

**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, 2025 AND 2024

White Bear Lake Area Hockey Association
Lawful Gambling Fund
License Number 03111
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For the Years Ended
April 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of White Bear Lake Area Hockey Association Lawful Gambling Fund (the Association), which comprise the statements of assets, liabilities, and profit carryover - regulatory basis as of April 30, 2025 and 2024, 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, 2025 and 2024, 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.

Prior Period Financial Statements

During the year ended December 31, 2025, the Association was audited by the Gambling Control Board, which identified certain errors affecting prior period financial statements. These errors have been corrected by restating the affected balances for the year ended December 31, 2024, as detailed in Note 7. In our opinion, such adjustments are appropriate and have been properly applied.

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 13, 2025



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, 2025 and 2024 (Restated)

	2025	2024 (Restated)
Assets		
Current Assets		
Cash		
Gambling bank accounts	\$ 968,810	\$ 966,059
Starting game banks	71,088	75,428
Cash received but not deposited from sale of games	37,574	58,531
Total Cash	1,077,472	1,100,018
Prepaid prizes	800	-
Deferred fund loss	-	4,800
	\$ 1,078,272	\$ 1,104,818
Total Assets		
Liabilities and Profit Carryover		
Current Liabilities		
Cost of prizes payable	\$ 2,760	\$ (800)
Payable to e-gaming provider	6,177	2,377
Other subtractions	-	(25)
Total Liabilities	8,937	1,552
Profit Carryover	1,069,335	1,103,266
	\$ 1,078,272	\$ 1,104,818
Total Liabilities and Profit Carryover		

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, 2025 and 2024 (Restated)

	<u>2025</u>	<u>2024 (Restated)</u>
Revenue		
Pull-tab receipts	\$ 20,261,659	\$ 20,859,415
e-Pull-tab receipts	17,375,676	19,666,085
Paddleticket receipts	282,009	440,591
Raffle receipts	5,213	8,216
Tipboard receipts	27,420	33,750
Sports-themed tipboard receipts	46,350	42,830
Bingo receipts	1,541,703	2,502,410
e-Bingo receipts	349,530	446,475
Total Revenue	<u>39,889,560</u>	<u>43,999,772</u>
Cost of Revenue		
Pull-tab prizes	17,486,445	17,876,567
e-Pull-tab prizes	14,938,026	17,126,296
Paddleticket prizes	238,092	370,622
Raffle prizes	4,083	7,530
Tipboard prizes	18,280	22,300
Sports-themed tipboard prizes	35,150	35,150
Bingo prizes	1,283,755	2,173,032
e-Bingo prizes	296,575	376,895
Total Cost of Revenue	<u>34,300,406</u>	<u>37,988,392</u>
Net Revenue Collected	5,589,154	6,011,380
Allowable Expenses	<u>2,865,580</u>	<u>3,408,628</u>
Revenue in Excess of Allowable Expenses	<u>2,723,574</u>	<u>2,602,752</u>
Lawful Purpose Expenditures		
Gambling taxes		
State combined receipts tax	1,744,064	1,897,714
State ideal gambling tax	25,755	55,331
Regulatory fee	49,862	33,430
Licenses	1,500	1,500
Local taxes	2,455	2,325
Total Gambling Taxes	<u>1,823,636</u>	<u>1,990,300</u>
Program expenditures	<u>933,869</u>	<u>994,830</u>
Total Lawful Purpose Expenditures	<u>2,757,505</u>	<u>2,985,130</u>
Excess Revenue (Expense)	(33,931)	(382,378)
Beginning Profit Carryover	<u>1,103,266</u>	<u>1,485,644</u>
Ending Profit Carryover	<u>\$ 1,069,335</u>	<u>\$ 1,103,266</u>

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

White Bear Lake Area Hockey Association
Lawful Gambling Fund
License Number 03111
Notes to the Financial Statements
April 30, 2025 and 2024

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.

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.

White Bear Lake Area Hockey Association
 Lawful Gambling Fund
 License Number 03111
 Notes to the Financial Statements
 April 30, 2025 and 2024

Note 3: Summary of Significant Accounting Policies (Continued)

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 13, 2025, the date the financial statements were available to be issued.

Note 4: Cash in Excess of FDIC Insured Limits

From time to time, the Association’s cash balances at financial institutions may exceed the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. Management does not believe this presents a significant risk to the Organization.

Note 5: Cash Counts

On May 1, 2025, the inventory of games was observed by two members not directly involved in the Association gambling activities. In addition, cash on hand of \$71,088 was counted.

Note 6: 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, 2025:

	2025		2024 (Restated)	
	Number of Games	Extended Cost	Number of Games	Extended Cost
Pull-tabs	210	\$ 14,437	318	\$ 16,646
Paddle tickets	20	357	43	724
Tipboards	17	111	39	253
Total	247	\$ 14,905	400	\$ 17,623

White Bear Lake Area Hockey Association
 Lawful Gambling Fund
 License Number 03111
 Notes to the Financial Statements
 April 30, 2025 and 2024

Note 7: Prior Period Adjustment

During the audit for the year ended June 30, 2025, discrepancies were found in the profit carryover due to prior period adjustments for old outstanding checks written off following the Gaming Control Board (GCB) audit of the year ended June 30, 2024. A prior period adjustment of \$42,061 was made to correct the prior period financial statements, as a result, several accounts were restated.

In addition, during our prior year audit for the year ended April 30, 2024, we noted that the Association lacked adequate documentation to support the ending inventory of pulltab games. The issue was related to the transfer of information into Charitable Gambling Made Easy (CGME) and difficulties accessing historical data. As a result, the beginning inventory balance was restated from 310 to 318 pulltab games in the current year.

The prior period adjustment are summarized as follows:

	As Previously Reported	As Restated
Statements of Assets, Liabilities and Profit Carryover - Regulatory Basis		
Assets		
Cash	\$ 923,998	\$ 966,059
Statements of Revenue, Expenses and Changes in Profit Carryover - Regulatory Basis		
Lawful Purpose Expenditures		
Program expenditures	\$ 994,971	\$ 994,830
Statements of Revenue, Expenses and Changes in Profit Carryover - Regulatory Basis		
Allowable Expenses		
Compensation and payroll taxes	\$ 855,750	\$ 854,436
Miscellaneous allowable expenses	\$ 387,115	\$ 383,019
Rent	\$ 877,696	\$ 844,024
Accounting and legal	\$ 51,797	\$ 48,959
Reconciliation of Games Used - Regulatory Basis		
Pull-tabs		
Beginning inventories	310	318

White Bear Lake Area Hockey Association
 Lawful Gambling Fund
 License Number 03111
 Notes to the Financial Statements
 April 30, 2025 and 2024

Note 8: 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 tip board 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
IG 535Z, 2859116	Pull-tab	\$ 1,110	\$ 1,010	Counted 1 \$100 dollar prize ticket more than reported
AN 7359P-MN #F921668	Pull-tab	\$ 699	\$ 616	Noted the bank deposit was \$83 less than reported.
AG DRCE421N #9083125	Pull-tab	\$ 754	\$ 714	Counted 20 more unsold tickets than reported

Note 9: 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, 2025 and 2024 were immaterial and paid by the Association’s General Fund.

During the years ended April 30, 2025 and 2024, 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 10: Commitments

As of April 30, 2025, 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 had a bingo hall lease, which was terminated effective June 24, 2024; with monthly rent of \$16,500. Rent expense for the years ended April 30, 2025 and 2024 was \$858,405 and \$844,204, 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, 2025 and 2024 was \$708,697 and \$862,374, respectively and is shown as part of gaming equipment allowable expense.

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, 2025 and 2024 and have issued our report thereon dated October 13, 2025, 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 13, 2025

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, 2025 and 2024 (Restated)

	2025		2024 (Restated)	
	Amount	Percent	Amount	Percent
Net Revenue	<u>\$ 5,589,154</u>	<u>100.00 %</u>	<u>\$ 6,011,380</u>	<u>100.00 %</u>
Allowable Expenses				
Cost of games	\$ 358,292	6.41 %	\$ 383,488	6.38 %
Compensation and payroll taxes	650,534	11.64	854,436	14.21
Miscellaneous allowable expenses	232,743	4.16	383,019	
Rent	858,405	15.36	844,024	14.04
Bond, license and permit expense	225	-	100	-
Accounting and legal	40,928	0.73	48,959	0.81
Gaming equipment	716,964	12.83	873,604	14.53
Cash short	<u>7,489</u>	<u>0.13</u>	<u>20,998</u>	<u>0.35</u>
Total Allowable Expenses	<u>\$ 2,865,580</u>	<u>51.26 %</u>	<u>\$ 3,408,628</u>	<u>50.32 %</u>
Lawful Purpose Expenditures	<u>\$ 2,757,505</u>	<u>49.34 %</u>	<u>\$ 2,985,130</u>	<u>49.66 %</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, 2025 and 2024 (Restated)

	2025		2024 (Restated)	
	Amount	Games	Amount	Games
Pull-tabs				
Cost of Games Used				
Beginning inventories	\$ 16,646	318	\$ 17,419	255
Purchases	331,485	4,717	350,898	5,515
Less Ending Inventories	<u>(14,437)</u>	<u>(210)</u>	<u>(16,646)</u>	<u>(318)</u>
Total Cost of Games	<u>\$ 333,694</u>	4,825	<u>\$ 351,671</u>	5,452
Reconciliation of Games Used				
Games used and reported per gross revenue by month		<u>4,825</u>		<u>5,451</u>
Difference or possible unreported games		<u>-</u>		<u>1</u>
Tipboards / Sports Themed Tipboards				
Cost of Games Used				
Beginning inventories	\$ 253	39	\$ 379	60
Purchases	2,614	326	1,433	302
Less Ending Inventories	<u>(111)</u>	<u>(17)</u>	<u>(253)</u>	<u>(39)</u>
Total Cost of Games	<u>\$ 2,756</u>	348	<u>\$ 1,559</u>	323
Reconciliation of Games Used				
Games used and reported per gross revenue by month		<u>348</u>		<u>323</u>
Difference or possible unreported games		<u>-</u>		<u>-</u>
Paddle Tickets				
Cost of Games Used				
Beginning inventories	\$ 724	43	\$ 470	30
Purchases	9,113	513	14,880	852
Less Ending Inventories	<u>(357)</u>	<u>(20)</u>	<u>(724)</u>	<u>(43)</u>
Total Cost of Games	<u>\$ 9,480</u>	536	<u>\$ 14,626</u>	839
Reconciliation of Games Used				
Games used and reported per gross revenue by month		<u>536</u>		<u>835</u>
Difference or possible unreported games		<u>-</u>		<u>4</u>

White Bear Lake Area Hockey Association
 Lawful Gambling Fund
 License Number 03111
 Supplementary Information
 Reconciliation of Profit Carryover - Regulatory Basis
 April 30, 2025 and 2024 (Restated)

	2025	2024 (Restated)
Additions		
Cash in gambling bank accounts	\$ 968,810	\$ 966,059
Cash in starting banks	71,088	75,428
Cash received but not deposited from sale of games	37,574	58,531
Deferred fund loss	-	4,800
Prepaid prizes	800	-
Total Additions	1,078,272	1,104,818
Subtractions		
Cost of prizes payable	2,760	(800)
Payable to e-gaming provider	6,177	2,377
Other subtractions	-	(25)
Total Subtractions	8,937	1,552
Profit Carryover from Financial Statements	1,069,335	1,103,266
Profit Carryover from Tax Report	1,069,335	1,103,266
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, 2025 and 2024 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 13, 2025.

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

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



Abdo
Minneapolis, Minnesota
October 13, 2025

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, 2025

Name of the Organization: White Bear Lake Area Hockey Association

Organization License Number: 03111

Date of Audit or Review: October 13, 2025

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, 2025 and 2024, 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 2025-001, 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 13, 2025

White Bear Lake Area Hockey Association
Lawful Gambling Fund
License Number 03111
Schedule of Findings
April 30, 2025 and 2024

<u>Finding</u>	<u>Description</u>
2025-001	Beginning Inventory Variance
<i>Condition:</i>	During our audit we reconciled the inventory balance and cost of games played for the year ended 4/30/2025. The Association did not have adequate documentation to support the ending inventory of pulltab games in the prior year resulting in a variance in the current year. As a result, the current year audit provided a resolution to last year's game variance, resulting in a restatement of the beginning balance for inventory.
<i>Criteria:</i>	The Association had difficulties with Charitable Gambling Made Easy (CGME) carryover and difficulties accessing historical information in the prior year resulting in a variance in the ending inventory of pulltab games.
<i>Cause:</i>	During our reconciliation of inventory, it was noted that there was an issue revolving around the transfer of information into CGME in the prior year.
<i>Effect:</i>	The Associate had a restatement in beginning balance inventory from 310 to 318 pulltab 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 prior year, which caused differences in the annual count versus the recalculation performed.