

Bingo Hall Business Plan

Prepared for White Bear Lake Area Hockey Association

by MN Gaming Services

This plan is written to identify the profit/loss potential of the organization by entering into a bingo hall lease agreement. The creation of a leased space for the hall, built out to accommodate the needs of the organization will be the responsibility of the property owner.

Leased Space

Our understanding is the Lessor will improve the leased space to the satisfaction of the Lessee. We recommend detailed plans for improvements be approved by both parties prior to signing a lease.

It is difficult to comment on the proposed lease space without access to the space layout and build-out improvements.

Tables and chairs are provided by the Lessee. Tables are generally 10' banquet with 6 padded chairs per table. Ample spacing between tables is important. Sales staff needs this space to easily access customers. Without reviewing the drawings of the leased space we cannot project the number of customer seats available. In addition to the retail area, a secure storage area is necessary for gambling equipment. It must be determined, prior to signing the lease who will provide shelving for this area. Is it to be built in by Lessor or moveable provided by the Lessee?

A concession sales area is important to the success of a bingo hall and is typically part of the build-out plan. Options include: the Lessor could operate concessions or lease this space separately to a third party, the organization sub-lease this space to a vender (if allowed in the lease) or the organization can operate concessions and provide this service to customers.

Rest rooms must be convenient for customers with adequate stalls in the ladies room to limit waiting. We recommend additional stalls above those required by building code. The mens room can be built to meet code.

A secure "money room" is recommended. This room will have the safe, desks and chairs for the Session Manager and accounting staff. If possible this secure room is built close to the admission sales booth. Paymaster duties can usually be at the sales booth or caller station.

Equipment

A bingo sales booth, pull tab booth, television monitors, sound system, Bingo Flash Boards and Blower machine are the basic equipment needed to operate. Sufficient power outlets and amperage are needed, located in close proximity to electronic equipment. A building security system must be installed and monitoring maintained on a regular basis.

The organization must lease bingo monitoring machines from a gambling equipment distributor. The Charging Stations are installed at the Sales Booth. The Flash Boards and Bingo Control machine can be new or used. This equipment can be leased to purchase or purchased outright. The lease to purchase option is recommended, understanding interest paid is an additional expense.

Compensation

The Gambling Manager is responsible for overall control of bingo hall operations. Typically the Gambling Manager receives additional compensation for this. The amount can be a flat amount or a per session rate.

Unless the Gambling Manager has the time to dedicate and attends all bingo sessions, a hall manager responsible for day to day hall operation is needed.

Other essential staff include; bingo caller, paymaster (may also do sales at the booth), admission sales clerks, money room clerk, floor sales clerks and pull tab sales clerks. Admission sales clerks sell bingo paper packets and extra sheets, electronic minders, daubers etc. The number of floor sales clerks needed will vary by anticipated attendance for sessions.

Bingo Programs

Bingo programs at the hall are intended to maximize player interest, fair prize pay-outs and potential for profit. There are several program options to consider as programs are developed. The bingo hall examples used in the study offer from 14 to 30 sessions per week with an average attendance ranging from 60-80 customers per session. Certain prime sessions can average around 100 customers per session.

A study of the demographics of the area will influence the potential profitability of each session. Programs, the exact days and number of bingo sessions offered can be determined once a demographic study is completed.

Expenses

The estimated operating and start-up expenses include game banks that are on-site are listed in their entirety in separate documents. The total amount of cash needed to open the bingo hall is estimated at \$95,000, approximately \$50,000 in start-up expenses plus \$45,000 for the first month's operating expenses.

Profitability

Included is a 2014 Site Review and 2015 Projection Report. This report is a review of three bingo hall operations in the north suburban area. Using that information, a 2015 projection for the new bingo hall was developed. The first year, developing the customer base sales may not meet projections. The Lessor has given the first year rent free to offset first year potential losses.

Based on other bingo halls in the north suburban area, running seven days per week, the annual net profit for the organization could potentially be \$200,000 per year after all expenses.

The net receipts are derived from approximately 75% bingo and 25% pull tab sales. Profit from bingo is not subject to Unrelated Business Income Tax (UBIT).

WHITE BEAR HOCKEY - BINGO HALL PROPOSAL

START UP EXPENSES

TABLES/CHAIRS	6,000.00
BINGO BLOWER (MAY BE LEASED*)	6,000.00
FLASHBOARDS	--
COUNTING MACHINE	2,500.00
INSURANCE (RENTERS)	2,500.00
MONITORS (8-SMALL)	2,000.00
MONITORS (5-LARGE)	2,500.00
MICROPHONES	250.00
GARBAGE CANS	225.00
BASKETS	300.00
DAUBERS	200.00
SECURITY SYSTEM	4,000.00
SAFE	500.00
SETUP EXPENSES	2,500.00
PREMISE PERMIT	150.00
RENT SECURITY DEPOSIT	9,000.00
STARTUP BANKS	8,000.00
TOTAL STARTUP EXPENSES	\$46,625.00

COSMIC BINGO - ADDITIONAL COST APPROX \$7,000

SPEAKERS
MUSIC
DJ
COLORED LIGHTS
TSHIRTS
GLOW STICKERS
GLOW DAUBERS
TABLECLOTHS

WHITE BEAR HOCKEY - BINGO HALL PROPOSAL

MONTHLY ONGOING EXPENSES

	YEAR 1	YEARS 2-5
TAXES - GAMBLING (AVG)	12,000.00	12,000.00
PRODUCT (BINGO/PT)	3,500.00	3,500.00
ADVERTISING	2,000.00	1,000.00
ACCOUNTING	500.00	500.00
COMPENSATION	20,000.00	20,000.00
RENT (1ST YR RENT FREE)		9,000.00
MISCELLANEOUS		
ELECTRONIC LEASE (48 UNITS)	3,750.00	3,750.00
FLASHBOARDS (2) - LEASE	85.00	85.00
OFFICE SUPPLIES	200.00	200.00
CLEANING SUPPLIES	200.00	200.00
UTILITIES	3,000.00	3,000.00
WEBSITE	50.00	50.00
TOTAL MISCELLANEOUS	7,285.00	7,285.00
TOTAL MONTHLY EXPENSES	\$45,285.00	\$53,285.00
* BINGO BLOWER LEASE (IF NOT PURCHASED AT START-UP)	100.00	100.00

WHITE BEAR HOCKEY ASSOCIATION - BUSINESS PLAN									
2014 BINGO HALL SITE REVIEW AND 2015 PROJECTION									
Line	2014 BINGO HALL 1	Mo%	2014 BINGO HALL 2	Mo%	2014 BINGO HALL 3	Mo%	2015 WBH PROJECTION	Mo%	4 Org %
Bingo Gross	2,332,087.00		2,788,881.00		2,721,959.00		2,614,309.00		
Bingo Prizes	1,859,649.00	79.74	1,978,992.00	70.96	1,967,833.00	72.29	1,935,491.33	74.03	74.06
Bingo Net	472,438.00	66.34	809,889.00	76.65	754,126.00	80.90	678,817.67	75.61	75.60
Line 5 Adj	0.00		0.00		0.00		0.00		0.00
Raffle Gross	13,950.00		0.00		0.00		0.00		
Raffle Prizes	6,300.00		0.00		0.00		0.00		0.00
Raffle Net	7,650.00	1.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Paddlewheel Gross	0.00		0.00		0.00		0.00		
Paddlewheel Prizes	0.00		0.00		0.00		0.00		0.00
Paddlewheel Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	62.00	0.01	22.00	0.00	26.00	0.00	0.00	0.00	0.00
Tipboard Gross	0.00		0.00		0.00		0.00		0.00
Tipboard Prizes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tipboard Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PullTab Gross	968,052.00		938,163.00		750,529.00		885,581.33		
PullTab Prizes	736,003.00	76.03	691,401.00	73.70	572,493.00	76.28	666,632.33	75.28	75.16
PullTab Net	232,049.00	32.58	246,762.00	23.35	178,036.00	19.10	218,949.00	24.39	24.40
Gross Profit	712,199.00	100	1,056,673.00	100	932,188.00	100	897,766.67	100	100.00
Taxes									
Gambling Tax	40,807.48	5.73	68,840.57	6.51	64,100.71	6.88	57,916.25	6.45	6.45
Combined Receipts	66,192.00	9.29	100,873.95	9.55	24,562.02	2.63	85,900.23	9.57	9.58
Board Fee (.1%)	3,314.15	0.47	3,727.07	0.35	3,472.51	0.37	3,504.58	0.39	0.39
Distributor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Gambling Tax	110,313.63	15.49	173,441.58	16.41	92,135.24	9.88	147,321.06	16.41	16.42
Gross Profit After Tax	601,885.37	84.51	883,231.42	83.59	840,052.76	90.12	750,445.60	83.59	83.58
Expenses									
Product Purchases	44,520.00	6.25	39,571.00	3.74	39,485.00	4.24	41,192.00	4.59	4.66
Compensation	213,491.00	29.98	269,749.00	25.53	230,507.00	24.73	237,915.67	26.50	27.04
Penalty/Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advertising	6,807.00	0.96	10,124.00	0.96	10,300.00	1.10	9,077.00	1.01	1.02
Accounting	4,812.00	0.68	9,358.00	0.89	3,832.00	0.41	10,489.33	1.17	1.30
License/Bond	0.00	0.00	616.00	0.06	500.00	0.05	100.00	0.01	0.01
Local Investigativion Fees	(5,844.00)	-0.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RentMortgage	127,390.00	17.89	75,000.00	7.10	75,000.00	8.05	108,000.00	12.03	12.22
E-Gaming Purchase/Rental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electronic Bingo Provider Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	115,697.00	16.25	81,863.00	7.75	78,720.00	8.44	92,101.33	10.26	16.19
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash Short (Long)	418.00	0.06	2,064.00	0.20	146.00	0.02	875.67	0.10	0.10
Reimb Ex Cash Short	(120.00)	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Allowable Expenses	507,171.00	71.21	488,345.00	46.22	438,490.00	47.04	499,751.00	55.67	62.53
Net Profit	94,714.37	13.299	394,886.42	37.371	401,562.76	43.077	250,694.61	27.92425	21.05
Lawful Purpose									
State Adl	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax Refund Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
990T Tax/Annual Audit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Tax	21,365.97	3.00	31,700.19	3.00	27,965.64	3.00	26,933.00	3.00	3.00
Local Fund (10%)	9,471.44	1.33	39,488.64	3.74	40,156.28	4.31	20,070.26	2.24	2.10
Net Profit after Lawful Purpose	63,876.96	8.969	323,697.59	30.634	333,440.84	35.77	203,691.35	22.68867	15.94