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*Proudly Serving Charitable Gambling Organizations Throughout Minnesota*

ACM Members and Associates,

12/29/14

As I write this 2014 is quickly coming to a close. 2014 was a year with ups and downs for gaming charities. Our business closed the 2013/2014 fiscal year up from the previous year, making it four years in a row of solid growth.

Per the Gambling Control Board Fiscal Year 2013 and 2014 reports, sales went from \$1.141 billion to \$1.202 billion. Prizes went from \$939 million to \$995 million, moving our payout from 82.3% to 82.7%. Increasing payout is a trend that is troubling to me as paying out more will grow sales, but with our current cost structure it decreases money for missions. Gross receipts (sales minus prizes) were up from \$201 million to \$207 million. Expenses were essentially flat, from 52.6% of gross receipts to 52.3%. Lawful Purpose dollars were up, but the majority of that increase was in taxes/fees, which grew from \$39.6 million to \$47.1 million. Our charitable giving increased from \$41.1 million to \$42.9 million, always a good thing.

The average Minnesota gaming charity had \$1,000,000 in sales, gave out \$827,000 in prizes and took \$173,000 to the bank. They paid \$90,000 in expenses, \$39,000 in taxes/fees and had \$44,000 left over for missions. Said another way, for every dollar they touched they took 17.3 cents to the bank (down from 17.7 cents in FY 2013), paid 9 cents in expenses, 3.9 cents for taxes/fees and ended up with 4.4 cents for missions when all was said and done.

We are projected to end the first six months of FY 2014/2015 up approximately 6%. Our patrons are playing our games and supporting our missions with vigor and we can be thankful for their continued support.

The 2014 legislative session is one that I would like to forget, but one that had many lessons to learn. We passed a good bill that would have benefited gaming charities, but was vetoed by Governor Dayton. We are going back with the same policy bill at the start of session and we will have a second policy bill and an aggressive tax bill.

Our current tax policy is negatively impacting those charities that wish to do more for their missions. We need to have tax policy that encourages charities to grow their missions, not one that discourages them from doing so with a punitive tax policy. With the change of leadership in the house and the budget surplus there is opportunity and we need to do everything that we can to make progress on this critical issue. Once the bills are introduced we will be asking you to contact your elected representatives to encourage them to support us in our local mission efforts.

We are tracking the proposed legislation of the Gambling Control Board and you can see what their proposals are and our take on them at the ACM website, [www.alliedcharitiesmn.org](http://www.alliedcharitiesmn.org). There are those that say it is time that charities are regulated by the Department of Public Safety, Alcohol and Gaming Enforcement Group or the MN Lottery and that the Gambling Control Board be disbanded. To those

people we say, “no way”.

We know that we need to be regulated and that we will be paying for that regulation. Putting us under law enforcement or our primary competitor is a very clear indication to me what those people that would do that to us think of us and our efforts to support our local communities. We may not be the most vocal or involved at the state level, but try to take away our ability to serve our local missions and they will regret it.

I have been reviewing every single donation that was made by gaming charities in 2013. The list of donations that we made to our communities is a tremendous source of pride for me and I hope for you. Once I get done culling the donations that benefited us (primarily the ones that benefited charity members), we will be publishing the list with the hope that you will each print out your organization’s donations and get them to your elected state and local representatives to help them better understand what we do for our local communities. As an example we made over 11,000 donations to activities and facilities that benefit youth (A7). We need to be shouting that from the rooftops.

Electronics continue to grow, albeit slowly. My fear is that unless we make greater progress in growing that business there will be efforts in the administration and legislature to take that tool away from us and give it directly to the sites (bars) or the MN State Lottery. If either of these happens it will be the beginning of the end of charitable gaming in Minnesota.

While we would fight this, if we were to lose electronics our ability to get new tools approved in the future will be very difficult. I am very aware of how our current customers prefer our paper pull tabs, but I do believe that ten to twenty years from now, that may not be true. My American Legion has electronics at our two sites and we are making money. It is a far cry from our paper business, but it is growing and becoming much more accepted by our patrons.

ACM is working with the MN Department of Revenue to simplify the reporting process for electronics and with electronic manufacturers to better understand what the issues are for those of you that are not currently using electronics. We understand that none of you need or want more work, but electronics can be a useful tool for raising funds for your chosen missions and we are confident that managing that business will continue to be less work as time goes by. I believe that it is critically important for us to retain control of our own destiny and keeping electronics as a tool for us to use is part of the equation.

In closing, on behalf of the entire ACM Board of Directors I wish each and every one of you a wonderful 2015. I look forward to the New Year and the challenges ahead. We are well positioned to continue our growth, but will need to stay alert to those wanting a larger piece of the charity pie without being a charity. Remember, if it is good for charities, it will be good for everyone else. If it is not good for charities, it will not be good for anyone else.

It is an honor and a privilege to represent you and I thank you for the opportunity that you have entrusted me with.

God Bless,

*Al*

Al Lund  
Executive Director  
Allied Charities of Minnesota

