

**FINANCIAL STATEMENTS REGULATORY BASIS AND
INDEPENDENT AUDITOR'S REPORT**

WHITE BEAR LAKE AREA HOCKEY ASSOCIATION GABLING FUND
WHITE BEAR LAKE, MINNESOTA

LICENSE NUMBER 03111
MINNESOTA IDENTIFICATION NUMBER 6372276
FEDERAL IDENTIFICATION NUMBER 23-7003827

FOR THE YEARS ENDED
APRIL 30, 2024 AND 2023

White Bear Lake Area Hockey Association
Lawful Gambling Fund
License Number 03111
Table of Contents
For the Years Ended
April 30, 2024 and 2023

	<u>Page No.</u>
Independent Auditor's Report	3
Financial Statements	
Statements of Assets, Liabilities and Profit Carryover - Regulatory Basis	6
Statements of Revenue, Expenses and Changes in Profit Carryover - Regulatory Basis	7
Notes to the Financial Statements	8
Supplementary Information	
Independent Auditor's Report on Supplementary Information	12
Analysis of Allowable Expenses and Star Rating - Regulatory Basis	13
Reconciliation of Games Used - Regulatory Basis	14
Reconciliation of Profit Carryover - Regulatory Basis	15
Independent Auditor's Report on Compliance with Regulatory Checklist Questionnaire	16
Regulatory Checklist Questionnaire	17
Other Required Report	
Independent Auditor's Report on Internal Control	19
Schedule of Findings	20

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, 2024 and 2023, 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, 2024 and 2023, 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 15, 2024

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, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash		
Gambling bank accounts	\$ 923,998	\$ 1,305,281
Starting game banks	75,428	82,150
Cash received but not deposited from sale of games	58,531	78,867
Total Cash	1,057,957	1,466,298
Prepaid prizes	-	8,700
Deferred fund loss	4,800	20,375
Total Assets	\$ 1,062,757	\$ 1,495,373
Liabilities and Profit Carryover		
Current Liabilities		
Cost of prizes payable	\$ (800)	\$ 3,700
Payable to e-gaming provider	2,377	6,029
Other subtractions	(25)	-
Total Liabilities	1,552	9,729
Profit Carryover	1,061,205	1,485,644
Total Liabilities and Profit Carryover	\$ 1,062,757	\$ 1,495,373

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, 2024 and 2023

	2024	2023
Revenue		
Pull-tab receipts	\$ 20,859,415	\$ 23,858,573
e-Pull-tab receipts	19,666,085	21,105,483
Paddle ticket receipts	440,591	539,595
Raffle receipts	8,216	103,295
Tipboard receipts	33,750	22,950
Sports-themed tipboard receipts	42,830	62,195
Bingo receipts	2,502,410	1,762,805
e-Bingo receipts	446,475	342,716
Total Revenue	43,999,772	47,797,612
Cost of Revenue		
Pull-tab prizes	17,876,567	20,360,952
e-Pull-tab prizes	17,126,296	18,311,048
Paddle ticket prizes	370,622	457,781
Raffle prizes	7,530	51,682
Tipboard prizes	22,300	15,300
Sports-themed tipboard prizes	35,150	47,650
Bingo prizes	2,173,032	291,308
e-Bingo prizes	376,895	1,402,031
Total Cost of Revenue	37,988,392	40,937,752
Net Revenue Collected	6,011,380	6,859,860
Allowable Expenses	3,450,548	3,548,066
Revenue in Excess of Allowable Expenses	2,560,832	3,311,794
Lawful Purpose Expenditures		
Gambling taxes		
State combined receipts tax	1,897,714	2,053,850
State ideal gambling tax	55,331	60,346
Regulatory fee	33,430	43,536
Total Gambling Taxes	1,986,475	2,157,732
Program expenditures	998,796	357,226
Total Lawful Purpose Expenditures	2,985,271	2,514,958
Board Approved Adjustments	-	(16,359)
Excess Revenue (Expense)	(424,439)	813,195
Beginning Profit Carryover	1,485,644	672,449
Ending Profit Carryover	\$ 1,061,205	\$ 1,485,644

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, 2024 and 2023

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, 2024 and 2023

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 15, 2024, 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, 2024 and 2023, the Association had \$757,926 and \$1,125,460, 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, 2024 and 2023.

	2024		2023	
	Number of Games	Extended Cost	Number of Games	Extended Cost
Pull-tabs	310	\$ 16,646	255	\$ 17,419
Paddle tickets	43	724	30	470
Tipboards	39	253	60	379
Total	392	\$ 17,623	345	\$ 18,268

White Bear Lake Area Hockey Association
Lawful Gambling Fund
License Number 03111
Notes to the Financial Statements
April 30, 2024 and 2023

Note 6: Commitments

As of April 30, 2024, the Association leased space for the site of its lawful gambling. The agreements require rent of 10 to 20 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 60-day notice. 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 years ended April 30, 2024 and 2023 was \$877,696 and \$754,551, 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 30-day notice. Lease expense for the years ended April 30, 2024 and 2023 was \$862,374 and \$926,608, 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, 2024 and 2023 were immaterial and paid by the Association's General Fund.

During the years ended April 30, 2024 and 2023, 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

On May 1, 2024, the inventory of games was observed by two members not directly involved in the Association gambling activities. In addition, cash on hand of \$79,704 was counted.

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, thirty bingo, and three 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 32385R-MN, 2S36376	Pull-tab	\$ 2,864	\$ 2,898	Counted \$34 worth of prizes paid more than reported.
AI YV53-MN, A383412	Pull-tab	\$ 1,502	\$ 1,510	Counted \$8 worth of unsold tickets more than reported
AG WBLH449N, 8383162	Pull-tab	\$ 3,960	\$ 3,986	Counted \$26 worth of prizes paid 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, 2024 and 2023 and have issued our report thereon dated October 15, 2024, which contained a qualified opinion on those financial statements which appears on page 3, was qualified for electronic gaming. 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, except for the effects on the electronic gaming of the qualified opinion on the financial statements as described above, 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 15, 2024

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, 2024 and 2023

	2024		2023	
	Amount	Percent	Amount	Percent
Net Revenue	<u>\$ 6,011,380</u>	<u>100.00 %</u>	<u>\$ 6,859,860</u>	<u>100.00 %</u>
Allowable Expenses				
Cost of games	\$ 383,488	6.38 %	\$ 421,188	6.14 %
Compensation and payroll taxes	855,750	14.24	952,329	13.88
Penalty and interest paid on taxes	-	-	1,637	0.02
Miscellaneous allowable expenses	387,115	6.44	399,091	5.82
Rent	877,696	14.60	754,551	11.00
Bond, license and permit expense	100	-	126	-
Accounting and legal	51,797	0.86	62,482	0.91
Gaming equipment	873,604	14.53	934,665	13.63
Cash short	<u>20,998</u>	<u>0.35</u>	<u>21,997</u>	<u>0.32</u>
Total Allowable Expenses	<u>\$ 3,450,548</u>	<u>57.40 %</u>	<u>\$ 3,548,066</u>	<u>51.72 %</u>
Lawful Purpose Expenditures	<u>\$ 2,985,271</u>	<u>49.66 %</u>	<u>\$ 2,514,958</u>	<u>36.66 %</u>
Star Rating	<u>4</u>		<u>3</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, 2024 and 2023

	2024		2023	
	Amount	Games	Amount	Games
Pull-tabs				
Cost of Games Used				
Beginning inventories	\$ 17,419	255	\$ 14,792	237
Purchases	350,898	5,515	391,208	5,754
Less Ending Inventories	<u>(16,646)</u>	<u>(310)</u>	<u>(17,419)</u>	<u>(255)</u>
Total Cost of Games	<u>\$ 351,671</u>	5,460	<u>\$ 388,581</u>	5,736
Reconciliation of Games Used				
Games used and reported per gross revenue by month		<u>5,451</u>		<u>5,736</u>
Difference or possible unreported games		<u>9</u>		<u>-</u>
Tipboards / Sports Themed Tipboards				
Cost of Games Used				
Beginning inventories	\$ 379	60	\$ 264	45
Purchases	1,433	302	1,114	168
Less Ending Inventories	<u>(253)</u>	<u>(39)</u>	<u>(379)</u>	<u>(60)</u>
Total Cost of Games	<u>\$ 1,559</u>	323	<u>\$ 999</u>	153
Reconciliation of Games Used				
Games used and reported per gross revenue by month		<u>323</u>		<u>153</u>
Difference or possible unreported games		<u>-</u>		<u>-</u>
Paddle Tickets				
Cost of Games Used				
Beginning inventories	\$ 470	30	\$ 566	34
Purchases	14,880	852	16,727	978
Less Ending Inventories	<u>(724)</u>	<u>(43)</u>	<u>(470)</u>	<u>(30)</u>
Total Cost of Games	<u>\$ 14,626</u>	839	<u>\$ 16,823</u>	982
Reconciliation of Games Used				
Games used and reported per gross revenue by month		<u>835</u>		<u>982</u>
Difference or possible unreported games		<u>4</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, 2024 and 2023

	2024	2023
Additions		
Cash in gambling bank accounts	\$ 923,998	\$ 1,305,281
Cash in starting banks	75,428	82,150
Cash received but not deposited from sale of games	58,531	78,867
Deferred fund loss	4,800	20,375
Prepaid prizes	-	8,700
Total Additions	1,062,757	1,495,373
Subtractions		
Cost of prizes payable	(800)	3,700
Payable to e-gaming provider	2,377	6,029
Other subtractions	(25)	-
Total Subtractions	1,552	9,729
Profit Carryover from Financial Statements	1,061,205	1,485,644
Profit Carryover from Tax Report	1,061,205	1,485,644
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, 2024 and 2023 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 15, 2024.

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
Minneapolis, Minnesota
October 15, 2024

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, 2024

Name of the Organization: White Bear Lake Area Hockey Association

Organization License Number: 03111

Date of Audit or Review: October 15, 2024

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, 2024 and 2023, 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.

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 finding 2024-001, to be a significant deficiency in internal control over financial reporting.

This report is intended solely for the information and use of the Board of Directors, members and management within the Organization and for filing with the Minnesota Revenue 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 15, 2024

White Bear Lake Area Hockey Association
Lawful Gambling Fund
License Number 03111
Schedule of Findings
April 30, 2024 and 2023

<u>Finding</u>	<u>Description</u>
2024-001	Ending Inventory Variance
<i>Condition:</i>	During our audit we reconciled the inventory balance and cost of games played for the year ended 6/30/2024. The association did not have adequate documentation to support the ending inventory of pull-tab and paddle ticket games.
<i>Criteria:</i>	The Association had difficulties with Charitable Gambling Made Easy (CGME) carryover and difficulties accessing historical information.
<i>Cause:</i>	During our reconciliation of inventory, it was noted that there was an issue revolving around the transferring of information into CGME.
<i>Effect:</i>	The Association had a variance in the ending inventory of 9 pull-tab games and 4 paddle ticket games.
<i>Recommendation:</i>	We recommend the Association follow and implement internal controls around document retention and accurate representation of games counts.

Managements Response:

It was noted by Kevin that there was an issue when the Association transferred information into CGME in December, which caused differences in the annual count versus the recalculation performed.