



# Financial Statements Regulatory Basis and Independent Auditor's Report

## White Bear Lake Area Hockey Association Lawful Gambling Fund

License Number 03111  
Minnesota Identification Number 6372276  
Federal Identification Number 23-7003827

White Bear Lake, Minnesota

For the years ended April 30, 2023 and 2022



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White Bear Lake Area Hockey Association  
Lawful Gambling Fund  
License Number 03111  
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For the Years Ended  
April 30, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members  
White Bear Lake Area Hockey Association  
Lawful Gambling Fund  
White Bear Lake, Minnesota

### Opinion

We have audited the accompanying financial statements of White Bear Lake Area Hockey Association Lawful Gambling Fund (the Association), which comprise the statements of assets, liabilities, and profit carryover – regulatory basis as of April 30, 2023 and 2022, and the related statements of support, revenue, and changes in profit carryover – regulatory basis for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of relying on the service organization for electronic pull-tabs and electronic bingo, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of April 30, 2023 and 2022, and the results of its operations for the years then ended in accordance with the regulatory basis of accounting as described in Notes 2 and 3.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Association sells electronic pull-tabs and electronic bingo. The distributor of these games electronically calculates the fees, receipts, and prizes paid as a service organization. We were unable to obtain sufficient appropriate audit evidence to ensure the accuracy of the data provided by the service organization.

### Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. As described in Note 2 to the financial statements, the financial statements are prepared by the Association in accordance with the financial reporting practices prescribed or permitted by the Minnesota Gambling Control Board, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Minnesota Gambling Control Board. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting practices prescribed or permitted by the Minnesota Gambling Control Board. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Restriction on Use**

Our report is intended solely for the information and use of the board of trustees and management of the Association and Minnesota Gambling Control Board and is not intended to be and should not be used by anyone other than these specified parties.



**Abdo**  
Minneapolis, Minnesota  
October 25, 2023

## FINANCIAL STATEMENTS

White Bear Lake Area Hockey Association  
 Lawful Gambling Fund  
 License Number 03111  
 Statements of Assets, Liabilities and Profit Carryover - Regulatory Basis  
 April 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash		
Gambling bank accounts	\$ 1,305,281	\$ 482,088
Starting game banks	82,150	85,641
Cash received but not deposited from sale of games	78,867	85,477
Total Cash	1,466,298	653,206
Prepaid prizes	8,700	8,440
Deferred fund loss	20,375	18,741
Total Assets	\$ 1,495,373	\$ 680,387
Liabilities and Profit Carryover		
Current Liabilities		
Cost of prizes payable	\$ 3,700	\$ 5,260
Payable to e-gaming provider	6,029	2,678
Total Liabilities	9,729	7,938
Profit Carryover	1,485,644	672,449
Total Liabilities and Profit Carryover	\$ 1,495,373	\$ 680,387

See Independent Auditor's Report and Notes to the Financial Statements.

White Bear Lake Area Hockey Association

Lawful Gambling Fund

License Number 03111

Statements of Revenue, Expenses and Changes in Profit Carryover - Regulatory Basis

For the Years Ended April 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Pull-tab receipts	\$ 23,858,573	\$ 26,176,971
e-Pull-tab receipts	21,105,483	17,676,575
Paddle ticket receipts	539,595	632,845
Raffle receipts	103,295	120,616
Tip board receipts	22,950	44,850
Sports-themed tip board receipts	62,195	54,970
Bingo receipts	1,762,805	1,796,771
e-Bingo receipts	342,716	333,980
Interest income	-	116
Total Revenue	<u>47,797,612</u>	<u>46,837,694</u>
Cost of Revenue		
Pull-tab prizes	20,360,952	22,467,303
e-Pull-tab prizes	18,311,048	15,294,130
Paddle ticket prizes	457,781	525,288
Raffle prizes	51,682	57,573
Tip board prizes	15,300	29,800
Sports-themed tip board prizes	47,650	43,350
Bingo prizes	1,402,031	1,399,042
e-Bingo prizes	291,308	283,883
Total Cost of Revenue	<u>40,937,752</u>	<u>40,100,369</u>
Net Revenue Collected	6,859,860	6,737,325
Allowable Expenses	<u>3,548,066</u>	<u>2,835,843</u>
Revenue in Excess of Allowable Expenses	<u>3,311,794</u>	<u>3,901,482</u>
Lawful Purpose Expenditures		
Gambling taxes		
State combined receipts tax	2,053,850	2,405,214
State ideal gambling tax	60,346	58,103
Regulatory fee	43,536	46,946
Other state taxes and fees	-	144,130
Total Gambling Taxes	<u>2,157,732</u>	<u>2,654,393</u>
Program expenditures	<u>357,226</u>	<u>1,446,002</u>
Total Lawful Purpose Expenditures	<u>2,514,958</u>	<u>4,100,395</u>
Board Approved Adjustments	<u>(16,359)</u>	<u>-</u>
Excess Revenue (Expense)	813,195	(198,913)
Beginning Profit Carryover	<u>672,449</u>	<u>871,362</u>
Ending Profit Carryover	<u>\$ 1,485,644</u>	<u>\$ 672,449</u>

See Independent Auditor's Report and Notes to the Financial Statements.

White Bear Lake Area Hockey Association  
Lawful Gambling Fund  
License Number 03111  
Notes to the Financial Statements  
April 30, 2023 and 2022

**Note 1: Nature of Association**

The White Bear Lake Area Hockey Association Lawful Gambling Fund (the Association) was established to account for all lawful gambling activities of the Association. The proceeds from these activities are subject to restrictions imposed by Minnesota Statutes and gambling regulations. The Association operated gambling activities consisting of pull-tabs, electronic pull-tabs, paddle tickets, raffles, tipboards, sports-themed tipboards, bingo, and electronic bingo.

**Note 2: Basis of Presentation**

The regulatory basis of accounting is the basis of accounting prescribed by the State of Minnesota (the State), which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The regulatory basis of accounting differs from the accrual method of accounting in that under the regulatory method, substantially all costs are expensed when paid. Also, under the regulatory method, the cost of equipment is expensed, whereas under U.S. generally accepted accounting principles, such expenditures are capitalized and depreciated over the asset's estimated useful life.

**Note 3: Summary of Significant Accounting Policies**

**A. Use of Estimates**

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. Cash and Cash Equivalents**

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents."

**C. Starting Game Banks**

Starting game banks consist of imprest amounts, which are used to open play of a game.

**D. Inventories**

The Association accounts for inventory using the cash basis and purchases are expensed when paid. The state of Minnesota revised rule 7861 to require inventory to be recorded using the cash basis.

**E. Gambling Revenue Recognition**

Revenues from pull-tabs are recognized once the game is completed and reported to state authorities on the monthly lawful gambling tax returns. Deposits made on uncompleted games are reported as deferred revenue. Prizes paid out are expensed when gross revenue is recognized for each game. The cost of a game is expensed when the revenue from the game is recognized.

White Bear Lake Area Hockey Association  
 Lawful Gambling Fund  
 License Number 03111  
 Notes to the Financial Statements  
 April 30, 2023 and 2022

**Note 3: Summary of Significant Accounting Policies (Continued)**

**F. Electronic Pull-Tabs**

The Association maintains a single starting cash bank for the electronic pull-tabs. At the end of each session, the net receipts in excess of the starting bank are deposited. Net disbursements are carried over and occasionally reimbursed. A report is provided by the distributor of the electronic pull-tabs which includes the expected net receipts or disbursements for the games played. Cash long and short is allocated to games played during the session.

At the end of each month a report is provided by the distributor which calculates the rental and games fees.

**G. Bingo and Raffle Receipts**

Gross bingo receipts represent amounts collected from customers net of bingo coupons and discounts. Raffle receipts and the related prizes are reported in the period the raffle is conducted.

**H. Subsequent Events**

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 25, 2023, the date the financial statements were available to be issued.

**Note 4: Cash in Excess of FDIC Insured Limits**

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At April 30, 2023 and 2022, the Association had \$1,125,460 and \$505,497, respectively, in excess of FDIC insured limits. The Association has not experienced any losses in such accounts.

**Note 5: Inventories**

The Association expenses the cost of game purchases, including sales tax, on the cash basis. In addition, the Association maintains a perpetual inventory of games on hand. These games are extended at cost excluding sales tax and consist of the following at April 30, 2023 and 2022.

	2023		2022	
	Number of Games	Extended Cost	Number of Games	Extended Cost
Pull-tabs	255	\$ 17,419	237	\$ 14,792
Paddletickets	30	470	34	566
Tipboards	60	379	45	264
<b>Total</b>	<b>345</b>	<b>\$ 18,268</b>	<b>316</b>	<b>\$ 15,622</b>

White Bear Lake Area Hockey Association  
 Lawful Gambling Fund  
 License Number 03111  
 Notes to the Financial Statements  
 April 30, 2023 and 2022

**Note 6: Commitments**

As of April 30, 2023, the Association leased space for the site of its lawful gambling. The agreements require rent of 10 to 15 percent of gross profit for the locations, up to a maximum of \$1,750 per location, and can be terminated by either party with a 30 day notice. Rent expense for the years ended April 30, 2023 and 2022 was \$754,551 and \$508,050, respectively.

The Association also leases electronic gaming devices. The lease payments are based on a percentage of sales and can be terminated by either party with a thirty-day notice. Rent expense for the years ended April 30, 2023 and 2022 was \$926,608 and \$817,615, respectively and is shown as part of gaming equipment allowable expense.

The Association also has a bingo hall lease. The rent payments are monthly installments of \$16,500 and goes until December 31, 2025. Rent expense for the year ended April 30, 2023 was 754,551.

**Note 7: Income Taxes**

The Association is exempt under Internal Revenue Service Code 501(c)(3). The Association is required to pay state and federal income taxes on unrelated business income. Under the regulatory method, income taxes are expensed when paid. State and federal income taxes paid for the years ended April 30, 2023 and 2022 were immaterial and paid by the Association's General Fund.

During the years ended April 30, 2023 and 2022, the Association has not incurred any interest or penalties on its tax returns. The Association's tax returns are subject to possible examination by the taxing authorities. For federal tax purposes the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed.

**Note 8: Cash Counts**

Two members of the Association conducted a cash count on May 5, 2022 resulting in a cash count balance of \$77,283. On May 1, 2023, two members of the Association conducted a cash count resulting in a cash count balance of \$86,573.

**Note 9: Results of Games Tested**

Subsequent to year end, the Association's independent auditor selected forty pull-tab games from all active sites, including games with unsold tickets, ten paddle ticket, twenty bingo, and four tipboard games for testing. Games were selected at random. The exceptions of their testing, as reported to the Association, are as follows:

Game Mfr. #, Part # & Ser.#	Type of Game	Reported on Gambling Tax Return	Amount as Tested	Comments
AG DOCM449, 7403566	Pull-tab	\$ 3,730	\$ 3,742	Counted \$12 worth of prizes paid fmore than reported.
AN 3911E-MN, 8R42876	Pull-tab	\$ 814	\$ 714	Counted \$100 worth of unsold tickets fewer than reported.
3917E-MN, 8R45181	Pull-tab	\$ 3,950	\$ 3,004	Counted \$10 worth of unsold tickets more than reported.
IG 2202BS, 2294337	Pull-tab	\$ 9,590	\$ 9,520	Counted \$30 worth of unsold tickets more than reported.
AG WBLH449, 7798136	Pull-tab	\$ 3,630	\$ 3,640	Counted \$10 worth of unsold tickets more than reported.
AG NMM905, 7800725	Pull-tab	\$ 6,996	\$ 7,008	Counted \$12 worth of unsold tickets more than reported.

## SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR’S REPORT ON SUPPLEMENTARY INFORMATION**

Board of Directors and Members  
White Bear Lake Area Hockey Association  
Lawful Gambling Fund  
White Bear Lake, Minnesota

We have audited the financial statements of the White Bear Lake Area Hockey Association Lawful Gambling Fund (the Association), as of and for the years ended April 30, 2023 and 2022 and have issued our report thereon dated October 25, 2023, which contained a qualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on those financial statements - regulatory basis as a whole. The supplementary information starting on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements - regulatory basis. Such information is the responsibility of management and the information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements - regulatory basis. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements - regulatory basis or to the financial statements - regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements - regulatory basis as a whole.

This report is intended solely for the information and use of the Board of Directors, members and management of the Association and Minnesota Revenue and is not intended to be and should not be used by anyone other than these specified parties.



**Abdo**  
Minneapolis, Minnesota  
October 25, 2023

White Bear Lake Area Hockey Association  
 Lawful Gambling Fund  
 License Number 03111  
 Supplementary Information  
 Analysis of Allowable Expenses and Star Rating - Regulatory Basis  
 For the Years Ended April 30, 2023 and 2022

	2023		2022	
	Amount	Percent	Amount	Percent
Net Revenue	<u>\$ 6,859,860</u>	<u>100.00 %</u>	<u>\$ 6,737,325</u>	<u>100.00 %</u>
Allowable Expenses				
Cost of games	\$ 421,188	6.14 %	\$ 419,307	6.22 %
Compensation and payroll taxes	952,329	13.88	748,374	11.11
Penalty and interest paid on taxes	1,637	0.02	8	-
Miscellaneous allowable expenses	399,091	5.82	266,368	3.95
Rent	754,551	11.00	508,050	7.54
Bond, license and permit expense	126	-	126	-
Accounting and legal	62,482	0.91	49,981	0.74
Gaming equipment	934,665	13.63	825,401	12.25
Cash short	<u>21,997</u>	<u>0.32</u>	<u>18,228</u>	<u>0.27</u>
Total Allowable Expenses	<u>\$ 3,548,066</u>	<u>51.72 %</u>	<u>\$ 2,835,843</u>	<u>42.08 %</u>
Lawful Purpose Expenditures	<u>\$ 2,514,958</u>	<u>36.66 %</u>	<u>\$ 4,100,395</u>	<u>60.86 %</u>
Star Rating	<u>3</u>		<u>5</u>	

Note: The above star rating is based on the entity's fiscal year. State statute determines the star rating based on the year ending June 30. Accordingly, the reportable star rating may be different.

% Spent on Lawful Purpose	Rating
more than 50%	5 star
more than 40%	4 star
more than 30%	3 star
more than 20%	2 star
less than 20%	1 star

White Bear Lake Area Hockey Association  
Lawful Gambling Fund  
License Number 03111  
Supplementary Information  
Reconciliation of Games Used - Regulatory Basis  
For the Years Ended April 30, 2023 and 2022

	2023		2022	
	Amount	Games	Amount	Games
<b>Pull-tabs</b>				
Cost of Games Used				
Beginning inventories	\$ 14,792	237	\$ 16,853	311
Purchases	391,208	5,754	387,860	6,332
Less Ending Inventories	<u>(17,419)</u>	<u>(255)</u>	<u>(14,792)</u>	<u>(237)</u>
Total Cost of Games	<u>\$ 388,581</u>	5,736	<u>\$ 389,921</u>	6,406
<b>Reconciliation of Games Used</b>				
Games used and reported per gross revenue by month		<u>5,736</u>		<u>6,406</u>
Difference or possible unreported games		<u>-</u>		<u>-</u>
<b>Tipboards</b>				
Cost of Games Used				
Beginning inventories	\$ 264	45	\$ 311	56
Purchases	1,114	168	1,855	288
Less Ending Inventories	<u>(379)</u>	<u>(60)</u>	<u>(264)</u>	<u>(45)</u>
Total Cost of Games	<u>\$ 999</u>	153	<u>\$ 1,902</u>	299
<b>Reconciliation of Games Used</b>				
Games used and reported per gross revenue by month		<u>153</u>		<u>299</u>
Difference or possible unreported games		<u>-</u>		<u>-</u>
<b>Paddle Tickets</b>				
Cost of Games Used				
Beginning inventories	\$ 566	34	\$ 578	37
Purchases	16,727	978	19,020	1,141
Less Ending Inventories	<u>(470)</u>	<u>(30)</u>	<u>(566)</u>	<u>(34)</u>
Total Cost of Games	<u>\$ 16,823</u>	982	<u>\$ 19,032</u>	1,144
<b>Reconciliation of Games Used</b>				
Games used and reported per gross revenue by month		<u>982</u>		<u>1,144</u>
Difference or possible unreported games		<u>-</u>		<u>-</u>

White Bear Lake Area Hockey Association  
 Lawful Gambling Fund  
 License Number 03111  
 Supplementary Information  
 Reconciliation of Profit Carryover - Regulatory Basis  
 April 30, 2023 and 2022

	2023	2022
<b>Additions</b>		
Cash in gambling bank accounts	\$ 1,305,281	\$ 482,088
Cash in starting banks	82,150	85,641
Cash received but not deposited from sale of games	78,867	85,477
Deferred fund loss	20,375	18,741
Prepaid prizes	8,700	8,440
Total Additions	1,495,373	680,387
<b>Subtractions</b>		
Cost of prizes payable	3,700	5,260
Payable to e-gaming provider	6,029	2,678
Total Subtractions	9,729	7,938
Profit Carryover from Financial Statements	1,485,644	672,449
Profit Carryover from Tax Report	1,485,644	672,449
Variance from Balance	\$ -	\$ -

**INDEPENDENT AUDITOR’S REPORT ON  
COMPLIANCE WITH REGULATORY CHECKLIST QUESTIONNAIRE**

Board of Directors and Members  
White Bear Lake Area Hockey Association  
Lawful Gambling Fund  
White Bear Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements - regulatory basis of the White Bear Lake Area Hockey Association Lawful Gambling Fund (the Association), which comprise the statement of assets, liabilities and profit carryover - regulatory basis as of April 30, 2023 and 2022 and the related statements of revenue, expenses and changes in profit carryover - regulatory basis for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Association failed to comply with the terms, covenants, provision, or conditions of the regulatory checklist questionnaire per Minnesota Rule 8122.055 Subp. 6B, inclusive, as included on page 18, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Association’s noncompliance with the above-referenced terms, covenants, provision, or conditions of the indenture, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors, members and management of the Association and Minnesota Revenue and is not intended to be and should not be used by anyone other than these specified parties.



**Abdo**  
Minneapolis, Minnesota  
October 25, 2023

White Bear Lake Area Hockey Association  
Lawful Gambling Fund  
License Number 03111  
Supplementary Information  
Regulatory Checklist Questionnaire  
Minnesota Rule 8122.0550 Subp. 6b  
For the Year Ended April 30, 2023

Name of the Organization: White Bear Lake Area Hockey Association

Organization License Number: 03111

Date of Audit or Review: October 25, 2023

Instructions: Based on the information obtained during the course of the audit, respond to the following 9 statements for the period being audited. If there was not sufficient information available during the audit to respond to a statement, circle "N/A" for that statement.

- |    |  |     |
|----|--|-----|
| 1. | The Association conducted gambling only at sites for which it had obtained a premise permit or a one-day off-site permit.  | Yes |
| 2. | The Association had a licensed gambling manager at all times gambling was conducted.   | Yes |
| 3. | A lessor, a member of a lessor's immediate family, or an employee of a lessor was not a gambling manager of the Association.                                     | Yes |
| 4. | The Association's gambling manager was bonded for an amount of at least \$10,000.  | Yes |
| 5. | Checks for the expenditure of gross profits from gambling were signed by at least two active members of the Association who have been authorized to sign checks. | Yes |
| 6. | The Association did not pre-sign gambling account checks.  | Yes |
| 7. | The Association did not use signature stamps to sign gambling account checks.  | Yes |
| 8. | If the Association has terminated all gambling activity, a termination plan has been filed with the Gambling Control Board.                                      | N/A |
| 9. | The Association has paid all rent for the lease of premises in accordance with its lease agreement(s).   | Yes |

## OTHER REQUIRED REPORT

## INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL

Board of Directors and Members  
White Bear Lake Area Hockey Association  
Lawful Gambling Fund  
White Bear Lake, Minnesota

In planning and performing our audit of the financial statements - regulatory basis of the White Bear Lake Area Hockey Association Lawful Gambling Fund (the Association) as of and for the years ended April 30, 2023 and 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Association’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements - regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association’s financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the management, others within the Association and the State of Minnesota and is not intended to be and should not be used by anyone other than these specified parties.



**Abdo**  
Minneapolis, Minnesota  
October 25, 2023