

WHITE BEAR LAKE AREA HOCKEY ASSOCIATION
LAWFUL GAMBLING FUND
LICENSE NUMBER 03111
MINNESOTA IDENTIFICATION NUMBER 6372276
FEDERAL IDENTIFICATION NUMBER: 23-7003827

FINANCIAL STATEMENTS
REGULATORY BASIS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
APRIL 30, 2017 AND 2016

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White Bear Lake Area Hockey
Association Gambling Fund
License Number 03111
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For the Years Ended
April 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of White Bear Lake Area Hockey Association Gambling Fund (the Association), which comprise the statements of assets, liabilities and profit carryover - regulatory basis as of April 30, 2017 and 2016, 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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting as described in Note 2; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The Association sells electronic pull-tabs. 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.

Qualified Opinion

In our opinion, except for the possible effects of relying on the service organization for electronic pull-tabs, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of April 30, 2017 and 2016, and the results of its operations for the years then ended in accordance with the regulatory basis of accounting as described in Note 3.

Basis of Accounting

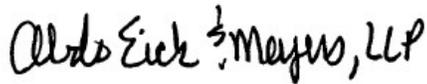
We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As Discussed in Note 2 to the financial statements, the entity has elected to change its method of accounting for state gambling taxes. Our opinion is not modified with respect to this matter.

Restriction on Use

Our 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, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 30, 2017

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, 2017 And 2016

| | 2017 | 2016 |
|--|------------|------------|
| Assets | | |
| Current Assets | | |
| Cash | | |
| Starting game banks | \$ 62,195 | \$ 55,447 |
| Cash received but not deposited from sale of games | 42,020 | 26,608 |
| Gambling bank accounts | 272,446 | 276,131 |
| Total Cash | 376,661 | 358,186 |
| Prepaid prizes | 11,239 | 7,747 |
| Total Current Assets | \$ 387,900 | \$ 365,933 |
| Liabilities and Profit Carryover | | |
| Current Liabilities | | |
| Cost of prizes payable | \$ 2,300 | \$ 2,700 |
| Payable to e-gaming provider | 920 | - |
| Loan from General fund | 14,427 | - |
| Total Current Liabilities | 17,647 | 2,700 |
| Profit Carryover | 370,253 | 363,233 |
| Total Liabilities and Profit Carryover | \$ 387,900 | \$ 365,933 |

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, 2017 And 2016

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Revenue | | |
| Pull-tab receipts | \$ 15,006,974 | \$ 10,979,723 |
| e-Pull-tab receipts | 123,105 | 9,708 |
| Paddle ticket receipts | 428,425 | 222,616 |
| Raffle receipts | 78,851 | 65,508 |
| Tipboard receipts | 20,400 | 37,950 |
| Bingo receipts | 790,367 | 401,917 |
| e-Bingo receipts | 8,737 | - |
| Interest income | 2 | - |
| Total Revenue | <u>16,456,861</u> | <u>11,717,422</u> |
| Cost of Revenue | | |
| Pull-tab prizes | 12,737,288 | 9,308,217 |
| e-Pull-tab prizes | 105,960 | 7,503 |
| Paddle ticket prizes | 351,836 | 180,704 |
| Raffle prizes | 24,666 | 16,306 |
| Tipboard prizes | 13,600 | 25,300 |
| Bingo prizes | 737,779 | 401,778 |
| e-Bingo prizes | 7,426 | - |
| Total Cost of Revenue | <u>13,978,555</u> | <u>9,939,808</u> |
| Net Revenue Collected | 2,478,306 | 1,777,614 |
| Allowable Expenses | <u>1,289,148</u> | <u>916,825</u> |
| Revenue in Excess of Allowable Expenses | <u>1,189,158</u> | <u>860,789</u> |
| Lawful Purpose Expenditures | | |
| Gambling taxes | | |
| State combined receipts tax | 785,578 | 497,573 |
| State ideal gambling tax | 14,812 | 7,337 |
| Regulatory fee | 20,383 | 12,482 |
| Total Gambling Taxes | 820,773 | 517,392 |
| Program expenditures | 361,365 | 228,762 |
| Total Lawful Purpose Expenditures | <u>1,182,138</u> | <u>746,154</u> |
| Board Approved Expenditures | | |
| Change in accounting principle | <u>-</u> | <u>(36,140)</u> |
| Revenues in Excess of Expenditures | 7,020 | 150,775 |
| Beginning Profit Carryover | <u>363,233</u> | <u>212,458</u> |
| Ending Profit Carryover | <u>\$ 370,253</u> | <u>\$ 363,233</u> |

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

White Bear Lake Area Hockey
Association Gambling Fund
License Number 03111
Notes to the Financial Statements
April 30, 2017 and 2016

Note 1: Nature of Organization

The White Bear Lake Area Hockey Association 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, bingo, and electronic bingo at multiple sites during the 2017 and 2016 periods.

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.

Effective July 1, 2015, the Organization began expensing state gambling taxes when paid to follow monthly reporting forms developed by the Gambling Control Board, rather than the method prescribed by Statute 349.19 which requires these taxes to be expensed when paid.

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 Organization 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. Loan from General Fund

Loan from General Fund represents funds deposited into the general fund that should have been deposited into the gambling. These funds have been transferred shortly after year end.

F. Gambling Revenue Recognition

Revenues from pulltabs 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 Gambling Fund
License Number 03111
Notes to the Financial Statements
April 30, 2017 and 2016

Note 3: Summary of Significant Accounting Policies (Continued)

G. Electronic Pull-Tabs

During 2013, the Organization began selling electronic pull-tabs. The Organization 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.

H. 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.

I. Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 30, 2017, the date the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of management's review substantially affect the amounts and disclosures of the accompanying financial statements.

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, 2017 and 2016, the Association had \$22,446 and \$26,131, 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, 2017 and 2016.

| | 2017 | | 2016 | |
|---------------|--------------------|------------------|--------------------|------------------|
| | Number of Games | Extended Cost | Number of Games | Extended Cost |
| Pull-tabs | 190 | \$ 9,174 | 198 | \$ 8,784 |
| Paddletickets | 56 | 852 | 15 | 232 |
| Tipboards | 160 | 804 | 152 | 900 |
| Total | 406 | \$ 10,830 | 365 | \$ 9,916 |

White Bear Lake Area Hockey
Association Gambling Fund
License Number 03111
Notes to the Financial Statements
April 30, 2017 and 2016

Note 6: Commitments

As of April 30, 2017, the Association leased space for the site of its lawful gambling. The agreements require rent of 10 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, 2017 and 2016 was \$127,104 and \$93,076, 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, 2017 and 2016 was \$3,151 and \$690, respectively and is shown as part of gaming equipment allowable expense.

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, 2017 and 2016 were immaterial and paid by the Association's General Fund.

During the years ended April 30, 2017 and 2016, 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: Board Approved Expenditures

During fiscal year 2016, the Gambling Control Board approved a profit carryover reimbursement of June gambling taxes due to a change in accounting principle for the regulatory basis of accounting. The amount approved at April 30, 2016 was \$36,140.

Note 9: Cash Counts

Two members of the Association conducted cash counts on May 1, 2017 and 2016. The amount counted at that time was \$62,195 and \$55,447, respectively. The amount consisted of starting game banks.

White Bear Lake Area Hockey
Association Gambling Fund
License Number 03111
Notes to the Financial Statements
April 30, 2017 and 2016

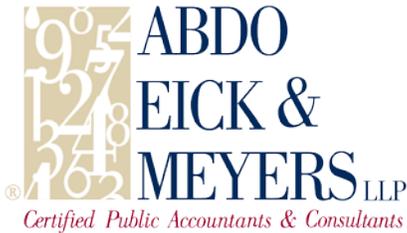
Note 10: Results of Games Tested

Subsequent to year end, the Association's independent auditor selected forty pull-tab games from all active sites, including games with unsold tickets, five paddle ticket, ten bingo, and two 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 |
|---|--------------|---------------------------------|------------------|---|
| AN, 32385-MN, 5Z75651 | Pull-tab | \$ 4,260 | \$ 4,268 | Counted additional \$8 worth of prize tickets than reported |
| AG, CNA402, 4768567 | Pull-tab | 3,486 | 3,286 | Missing defaced tickets for \$200 worth of prizes |
| AG, PLA402, 4438624 | Pull-tab | 3,274 | 3,262 | Missing \$12 worth of unsold tickets |
| CNA402, 4768567 | Pull-tab | 3,486 | 3,286 | Missing \$200 in prize tickets |
| GT, 1TW1, 7827701 GT, 1TW1, 8204301 GT, 5PT1, 1680501 | Paddleticket | N/A | N/A | Games were unable to be found and therefore not |

On May 1, 2017, the inventory of games was observed by two independent individuals appointed by the Association. No exceptions in the Association's perpetual inventory records were noted. In addition, cash on hand of \$62,195 was counted.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of the Lawful Gambling Fund of White Bear Lake Area Hockey Association Gambling Fund (the Association), as of and for the years ended April 30, 2017 and 2016 and have issued our report thereon dated November 30, 2017, 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 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 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 Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 30, 2017

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, 2017 And 2016

| | 2017 | | 2016 | |
|-------------------------------------|---------------------|-----------------|---------------------|-----------------|
| | Amount | Percent | Amount | Percent |
| Net Revenue | <u>\$ 2,478,306</u> | <u>100.00 %</u> | <u>\$ 1,777,614</u> | <u>100.00 %</u> |
| Allowable Expenses | | | | |
| Cost of games | \$ 230,612 | 9.31 | \$ 177,106 | 9.96 |
| Compensation and payroll taxes | 682,268 | 27.53 | 461,222 | 25.95 |
| Penalty and interest paid on taxes | 76 | - | - | - |
| Advertising | 24,869 | 1.00 | 18,664 | 1.05 |
| Miscellaneous allowable expenses | 171,957 | 6.94 | 116,267 | 6.54 |
| Rent | 127,104 | 5.13 | 93,076 | 5.24 |
| Local government investigation fees | - | - | 725 | 0.04 |
| Bond, license and permit expense | 126 | 0.01 | 126 | 0.01 |
| Accounting and legal | 43,438 | 1.75 | 41,805 | 2.35 |
| Gaming equipment | 3,188 | 0.13 | 690 | 0.04 |
| Cash short | 5,510 | 0.22 | 7,144 | 0.40 |
| Total Allowable Expenses | <u>\$ 1,289,148</u> | <u>52.02 %</u> | <u>\$ 916,825</u> | <u>51.58 %</u> |
| Lawful Purpose Expenditures | <u>\$ 1,182,138</u> | <u>47.70 %</u> | <u>\$ 746,154</u> | <u>41.98 %</u> |
| Star Rating | <u>4</u> | | <u>4</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.

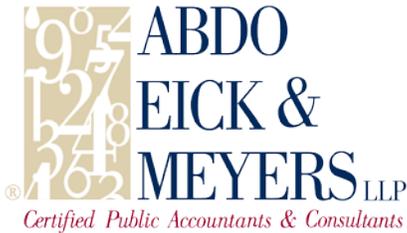
| % Spent on Lawful Purpose | Rating |
|---------------------------|--------|
| more than 50% | 5 star |
| more than 40% | 4 star |
| more than 30% | 3 star |
| more than 20% | 2 star |
| less than 20% | 1 star |

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, 2017 And 2016

| | 2017 | | 2016 | |
|--|------------|-------|------------|-------|
| | Amount | Games | Amount | Games |
| Pull-Tabs | | | | |
| Cost of Games Used | | | | |
| Beginning inventories | \$ 8,784 | 198 | \$ 5,366 | 157 |
| Purchases | 213,247 | 4,393 | 149,994 | 3,219 |
| Less Ending Inventories | (9,174) | (190) | (8,784) | (198) |
| Total Cost of Games | \$ 212,857 | 4,401 | \$ 146,576 | 3,178 |
| Reconciliation of Games Used | | | | |
| Games used and reported per gross revenue by month | | 4,401 | | 3,178 |
| Difference or possible unreported games | | - | | - |
| Tipboards | | | | |
| Cost of Games Used | | | | |
| Beginning inventories | \$ 900 | 152 | \$ 726 | 81 |
| Purchases | 773 | 144 | 10,540 | 276 |
| Less Ending Inventories | (804) | (160) | (900) | (152) |
| Total Cost of Games | \$ 869 | 136 | \$ 10,366 | 205 |
| Reconciliation of Games Used | | | | |
| Games used and reported per gross revenue by month | | 136 | | 205 |
| Difference or possible unreported games | | - | | - |
| Paddle Tickets | | | | |
| Cost of Games Used | | | | |
| Beginning inventories | \$ 232 | 15 | \$ 297 | 23 |
| Purchases | 11,282 | 792 | 5,375 | 367 |
| Less Ending Inventories | (852) | (56) | (232) | (15) |
| Total Cost of Games | \$ 10,662 | 751 | \$ 5,440 | 375 |
| Reconciliation of Games Used | | | | |
| Games used and reported per gross revenue by month | | 751 | | 375 |
| Difference or possible unreported games | | - | | - |

White Bear Lake Area Hockey Association
 Lawful Gambling Fund
 License Number 03111
 Supplementary Information
 Reconciliation of Profit Carryover - Regulatory Basis
 April 30, 2017 And 2016

| | 2017 | 2016 |
|--|------------|------------|
| Additions | | |
| Cash in gambling bank accounts | \$ 272,446 | \$ 276,131 |
| Cash in starting banks | 62,195 | 55,447 |
| Cash received but not deposited from sale of games | 42,020 | 26,608 |
| Prepaid prizes | 11,239 | 7,747 |
| Total Additions | 387,900 | 365,933 |
| Subtractions | | |
| Cost of prizes payable | 2,300 | 2,700 |
| Payable to e-gaming provider | 920 | - |
| Loan from General fund | 14,427 | - |
| Total Subtractions | 17,647 | 2,700 |
| Profit Carryover From Financial Statements | 370,253 | 363,233 |
| Profit Carryover From Tax Report | 370,253 | 363,233 |
| Variance from Balance | \$ - | \$ - |



INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REGULATORY CHECKLIST QUESTIONNAIRE

Board of Directors and Members
White Bear Lake Area Hockey
Association 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 Gambling Fund (the Association), which comprise the statement of assets, liabilities and profit carryover – regulatory basis as of April 30, 2017 and the related statement of revenue, expenses and changes in profit carryover – regulatory basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2017.

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 17, 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 Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 30, 2017

White Bear Lake Area Hockey
Association Gambling Fund
License Number 03111
Supplementary Information
Regulatory Checklist Questionnaire
Minnesota Rule 8122.0550 Subp. 6b
April 30, 2017

Name of the Organization: White Bear Lake Area Hockey Association

Organization License Number: 03111

Date of Audit or Review: November 30, 2017

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 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 Gambling Fund (the Association) as of and for the year ended April 30, 2017, 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 Organization'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. We consider the following deficiencies in Organization's internal control to be significant deficiencies:

2017-001 Unable to locate Paddleticket games

Condition:

The Organization was unable to locate three of the five paddleticket games selected for testing out of the total population of 753 games played during the year.

Criteria:

The Organization should have controls in place to locate all played games during the year and must maintain for 3 ½ years from the date reported on the Schedule B2.

Effect:

Not all of the games selected for testing were able to be reviewed during the audit.

Cause:

The Organization's system for maintaining played games did not allow for the timely retrieval of the requested paddleticket games.

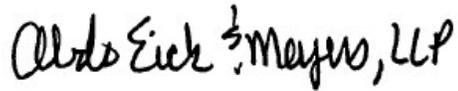
Recommendation:

We recommend the Organization put in place a system of storing played games that allows for easy retrieval until the retention period of 3 ½ years has passed.

Response:

Management has reviewed the current process of controls related to maintaining the played games and locating for future audits and have put in place additional steps to ensure all games can be found.

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, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 30, 2017