

Colorado Secretary of State Scott Gessler

Business and Licensing Division



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Bingo/Raffle Success Story: Colorado Amateur Hockey Association and Kroenke Sports Charities
raise over \$45,000 for charity through 50/50 raffles

Summary

The Colorado Amateur Hockey Association (CAHA) and Kroenke Sports Charities (KSC) formed a partnership to raise funds to support youth sports programs throughout Colorado. In consultation with the Colorado Secretary of State's office, the two nonprofits reached an agreement to license and run raffle games at major sporting events using innovative electronic raffle technology. To date, CAHA volunteers have sold almost \$113,000 in raffle tickets at nine sporting events. After the winners received their compensation, over \$45,000 still went directly to support youth sports in Colorado.

Background

For two years before launching their raffle campaign, CAHA and KSC discussed how to leverage their respective strengths to boost fundraising efforts. From the beginning, the partnership was a logical match, since both groups support their communities through education and sports programming aimed at youth and their families. CAHA supports amateur youth and adult hockey programs around the state through donations of equipment, scholarships, and grants. KSC is the charitable arm of Kroenke Sports Enterprises, which owns the Denver Nuggets, the Colorado Avalanche, the Colorado Mammoth, and the Colorado Rapids. The charity takes a broad-based approach to supporting Colorado communities through education and recreation initiatives for under-served children and families.

Through their initial discussions, the two organizations identified a fundraising method that had already seen success in other parts of the country, but that was still in its infancy in Colorado: the 50/50 raffle. In 2012, Colorado nonprofits raised \$13.8 million through raffle ticket sales, \$8.5 million of which went directly to support their communities. Many organizations in the state also run 50/50 raffles, in which the winner gets half the pot and the charity gets the other half. Often, nonprofits run these raffles at amateur or university sporting events or as an "add-on" at large fundraising functions. In other parts of the country, though, nonprofits associated with professional sports teams raise substantial funds by running 50/50 raffles at their teams' events. At pro games, sports-focused charities can directly access thousands of sports fans already committed to spending cash at the game. Other states see jackpots from single-game raffles reaching up to \$30,000.

After some initial research into 50/50 raffles, the leadership at CAHA and KSC believed they had identified a promising market for new fundraising. However, the two nonprofits still faced a few hurdles in order to bring their idea to life, and they sought out a third partner to guide them.

Making it Work with the Secretary of State

The Colorado Secretary of State's office regulates charitable gaming in Colorado, including raffles, bingo, and pull-tabs. Regulations governing these types of games promote transparency and fairness for players, while ensuring that charitable organizations use funds to provide benefits to their stakeholders and the community at large. As such, regulations restrict the types of organizations that can be licensed for charitable gaming. In short, only nonprofit membership organizations older than five years can obtain a license.

Charitable fundraising has largely moved online or to mobile technology, forcing bingo and raffle fundraisers to be creative to attract new players, while also meeting the letter and spirit of our constitutional law. To help charities and games managers modernize their games, Colorado Secretary of State Scott Gessler aggressively reached out and supported this community. His office invites applicants to discuss their goals and objectives prior to filing a license application. This helps streamline the process and address issues before they become problems. Potential licensees can sign up online for a one-on-one session designed to work through the licensing process and gather tips on running successful games using new gaming equipment and technologies.

Charitable gaming statutes contain strict rules on the use of gaming equipment, including electronic devices. Early in their partnership, KSC and CAHA realized they would need help, so they reached out to the Secretary of State's office for assistance. KSC and CAHA approached Bingo-Raffle Program Manager Shannon Bee to begin consultations to set the nonprofits up for success in their new venture.

KSC and CAHA worked with Bee to overcome the first hitch. Because KSC is set up as a non-membership organization, it didn't meet the requirement that a nonprofit have members to hold a charitable gaming license. On the other hand, CAHA's membership was restricted to its dues-paying hockey teams, rather than the individuals on those teams. This was a relatively quick fix, as the Secretary of State worked with CAHA to amend its bylaws, allowing membership to all individuals in Colorado with an interest in amateur hockey. The seemingly small tweak opened up CAHA's volunteer pool to literally thousands of hockey-playing youth and their families, and locked in a key component critical for any successful charitable gaming activity.

In their first formal meeting, the three organizations uncovered yet another barrier, this time related to the raffle technology. As many nonprofits around the country have done, CAHA and Kroenke chose to utilize an innovative electronic raffle technology to manage the entire raffle process from ticket sales to the actual drawing. The system uses handheld devices and point-of-sale kiosks to reach customers. Raffle-specific software tracks and maintains sales figures for accounting and record-keeping purposes. The Secretary of State's office had already worked with the technology manufacturer to license both the hardware and software, neither of which had been used in the state before. However, Colorado charitable gaming statutes require that equipment used to select raffle winners be either owned by the bingo-raffle licensee or rented from a licensed landlord, who typically owns and operates a bingo hall. In this case, Kroenke Sports Enterprises planned to act as a licensed supplier by purchasing the electronic raffle hardware and leasing it to CAHA, the bingo-raffle licensee. In addition, there was no obvious way to incorporate a landlord into the deal. This was the biggest challenge yet to the budding partnership, but CAHA, KSC, and the Secretary of State remained dedicated to working closely on the issue.

In the end, both sides identified a fairly simple solution. In states that allow electronic raffles, licensees use electronic raffle software to randomly select a winning ticket. In other words, the "equipment" is responsible for picking the winner. If CAHA and KSC could find another viable way of selecting a winner, the raffle technology would fall outside of the technical definition of equipment, and CAHA could use the software without owning it. The easy answer: CAHA could select a winner the old-fashioned way, by pulling a physical, printed ticket out of a box. While this method did require some additional work on

CAHA's part, it allowed the organization to comply with Colorado law and still run a successful raffle. Through this collaborative effort with the Secretary of State, CAHA and KSC overcame the most significant barrier to kicking off their 50/50 raffle. In the words of KSC Executive Director Deb Dowling, "The partnership between KSC, CAHA and the Secretary of State is outstanding. The youth sports organizations in Colorado are the true winners."

50/50 Raffle: A Growing Success

Four weeks and dozens of phone calls and meetings after their initial conversations, CAHA, KSC, and the Secretary of State had covered all of the bases. CAHA had its license to operate a legal raffle and both CAHA and KSC understood their regulatory obligations for running a fair and transparent raffle. The Secretary of State's office was well-informed of the partnership and comfortable with the detailed preparations that both organizations had made to remain in compliance with the law. The only question that remained: would all of this work pay off? In other words, would fans of the Avalanche, Nuggets and Mammoth buy raffle tickets? The answer was a resounding "yes."

CAHA and KSC debuted the 50/50 raffle at the Nuggets-Nets game on March 29, 2013. To build early excitement, the organizations "seeded" the first jackpots with \$2,000. By the end of the evening, the pot had grown to nearly \$9,500! The next night, at the Avs-Predators game, the seeded pot hit \$11,450. Then, on April 5, at an Avs-Redwings game, the first unseeded jackpot grew to an impressive \$9,260. Over the next month, the groups ran 19 raffles at Nuggets, Avalanche and Mammoth games, with an average pool of \$5,935. By the end of April, KSC and CAHA had sold almost \$113,000 in raffle tickets. If you play raffles, you've probably already done the math, but that means they gave away \$56,000 in raffle prizes. More importantly, though, the two organizations collectively raised over \$30,000 in new funds, or an average of over \$1,600 per game.

KSC will use these funds to support Signature Community Partner organizations, which provide sports programs for youth of all abilities. These partners include Denver Public Schools Foundation / Denver Prep League, Special Olympics Colorado Project UNIFY, Colorado Adaptive Sports Foundation, Gold Crown Foundation, and YMCA Jr. Nuggets. CAHA will donate funding to amateur hockey associations and independent teams throughout the state of Colorado to promote program growth and player development. CAHA will also use a significant percentage of the funds raised to further develop and enhance the Safe Sport program, specifically targeted at improving safety and preventing abuse of youth athletes.

Pepsi Center sports fans watch on the big screen as the pool grows. What might be less obvious is the hard work and detailed coordination that goes into making the raffles a winning proposition. At each game, CAHA staff manage an average of 18 volunteers working at 15 separate ticket sale locations. Volunteers, which CAHA trains before each game, come from a number of different youth and amateur hockey teams. The electronic raffle software automatically prints each ticket, and CAHA staff has procedures in place to account for all the tickets. Randy Kanai, CAHA's President, directs raffle sales at each of the games from a specially outfitted room in the Pepsi Center. "The tremendous success of this program, still in its infancy, is directly a result of the dedicated volunteers staffing the raffle and the true

working partnership with the State of Colorado, Kroenke Sports Charities and the Colorado Amateur Hockey Association,” Kanai says. “It is a privilege to be blazing the trail in Colorado for this incredible fundraising opportunity.”

What’s in Store Next Season

CAHA and KSC are thrilled with the results of their first foray into 50/50 raffles. Like any good team, though, all three organizations are looking for ways to improve next season. CAHA and KSC look forward to capitalizing on the lessons learned to boost ticket sales. For instance, they found that stationary kiosks were far more successful than mobile handheld devices for reaching customers. They also built a list of common questions and problems from their volunteers, and will use these insights to strengthen their volunteer training. For its part, the Secretary of State’s office will continue working with licensees by providing recommendations and solutions to tough regulatory issues. On a related note, the Secretary of State will embark on a campaign to update the regulatory framework, making it easier for organizations to fundraise through charitable gaming.