

**BLAINE YOUTH HOCKEY ASSOCIATION**  
**LAWFUL GAMBLING FUND**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**LICENSE #00776**  
**MINNESOTA ID #4515956**  
**FEDERAL ID #41-1434632**  
**For The Years Ended March 31, 2023 and 2022**

## CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
<b>Financial Statements:</b>	
Statements of Assets, Liabilities & Profit Carryover - Regulatory Basis	3
Statements of Revenues, Expenses & Changes in Profit Carryover - Regulatory Basis	4-5
Notes to Financial Statements	6-8
Independent Auditors' Report on Supplementary Information	9
<b>Supplementary Information:</b>	
Reconciliation of Profit Carryover - Regulatory Basis	10
Analysis of Allowable Expenses and Star Rating - Regulatory Basis	11
Reconciliation of Games Purchased and Used - Regulatory Basis	12
Independent Auditors' Report on Regulatory Checklist Questionnaire	13
Regulatory Checklist Questionnaire	14
Independent Auditors' Report on Internal Control	15-16



**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Members  
Blaine Youth Hockey Association  
Blaine, MN

***Qualified Opinion***

We have audited the accompanying financial statements - regulatory basis of the Lawful Gambling Fund of the Blaine Youth Hockey Association (a non-profit corporation), which comprise the statements of assets, liabilities and profit carryover - regulatory basis as of March 31, 2023 and 2022, and the related statements of revenues, expenses 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 the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and profit carryover of the Lawful Gambling Fund of the Blaine Youth Hockey Association as of March 31, 2023 and 2022, and its revenue and expenses for the years then ended, in accordance with the financial reporting practices prescribed by Minnesota Statute 349 as described in Note 1.

***Basis for Qualified Opinion***

The Organization conducts electronic gaming. 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.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Blaine Youth Hockey Association and to meet our 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.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared in accordance with the financial reporting practices prescribed by Minnesota Statute 349, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Minnesota Revenue and the 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 in Minnesota Statute 349. 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### *Auditors' Responsibility 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 auditors' 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 Blaine Youth Hockey 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Blaine Youth Hockey Association's ability to continue 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 directors, members and management of the Blaine Youth Hockey Association and for filing with Minnesota Revenue and the Minnesota Gambling Control Board and is not intended to be and should not be used by anyone other than these specified parties.

*Landon C. Scott, PLLC*  
September 18, 2023  
Lake Elmo, Minnesota

**BLAINE YOUTH HOCKEY ASSOCIATION  
LAWFUL GAMBLING FUND  
STATEMENTS OF ASSETS, LIABILITIES  
AND PROFIT CARRYOVER - Regulatory Basis  
MARCH 31, 2023 and 2022**

**ASSETS**

<b><u>ASSETS</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Gambling Checking Accounts	\$ 138,700.45	\$ 202,640.28
Game Bank	44,000.00	43,744.00
Merchandise Prize Inventory	4,166.04	2,973.97
 Total Assets	 <u>\$ 186,866.49</u>	 <u>\$ 249,358.25</u>

**LIABILITIES AND PROFIT CARRYOVER**

**LIABILITIES**

Electronic Bingo Prizes Due to Provider	\$ 4,621.11	\$ 3,850.88
Merchandise Prize Payable	600.00	0.00
Unreimbursed Game Bank	4,323.00	0.00
 Total Liabilities	 <u>\$ 9,544.11</u>	 <u>\$ 3,850.88</u>

**PROFIT CARRYOVER**

Profit Carryover - Beginning	\$ 245,507.37	\$ 210,105.78
Add: Excess Revenues over Expenses	0.00	35,401.59
Less: Excess Expenses over Revenues	(68,184.99)	0.00
 Profit Carryover - Ending	 <u>\$ 177,322.38</u>	 <u>\$ 245,507.37</u>
 Total Liabilities and Profit Carryover	 <u>\$ 186,866.49</u>	 <u>\$ 249,358.25</u>

SEE ACCOMPANYING NOTES

**BLAINE YOUTH HOCKEY ASSOCIATION**  
**LAWFUL GAMBLING FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN PROFIT CARRYOVER - Regulatory Basis**  
**For the Years Ended March 31, 2023 and 2022**

<b>Revenues</b>	<b>2023</b>		<b>2022</b>	
Pull Tab Receipts	\$ 14,612,260.00	51.52%	\$ 15,344,644.00	60.60%
Electronic Pull Tab Receipts	13,102,114.00	46.18%	9,432,823.50	37.25%
Electronic Bingo Receipts	200,849.00	0.70%	143,153.50	0.57%
Bingo Receipts	408,034.00	1.44%	365,226.00	1.44%
Paddleticket Receipts	36,480.00	0.13%	30,330.00	0.12%
Raffle Receipts	9,250.00	0.03%	8,780.00	0.03%
Interest	98.76	0.00%	101.77	0.00%
	<hr/>		<hr/>	
Revenues Collected	\$ 28,369,085.76	100.00%	\$ 25,325,058.77	100.00%
<b>Cost of Revenues</b>				
Pull Tab Prizes	\$ 12,400,931.00	43.71%	\$ 13,051,194.00	51.53%
Electronic Pull Tab Prizes	11,483,544.50	40.48%	8,214,645.95	32.44%
Electronic Bingo Prizes	170,721.51	0.60%	121,680.30	0.48%
Bingo Prizes	319,957.99	1.13%	289,937.22	1.14%
Paddleticket Prizes	23,060.00	0.08%	19,540.00	0.08%
	<hr/>		<hr/>	
Cost of Revenues	\$ 24,398,215.00	86.00%	\$ 21,696,997.47	85.67%
<b>Gross Profit</b>	\$ 3,970,870.76	14.00%	\$ 3,628,061.30	14.33%
Allowable Expenses	<hr/>	<hr/>	<hr/>	<hr/>
	1,397,606.28	4.93%	1,136,992.37	4.49%
<b>Revenues In Excess of Allowable Expenses</b>	\$ 2,573,264.48	9.07%	\$ 2,491,068.93	9.84%
<b>Lawful Purpose Expenditures</b>				
Gambling Taxes				
MN Combined Rec Tax	\$ 1,355,894.46	4.78%	\$ 1,217,620.94	4.81%
MN 8.5% Tax	9,166.50	0.04%	8,683.24	0.04%
Regulatory Fee	35,263.04	0.12%	31,243.82	0.12%
Organization Fee/Permit	1,050.00	0.00%	0.00	0.00%
Local City Tax	121,602.28	0.43%	127,152.80	0.50%
State Unrelated Business Income Tax	21.00	0.00%	2,943.82	0.01%
	<hr/>		<hr/>	
Total Gambling Taxes	\$ 1,522,997.28	5.37%	\$ 1,387,644.62	5.48%

SEE ACCOMPANYING NOTES

**BLAINE YOUTH HOCKEY ASSOCIATION  
LAWFUL GAMBLING FUND  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN PROFIT CARRYOVER - Regulatory Basis  
For the Years Ended March 31, 2023 and 2022**

	<b>2023</b>		<b>2022</b>	
<b>Other Lawful Purpose Expenditures</b>				
Contributions to the General Fund	\$ 1,110,000.00	3.91%	\$ 1,060,000.00	4.19%
Donations	8,452.19	0.03%	8,022.72	0.03%
<b>Total Other Lawful Purpose Expenditures</b>	<b>\$ 1,110,000.00</b>	<b>3.91%</b>	<b>\$ 1,060,000.00</b>	<b>4.19%</b>
<b>Total Lawful Purpose Expenditures</b>	<b>\$ 2,632,997.28</b>	<b>9.28%</b>	<b>\$ 2,447,644.62</b>	<b>9.66%</b>
<b>Excess of Revenues over Expenses</b>			\$ 43,424.31	0.17%
<b>Excess of Expenses over Revenues</b>	\$ (59,732.80)	(0.24%)		
<b>Beginning Profit Carryover</b>	253,530.09		210,105.78	
<b>Ending Profit Carryover</b>	\$ 193,797.29		\$ 253,530.09	

SEE ACCOMPANYING NOTES

**BLAINE YOUTH HOCKEY ASSOCIATION  
LAWFUL GAMBLING FUND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Blaine Youth Hockey Association (the Association) conform to the regulatory basis of accounting as prescribed by Minnesota Statute 349, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The following is a summary of the significant accounting policies.

**A. NATURE OF ORGANIZATION**

The Blaine Youth Hockey Association is a 501(c)(3) non-profit corporation formed for the purpose of providing funds and support for youth hockey programs in the City of Blaine. The Association conducts its lawful gambling operations at its sites to increase program services and promote worthwhile activities in the City of Blaine and neighboring communities. The Association is not a private foundation.

**B. BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The regulatory basis of accounting is the basis of accounting prescribed by the State of Minnesota, 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.

**C. CASH ON HAND - GAME BANKS**

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".

Game Bank - Game Banks consist of imprest cash amounts, which are used to fund games.

Game Bank (games in play) - Game Bank (games in play) consist of cash amounts which are generated from games in play not yet reported.

**D. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. INVENTORIES**

The Association accounts for inventory using the cash basis and purchases are expensed when paid.

**BLAINE YOUTH HOCKEY ASSOCIATION  
LAWFUL GAMBLING FUND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. REVENUES**

Revenue Recognition - Revenues are recognized when games are completed. Prizes paid out are expensed when the revenues are recognized.

Unearned Revenues - Revenues from all games not yet completed.

**G. ELECTRONIC GAMING**

The Association maintains a single cash bank for electronic gaming. Accumulations of \$2,000.00 in excess of the cash bank are deposited. Net disbursements are carried over and occasionally reimbursed. A report is provided by the distributor of the electronic gaming which includes the expected net receipts or disbursements for the games played. At the end of the month the Association makes a deposit or writes a check reconciling the monthly activity as represented in the monthly distributor report.

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

Electronic Bingo Prizes Due to Provider - The Association's portion of electronic bingo prizes that were paid by other linked sites and due to provider.

Electronic Bingo Prizes Receivable from Provider - The Association's portion of electronic bingo prizes that were paid for other linked sites and will be refunded by the provider.

**NOTE 2. SUBSEQUENT EVENTS**

In preparing these financial statements, the Association's management has evaluated events and transactions for potential recognition or disclosure through September 18, 2023 the date the financial statements were available to be issued.

**NOTE 3. INVENTORIES**

The Association expenses the cost of games purchased, including sales tax, on the cash basis. In addition, the Association maintains a perpetual inventory of games on hand. These games are extend at cost excluding sales tax and consist of the following at March 31, 2023 and 2022.

	2023		2022	
	Number of Games	Extended Cost	Number of Games	Extended Cost
Pull Tabs	78	\$ 5,329.21	63	\$ 3,986.57
Paddletickets	4	\$ 85.00	2	\$ 41.00
Bingo	35,563	\$ 2,652.51	35,283	\$ 1,896.19

**NOTE 4. FORMS OF GAMBLING CONDUCTED**

The forms of gambling conducted by the Association during the year ended March 31, 2023 were pull tabs, electronic pull tabs, electronic bingo, raffles, paddletickets and bingo.

**BLAINE YOUTH HOCKEY ASSOCIATION**  
**LAWFUL GAMBLING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023 and 2022**

**NOTE 5. INCOME TAXES**

The Association is required to pay Federal and State of Minnesota income taxes on unrelated business income. Under the regulatory method, income taxes are expensed when paid. During the year ended March 31, 2023, the Association paid Federal and State income tax of \$0.00 and \$21.00, respectively. During the year ended March 31, 2022, the Association paid Federal and State income tax of \$0.00 and \$2,943.82, respectively. At March 31, 2023, the Association had net operating loss carry forwards available to reduce future unrelated business income taxes of approximately \$240,000 and \$260,000 for Federal and State, respectively, a portion of which expires annually.

The Association has not been audited by the Internal Revenue Service, and accordingly, the unrelated business income tax returns for the past three and one-half years are open to examination.

The Association was audited by the Minnesota Department of Revenue during the year ended March 31, 2021. No significant issues were discovered.

**NOTE 6. RESULTS OF GAME TESTING**

For the year ended March 31, 2023, the Association's independent auditor selected forty pull tab games to be tested as part of the audit. Some games had unsold tickets. There were no material exceptions noted in testing the games.

On April 2, 2023, the inventory was observed by two members of the Association. No exceptions in the Association's perpetual inventory records were noted. In addition, cash on hand of \$53,390.00 was counted.

**NOTE 7. COMMITMENTS**

The Association leases spaces for its lawful gambling operations. The bar operated lease payments are based upon 20% of the prior month's net profits from paper pull tabs, tipboards and paddletickets and 15% of prior month's net profits from electronic gaming with no cap. The booth operated lease payments are based upon 10% of the prior month's net profits from pull tabs, tipboards, sports tipboards and paddle tickets with a cap of \$1,750.00 and 15% of prior month's net profits from electronic pull tabs with no cap. Rent expense for the years ended March 31, 2023 and 2022 were \$266,801.22 and \$209,089.50, respectively. The lessor of the bar operations are required to reimburse cash shortages to the Association. For the years ended March 31, 2023 and 2022, the Association was reimbursed \$407.67 and \$120.44, respectively. The lease terms are concurrent with the Association's perpetual premise permit.

**NOTE 8. CONCENTRATION OF CREDIT RISK**

The Association maintains cash at one financial institution. At times the amounts held at this institution exceeded FDIC amounts of \$250,000.00.

**NOTE 9. RELATED PARTY TRANSACTIONS**

During the year ended March 31, 2021, the Lawful Gambling Fund borrowed \$40,000.00 from the General Fund to cover short term financial needs during the Covid-19 pandemic. During the year ended March 31, 2022, the Organization's Lawful Gambling Fund repaid the loan from the General Fund.

During the years ended March 31, 2023 and 2022, the Organization's Lawful Gambling Fund donated \$1,110,000.00 and \$1,060,000.00, respectively, to the General Fund to further promote the Organization's mission.



**LANDON C. SCOTT, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS|ADVISORS

**INDEPENDENT AUDITORS' REPORT ON**  
**SUPPLEMENTARY INFORMATION**

To the Board of Directors and Members  
Blaine Youth Hockey Association  
Blaine, MN

We have audited the financial statements of the Blaine Youth Hockey Association as of and for the years ended March 31, 2023 and 2022, and have issued our report thereon dated September 18, 2023, which contained a qualified opinion on those financial statements, related to the possible effects of relying on the service organization for electronic gaming. Our audits were performed for the purpose of forming an opinion on those financial statements - regulatory basis as a whole. The supplementary information on pages 10 through 12 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 was derived directly 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, except for the possible effects of relying on the service organization for electronic gaming, 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 Blaine Youth Hockey Association and for filing with Minnesota Revenue and the Minnesota Gambling Control Board and is not intended to be and should not be used by anyone other than these specified parties.

*Landon C. Scott, PLLC*  
September 18, 2023  
Lake Elmo, Minnesota

8985 33rd Street North  
Lake Elmo, MN 55042

P: 651.774.8785 F: 651.774.8786  
E: LandonS@lscottcpas.com

**BLAINE YOUTH HOCKEY ASSOCIATION  
LAWFUL GAMBLING FUND  
RECONCILIATION OF PROFIT CARRYOVER - Regulatory Basis  
MARCH 31, 2023 and 2022**

<b>Profit Carryover</b>	<u>2023</u>	<u>2022</u>
<b>Additions:</b>		
Gambling Checking Accounts	\$ 138,700.45	\$ 202,640.28
Game Bank	44,000.00	43,744.00
Merchandise Prize Inventory	4,166.04	2,973.97
Total Additions	<u>\$ 186,866.49</u>	<u>\$ 249,358.25</u>
<b>Subtractions:</b>		
Electronic Bingo Prizes Due to Provider	\$ 4,621.11	\$ 3,850.88
Merchandise Prize Payable	600.00	0.00
Unreimbursed Game Bank	4,323.00	0.00
Total Subtractions	<u>\$ 9,544.11</u>	<u>\$ 3,850.88</u>
<b>Profit Carryover from The Financial Statement</b>	<u>\$ 177,322.38</u>	<u>\$ 245,507.37</u>
<b>Profit Carryover from The Gambling Returns</b>	<u>\$ 177,322.38</u>	<u>\$ 245,507.37</u>
<b>Variance from Balance</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

SEE ACCOMPANYING AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

**BLAINE YOUTH HOCKEY ASSOCIATION**  
**LAWFUL GAMBLING FUND**  
**ANALYSIS OF ALLOWABLE EXPENSES AND STAR RATING - Regulatory Basis**  
**For the Years Ended March 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b><u>GROSS PROFIT</u></b>	<b>\$ 3,970,870.76</b>	<b>\$ 3,628,061.30</b>
<b><u>ALLOWABLE EXPENSES</u></b>		
Cost of Games Used	\$ 195,292.58	\$ 185,197.26
Compensation	324,225.97	300,297.33
Penalties and interest	0.00	374.71
Accounting	19,840.00	19,227.05
Bond	120.00	120.00
Rent	266,801.22	209,089.50
Electronic Pull Tab Game Fees	541,378.52	391,318.76
Electronic Bingo Provider Fees	4,337.33	3,182.19
Bank Charges & Misc. Supplies	43,450.26	27,455.53
Cash Shortages	2,568.07	850.48
Cash Shortage reimbursements	(407.67)	(120.44)
<b><u>Total Allowable Expenses</u></b>	<b>\$ 1,397,606.28</b>	<b>\$ 1,136,992.37</b>
<b><u>LAWFUL PURPOSE RATING</u></b>		
Total Lawful Purpose Expenditures	<b>\$ 2,632,997.28</b>	<b>\$ 2,447,644.62</b>
Percentage of Lawful Purpose Expenditures To Gross Profit	<b>66%</b>	<b>67%</b>
Star Rating	<b>5 Stars</b>	<b>5 Stars</b>

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.

**BLAINE YOUTH HOCKEY ASSOCIATION  
LAWFUL GAMBLING FUND  
RECONCILIATION OF GAMES PURCHASED AND USED - Regulatory Basis  
For the Years Ended March 31, 2023 and 2022**

	<b>2023</b>		<b>2022</b>	
<b>PULL TABS, PADDLETICKETS, RAFFLES &amp; BINGO</b>	AMOUNT	#	AMOUNT	#
Cost of Games				
Purchases	\$ 195,292.58	2,762	\$ 185,197.26	2,904
Total Cost of Games Purchased	\$ 195,292.58	2,762	\$ 185,197.26	2,904
 Reconciliation of Games Used:				
Games Purchased Per Books Above		2,762		2,904
Games Played Yet Purchased In Previous Period		65		68
Games Purchased Not Yet Used		(82)		(65)
		2,745		2,907
Games Used and Reported per Gross				
Revenues (Receipts) by Month		2,745		2,907
Variance		-0-		-0-



**LANDON C. SCOTT, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS|ADVISORS

**INDEPENDENT AUDITORS' REPORT ON REGULATORY  
CHECKLIST QUESTIONNAIRE**

To the Board of Directors and Members  
Blaine Youth Hockey Association  
Blaine, MN

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements – regulatory basis of the Lawful Gambling Fund of the Blaine Youth Hockey Association which comprise the statements of assets, liabilities and profit carryover – regulatory basis as of March 31, 2023 and 2022 and the related statements of revenues, 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 September 18, 2023.

In connection with our audits, nothing came to our attention that caused us to believe that the Blaine Youth Hockey Association failed to comply with the terms, covenants, provisions or conditions of the regulatory checklist questionnaire per Minnesota Rule 8122.055 Subp. 6B, inclusive, as included on page 14, insofar as they relate to accounting matters. However, our audits were 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, provisions or conditions of the indenture, insofar as they relate to accounting matters.

Our report is intended solely for the information and use of the board of directors, members and management of the Blaine Youth Hockey Association and for filing with Minnesota Revenue and the Minnesota Gambling Control Board and is not intended to be and should not be used by anyone other than these specified parties.

*Landon C. Scott, PLLC*  
September 18, 2023  
Lake Elmo, Minnesota

**BLAINE YOUTH HOCKEY ASSOCIATION  
LAWFUL GAMBLING FUND  
For the Years Ended March 31, 2023 and 2022**

**REGULATORY CHECKLIST QUESTIONNAIRE  
Minnesota Rule 8122.0550 Subp. 6B**

	YES	NO	N/A
1. The Association conducted gambling only at sites for which it had obtained a premise permit or an off-site permit.	X		
2. The Association had a licensed gambling manager at all times gambling was conducted.	X		
3. A lessor, a member of the lessor's immediate family, or an employee of a lessor was not a gambling manager of the Association.	X		
4. The Association's gambling manager was bonded for an amount of at least \$10,000.00.	X		
5. Checks for the expenditures of gross profits from gambling were signed by at least two active members of the Association who have been authorized to sign checks.	X		
6. The Association did not pre-sign gambling account checks.	X		
7. The Association did not use signature stamps to sign gambling account checks.	X		
8. If the Association has terminated all gambling activity, a termination plan has been filed with the Gambling Control Board.			X
9. The Association has paid all rent for the lease of premises in accordance with the lease agreement.	X		

SEE ACCOMPANYING AUDITORS' REPORT ON REGULATORY CHECKLIST QUESTIONNAIRE



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**

To the Board of Directors and Members  
Blaine Youth Hockey Association  
Blaine, MN

In planning and performing our audits of the financial statements - regulatory basis of the Lawful Gambling Fund of the Blaine Youth Hockey Association as of and for the years ended March 31, 2023 and 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Blaine Youth Hockey Association's internal control over financial reporting (internal control) as a basis for designing 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements - regulatory basis 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. We consider the following deficiencies in the Blaine Youth Hockey Association's internal control to be significant deficiencies:

**Oversight of the Financial Reporting Process**

The board of directors and management share the ultimate responsibility for the Association's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The Association engages Landon C. Scott, PLLC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Landon C. Scott, PLLC cannot be considered part of the Association's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the Association has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Association's activities and operations.

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL (CONTINUED)

### **Oversight of the Financial Reporting Process (Continued)**

The Association's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the Association's financial statements and related disclosures, and to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

### **Segregation of Duties**

Segregation of duties is an internal control procedure which states that the responsibilities of authorizing transactions, recording transactions and maintaining custody of assets should be distributed to different people. In financial processes that have effective segregation of duties, the expectation is that at least one individual involved in the process will identify and/or prevent a transaction processing error, misappropriation or fraud from occurring.

The size of the Association's staff limits the extent of segregation of duties. Even though we noted no instances of a breach in internal control due to this lack of segregation of duties, the Association's management should be constantly aware of this conditions. The most effective control lies with continued active involvement by the board of directors in the financial activities of the Association's lawful gambling operation.

The following two areas of segregation of duties are critical for an effective internal control system: cash and inventory management. We encourage the board to make reviewing and approving bank reconciliations and reconciliations of the perpetual inventory to the physical inventory of games and bingo paper a continued priority each month.

This report is intended solely for the information and use of the board of directors, members and management of the Blaine Youth Hockey Association and for filing with Minnesota Revenue and the Minnesota Gambling Control Board and is not intended to be and should not be used by anyone other than these specified parties.

*Landon C Scott, PLLC*  
September 18, 2023  
Lake Elmo, Minnesota