game tickets are being sold have potential access to “insider information” on the status of redeemed winning tickets. Without rules addressing this issue, the advantage workers have over other players could ruin the integrity of the tickets.

The Charitable Gaming Division occasionally receives questions asking for clarification on who IS and who IS NOT allowed to play charity game tickets.



Rule 612 states, “(3) A worker is prohibited from sharing in a prize, purchasing, playing, or accepting as a gift, charity game tickets offered for sale by the licensee at any time during the day they are working, assisting, or selling.”

“(4) A person shall not purchase or play charity game tickets at the location he or she owns, manages, or in which he or she is employed, except as allowed by R 432.22008(2).”

NOTE: The exception in R 432.22008(2) states that for-profit bingo hall concession workers cannot purchase or play tickets on the day they work.

Who cannot play tickets on the day they are working?

- ✓ A worker of a licensed event—regardless of whether or not they are compensated.
- ✓ A person working at a bingo’s concession area.

Who cannot play tickets at all?

- ✓ A person that receives a W-2 tax form by that location.
- ✓ A person that owns or manages the for-profit bingo hall in which the event is located.
- ✓ A person that has insider information on the status of the charity game tickets that would give them an advantage over other players.

The integrity of the tickets sold by your organization directly impacts your sales so always be sensitive to the perception other players may have of those who play charity game tickets.



Charitable Gaming News Subscription

Subscribe to the new Charitable Gaming Division's email list for news and updates. Don't miss out on important announcements that may impact charitable gaming in Michigan, including any regulatory changes. Find out the latest on bingos, raffles, and charity game tickets and when the next training meeting is scheduled.

Just go to www.michigan.gov/cg, click on the red envelope at the left side of the screen, enter your email address, check your areas of interest, and we will keep you informed of all the latest happenings.

Once you click on the red envelope, you will be guided through a series of three screens: Email Preferences, Subscription Topics, and Questions.

 **Email Preferences** asks for an email address, password (optional), and the frequency for which you would like to be notified—immediate, daily, or weekly. Your notification will also depend upon whether there is information to send.

 **Subscription Topics** allows you to filter the kind of information you want to receive.

 **Questions** allows the Charitable Gaming Division to have a better understanding of who our subscribers are as well as the ability to send information to specific groups of individuals.

NOTE: The Charitable Gaming HIGHLIGHT\$ newsletter will be sent to *all* subscribers.

New Requirement For Small Raffles

Effective January 1, 2014, those organizations issued a Small Raffle License will be required to complete and submit a financial statement to the Bureau no later than the 10th day of the month following the month of the last drawing. Organizations issued a Small Raffle License prior to January 1, 2014, are not required to submit a financial statement for that license.

This new requirement is necessary to ensure compliance with the \$500 prize cap for a Small Raffle License. Qualified organizations intending to award prizes on a given day totaling more than \$500 in retail value must obtain a Large Raffle License.

Bingo Profitability Tool

Many bingo chairpersons have already met with their inspector who helped analyze the profitability of their bingo games using an interactive Excel spreadsheet called the Bingo Profitability Tool.

Since this tool has received such an overwhelming amount of positive feedback from licensees, we have placed it on our website for you to use independently. Microsoft Excel software is required.

The Bingo Profitability Tool contains four worksheets that are listed on tabs across the bottom, as shown:



The first time you access the tool, the worksheet for “How to Add Licensee Records” will open. This screen provides basic instructions on how to navigate through, rename, and create new worksheets.

When you are ready to perform your first profitability analysis, click the “Enter Lic#1” tab. Enter information from your financial statement or weekly records into the corresponding boxes.

Once all information is entered, scroll to the right to view the profitability analysis. The profitability analysis focuses on common problem areas such as card pricing, prizes paid, and worker compensation. Therefore, some of the information from your records is not included in the analysis. As the information is entered, pre-determined calculations are performed and information is displayed that will help you identify, understand, and improve problem areas.

Profitability Tool

Enter data into each boxed field. Source doc

Org Name:

License No.:

PROFITABILITY

Use Financial Statement if for quarter U

Attendance:

Revenue:

1. Admission/Bingo:

2. MI Prog Jackpot Sales:

Total Bingo Sales: \$62,276

Expenses:

5. MI Prog Jackpot Prizes:

6. All Other Prizes (Bingo):

Total Bingo Prizes: \$49,356

7. Worker Compensation:

9. Hall Rental Fee:

Net Profit/Loss (Bingo):

Charity Game Tickets

13. Ticket Sales:

14. Prizes:

Net Profit/Loss (CGTs):

Large Bingo Financial Statement

LARGE OR SMALL BINGO FINANCIAL STATEMENT

Please round totals in the last column to the nearest dollar.

	Quarterly Total
Attendance	1,742
Revenue:	55,532.00
1. Admission / Bingo Cards	6,744.00
2. Michigan Progressive Jackpot Card Sales	45.00
3. Other Revenue (donated prizes, sale of supplies, etc.)	62,321.00
4. Total Revenue (add lines 1 - 3)	
Expenses:	7,572.00
5. Michigan Progressive Jackpot Prizes (jackpot and consolation)	41,784.00
6. All Other Prizes	5,460.00
7. Worker Compensation	2,125.00
8. Advertising	4,875.00
9. Hall Rental Fee	4,496.00
10. Equipment and Supplies	532.00
11. Other Expenses	66,844.00
12. Total Expenses (add lines 5 - 11)	4,523.00
Net Profit / Loss (subtract line 12 from line 4)	
Revenue:	102,992.00
Expenses:	77,310.00
14. Prizes	10,320.00
15. Ticket Purchases	
16. Total Expenses (add lines 14 & 15)	
Net Profit / Loss (subtract line 16 from line 13)	15,362.00

Profitability Analysis

Based on data entered into boxes, the following analysis was made:

A12345 SAMPLE Review Date: 04/08/13

For Time Period: OCT-DEC 2012

This summary will help you to identify problem areas in your bingo event:

- MPJBG profit/loss: -\$828 **CAUTION**
 Total MPJBG sales minus prizes for last 3 financial stmts. If there is a loss consider:
 a. Seed and consolation can be based on attendance.
 b. As numbers of balls drawn increases, increase price of paper.
 c. Don't allow seed + consolation prize to exceed 50% of that day's sales.
- Other bingo prizes should not exceed: \$38,872 \$2,990 per occasion **WEAK**
 To make bingo prizes reasonable for revenue...
 a) Reduce bingo prizes: \$224 per occasion
 or
 b) Increase bingo card sales by: \$1.67 per person
- Reasonable maximum worker pay: \$5,174 \$398 per occasion **PASS**
 To make worker pay reasonable for attendance...
 a) Reduce worker pay by: \$286 \$22 per occasion (suggested)
 or
 b) Reduce number of workers by: 1 per occasion

Worker pay is not required. Reasonable worker pay (above) based on a chairperson, recordkeeper, and caller at each occasion PLUS 1 worker per 15 players, all receiving maximum pay.

- Electronic bingo profit—if offered: \$1,596 based on current prize payout
 Potential profit: \$2,783 based on 70% prize payout

If you have questions, need additional training, or would like more suggestions on how to change your game program using the results from your analysis, please email questions to cg-questions@michigan.gov or contact your inspector.



Building a Stronger Bingo Industry

In analyzing financial records, the healthiest bingos pay an average of 70% in bingo prizes. Bingo prizes exceeding 75% not only raise player expectations, they force neighboring bingos to do the same and minimal fundraising is accomplished. One of the most significant ways net profit can be increased is by keeping bingo prizes reasonable through simple and creative changes to your bingo program.

Based on your weekly revenue, how much *should* be awarded in bingo prizes? The worksheet below is to assist you in calculating the amount of bingo prizes to include in your program for next quarter. Use your last financial statement—not including the MPJBG amounts.

1. Calculate Average Player Spend.	ADMISSION/BINGO	÷	ATTENDANCE	=	AVG PLAYER SPEND
2. Based on experience, estimate what the average <i>weekly</i> attendance might be for next quarter.				x	EST'D WEEKLY ATTEND
3. Calculate estimated weekly revenue. (Avg Player Spend x Est'd Weekly Attendance)					WEEKLY REVENUE
4. Recommended Prize Percent Payout (PPO) is 70% (.70).				x	RECOMMENDED PPO
5. Determine the maximum amount that should be awarded in bingo prizes. (Weekly Revenue x Recommended PPO)					BINGO PRIZE ALLOC

If line 5 indicates an amount less than your current prize amount, then it may be time to reduce your prizes.

Need ideas to help increase revenues or reduce bingo prizes?

- ✓ Eliminate one or two regular games and the least profitable game, allowing your prizes to go farther.
- ✓ Supplement bingo prizes by including Lucky Bingo Balls and other bingo-interactive games. These may slow games down slightly but they add great prizes to your bingo program without taking from your bingo prize allocation. And if you've reduced your regular games by one or two, you have some extra time.
- ✓ If a 70% PPO is too drastic, consider gradually reducing the prizes over a six-month period.
- ✓ Add a player-funded Hot Ball game to your program, which generates extra sales and has been known to increase attendance. Read (or re-read) the Hot Ball Variations article in Vol. 26 No. 1 of HIGHLIGHT\$ for an explanation on determining odds based on games played. If the prize is seeded, cap the Hot Ball prize so that your organization can benefit from sales that exceed the cap. Any amount of the Hot Ball prize that is funded by the organization reduces the amount that can be allocated to the remaining bingo prizes.

With bingos throughout Michigan pursuing a maximum prize payout of 70%, our bingo industry will grow stronger and more revenues will be available for Michigan's non-profit organizations.

Another Hot Ball Success



As popularity of the Hot Ball game expands, the success stories continue. This issue's Hot Ball story is about the VFW 4034 Auxiliary in Houghton Lake Heights.

This bingo is run by Cindy Bidstrup, who in addition to being the bingo chairperson is the secretary and junior vice president of the organization. Not long ago they awarded a Hot Ball prize of \$1,100 to two lucky winners. While this was very exciting for the players, Cindy was thrilled with that afternoon's attendance of 85 players, quite a leap from their average weekly attendance of 37. Even with 100% of the sales from the Hot Ball game being awarded as the prize, this addition to their bingo has had a tremendous effect. Not only have they increased their average weekly attendance by 10 players a week, their profit on both bingo and charity game ticket sales improved. This growth in attendance has also had a positive effect on their concessions bottom line.

Once a bingo begins to operate in the black every player through the door is pure profit. With an increase of just 10 players a week,

who may spend \$25 or more each, a profitable bingo could make an additional \$3,000 or more a quarter.

The financial report for the quarter concerned shows the effect this one change has had on the VFW Auxiliary's bottom line. Their profit was \$8,042 for just the bingo portion of their game. Previously the average quarterly profit was \$1,977. Charity game ticket sales also saw an increase from an average of \$983 to \$2,778.

Small to medium sized bingos can greatly benefit by offering the Hot Ball game as a way of generating large prizes without cost to your organization. While the VFW Auxiliary's Hot Ball prize is 100% of sales, the game could also be conducted as a profit generating game by paying out only a portion of sales. The auxiliary has shown that even without making anything on the actual game, a \$1 Hot Ball buy-in can bring in a lot of money for the organization.

Cindy stated that the Ladies Auxiliary has more money in their general fund than they have ever had. The bottom line is, the more money in the general fund the more your organization can spend on its lawful purpose.

Hot Ball instructions and the Hot Ball Accountability form can be found on our website at www.michigan.gov/cg.

Home Town Bingo



If your bingo is held at your veteran or fraternal club, why not plan a potluck before bingo? Visit with those who attend the potluck and encourage them to stick around for some fun bingo. In fact, when coupled with a potluck, a short 2-hour bingo event works perfectly. Keep it exciting for everyone by offering Lucky Bingo Balls and other bingo-interactive games. All charity game tickets must be sold during the hours provided on your bingo license.



License Suspensions

The following organizations had their gaming license(s) suspended:

<u>Organization</u>	<u>City</u>	<u>Suspension Period</u>	<u>License Type</u>
VFW 6134	Pullman	5/13/13-5/17/13	CGT
Moose 2051	West Branch	6/2/13-6/15/13	CGT
VFW 9363	Flat Rock	7/16/13-7/18/13	CGT
IAUC Oakland Co Chapter (3 licenses)	Berkley	7/21/13-8/3/13	Bingo
		8/4/13-8/17/13	Bingo
		8/18/13-8/31/13	Bingo
Eagles 629	Flint	7/28/13-8/3/13	CGT
Eagles 4090	Montrose	7/25/13-7/29/13	CGT
Elks 1029	Grand Rapids	9/29/13-10/12/13	CGT
Elks 1780	Plymouth	10/6/13-10/26/13	CGT
Eagles 3655	Beaverton	10/17/13-10/18/13	CGT

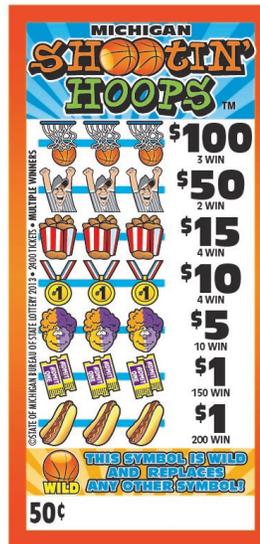
Verifying Winners



Whenever a bingo prize is greater than \$100, the winning card must be verified by players at a different table to witness the verification process. This means that the players at that table

should be able to read the verification number or verify all numbers in the winning pattern—including the last number—have been called.

Shootin' Hoops



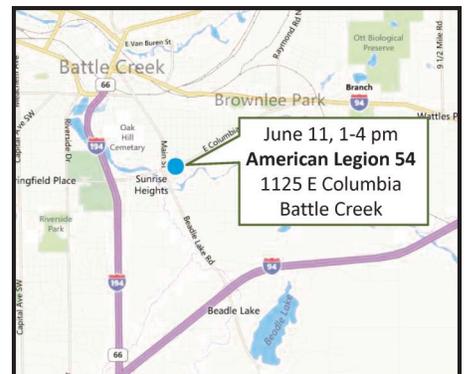
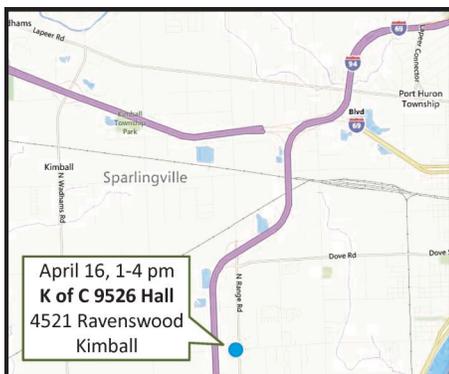
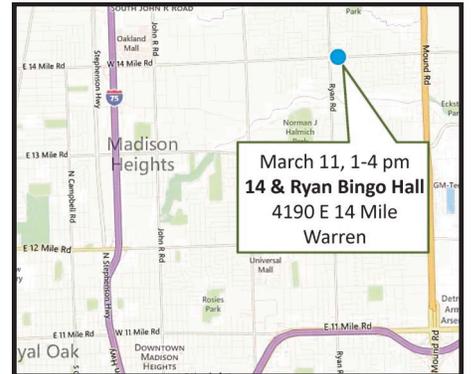
In step with the 2013-2014 basketball season, a new basketball-themed ticket, Shootin' Hoops is available. Players have an opportunity to win multiple times on one 50-cent ticket. And as a double-bonus, a new wild symbol was introduced. Don't pass up the opportunity to shoot for some extra revenue before the season ends. Contact your charity game ticket supplier to get in on the action.



Michigan Lottery
Charitable Gaming Division

Training Meetings

The following training meetings will include bingo, annual charity game, special charity game, and raffle license information.



Go to www.michigan.gov/cg for this and previous issues of HIGHLIGHT\$.