



# Annual Report 2019

October 1, 2018 to September 30, 2019



*Providing fundraising opportunities to local non-profit organizations to help strengthen Michigan communities.*



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## MISSION STATEMENT

- ◆ Provide ongoing service to the general public with the highest level of professionalism to promote customer satisfaction.
- ◆ Examine the integrity of all charitable gaming activities to ensure proceeds are accounted for and used for the lawful purposes of licensed non-profit organizations.
- ◆ Strive to encourage charity participation in licensed gaming events and seek new ways to maximize proceeds for the organizations' charitable causes.
- ◆ Look to continuously improve training, communications, regulatory responsibilities, and gaming initiatives through innovation, technology, and resources.

# YEAR IN REVIEW

By Kathie E. Oviedo  
Deputy Commissioner of Charitable Gaming

In 2019, Michigan non-profit organizations raised \$61 million for their respective causes through bingos, raffles, and charity game tickets. This was a great accomplishment for the organizations and the communities they serve!

Several initiatives were launched in FY 2019 to support licensees and raise awareness of charitable gaming. For example, more than 1,000 school districts and academies received email communications about charitable games like raffles as a fundraising option. Frequency of announcements to licensees that subscribe to our distribution list was increased to improve communication and awareness on subjects such as new charity game tickets and reminders to submit financial statements.

Area-wide training meetings were updated to deliver more information and boost effectiveness. Information about the Bingo Act and rules was presented in a format designed to make regulations and compliance easier to understand. Training became more interactive, allowing participants to play new games offered

by the Division. This gives organizations an opportunity to experience the game first-hand and assess its likelihood of success before placing an order.

The Division continues to help organizations with their endeavors to maximize their profitability and, in turn, help strengthen our communities. At the same time, we work diligently to ensure the integrity of charitable gaming and that the public welfare is protected. Over 40 audits of gaming records were performed in FY 2019 as well as three licensee general fund audits. On six occasions, the Division assisted state and local police in embezzlement investigations that helped bring convictions.

In closing, the Division would like to extend a big thank you to all the organizations, volunteers, hall owners, suppliers, and players that made FY 2019 a success. The Charitable Gaming Division is proud to support you and the incredible work you do!



# NON-PROFITS BENEFIT

Michigan organizations were able to raise \$61 million last year thanks to Act 382 of the Public Acts of 1972, which allows qualifying non-profits to raise funds through bingo, raffles, and the sale of charity game tickets.

Organizations benefitting from Charitable Gaming include:



Band Booster Programs	Faith-based Programs	Libraries	Scholarships
Big Brothers/Big Sisters	Food Banks	Little League Baseball	School Athletic Programs
Blind Federation	Hospice Care	Mental Health Programs	Soup Kitchens
Cancer Research	Humane Society	Military Family Support	Special Olympics
Children & Youth Camps	Junior Achievement	Preschool Programs	Veteran Programs
Crisis Intervention Centers	Leukemia Foundation	Public and Private Schools	Wildlife and Conservation

## ALLOCATION OF ALL REVENUES

The following statistics are based on figures reported by licensees for events that occurred during fiscal year 2019. Charity game ticket and raffle ticket statistics are included with the license under which those tickets were sold.

License	Revenue	Prizes	Expenses	Net Profit
Annual Charity Game	\$71,291,736	\$57,613,020	\$6,981,141	\$6,697,575
Special Charity Game	57,836	39,815	5,702	12,319
Large Bingo	125,898,599	96,216,086	19,205,446	10,477,067
Special Bingo	1,245,514	607,650	114,239	523,625
Large Raffle	78,268,046	32,012,660	6,135,688	40,119,698
Small Raffle	6,826,988	2,930,145	361,524	3,535,319
<b>Total</b>	<b>\$283,588,719</b>	<b>\$189,419,375</b>	<b>\$32,803,741</b>	<b>\$61,365,603</b>

NOTE: The licensing and regulation of millionaire parties was transferred to the Michigan Gaming Control Board (MGCB) by Executive Order in 2012. That transfer was later codified by Public Act 159 of 2019. Financial information for millionaire parties is collected by the MGCB.



# CHARITY GAME TICKETS

Michigan non-profits raised approximately \$17.6 million through the sale of charity game tickets in FY 2019. Large bingo, special bingo, and large raffle licensees may sell charity game tickets during the times listed on their licenses.

## ANNUAL CHARITY GAME

Qualified organizations that own or lease a location for the primary use of their members, such as veteran and fraternal clubs, may obtain an annual charity game ticket license to sell charity game tickets during business hours. An annual charity game ticket license costs \$200 per license year.

During FY 2019, **566** organizations sold tickets under an annual charity game ticket license.

## SPECIAL CHARITY GAME

Qualified organizations may obtain a special charity game license to sell tickets at any one location for up to four consecutive days. Each organization is limited to eight special charity game licenses per calendar year. A special charity game license costs \$15 per day.

During FY 2019, **14** organizations sold tickets under a special charity game license.

## CHARITY GAME TICKET VALIDATION DISPENSERS

Starting in February 2015, Charitable Gaming implemented a small-scale dispenser program. Nineteen annual charity game licensees and one bingo location have been allowed to sell charity game tickets using a charity game ticket dispenser which reads each ticket, displays those results in video animation, and keeps track of the player's balance. Due to the system's ability to provide the financial statistics, minimal manual recordkeeping is required of the licensee resulting in more accurate reporting.



## ALLOCATION OF CHARITY GAME TICKET REVENUES

License	Revenue	Prizes	Expenses	Net Profit
Annual Charity Game	\$71,291,736	\$57,613,020	\$6,981,141	\$6,697,575
Special Charity Game	57,836	39,815	5,702	12,319
Large Bingo	72,074,122	54,124,301	7,075,853	10,873,968
Special Bingo	174,782	128,512	17,658	28,612
Large Raffle	51,259	33,681	4,524	13,054
<b>Total</b>	<b>\$143,649,735</b>	<b>\$111,939,328</b>	<b>\$14,084,879</b>	<b>\$17,625,528</b>



# BINGOS

Bingo licenses include large bingo, small bingo, and special bingo. The fee for a large bingo license is \$150 per year, a small bingo license is \$55 per year, and a special bingo license is \$25 per occasion.

## SPECIAL BINGO

A qualified organization may obtain up to four special bingo licenses per year. Each license is good for up to seven consecutive days. During FY 2019, **346** special bingo licensees, **56** of which sold charity game tickets (CGTs), reported the following:

Bingo Revenue .....	\$1,070,732
Bingo Prizes .....	\$479,138
Bingo Expenses.....	\$96,581
Bingo Net Profit .....	\$495,013
CGT Revenue .....	\$174,782
CGT Prizes.....	\$128,512
CGT Expenses .....	\$17,658
CGT Net Profit .....	\$28,612
Total Net Profit.....	\$523,625

## SMALL BINGO

During FY 2019, **13** small bingo licenses were issued. Qualified organizations wishing to conduct bingo once a week with prizes limited to \$25 per game and \$300 per occasion may obtain a small bingo license. Small bingos are typically held at senior centers and are not required to report financial data to the bureau.



## LARGE BINGO

Weekly bingos have prizes limited to \$1,100 per game and \$3,500 per occasion under a large bingo license. During FY 2019, **516** large bingo licensees, **458** of which sold CGTs, reported the following:

Bingo Revenue .....	\$53,824,477
Bingo Prizes .....	\$42,091,785
Bingo Expenses .....	\$12,129,593
Bingo Net Profit.....	(\$396,901)
CGT Revenue.....	\$72,074,122
CGT Prizes .....	\$54,124,301
CGT Expenses .....	\$7,075,853
CGT Net Profit .....	\$10,873,968
Total Net Profit .....	\$10,477,067
Average Bingo Prizes Paid Each Week .....	\$1,628
Total Attendance.....	1,362,699
Average Weekly Attendance per Bingo .....	53



# BINGO GAME LOCATIONS

In FY 2019, more than half the licensed large bingo games in Michigan were hosted by veteran and fraternal clubs at their own facilities. These locations are sometimes used at no charge by related organizations, such as auxiliaries.

These locations, as well as commercial halls, can be rented to an organization for bingo if that location becomes licensed. Before an organization is approved to play bingo at a licensed location, all terms of the rental agreement must be approved by the bureau.

**53%** of bingos were held at the organization's own location.

**14%** of bingos were held at a related or donated location.

**33%** of bingos were held at a licensed location.



In FY 2019, **232** bingo locations did not charge rent while **45** licensed locations charged for their use.





# RAFFLES

Raffles are the most popular gaming event in which Michigan non-profits raise funds.

When the combined total value of all raffle prizes awarded in a day will not exceed \$500, a small raffle license may be issued. When the combined total value of all prizes awarded in a day will exceed \$500, a large raffle license is required. The fee for a large raffle license is \$50 per drawing date and a small raffle license is \$5 per drawing date with a minimum fee of \$15.

## SMALL RAFFLE

For FY 2019, the **2,487** small raffle licensees reported the following financial data:

Raffle Ticket Revenue.....	\$6,826,988
Raffle Prizes.....	\$2,930,145
Raffle Expenses .....	\$361,524
Raffle Net Profit.....	\$3,535,319



## LARGE RAFFLE

The **5,737** large raffle licensees (**23** of which sold charity game tickets) reported the following financial data:

Raffle Ticket Revenue .....	\$78,216,787	CGT Revenue .....	\$51,259
Raffle Prizes.....	\$31,978,979	CGT Prizes.....	\$33,681
Raffle Expenses .....	\$6,131,164	CGT Expenses .....	\$4,524
Raffle Net Profit .....	\$40,106,644	CGT Net Profit.....	\$13,054



# SUPPLIERS

Act 382 of the Public Acts of 1972, as amended, requires the licensing of all suppliers of gaming equipment wishing to do business with non-profit organizations licensed by the bureau. Licensed non-profit organizations are required to purchase or rent the gaming equipment they use from a licensed supplier at a reasonable rate. Licensed suppliers are required to post a performance bond in order to sell charity game tickets.

The suppliers annual license fee is \$300. Suppliers are required to report sales or rentals of gaming equipment to the bureau. For FY 2019, licenses were issued to **18** suppliers that reported the following revenue, including monthly maintenance for the ticket validation dispenser program. *Supplier expenses and net profit are not reported.*

Sale and Rental of Bingo Equipment and CGT Validation Dispensers .....	\$4,629,931
Rental of Electronic Raffle Equipment .....	\$294,520

# REGULATORY ACTIVITY

The Division assists non-profit organizations in conducting successful licensed events through training, financial oversight, and onsite inspections of records and processes. When violations are discovered and not resolved, the division takes administrative action against the licensed organization.

## INSPECTIONS & INVESTIGATIONS

Bingo .....	631
Charity Game Ticket.....	785
Raffle .....	178
Supplier .....	2
Hall .....	4
Complaint Investigations.....	66

## FINANCIAL OVERSIGHT

Financial Statements Entered .....	14,029
Financial Statement Delinquencies Issued.....	4,483
Game Record Audits.....	43
Organization General Fund Audits .....	3
Game Closing Documents Reviewed.....	35

## ADMINISTRATIVE ACTION

Warning Notices .....	114
Violation Notices.....	26
Informal Meetings .....	8
Compliance Meetings .....	28
License Suspensions .....	20
License Revocations.....	0
License Surrenders.....	1
License Summary Suspensions .....	0



## EDUCATION

The Division proactively provides education as a means to minimize loss of funds by the organization, reduce administrative action by the Division, and help maximize licensee profit. This is done through event training and marketing initiatives.

### EVENT TRAINING

The Division provided effective training to licensees, focusing on recordkeeping, oversight of game records. Inspectors also provide interactive demonstrations of new charity games and other fundraising opportunities.

Annual Charity Game Ticket (ACGT) training is enhanced through the annual requirement of ACGT licensees to view four training videos, posted on our website.

	<u>Meetings</u>	<u>Attendance</u>
New Bingo Licensees	16	90
New ACGT Licensees	7	32
Area Training Seminars	20	641
Special Training Meetings	<u>44</u>	<u>91</u>
<b>Total</b>	<b>87</b>	<b>854</b>
ACGT Training Video Views	1,387	

### MARKETING INITIATIVES

Charitable Gaming maximized communication through low cost media—the website, email, and promotional material printed at no charge through our ticket manufacturer. Hands-on experiences with event-style charity game tickets have become standard at training meetings and promotional deals are offered to licensees to encourage them to try charity game tickets to help them raise funds. Through these and other efforts, both raffle licenses and charity game ticket sales have increased.

New Marketing Initiatives ..... 13

## DIVISION BUDGET

The Charitable Gaming Division is required by law to be self-supporting. Charitable Gaming revenue includes charity game ticket sales and license fees for over **9,800** licenses in FY2019. Charitable Gaming expenses include charity game ticket printing and shipping as well as administrative costs such as building rent and staffing.

As of September 2012, oversight of millionaire parties was transferred to the Michigan Gaming Control Board by an Executive Order. The Bingo Act was amended in December 2019 to put that change into state law.

The MGCB collected millionaire party license fees for 2,145 licensees in FY2019 and incurred costs related to the administration of those millionaire party licenses. License fee revenues are provided to and expenses are billed to the Charitable Gaming Division.

Revenue in excess of the Division’s expenses is turned over to Michigan’s General Fund. For FY 2019, the Charitable Gaming Division reported the following revenues and expenses:

Charitable Gaming Revenue.....	\$11,679,444
Charity Game Ticket Printing.....	\$1,296,172
Charitable Gaming Administrative Costs.....	\$5,897,953
Millionaire Party Revenue.....	\$412,950
Millionaire Party Administrative Costs.....	\$3,000,000
<b>Total Net to General Fund.....</b>	<b>\$1,898,268</b>





## MICHIGAN LOTTERY CHARITABLE GAMING DIVISION

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