Measuring the Success of Bingo Operations

A successful bingo operation is one that provides the licensed authorized organization with net proceeds that can be used to accomplish the organization’s charitable purpose(s). However, when bingo games are not generating net proceeds the benefits of charitable bingo are in jeopardy. So the question is, what information is needed, on a regular basis, to assist officers and directors to measure and monitor the success of bingo operations? Business metrics that analyze key processes may be the solution. Before we get into details, let us first define business metrics. Business metrics are quantifiable measures used to track, monitor and assess the success or failure of various business processes. Good metrics will provide management with information for accountability, decision making, detecting and preventing fraud, and greater assurance that positive net proceeds are being generated by bingo operations.

Let’s start with some basic metrics. Each bingo occasion should result in a bingo deposit. At the core, gross receipts from the sale of disposable bingo cards, electronics and pull-tabs should exceed the total amount of prizes awarded to players. However, if the amounts deposited from each bingo occasion during a quarter do not cover the fixed and variable costs of running the bingo operation, your organization runs the risk of not generating positive net proceeds when quarterly reports are prepared for submission to the Charitable Bingo Operations Division.

Total prizes awarded as a percentage of total gross receipts and total expenses as a percentage of total gross receipts are also key metrics. Total prizes awarded greater than 75-80 percent of gross receipts or total expenses greater than 15-20 percent of gross receipts are indicators that a bingo operation may be struggling. Payroll, utilities, cost of goods sold, lease of card-minding systems, advertising and promotions, and bingo hall lease costs can get out of hand if they are not managed in the best interest of the licensed authorized organization. Percentages at such high levels should raise concerns about the ability of the unit or organization to maintain continuing operations or to generate net proceeds.

The last basic metric to discuss is net proceeds as a percentage of total gross receipts. Bingo is intended to provide organizations with dollars to accomplish their charitable purposes. Net proceeds that are consistently negative or amount to less than one or two percent of

“He who fails to plan is planning to fail.” —Winston Churchill
Measuring the Success of Bingo Operations (cont’d)

gross receipts may indicate that bingo may not be the best use of the organization’s time and resources. Net proceeds that are greater than five to 10 percent of gross receipts provide resources that can make an impact on the charitable services provided by your organization.

Some of the benefits of business metrics include:

- **Accountability** - Use information to develop operational questions and to hold folks managing bingo operations accountable.

- **Decision Making** - Information is available to make decisions regarding bingo operations: negotiating lease agreements, salary decisions, optimal pricing of bingo products, determining the appropriate bingo game schedule, prize amounts to offer for regular bingo games, pull-tab games to play, or whether electronic bingo will be available to patrons.

Management, along with officers and directors, can make adjustments to bingo operations on a timely basis. We have had organizations discover that payroll costs per bingo occasion were too high for the gross receipts achieved or the number of persons attending bingo occasions. The organizations were able to determine the optimal number of workers needed for each bingo occasion. Reducing payroll costs for the less populated bingo occasions has resulted in the bingo operations generating net proceeds that can be used for the organization’s charitable purposes.

- **Detect and Prevent Fraud** - Investigating metrics that do not meet expectations can be a starting point for the timely detection and prevention of errors, irregularities or fraud schemes.

In addition to the basic metrics discussed previously, there are a number of other metrics that can be used to monitor the success of bingo operations on an occasion, daily, weekly, monthly and quarterly basis. In the next Director’s Message we will discuss some of these metrics. Please note that most metrics can be determined for any unit or licensed authorized organization using the information found in your accounting records. If you don’t want to spend the time crunching the numbers manually, automated tools now exist that will provide this information in dashboard reports at a click of a button or show up automatically when you open your accounting software.

Organizations that are successful are not successful by happenstance. Success is planned and monitored. Information that is readily available for review daily, weekly, and monthly is needed to make decisions that impact the success of bingo operations. Develop and implement business metrics in your bingo operation. They can be a great tool to monitor and measure the success of your bingo operations in generating net proceeds that provide for the charitable purposes of your organization.
Desira Glenn is the new Licensing and Accounting Manager in the Charitable Bingo Operations Division. She previously worked for the Department of Public Safety in the Texas Division of Emergency Management and the Department of Aging and Disability Services. Desira is an army veteran with more than 9.5 years of service. She earned an undergraduate degree in accounting, a Master of Business Administration, and is currently working towards a Doctor of Business Administration. Desira is not a Texas native, but is proud to hang her hat in Austin.

Bingo prize fees collected during the second quarter of 2015’s reporting period totaled $7,395,581, which is a decrease of $353,368 or 4.6 percent in comparison to the first quarter of 2015. However, in comparison to the second quarter of 2014, total bingo prize fees collected increased $464,885 or 6.7 percent.

Additionally, prize fee allocations to local government’s experienced similar trends, with total reported second quarter 2015 allocations totaling $7,413,476, which is a decrease of $325,558 or 4.2 percent in comparison to the first quarter of 2015. However, in comparison to the second quarter of 2014, total bingo prize fee allocations increased $478,646 or 6.9 percent.
Second quarter of calendar year 2015 reporting shows gross receipts totaled $188,364,202, which is a decrease of $12,920,425 or -6.4 percent in comparison to the first quarter of 2015. Prizes awarded and total expenses also decreased. However, charitable distribution totaled $8,427,341 which is an increase of $1,660,027 or 24.5 percent in comparison to the first quarter of 2015.

In comparison to the same period last year (2014), gross receipts increased $6,516,016 or 3.6 percent, prizes awarded increased $3,277,043 or 2.3 percent, total expenses increased $126,107 or 0.3 percent, and finally charitable distribution increased $553,914 or 7 percent.
A Message from the Director

Account Ledger Reconciliation Project

The Charitable Bingo Operations Division has completed the review of all active accounts related to the individual bingo account ledgers. To recap, in the October 2014 message, I reported on an issue with the bingo account ledgers that date more than 10 years old in some instances. Balances that were originally shown in the ledger were the result of previous bingo leadership that accepted the risk for the incorrect balances, but never took any action to correct it and allowed the use of unverifiable credits to be used to pay for current year license fees.

Statements are being disseminated to licensees and the account detail data in the Bingo Service Portal is being updated as the reconciliation adjustments are entered into the bingo operating services system ledgers and credits identified are available for use by licensees. Bingo staff reviewed all account ledger transaction activity including the recalculation of license fees (both temporary and regular), amendments, prize fees, and rental taxes, to validate the amounts shown in the ledgers.

We thank you again for your patience and feedback during this project.

Rental Tax Reporting and Payments

Accounting Services would like to remind those filing Quarterly Reports for lessor, conductor/lessors, and units with a conductor/lessor that rental tax is only due on rent for occasions conducted prior to 9/1/2015. Prior to filing a paper Quarterly Report, ensure that you are utilizing the most current version of the form. Be sure to thoroughly read all instructions and take the time to review the rental income and rental tax section of a conductor or unit report when filing and avoid paying more money than is required.

When filing a Bingo Lessor’s Quarterly Report, rental tax is only due on the amount reported on line 1a.

When filing a Texas Bingo Quarterly Report, rental tax in only due on the amount reported on line 9b.

The rental tax rate for the amounts reported on the lines indicated above is three percent.

The Rental Receipts Detail amount is required to be filed and the total amount should match the total rent received (line 1 for Bingo Lessor’s Quarterly Report and line 9 for Texas Bingo Quarterly Report).
A Message from the Director

Charitable Bingo Management Team

Alfonso D. Royal, III
Charitable Bingo Operations
Director

Worlanda Neal
Special Assistant to the Director

Desira Glenn
Licensing and Accounting
Manager

Marshall McDade, Jr. CPA
Audit Manager

Bingo Service Portal: Highly Recommended!

Use the Bingo Service Portal (BSP) for your filing needs. The biggest advantage of using BSP for entering quarterly reports is the large reduction in the number of errors compared to the number of handwritten reporting errors. We are human; therefore, mistakes will happen, so why not reduce the number of mistakes by filing on BSP and allowing the system to automatically add and populate data based on information you enter? This gives BSP filers a sense of security in knowing the information they are entering matches what they intended. Thank you to the BSP filers for using this great tool! Paper filers, we urge you to give it a try! We think you will be pleased.

Become a BSP user today! First time users can create an account in the BSP which is easily accessed through txbingo.org by clicking the Bingo Service Portal link on the homepage. Once in BSP, click Create An Account and complete all of the required information where you see an asterisk (*). The last step of creating an account in BSP is to go to the email address you provided during setup and read the confirmation email generated and sent to you. You must click the Activate User ID link provided in the email to activate your account. You only have 24 hours to successfully activate your account. If you do not see the confirmation email in your inbox, check your junk or spam folder. Congratulations! You are now ready to sign in to the BSP.

Our Forms Have Been Updated

Many of our forms were updated this year to conform to new rules, legislation, and process changes. Please use current forms from the Charitable Bingo Operations Division website located at txbingo.org for your licensing and accounting needs. The updated forms and instructions are available and will help to avoid the return of submissions due to incorrect or incomplete information, making your interactions with Licensing Services and Accounting Services smooth and efficient.

For more information on charitable bingo, visit the Charitable Bingo Operations Division website at txbingo.org.
Charitable Bingo Operations Division conducted its first training program on Sept. 2, 2015. The training was held at the American Bingo Hall in Austin Texas with 87 in attendance.

A second training was held in Arlington on October 20, 2015 at Pioneer Bingo with approximately 70 in attendance.

Bingo training covers the all aspects of bingo operations, including accounting and auditing, general operations, licensing, new rules and legislation, to the newly implemented online Bingo Service Portal. Class training materials can be found on the division’s website at http://www.txbingo.org/export/sites/bingo/About_Us/Publications/.

Bingo Training Program Moved to Bingo Service Portal

The Online Bingo Training Program that was available on our website txbingo.org is now accessible from the Bingo Service Portal. To log onto the Bingo Service Portal, you will enter your username and password. Once you have logged on, users can access the Bingo Training Program.
Get your Temporary Bingo License!

**Are you an authorized organization that holds a regular license to conduct bingo?** Yes! Well did you know that you can hold 24 additional bingo occasions per 12-month period, in addition to your current regular occasions with the issuance of temporary licenses? One license is issued per additional occasion at the low cost of just $25 per license. So, in one year you would only pay $600 for 24 temporary licenses to hold 24 additional bingo occasions.

According to Title 16, Part 9, Chapter 402, Subchapter D, Rule §402.401 (d)(1) of the Texas Administrative Code, you must apply for a temporary license at least seven calendar days before your bingo occasion date. For example, if you want to hold an additional bingo occasion after Presidents’ Day on Tuesday, February 16, 2016, your application must be submitted via the Bingo Service Portal (BSP) or postmarked by Tuesday, February 9, 2016. It’s that simple!

The best news is that you can apply for just one, or 14, or all 24 temporary licenses at once. Not sure of the dates and times that you want to hold additional bingo occasions? No problem. If you know that you want to hold at least 10 additional bingo occasions during your 12-month license period, then apply for 10 temporary licenses now. Send in a single application with the $250 fee. After approval, you can take your time planning out your additional bingo occasions. When you have scheduled your additional occasions, inform the Charitable Bingo Operations Division of your intended bingo occasion dates and times in writing by 12 p.m. on the day prior to the bingo occasion occurrence. Just remember that your first occasion has to be held at least seven days after the postmark on your temporary license application. Happy gaming!

**You do not hold a regular license to conduct bingo, but you still want to hold a bingo occasion?** Okay! Authorized organizations, referred to as non-regular license holders, may receive a temporary license to conduct bingo by submitting a complete application for a temporary license to the Charitable Bingo Operations Division. For the low fee of $25 per license, you can apply for one to six licenses in a calendar year.

It is best to apply for all the temporary licenses you will need for the year at one time. If it is January and you know that your organization would like to add bingo occasions to its Spring Jubilee, Summer Carnival, and Fall Festival, do not delay, and apply today. Complete the appropriate application and submit it with your $75 fee. The application must include the exact dates and times for the bingo occasions.

Title 16, Part 9, Chapter 402, Subchapter D, Rule §402.401 (e) of the Texas Administrative Code states that a non-regular license holder that wishes to conduct a bingo occasion must file a complete application for a temporary license at least 30 calendar days prior to the bingo occasion. So if the Spring Jubilee takes place on Saturday, March 5, 2016, your application must be submitted via BSP or postmarked by Thursday, Feb. 4, 2016. So plan ahead, and submit your application and applicable fees on time.

For more information on charitable bingo, visit the Charitable Bingo Operations Division website at txbingo.org.
A Message from the Director

Attention Provisional Bingo Workers!

Are you a person that will be involved with the conduct of bingo as an operator, manager, cashier, usher, caller, salesperson, bookkeeper, or Bingo Chairperson for an annual license holder? If so, you need to submit the Application for Registry of Bingo Workers with any applicable fees to the Charitable Bingo Operations Division. The information obtained in the application is necessary to conduct a criminal history background investigation which is authorized under the Bingo Enabling Act, Occupations Code, Chapter 2001. Therefore, it is imperative that all fields in the application are accurately filled in with complete data.

Does your licensed authorized organization need you to start working immediately as an operator, manager, cashier, usher, caller or salesperson but you are just now filling out the Application for Registry of Bingo Workers for submission to the Charitable Bingo Operations Division? No problem! You may begin working on a provisional basis while awaiting the results of your background check. All you have to do is check the Provisional Employment checkbox in item K and complete the playing location information requested in items L through O on the Application for Registry of Bingo Workers.

A provisional employee who is a resident of Texas must immediately stop working if, after 14 days, she is not listed on the Registry. Additionally, a provisional employee who is not a resident of Texas must immediately stop working if, after 45 days, she is not listed on the Registry and she submitted a fingerprint card for a background investigation. Lastly, a provisional employee must immediately stop working if found to be disqualified on the basis of the background investigation.

A provisional employee who is deemed eligible by the Charitable Bingo Operations Division will become an authorized bingo worker and added to the Registry of Approved Bingo Workers. Worker Registry Identification Cards will be mailed to the address annotated on the Application for Registry of Bingo Workers.

For more information on charitable bingo, visit the Charitable Bingo Operations Division website at txlottery.org.

Occupations Code

Title 13. Sports, Amusements, and entertainment.
Subtitle A. Gaming.
Sec. 2001.313. Registry of Approved Bingo Workers.
(h) A licensed authorized organization may employ an individual who is not on the registry established by this section as an operator, manager, cashier, usher, caller, or salesperson on a provisional basis if the individual is awaiting the results of a background check by the commission:
(1) for a period not to exceed 14 days if the individual is a resident of this state; or
(2) for a period to be established by commission rule if the individual is not a resident of this state.
Closing Remarks

The last year has been a productive year with the successful implementation of the Bingo Service Portal (BSP), working through the backlog of licensing applications and audit activity, changes in staffing, and completing my first year as the division director. The work has been challenging and I am very proud of the achievements of my staff. I have also had the opportunity to meet with manufacturers, distributors and licensees, to hear their concerns and to share my goals for the upcoming year, with education being the foremost priority. The Charitable Bingo Operations Division has taken the first steps in educating licensees and will continue to assist in this endeavor.

Automation is the future and if you have not used the Bingo Services Portal for submission of applications, quarterly reports and to pay online, I would encourage you to do so. BSP is designed to cut the processing time. Once entered, BSP provides you with status updates of your submission as we process it. The Charitable Bingo website txbingo.org is also another resource for information. Charitable Bingo staff continues to explore and identify ways to assist our licensees, distributors, and manufactures in making the processes easy, efficient, and timely.

I have enjoyed working with you and I look forward to a very successful 2016 with more improvements in education, licensing, accounting and audit processes, and most of all communication. Every charity has unique goals and objectives that provide the framework for charities to carry out their missions. With both of our missions in mind, let’s make 2016 the best year yet!