Charitable Bingo in Indiana
Issues and Implications

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Despite portrayals of gambling as a social vice, charitable gaming is big business in the United States and globally. While many nonprofit organizations sponsor charitable gaming events, such as bingo nights for their members and communities, to raise both friends and funds for their organizations, charitable gaming operations receive little attention from researchers. This article focuses on charitable bingo and contrasts bingo’s often folkloric background with the contemporary realities of charitable gaming. Our exploratory analysis offers reasons that bingo deserves study and calls researchers’ and practitioners’ attention to the scope and some of the implications of bingo operations. We focus on the characteristics of nonprofit organizations reporting bingo revenue in Indiana. Our findings suggest that while some nonprofits may be using bingo to raise much-needed funds or provide a social and recreational outlet for organization or community members, bingo is an uncertain financial pursuit for most organizations. We use a descriptive case study of bingo in Indiana to explore and illustrate the issues and questions raised in the article and to set up an agenda for future research on charitable bingo.

While gambling is typically considered a social vice, bingo often calls forth images of senior citizens socializing at a potluck-style gathering. However, bingo is much more than a benign social pastime for the elderly; it is big business in the United States and globally. The 2002 National Association of Fundraising Ticket Manufacturers (NAFTM) market report indicates that $7.9 billion was spent on charitable gaming of all types in the United States, approximately 45 percent of that coming from bingo. In fiscal year (FY) 2001–2002 in Alberta, Canada, charitable gaming grossed approximately $1.2 billion, and charity bingo grossed over $224 million (dollar amounts are in U.S. dollars; Alberta Gaming and Liquor Commission, 2002). In FY 2003, Great Britain reported approximately $2.3 billion in total licensed bingo stakes (PriceWaterhouseCoopers, 2004).

Note: Reverse alphabetical listing of authors signifies equal contribution.
Despite the popularity of charitable gaming and its benign connotations, of all the forms of legalized gaming, charitable gaming is among the least monitored (Buchthal, 2004) and understood. Very little academic research has been conducted on charitable gaming or its effects on the organizations offering it. By drawing attention to the complex relationships between the financial characteristics of the nonprofit organizations operating charitable bingo and their organizational and contextual characteristics, this article expands our general understanding of charitable bingo and shows that it is a new area of practice and scholarship that deserves further exploration.

Our analysis offers some insight into the financial implications of bingo and limited evidence of a dichotomous bingo market. Our initial research raises important management questions for nonprofit organizations offering bingo, as well as public policy questions. As states are also turning to gaming as a source of public revenue (either directly through state-sponsored lotteries or indirectly by taxing the proceeds of legalized casino gambling) to make up for budget shortfalls, our research also suggests a need to understand the relationships between charitable gaming and commercial casinos better. We conclude by presenting an agenda for future research on charitable bingo.

**A Review of the Literature**

Much of what we know about charitable gaming surfaces from anecdotal historical accounts and the sporadic efforts of disparate researchers. Roger Snowden's *Gambling Times Guide to Bingo* (1986) appears (whether directly cited) to be the sole, albeit pop-historical, reference in almost every account of bingo's history that we could find. Snowden claims that bingo's rise to popularity can be attributed to its early days of saving parishes from financial ruin. Research on commercial gaming that sometimes tangentially addresses bingo in charitable settings usually focuses on individual-level questions of addiction and pathological gaming (Bloch, 1951; Legarda, Babio, and Abreu, 1992; Liljequist, 2000) or the social aspects of gaming, particularly for the elderly (Cousins, Witcher, and Moodie, 2002; Chapple and Nofziger, 2000).

Our understanding of charitable gaming from the organizational level is much more limited. News clippings often anecdotally describe the underbelly of charitable gaming by recounting stories of charitable gaming fraud (see Ryckaert, 2002, and Smith, 2002, for a description of several charitable bingo scandals in the Indianapolis area). For the purpose of trying to understand more about charitable bingo as an activity of nonprofit organizations, we classify this assortment of literature into two broad areas: (1) descriptive history and (2) attempts to understand why nonprofits offer bingo. After reviewing the literature, we offer an analysis augmenting the latter.
Folklore of Bingo

Since ancient times, the possibility of good fortune, the excitement of risk, and the pleasure of social interaction and conversation (Basu, 1991) have attracted people to games of chance. In medieval Europe, games of chance also became associated with social gatherings and bazaars held to benefit the less fortunate or organizations such as hospitals and churches (Bennett, 1992; Prochaska, 1977). Charitable bingo is a derivation of the early sixteenth-century Lo Giuoco del Lotto D’Italia, the national lottery in Italy. Lotto games quickly spread through Europe and eventually evolved into bingo, “a game of chance in which participants use cards or paper sheets divided into horizontal and vertical spaces, each of which is designated by a letter or number, and prizes are awarded on the basis of the letters and numbers on the card conforming to a predetermined and preannounced configuration of letters and numbers selected at random” (Mathis, 2001, p. 84).

Bingo’s more recent history is characterized by heroic tales of financial rescues of struggling congregations and charitable organizations. Snowden (1986) crowns Edwin Lowe as the inventor of bingo in the United States in 1929. Lowe’s game of bingo was a modification of beano (a variation on Italian lotto), a game that he had observed at a Kentucky carnival. A Catholic priest from Pennsylvania approached Lowe with a request to use the game to help his financially troubled parish. Lowe complied, and the parish quickly returned to financial stability. Soon after, a Knights of Columbus Hall was reportedly also saved from financial ruin by running bingo games. By 1934, the E. S. Lowe Company employed thousands to keep up with the weekly demand for an estimated ten thousand bingo games (Snowden, 1986). In 1973, Lowe sold the E. S. Lowe Co. to Milton Bradley for $26 million (Folkart, 1986).

In the decades following Lowe’s rescue of the troubled parish, charitable gaming—including bingo, pull tabs, casino nights, and even door prizes and raffles—has become a fixture in the United States. Forty-six states and the District of Columbia permit and regulate legalized gaming for charitable purposes; only Hawaii, Utah, Arkansas, and Wyoming do not permit charitable gaming (Payton, 1999). Thus, it is certainly the case that charitable bingo has become widely practiced and socially acceptable (Chapple and Nofziger, 2000). Interested readers can refer to market and industry reports such as NAFTM’s 2002 report for state-specific information such as total revenues and numbers of gaming licenses by category.

Contemporary Charitable Bingo

Contemporary charitable bingo can bring in financial revenues to the games’ organizers and can serve a social function for both players and their communities (Bloch, 1951).
Bingo nights are social events, often including socializing around food and various party or holiday themes (Chapple and Nofziger, 2000; Basu, 1991). Bingo can be an especially valuable social opportunity for socially isolated individuals such as the elderly (Michelon, 1954; Slone, 1998). Hing and Breen (2001) draw on research that suggests that women often gamble as an escape from personal pressures, boredom, and depression, providing a time-out or a reward for their parenting, occupational, and home responsibilities.

In addition to the social benefits, building on the historical tradition of using games of chance to raise money for charitable causes, bingo may represent a lucrative opportunity for nonprofit organizations (NAFTM, 2002), particularly those that operate in communities with little or increasingly competitive access to traditional philanthropic resources (Hersrud, 1996). Despite the promise or hope of bingo as a fundraiser, however, evidence suggests that bingo is costly to operate and provides little financial return for many organizations. On average, the NAFTM (2002) reports that payouts to players account for approximately 50 to 75 percent of the take-in revenues (NAFTM, 2001). Nonprofits frequently incur the costs of renting a building and buying the bingo supplies. Supplying these products has also become big business. For example, although bingo can be operated only by charities in many states, many for-profit organizations, such as American Bingo, rent their buildings at fixed lease rates to charities that use bingo games for fundraising. These third-party organizations also provide bingo supplies and concessions. In 1997, American Bingo reported $4.2 million in profits (Weil, 1997) through the sale of concessions and sales of bingo paper and other supplies. Throughout the 1990s, American Bingo has been buying up smaller bingo centers (Weil, 1997).

Despite the competing potentials of large benefits and high costs in charitable gaming, there is scant research on the financial outcomes of charitable gaming at the organizational level. To encourage more methodical work in this area, we suggest that the following variables potentially affect how an organization approaches its bingo events and the returns they can expect from those events: type of organization (membership versus nonmembership), level of commercialization of bingo operations, and the competitive gaming marketplace.

Type of Organization. The folklore of charitable gaming suggests that charitable gaming has a long tradition in membership organizations such as churches and fraternal societies. In many of these organizations, bingo may serve an important social function, providing opportunities for members to get together, as well as providing an opportunity for the organization to raise funds. Membership organizations might have an advantage over other types of organizations as bingo providers. They may have a larger potential pool of volunteers for running bingo and a built-in pool of potential bingo players, and they often have meeting space and
recreation halls to use for their bingo events. We therefore expect that membership organizations will have higher receipts from bingo than nonmembership organizations.

Level of Commercialization of Bingo Games. Anecdotal evidence suggests that nonprofit organizations are experiencing great pressure to commercialize their bingo operations further because bingo players seem to have increased expectations for what a night of bingo entails (Petersen, 1996; Kershaw, 2003). Charitable bingo operators may be responding by offering higher payouts and more luxurious settings. In keeping with the trends of “professionalization,” some nonprofits often hire professional managers to run bingo events, often at a high cost to the organization (Gattuso, 1993). In the words of one observer, bingo is becoming “supercharged” (Pollack, 1997). As such, we expect that greater commercialization is associated with higher receipts from bingo.

Competitive Marketplace. Charitable bingo operators may be in increasing competition for players and their bingo dollars with both other nonprofit organizations that host bingo events and commercial casinos. Nonprofits have long competed with other nonprofits for players in limited bingo markets; however, we know little about the extent to which competition exists among nonprofits for bingo dollars. Charitable bingo may be a member activity, and organizations may draw players primarily from their own membership base or loyal organization supports for players. Alternatively, these organizations may try to compete for players from the wider community. The impact of other charitable bingo events in the community on a particular organization's revenues is unknown.

In addition, little is known about the extent to which charitable bingo players also patronize commercial casinos. The rise of gambling in riverboat casinos, Native American casinos, and state lotteries may put nonprofit organizations in increasing competition for gamers (Hersrud, 1996; “Gambling: Fair Play for Bingo,” 1995). This competition can decrease bingo revenues for any particular organization further. Between 1990 and 1995, revenues from church-sponsored bingo declined as much as 50 percent, possibly due to the increase in commercial gambling opportunities (Daoust, 1995). In addition, increased competition from commercial gaming may pressure nonprofit organizations to update and upgrade both their facilities and the payouts in their games (Kershaw, 2003; Pollack, 1997; Gattuso, 1993).

Data

In order to better understand the potential costs and benefits that nonprofits assume when operating charitable bingo events, we explore potential relationships between organizational and contextual market characteristics and organizations' revenues and “profits” from charitable bingo.
We use publicly available data from the state of Indiana to explore the relationships between organizational and contextual characteristics and bingo revenues. Indiana requires organizations with charitable gaming licenses to report their gaming finances annually to the Indiana Charitable Gaming Commission. Our data are from the commission’s 2001 annual report (Indiana Department of Revenue, 2001). Because this data set is compiled from self-reported data, it is limited to organizations that have complied with state law by acquiring a bingo license and reported the finances from their gaming activities; we recognize that there may be inherent limitations, particularly missing organizations and inaccurate filings.

**Dependent Variables: Organizational Financial Outcomes**

Financial benefits of bingo at the organizational level can be measured in three ways: gross receipts, net proceeds, and percentage profit. Gross receipts, as defined by the Indiana Department of Revenue’s Charitable Gaming Division, comprise the total revenue generated per charitable gaming bingo license granted by the State of Indiana. Net proceeds equal the gross receipts minus the total costs. By definition, percent profit, a term that may be incorrect when applied to the nonprofit sector, is the term used by the State of Indiana, and adopted here to be consistent with that terminology. It comprises net proceeds divided by gross receipts (Indiana Department of Revenue, 2001). Percent profit represents the net financial benefit to the organization. For the purposes of this analysis, we focus on gross revenues and percent profit.

**Independent Variables: Organizational Characteristics**

The first set of variables deals with organizational characteristics. These characteristics can be broadly categorized as organizational type, level of commercialization of an organization’s bingo games, and the scope of an organization’s bingo operations.

**Organizational Type.** Bingo folklore suggests that bingo has long been the bastion of Catholic churches, schools, and other types of membership organizations, such as the Knights of Columbus and veterans’ associations, serving both social and financial purposes. However, other types of organizations also operate charitable bingo games. Based on each organization’s name, we coded the organizations in our data set into one of several categories: fraternal organizations (for example, Eagles, Elks, Moose), veterans’ organizations (for example, American Legion, Veterans of Foreign Wars), religious organizations (churches and schools), and other types of organizations (for example, Little Leagues, unions, recreation organizations, human and social service organizations). We chose these categories because they are the largest categories of bingo operators and because this categorization allowed us to compare these types of membership organizations to nonmembership organizations.

**Commercialization.** As nonprofit organizations increasingly professionalize their operation of bingo (see, for example, Pollack, 1997),
promoting and advertising events take on greater importance. While Indiana nonprofits report three forms of expenses, our data provide only an aggregate of organizational expenses. However, in lieu of more accurate measures of commercialization, we rely on an indicator of commercial advertisement: advertisement in the Bingo Bugle. The Bingo Bugle is a private publication that provides advertising and other services for organizations running bingo, and it comes in both print and electronic formats. Using this publication, we created an advertising variable by coding the organizations on whether they advertise in the Bingo Bugle (www.bingobugle.com/indiana.html). As a commercial industry publication, we assume that the organizations that advertise in the Bingo Bugle approach the operation of their bingo games differently from those that advertise only in local print or other media, using signage (such as billboards), or not at all. For practical purposes, the construction of this variable does not take into account all types of advertising.

Scope of Bingo Operations. Finally, to account for the influence that organization size might have on percent profit, we controlled for the size of an organization’s bingo operations. We segmented the sample of organizations into fifths based on gross revenue and created three categories: small, medium, and large. Small represents organizations in the bottom fifth of gross revenue, and large represents those organizations in the top fifth. The organizations with the smallest revenues had total gross revenues that ranged from $50 to $108,000, while the revenue for the organizations in the top-fifth of total gross revenue ranged from $1.5 million to $5.6 million.

Independent Variables: Contextual Characteristics
The second set of independent variables centers on competition in the bingo marketplace, both with other bingo operators and with casino gambling.

Competitive Marketplace. We expect that nonprofit organizations’ ability to attract players and revenues will be associated with the level of competition within the local market. We measure the competition for the bingo market using three variables: (1) density of charitable gaming organizations in the county as measured by the number of reporting organizations per ten thousand county residents (according to 2000 census data); (2) a dummy variable to indicate whether the nonprofit is located in a county that has legalized commercial gaming; and (3) a dummy variable to indicate if the nonprofit is located in a county that is contiguous to a county that has legalized commercial gaming. In Indiana commercial gaming is legally restricted to riverboat casinos.

Descriptive Analysis
Table 1 describes organizational, market, and financial gaming characteristics of the 613 nonprofit organizations that were licensed to run bingo in 2001 by the state of Indiana and reported revenue to the state.
Table 1. Descriptive Statistics of Indiana Nonprofit Organizations Reporting Charitable Bingo Revenue, 2001

<table>
<thead>
<tr>
<th>INDEPENDENT VARIABLES</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational characteristics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial advertisement (1 = advertises in Bingo Bugle)</td>
<td></td>
<td></td>
<td>11.09%</td>
<td></td>
</tr>
<tr>
<td>Fraternal organization (1 = yes)</td>
<td></td>
<td></td>
<td>25.29%</td>
<td></td>
</tr>
<tr>
<td>Veterans’ organization (1 = yes)</td>
<td></td>
<td></td>
<td>36.05%</td>
<td></td>
</tr>
<tr>
<td>Religious organization (1 = yes)</td>
<td></td>
<td></td>
<td>16.31%</td>
<td></td>
</tr>
<tr>
<td>Control for organizational size</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smallest total revenue</td>
<td></td>
<td></td>
<td>16.67%</td>
<td></td>
</tr>
<tr>
<td>Largest total revenue</td>
<td></td>
<td></td>
<td>16.83%</td>
<td></td>
</tr>
<tr>
<td>Contextual characteristics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Located in county with legalized casino gaming</td>
<td></td>
<td></td>
<td>15.50%</td>
<td></td>
</tr>
<tr>
<td>Located in gaming contiguous to county with legalized casino gaming</td>
<td></td>
<td></td>
<td>14.20%</td>
<td></td>
</tr>
<tr>
<td>Density (number of charitable bingo games per 10,000 county population)</td>
<td>0.3</td>
<td>4.8</td>
<td>1.4</td>
<td>0.09</td>
</tr>
<tr>
<td>DEPENDENT VARIABLES: FINANCIAL OUTCOMES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross revenue</td>
<td>50.00</td>
<td>5,591,154.20</td>
<td>806,758.00</td>
<td>1,025,063</td>
</tr>
<tr>
<td>Percent profit</td>
<td>−39</td>
<td>100</td>
<td>11.98%</td>
<td>9.664136</td>
</tr>
<tr>
<td>n = 613</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Organizational and Market Characteristics. As can be seen in Table 1, veterans’ and fraternal organizations composed slightly more than half of all the gaming organizations in Indiana. Despite the stereotype of bingo as a church hall event, only 16 percent of the organizations could be classified on the basis of their name as a church or religiously oriented school. Fifteen percent of all organizations were located in counties that had legalized casino gambling, and another 14 percent were located in counties contiguous to legalized casinos. There were approximately 1.4 nonprofit organizations per ten thousand residents in each county hosting charitable bingo.

Financial Outcomes: Gross Receipts. The average organization offering bingo brought in over $800,000 in gross receipts, with an average of 12 percent profit. The most money that an organization grossed was over $5 million. Although some organizations bring in hundreds of thousands of dollars in gross receipts, others bring in small amounts of money, as seen by the minimum gross receipts of $50 (see Table 1), suggesting that for some organizations, bingo is not an ongoing activity.

Financial Outcomes: Profits. In 2001, an average of nearly 88 percent of total receipts were eaten up by the costs of operation,
suggesting that charitable gaming in Indiana may not be the financial boon for nonprofit organizations it is made out to be. Although one Indiana organization reported having 100 percent profit on bingo receipts of about $2,000, nine organizations reported no profit at all and seventeen organizations reported net losses. In comparison to the national context, the NAFTM (2002) reports that in 2002, an average nonprofit organization engaged in charitable gaming retained approximately 10 percent of its gross receipts.

**Methodology and Analyses**

Relying on descriptive analyses and ordinary least squares (OLS) regression analyses, we explore the magnitude of charitable gaming in Indiana and the relationships between organizational characteristics and financial outcomes. We begin by presenting a descriptive analysis of the aggregate financial impact of charitable gaming in Indiana. We then explore our regression results and discuss our findings.

To understand the magnitude of gaming in Indiana, we begin by exploring aggregate financial data (see Table 2). In 2001, nonprofit organizations reported almost half a billion dollars in gross revenue through charitable gaming activities, with a total net revenue of $46 million. Bingo operators in Indiana retained $34 million for their own organizations and donated $7.6 million to other charitable organizations. These numbers confirm that charitable gaming potentially represents a very large source of revenue for the nonprofit sector in Indiana.

Market research conducted by NAFTM indicates that Indiana's charitable bingo industry is the largest in the nation (NAFTM, 2002). However, Indiana is not unique. At least ten other states approximated or exceeded $100 million in bingo gross receipts (NAFTM, 2002). Indiana also appears to be about average in the rate of return that organizations receive from bingo operations.

Table 3 provides a summary of the regression analysis. An analysis of the bivariate correlations of all the variables revealed only small correlations, indicating that multicollinearity is not a major concern in our regression.

**Gross Receipts: Organizational Characteristics**

The organizational characteristics modeled were all positively associated with gross receipts. Being a fraternal, veterans', or religious

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**Table 2. Statewide Aggregate Totals for All Organizations Reporting Charitable Gaming Revenue in Indiana, 2001**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross bingo revenue</td>
<td>$495,000,000</td>
</tr>
<tr>
<td>Net bingo revenue</td>
<td>46,207,879</td>
</tr>
<tr>
<td>Amount given to other organizations</td>
<td>7,642,354</td>
</tr>
</tbody>
</table>
organization, compared to all other types of organizations, was positively associated with gross receipts. Similarly, commercial advertising in the Bingo Bugle was positively associated with gross receipts. We suppose no causality in this relationship, as we would expect the largest organizations and those organizations that hold regular bingo events to also be the organizations most likely to expend dollars on commercial advertisement.

Gross Receipts: Market Characteristics

While proximity to legalized gambling had no statistically significant impact on charitable gaming revenue, other modeled characteristics of the bingo market did. The density of gaming organizations per ten thousand population was negatively related to gross receipts, consistent with the expectation that increased competition would be associated with decreased individual revenue.

Percent Profit: Organizational Characteristics

Being a veterans’ organization, a fraternal organization, or a religious organization was positively associated with percent profit. Similarly, all of these member-based organizations are negatively correlated with commercial advertisement, perhaps suggesting that their membership base provides a built-in pool of bingo players, players who

<table>
<thead>
<tr>
<th>Gross Revenues</th>
<th>Percent Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Standardized Beta)</td>
</tr>
<tr>
<td>Commercial advertisement</td>
<td>0.310***</td>
</tr>
<tr>
<td>Fraternal organization</td>
<td>0.118**</td>
</tr>
<tr>
<td>Veterans’ organization</td>
<td>0.129***</td>
</tr>
<tr>
<td>Religious organization</td>
<td>0.157***</td>
</tr>
<tr>
<td>Smallest gross revenue</td>
<td>0.168***</td>
</tr>
<tr>
<td>Largest gross revenue</td>
<td>1.520</td>
</tr>
<tr>
<td>Density of charitable organizations per 10,000 county population</td>
<td>−0.0704***</td>
</tr>
<tr>
<td>Casino gambling legalized in county</td>
<td>−0.043</td>
</tr>
<tr>
<td>Casino gambling legalized in contiguous county</td>
<td>−0.043</td>
</tr>
<tr>
<td>Adjusted r²</td>
<td>.113</td>
</tr>
</tbody>
</table>
may not demand many of the high-end amenities that appear to be gradually more associated with bingo games. In addition, being a small, as opposed to a medium-sized, operator is also positively associated with percent profits. Organizations that run smaller and less institutionalized games are more efficient operators than middle-sized and larger organizations. Perhaps smaller organizations have lower payouts because players are more socially than financially motivated to attend these games.

Percent Profit: Market Characteristics

Competition from other charitable gaming organizations was negatively associated with percent profit. While normally we might assume that increased competition would lead to increased efficiency, in this case we might expect that organizations that face increased competition from other gaming operators also face increased costs to stay in the market. As noted earlier, these costs might include increased payouts, upgrading facilities, and more professional management. Although there was no statistically significant relationship between being located in a county with casino gaming, being a nonprofit in a county that is contiguous to legalized gaming has a positive relationship to percent profit.

Discussion

Two interesting findings emerge from our analysis: bingo appears to be a multitiered activity in that it hinges on two main organizational characteristics, and competition from commercialized gaming seems to have changed the bingo market.

Multitiered Market

The economic outcomes of bingo operators seem to be dependent on two organizational characteristics: type of organization and organizational size. First, whether an organization is a member-based organization—such as a religious, fraternal, or veterans’ organization—has a positive impact on both gross receipts and percent profit. Second, being a small operator is also related to percent profits. The findings suggest that there is a multitiered market in charitable bingo: the less commercialized operators, which might include the smaller operators; member-based organizations; and all other organizations.

The organizations with small bingo operations might be more efficient operators because they may be better able to operate bingo events without incurring the high costs of hall rental or perhaps the need to hire a bingo manager. Small operators may also be less prone to rising competition because they can more easily find a niche in the bingo market. Similar to membership-based organizations, their gaming customers may be community members who are loyal to the cause of the organization or take part in bingo nights as a social opportunity as opposed to a gambling opportunity.
Our findings also suggest that member organizations may be able to operate more efficiently as well, perhaps because they rely more heavily on their own members to be players and can thus offer smaller payouts for winners or have lower operating costs. Such players may also be more interested in the cause of the organization or attracted by the opportunity for socialization among friends than large payouts or the costly amenities of commercial facilities. Membership organizations might also own their own hall for offering bingo and can use members as volunteers to run bingo operations rather than contracting them out. Thus, membership organizations might be buffered from some of the competitive pressures in the bingo context.

Changing Markets as a Result of Legalized Gambling

The significant relationship between being a nonprofit in a county contiguous to legalized gaming and percent profit raises a question about the relationship between commercial casinos and charitable bingo. We were somewhat surprised that there was no statistically significant relationship between location in a county with legalized gaming and financial outcomes. The connection may be more complex than it first appeared; rather than suggesting no relationship, it is possible that these data reflect changes in the market as a result of commercial casinos.

We also note the negative correlation between commercial gaming in the county or in a neighboring county and being a large operator, perhaps indicating that in these counties, the commercial casinos have driven the largest operators, those most likely to be in competition with commercial casinos, out of the market. If this is the case, organizations offering bingo in counties that have a casino are the ones that have sufficiently differentiated their games from higher-stakes gambling and attract a different set of players.

Implications for Future Research

Our preliminary analysis raises additional questions that have both management and public policy implications. Charitable gaming is big business in Indiana, generating nearly half a billion dollars in revenue for Indiana nonprofits. From both management and policy perspectives, however, the costs of operating bingo are high. Bingo is a very expensive “special event” to operate and is subject to very small profit margins and prone to abuse and fraud. Nonprofit managers must be cautious about making the decision to offer bingo. While half a billion dollars is spent on bingo in Indiana each year, very little of that revenue is actually retained for charitable purposes. Possibly because of this, organizations such as the Catholic Church are increasingly moving away from promoting bingo as a revenue-generating strategy.

Our data do not allow us to fully understand the implications of competition from other charitable gaming organizations and
commercial casinos on charitable bingo. Organizations located in counties with casinos may have already responded to the competition from casinos in neighboring counties by becoming more efficient operators and segmenting the market. It is also possible that the reason there is no statistically significant impact here is that the casinos may already have driven many of the bingo operators out of business. Or perhaps charitable bingo fulfills a different market niche from higher-stakes gambling.

Future research can also better establish the nature of the relationship between the variables discussed in this article by focusing on the players themselves. Researchers might delve into the demographic characteristics of bingo players in order to determine who plays and why they play. In understanding who plays bingo, why they play, and how they choose which games to attend, we can gain a fuller understanding of the relationships between type of organization and the financial outcomes of bingo for the organization.

Limitations

Our research has several limitations. First, Indiana may not be representative of charitable gaming. As noted earlier, with larger gross receipts than other states, it is an outlier. Second, there are no established baselines, and it is difficult to determine what impact casino gaming has already had on the charitable gaming market. Third, the data are self-reported and have all of the limitations of self-reported data, including the chance that many organizations that are operating charitable bingo events are missing from our analysis because they have not registered and reported their financial activity. Finally, the available data provide information only about bingo activities and no opportunity to relate charitable gaming activity to total organization finances. We initially tried to match the records of gaming activity to Internal Revenue Service (IRS) data from the NCCS, but we found only a limited number of organizations reporting gaming revenue in the IRS files. Despite the limitations of our exploratory research, we think that our preliminary analysis raises many questions for future research.

Conclusion

The purpose of this article has been to show that charitable bingo is a potentially important and fruitful area for academic research. Although our data do not allow us to fully explore all of the relevant questions concerning charity bingo and its policy implications, this analysis does illustrate the importance of organizational and contextual characteristics on the financial outcomes of bingo operations. Specifically, the size of an organization’s bingo operations, being a member-based organization, and competition from other nonprofits and casinos all have an impact on the revenues and profits generated by bingo at the organizational level. Our analysis raises important
questions about the potential differences in strategies that are developed across organization types: small and large organizations and member based versus nonmember based. We also raise questions about the nature of competition for charitable bingo and its relationship with commercial gaming.

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References


