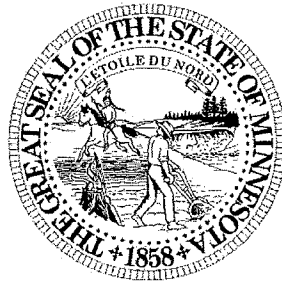




Suite 300 South
1711 West County Road B
Roseville MN 55113
651-539-1900

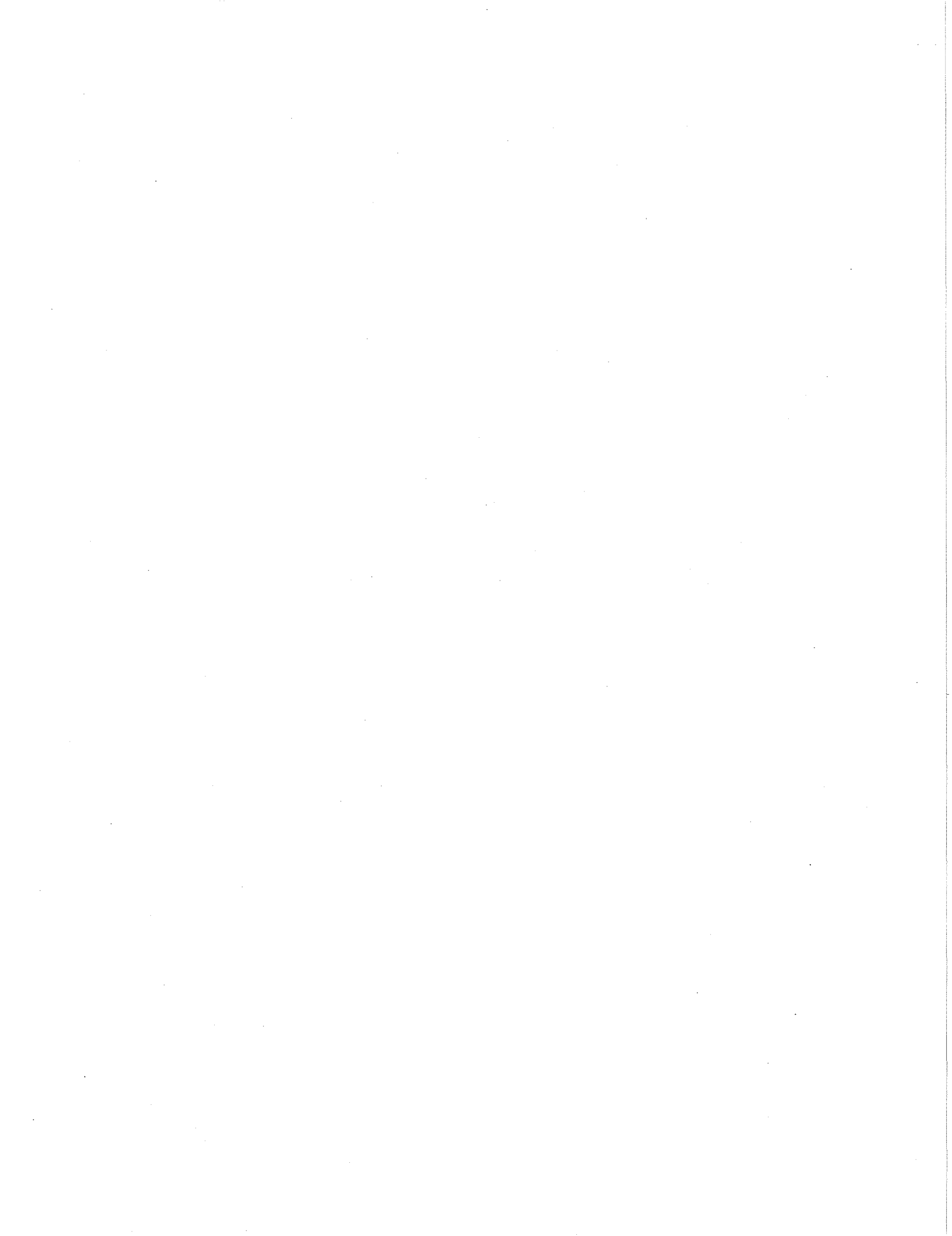
Minnesota Gambling Control Board

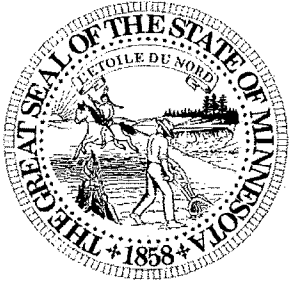
Annual Report of the Minnesota Gambling Control Board



**Fiscal Year
2013**

July 1, 2012 - June 30, 2013





Message from the Board Chair and Executive Director

December 31, 2013

The mission of the Gambling Control Board (Board) is to regulate lawful gambling in Minnesota so that citizens are assured of the integrity of the industry and nonprofit organizations may continue to raise funds for charitable contributions through lawful gambling.

Fiscal year 2013 was a very positive year for lawful gambling:

- Charitable donations up 21%.
- \$1.2 billion in gross receipts.
- \$60 million was raised for Minnesota charities.
- Minnesota ranks #1 in the U.S. for charitable gaming activity.
- Gambling taxes collected decreased 12.7% (see page 4).
- Charities' operating expenses virtually unchanged.
- \$1.4 million spent on military recognition.
- \$2.9 million spent on scholarships and private or public nonprofit educational institutions.
- \$7.3 million spent on youth activities.
- \$9.8 million went to local governments.
- \$2.9 million in property tax relief.
- Over \$1.5 million in new assets/property repairs.
- 5,141 new games tested and approved; average 428 per month.
- 479 compliance reviews/audits filed.
- 2,403 exempt organizations with 3,420 permits issued; \$37 million in total tax-exempt receipts.
- For every dollar wagered on charitable gambling in Minnesota, less than 2/10 of one cent (\$.002) goes to the state for lawful gambling regulation.

The Board continues to provide education, outreach, and guidance to the lawful gambling industry through its ongoing programs, including:

- compliance reviews and site inspections,
- issuing perpetual licenses and permits for licensed organizations,
- continuing education classes throughout the state,
- speaking engagements at state-level conventions,
- gambling manager seminars,
- an individualized mentoring program,
- a comprehensive website, and
- a quarterly industry newsletter.

This annual report provides information for the fiscal year beginning July 1, 2012, through June 30, 2013. Portions of the data were obtained from the Minnesota Department of Revenue.

Respectfully submitted,

William Goede
Chair

Tom Barrett
Executive Director

Statement of Cash Receipts

	Fee	Total Collected
Manufacturer license.....	\$9,000.....	\$108,000
Game approval/testing	\$25/\$100.....	\$207,500
Distributor license.....	\$6,000.....	\$84,000
Distributor salesperson license	\$100.....	\$10,500
Linked bingo game provider license.....	\$5,000.....	\$15,000
Organization license.....	\$350.....	\$416,500
Waivers of the organization license fee were granted to 15 organizations expecting to receive less than \$100,000 in gross annual receipts: \$5,250 waived		
Gambling manager license.....	\$100.....	\$133,800
Premises permit.....	\$150.....	\$443,700
Regulatory fee	0.1% (.001) of gross receipts.....	\$1,193,500
Exempt permit (up to 5 days of activity, total prizes valued at \$50,000 or less).....	\$50/\$100.....	\$187,500
	Total dedicated fees:	\$2,800,000
Civil penalties and fines (consent orders and citations).....	vary	\$41,500
State gambling taxes, after refunds (collected by Department of Revenue).....		\$36,164,000
	Total civil penalties, fines, and taxes paid to state's general fund:	\$36,205,500
	Total taxes, fees, and penalties:	\$39,005,500

Industry Overview

On June 30, 2013, the Minnesota lawful gambling industry consisted of:

Licensees and Activities Description

- 10 manufacturers Sold product to licensed distributors. (5,141 new games approved in FY13.)
- 13 distributors..... Sold product to licensed lawful gambling organizations.
- 100 distributor salespersons Persons licensed to sell gambling equipment to nonprofit organizations.
- 2 linked bingo game providers Providing linked bingo games to licensed organizations.
- 1,203 nonprofit organizations..... Nonprofit organizations licensed to conduct gambling at permitted premises.

<u>Type of Organization</u>	<u>#</u>	<u>%</u>
Fraternal - Eagles, Moose, Elks, Knights of Columbus	218	18.1%
Veterans - American Legion, VFW, & Auxiliaries	329	27.4%
Religious - Church/Cathedral	29	2.4%
Other nonprofit - Fire relief, hockey, Jaycees, Lions, baseball, athletic, rod & gun, sportsman, snowmobile, business/chamber/development, community, other	<u>627</u>	<u>52.1%</u>
Total Nonprofit Organizations	1,203	100%

- 1,203 gambling managers Members of licensed nonprofit organizations responsible for supervising organizations' lawful gambling operations.
- 2,830 charitable gambling sites..... Locations in Minnesota where lawful gambling was conducted in FY13 by licensed organizations.
- 2,403 exempt organizations Nonprofit organizations applying to conduct limited gambling of up to five days per calendar year conducted 3,420 activities, with gross receipts of \$37,479,677.

<u>Exempt activity</u>	<u>Gross receipts</u>	<u>Expenses</u>	<u>Profit</u>
Raffle	\$35,664,756	\$24,800,575	\$10,864,181
Pull-tabs	617,192	361,618	255,574
Bingo	1,026,254	347,287	678,967
Paddlewheels	127,090	56,331	70,759
Tipboards	<u>44,385</u>	<u>27,854</u>	<u>16,531</u>
Totals	\$37,479,677	\$25,593,665	\$11,886,012

- 305 excluded organizations..... Nonprofit organizations that applied for authorizations to conduct 529 excluded bingo activities. Excluded bingo is conducted for four or fewer events, or conducted up to 12 consecutive days in conjunction with a county fair, civic celebration, or the State Fair.

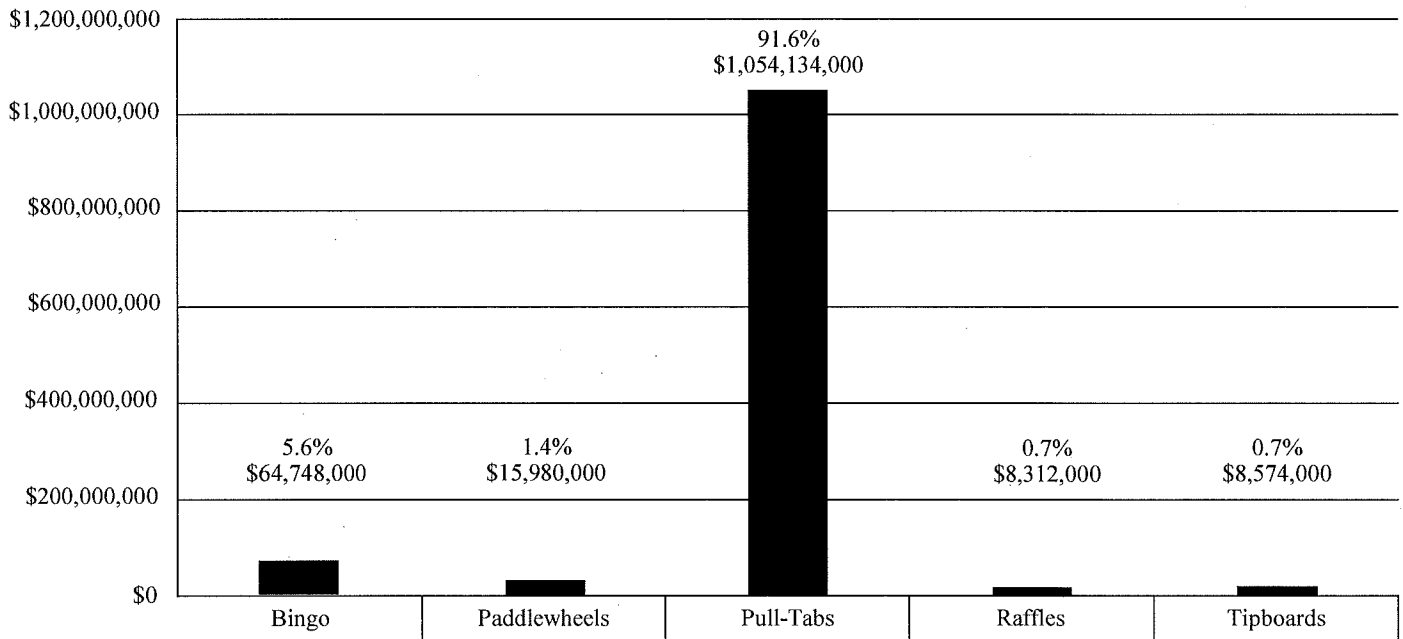
Lawful Gambling Statistics

2013 Fiscal Year Summary*

Activity	Gross Receipts (sales)		Prizes Paid	Net Receipts (gross less prizes)			% Payout	
	FY13	Change from FY12	FY13	FY13	FY12	Change from FY12	FY13	FY12
Bingo	\$64,748,000	3.8%	\$48,968,000	\$15,780,000	\$15,449,000	2.1%	75.6%	75.2%
Raffles	\$8,312,000	4.5%	\$3,915,000	\$4,397,000	\$4,091,000	7.5%	47.1%	48.6%
Paddlewheels	\$15,980,000	7.3%	\$11,612,000	\$4,368,000	\$4,040,000	8.1%	72.7%	72.9%
Tipboards	\$8,574,000	9.4%	\$6,243,000	\$2,331,000	\$2,099,000	11.1%	72.8%	73.2%
Pull-Tabs	\$1,054,134,000	8.1%	\$877,384,000	\$176,750,000	\$167,111,000	5.8%	83.2%	82.8%
Interest Income	\$65,000	-27.8%	0	\$65,000	\$90,000	-27.8%	n/a	n/a
TOTALS	\$1,151,813,000	8.4%	\$948,122,000	\$203,691,000	\$192,880,000	5.6%	82.3%	81.8%

* Numbers are based on Schedule A's submitted to the Gambling Control Board.

Comparison of Gross Receipts (Sales) by Type—FY13



Ten-Year Comparison of Receipts and Prizes Paid (with % change from previous year)


FY	Gross Receipts	% change	Prizes Paid	% change	Net Receipts	% change
13	\$1,151,813,000	8.4%	\$948,122,000	9.1%	\$203,691,000	5.6%
12	\$1,062,280,000	7.3%	\$869,399,000	7.6%	\$192,880,000	6.1%
11	\$989,906,000	1.0%	\$808,172,000	1.0%	\$181,734,000	1.1%
10	\$980,144,000	-5.0%	\$800,370,000	-5.0%	\$179,774,000	-5.0%
09	\$1,031,699,000	-9.6%	\$842,507,000	-9.8%	\$189,192,000	-9.0%
08	\$1,141,443,000	-9.8%	\$933,591,000	-9.7%	\$207,852,000	-10.3%
07	\$1,265,707,000	-3.3%	\$1,033,863,000	-3.3%	\$231,844,000	-3.0%
06	\$1,308,264,000	-4.8%	\$1,069,325,000	-4.8%	\$238,939,000	-4.8%
05	\$1,373,783,000	-3.1%	\$1,122,783,000	-3.3%	\$251,000,000	-2.5%
04	\$1,418,109,000	0.0%	\$1,160,753,000	-0.3%	\$257,356,000	1.5%

Lawful Purpose Expenditures (LPE)

Proceeds from lawful gambling may be used for lawful purpose expenditures (contributions) in the following categories.

Wildlife management projects, grooming and maintaining snowmobile and all-terrain vehicle trails approved by MN Department of Natural Resources, and monitoring surface water quality

FY2013: \$617,150




Congregate dining, nutritional programs, or food shelves for the disabled or persons age 62 and older

FY2013: \$220,906

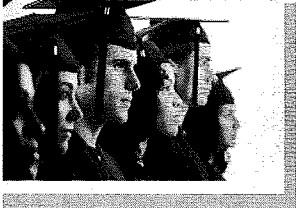
Youth activities

FY2013: \$7,339,458




Scholarship funds and private or public nonprofit educational institutions

FY2013: \$2,941,090



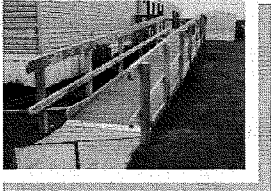
Recognition of military service

FY2013: \$1,424,833



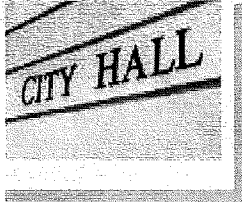
Repair and maintenance projects of organization-owned buildings

FY2013: \$1,729,734



Compulsive gambling programs

FY2013: \$6,029



Programs and projects by the United States, the state of Minnesota, or local units of government

FY2013: \$9,760,388

Other Lawful Purpose Expenditure Categories:

- Community arts organizations or program sponsorships.
FY2013: \$67,978
- Religious purposes.
FY2013: \$976,263
- Donations to or expenditures by nonprofit organizations designated by the Internal Revenue Service as 501(c)(3) organizations or 501(c)(4) festival organizations.
FY2013: \$16,156,989
- Relieving effects of poverty, homelessness, or disabilities.
FY2013: \$2,211,839
- Recognition of humanitarian service.
FY2013: \$88,344
- Real estate taxes.
FY2013: \$2,950,930
- State, local, and federal gambling taxes; state lawful gambling license and regulatory fees.
FY2013: \$39,207,990
- Specific utility costs by licensed veterans and fraternal organizations.
FY2013: \$4,537,375
- Membership events by licensed veterans organizations.
FY2013: \$179,290
- Contributions to another licensed organization or parent organization with Board approval, and contributions to non-licensed 501(c)(19) organizations.
FY2013: \$357,167

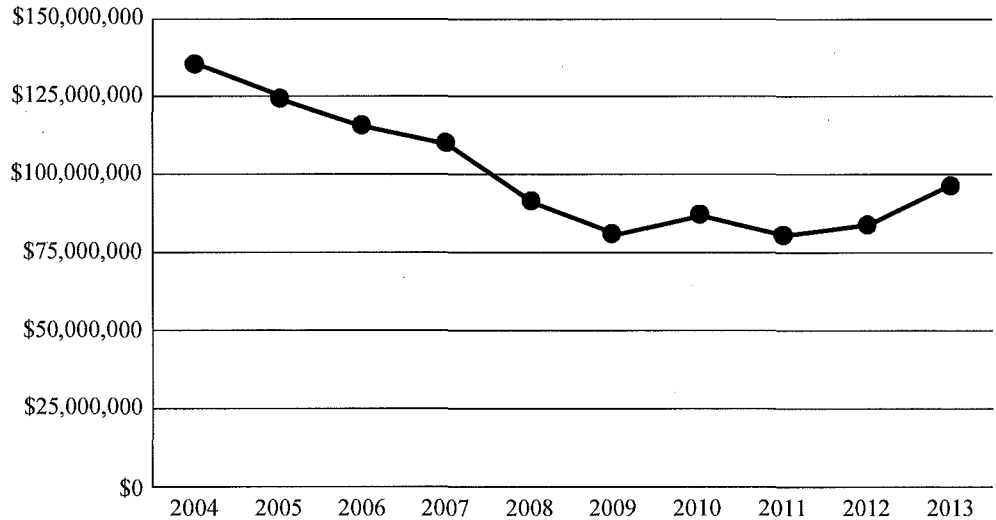
Total FY13 LPE spent:

\$92,338,023

Lawful Purpose Expenditures (LPE)

Available for Lawful Purpose Expenditures Ten-Year Comparison

2013	\$ 96,425,000
2012	\$ 84,923,000
2011	\$ 81,336,000
2010	\$ 87,025,000
2009	\$ 82,247,000
2008	\$ 92,311,000
2007	\$110,144,000
2006	\$116,011,000
2005	\$124,974,000
2004	\$130,944,000



	FY 2013	FY 2012	% Change
Available for Lawful and Charitable Contributions	\$60,261,000	\$43,490,000	38.5%
State Gambling Taxes Paid	\$36,164,000¹	\$41,433,000	-12.7%
Gross receipts tax	(\$3,853,000) ²	\$16,452,000	
Net receipts tax	\$2,085,000	\$2,012,000	
Combined gross receipts tax	0	\$22,969,000	
Combined net receipts tax	\$37,932,000	0	
Totals	\$96,425,000	\$84,923,000	13.5%

¹ Tax structure change effective 7/1/12.

² Refund related to the first six months of activity in 2012 based on past tax rate method.

The three state gambling taxes included as lawful purpose expenditures in FY13 are:

Gross receipts tax. 1.7% of the gross receipts on paper pull-tab and tipboard games. The gross receipts tax was eliminated in FY12.

Net receipts tax. 8.5% on the net receipts on bingo, raffles, and paddlewheels.

Combined gross/net receipts taxes. Progressive taxes calculated on the gross/net receipts from electronic and paper pull-tabs, tipboards, electronic linked bingo, and interest. The tax method changed and is now based on net receipts.

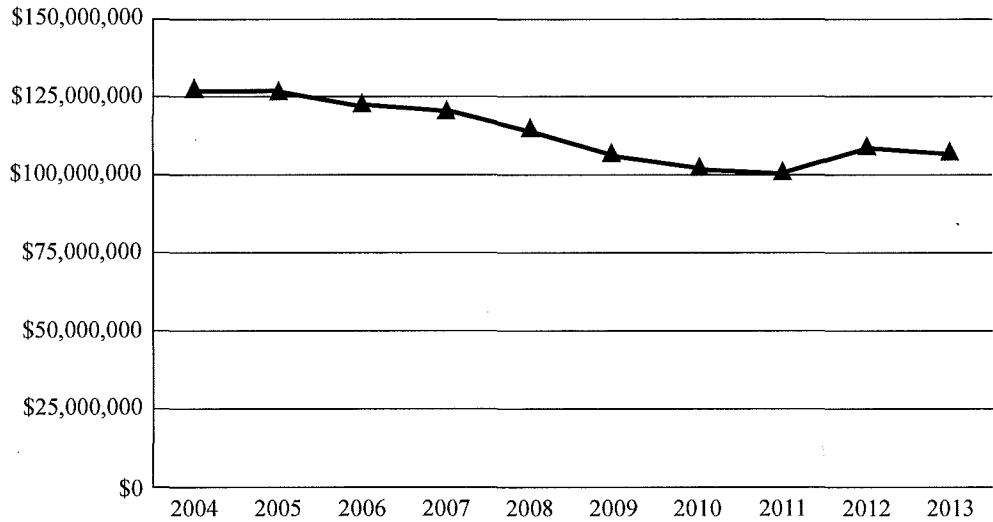
State Gambling Taxes

FY	Taxes Paid	Refund	Net taxes (after refund)	Net taxes as % of	
				Gross receipts	Net receipts
2013	\$40,017,000	\$3,853,000	\$36,164,000	3.1%	17.8%
2012	\$48,808,000	\$7,375,000	\$41,433,000	3.9%	21.5%
2011	\$43,943,000	\$6,885,000	\$37,058,000	3.7%	20.4%
2010	\$42,628,000	\$6,820,000	\$35,808,000	3.7%	19.9%
2009	\$44,761,000	\$6,917,000	\$37,844,000	3.7%	20.0%
2008	\$50,019,000	\$7,328,000	\$42,691,000	3.7%	20.5%
2007	\$56,461,000	\$7,477,000	\$48,984,000	3.9%	21.1%
2006	\$58,519,000	\$7,381,000	\$51,138,000	3.9%	21.4%
2005	\$61,621,000	\$7,333,000	\$54,288,000	4.0%	21.6%
2004	\$63,539,000	\$6,900,000	\$56,639,000	4.0%	22.0%

Allowable Expenses

Allowable Expenses Ten-Year Comparison

2013	\$107,266,000
2012	\$107,957,000
2011	\$100,398,000
2010	\$102,167,000
2009	\$106,945,000
2008	\$115,541,000
2007	\$121,700,000
2006	\$122,928,000
2005	\$126,026,000
2004	\$126,412,000



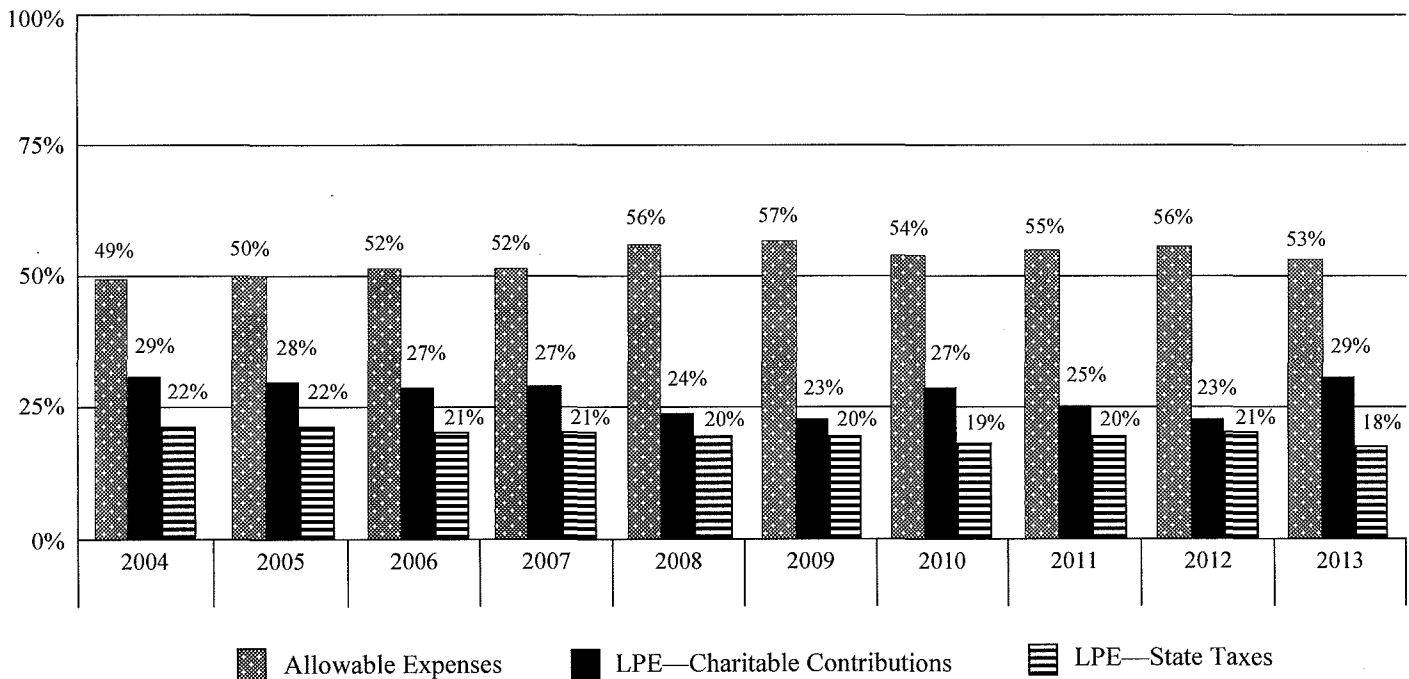
Allowable Expenses

Allowable expenses are operating costs incurred by organizations in their conduct of lawful gambling. Examples include product costs, rent to bar owners, compensation, accounting fees, insurance, and supplies.

Required Percentages

Organizations are required to spend at least 30% of their net profits on lawful purposes, including taxes. Failure to meet the requirement subjects the organization to sanctions.

Distribution of Net Receipts



LG500 CY12 Regulatory Tax, City or County Annual Report

Under Minnesota Statutes, section 349.213, subdivision 3, a city or county may impose a local gambling tax on each licensed organization within the city's or county's jurisdiction, only if they do not charge an investigation fee or other local taxes on lawful gambling. A township may not impose a local gambling tax.

The tax, up to 3% per year, may be imposed only if the amount is necessary to cover the costs to regulate lawful gambling in their jurisdiction. A city or county may not use money collected for any purpose other than to regulate lawful gambling. Cities or counties imposing a tax under section 349.213 must report to the Gambling Control Board annually by March 15 showing (1) the amount of revenue produced by the tax during the preceding calendar year, and (2) the use of the proceeds of the tax.

The cities reporting in calendar year 2012 and the amounts collected, spent, refunded, and balances are:

City	%	Prev. Balance	Collected	Spent	Balance
Andover	0.10%	\$0.00	\$814.09	\$814.09	\$0.00
Austin	0.50%	\$2,505.60	\$3,196.19	\$3,876.05	\$1,825.74
Bloomington	0.25%	\$18,056.10	\$6,722.56	\$1,725.82	\$23,052.84
Duluth	3.0%	\$0.00	\$53,381.00	\$53,381.00	\$0.00
East Bethel	3.0%	\$0.00	\$19,209.86	\$19,209.86	\$0.00
Eden Prairie	0.0%	\$21,814.17	\$0.00	\$0.00	\$21,814.17
Fridley	3.0%	\$0.00	\$61,123.97	\$61,123.97	\$0.00
Jackson	0.0%	\$0.00	\$416.00	\$0.00	\$416.00
Lilydale	3.0%	\$0.00	\$822.99	\$822.99	\$0.00
Lino Lakes	0.10%	\$686.57	\$806.51	\$1,493.08	\$0.00
Madison Lake	3.0%	\$0.00	\$844.89	\$844.89	\$0.00
Mankato	3.0%	\$0.00	\$47,907.93	\$42,522.09	\$5,385.84
Maple Grove	0.50%	\$3,402.85	\$10,080.18	\$6,355.76	\$7,127.27
Mendota	2.0%	\$0.00	\$4,610.38	\$1,272.11	\$3,338.27
Minneapolis	3.0%	\$78,345.37	\$149,274.31	\$115,206.04	\$112,413.64
North Mankato	3.0%	\$0.00	\$16,427.19	\$16,427.19	\$0.00
Owatonna	0.0%	\$83.74	\$4,000.00	\$4,091.38	\$0.00
Plymouth	3.0%	\$12,961.87	\$218.15	\$0.00	\$13,180.02
Roseville	3.0%	\$0.00	\$80,984.50	\$55,666.70	\$25,317.80
St. Louis Park	3.0%	\$0.00	\$10,883.07	\$10,883.07	\$0.00
St. Paul	2.5%	\$82,237.75	\$115,061.78	\$99,583.44	\$97,716.09
Shoreview	3.0%	\$0.00	\$1,426.65	\$9,428.99	\$0.00
Spring Lake Park	3.0%	\$0.00	\$39,328.00	\$39,328.00	\$0.00
Waterville	3.0%	\$11,982.12	\$6,653.51	\$9,015.06	\$9,620.57
White Bear Lake	2.0%	\$0.00	\$30,047.00	\$30,047.00	\$0.00
Worthington	3.0%	\$0.00	\$4,749.55	\$4,749.55	\$0.00
Total		\$232,076.14	\$668,990.26	\$587,868.13	\$321,208.25

Separate from the 3% regulatory tax and the 10% contribution, Minnesota Statutes, section 349.12, subdivision 25, paragraph (a), clause (10), allows a licensed organization to make a voluntary contribution to units of government (under lawful purpose code A10) for government programs and projects of the United States, the state of Minnesota, or local units of government.

In fiscal year 2013, a total of \$9,760,388 was contributed to units of government for contributions allowed under code A10. Cities or counties are not required to report the receipt of the voluntary contributions to the Board.

For "required" charitable contributions made to local cities/counties, see page 7.

LG510 CY12 10% Contribution Fund, When Mandated by Ordinance

As established by ordinance, a city or county (not a township) may require an organization to contribute up to 10% per year of net profits to a fund that the city or county administers.

- The city or county may only spend the funds for charitable contributions (Minn. Stat. 349.12, subd. 7a), or for police, fire, and other emergency or public safety-related services, equipment, and training.
- The fund may not be used for the payment of pension obligations or general government functions.
- A licensed organization that contributes to the 10% fund may not be a beneficiary of the fund.
- A city or county that has a 10% fund must submit a report to the Gambling Control Board by March 15 each year.
 - √ In calendar year 2012, 106 cities required fund contributions up to 10% as mandated by their city's ordinance.
 - √ A total of \$946,749 was contributed to cities under the "required" contribution allowance.
 - √ A balance of \$1,651,724 was reported for future distribution.

City	%	Prev. Balance	Interest	Collected	Spent	Balance
Alexandria	10%	\$0.00	\$0.00	\$29,641.99	\$29,641.99	\$0.00
Andover	10%	\$415.51	\$61.22	\$13,216.58	\$5,000.00	\$8,693.31
Annandale	10%	\$431.08	\$7.53	\$1,269.06	\$0.00	\$1,707.67
Arden Hills	10%	\$0.00	\$0.00	\$37,654.59	\$37,654.59	\$0.00
Barnum	10%	\$1,475.43	\$0.00	\$1,699.11	\$2,641.57	\$532.97
Battle Lake	10%	\$0.00	\$0.00	\$937.27	\$937.27	\$0.00
Bayport	10%	\$66,769.68	\$0.00	\$4,468.73	\$0.00	\$71,238.41
Bigfork	10%	\$8,207.32	\$0.00	\$5,412.10	\$0.00	\$13,619.42
Blaine	10%	\$73,375.69	\$1,092.38	\$91,734.94	\$46,500.00	\$119,703.01
Bricelyn	10%	\$664.55	\$0.00	\$236.10	\$0.00	\$900.65
Brownsville	10%	\$0.00	\$0.00	\$2,576.50	\$2,576.50	\$0.00
Byron	10%	\$1,888.52	\$15.30	\$2,423.93	\$4,327.75	\$0.00
Calumet	10%	\$309.65	\$0.00	\$0.00	\$309.65	\$0.00
Carlton	10%	\$1,898.23	\$4.07	\$11,150.65	\$7,280.00	\$5,772.95
Centerville	10%	\$0.00	\$0.00	\$1,157.45	\$1,157.45	\$0.00
Chanhassen	10%	\$51,231.10	\$409.50	\$15,208.34	\$30,830.00	\$36,018.94
Cloquet	10%	\$0.00	\$0.00	\$11,691.92	\$11,691.92	\$0.00
Cold Spring	10%	\$59,231.42	\$2,072.62	\$7,565.29	\$0.00	\$68,869.33
Coon Rapids	5%	\$41,779.69	\$482.35	\$30,528.44	\$64,179.52	\$8,610.96
Cottage Grove	10%	\$1,920.20	\$22.00	\$4,682.00	\$0.00	\$6,624.20
Crystal	10%	\$6,322.74	\$0.00	\$26,871.18	\$29,399.27	\$3,794.65
Dennison		\$0.00	\$0.00	\$905.05	\$905.05	\$0.00
Duluth	5%	\$11,726.00	\$0.00	\$9,626.00	\$0.00	\$21,352.00
Dundas	10%	\$0.00	\$0.00	\$2,379.00	\$2,379.00	\$0.00
Effie	10%	\$4,950.10	\$0.00	\$981.00	\$5,532.36	\$398.74
Elgin	10%	\$17,585.59	\$0.00	\$3,840.20	\$0.00	\$21,425.79
Elko/New Market	5%	\$1,920.80	\$4.21	\$3,656.34	\$0.00	\$5,581.35
Evansville	10%	\$841.45	\$0.00	\$2,598.93	\$2,002.67	\$1,437.71
Eveleth	10%	\$9,680.65	\$0.00	\$7,089.80	\$3,400.00	\$13,370.45
Eyota	10%	\$22,643.87	\$60.38	\$4,678.95	\$2,500.00	\$24,883.20
Faribault	5%	\$34,712.51	\$313.44	\$27,084.15	\$14,804.75	\$47,305.35
Floodwood	10%	\$778.82	\$0.00	\$1,373.03	\$1,100.00	\$1,051.85
Gem Lake	10%	\$421.35	\$0.00	\$2,634.19	\$2,250.00	\$805.54
Glencoe	10%	\$4,601.39	\$2.38	\$0.00	\$3,766.81	\$836.96
Golden Valley	10%	\$0.00	\$0.00	\$30,075.00	\$30,075.00	\$0.00
Gully	10%	\$2,454.41	\$3.94	\$2,488.06	\$0.00	\$4,946.41
Ham Lake	10%	\$5,147.83	\$46.34	\$12,991.73	\$6,412.50	\$11,773.40
Hampton	10%	\$0.00	\$0.00	\$4,751.75	\$4,751.75	\$0.00
Hanska	10%	\$7,258.30	\$0.00	\$1,867.59	\$9,000.00	\$125.89
Hartland	10%	\$0.00	\$0.00	\$1,906.45	\$1,906.45	\$0.00
Hawley	10%	\$6,465.71	\$4.44	\$0.00	\$0.00	\$6,470.15
Hewitt	10%	\$3,765.20	\$12.56	\$3,115.37	\$6,838.00	\$55.13
Hibbing	10%	\$10,581.71	\$0.00	\$0.00	\$0.00	\$10,581.71
Hokah	10%	\$0.00	\$0.00	\$2,578.13	\$2,578.13	\$0.00
Hollandale	10%	\$0.00	\$0.00	\$179.69	\$179.69	\$0.00
Independence	10%	\$0.00	\$0.00	\$1,021.00	\$1,021.00	\$0.00

City	%	Prev. Balance	Interest	Collected	Spent	Balance
Kasota	10%	\$0.00	\$0.00	\$670.00	\$0.00	\$670.00
Kerkhoven	10%	\$664.84	\$5.85	\$200.00	\$0.00	\$870.69
Kerrick	10%	\$0.00	\$0.00	\$460.42	\$460.42	\$0.00
Kettle River	10%	\$2,755.93	\$0.00	\$795.79	\$1,446.62	\$2,105.10
Kilkenny	10%	\$640.47	\$0.00	\$1,689.52	\$640.47	\$1,689.52
Lakeland	10%	\$368.19	\$0.00	\$1,939.49	\$0.00	\$2,307.68
Lakeland Shores	10%	\$5.38	\$0.00	\$0.00	\$0.00	\$5.38
Lexington	10%	\$13,591.16	\$0.00	\$12,333.61	\$0.00	\$25,924.77
Lilydale	10%	\$0.00	\$0.00	\$234.15	\$234.15	\$0.00
Little Canada	10%	\$68,707.23	\$2,495.12	\$15,827.73	\$14,117.28	\$72,912.80
Long Beach	10%	\$0.00	\$0.00	\$1,775.63	\$1,775.63	\$0.00
Long Lake	10%	\$2,393.00	\$30.00	\$1,867.00	\$1,343.00	\$2,947.00
Madison Lake	10%	\$2,454.54	\$3.55	\$2,816.31	\$2,647.95	\$2,626.45
Mahtomedi	10%	\$10,649.32	\$129.09	\$14,190.40	\$0.00	\$24,968.81
Maple Grove	10%	\$218,151.46	\$7,551.43	\$44,538.25	\$0.00	\$270,241.14
Mapleview	10%	\$4,218.09	\$0.51	\$1,661.90	\$0.00	\$5,880.50
Maplewood	10%	\$25,758.30	\$0.00	\$27,185.00	\$24,027.26	\$28,916.04
Mayer	10%	\$0.00	\$0.00	\$4,237.55	\$4,357.20	-\$119.65
Mendota	10%	\$0.00	\$0.00	\$4,295.05	\$4,295.05	\$0.00
Milaca	10%	\$5,852.00	\$117.00	\$5,259.00	\$4,262.00	\$6,966.00
Millville	10%	\$17,700.19	\$0.00	\$2,433.61	\$1,747.15	\$18,386.65
Minneapolis	10%	\$59,879.08	\$0.00	\$19,674.49	\$1,963.75	\$77,589.82
Mountain Iron	10%	\$8,224.75	\$11.16	\$3,113.08	\$4,435.00	\$6,913.99
Myrtle	10%	\$2,193.28	\$0.00	\$3,486.70	\$4,048.02	\$1,631.96
New Hope	10%	\$0.00	\$0.00	\$3,642.12	\$3,642.12	\$0.00
North Mankato	10%	\$1,679.60	\$0.00	\$17,271.67	\$14,800.00	\$4,151.27
Oak Grove	10%	\$7,923.17	\$88.00	\$1,433.46	\$0.00	\$9,444.63
Plymouth	10%	\$0.00	\$53.78	\$13,288.88	\$13,342.66	\$0.00
Proctor	10%	\$12,496.61	\$0.00	\$302.84	\$290.99	\$12,508.46
Ramsey	5%	\$138,114.00	\$2,378.49	\$34,984.11	\$13,000.00	\$162,476.60
Randolph	10%	\$0.00	\$0.00	\$2,336.68	\$2,336.68	\$0.00
Rockford	10%	\$0.00	\$0.00	\$13,770.90	\$13,770.90	\$0.00
Rose Creek	10%	\$5,660.23	\$9.12	\$8,599.20	\$9,979.00	\$4,289.55
Roseville	10%	\$15,199.86	\$246.86	\$97,757.46	\$92,000.00	\$21,204.18
St. Francis	10%	\$0.00	\$0.05	\$2,373.09	\$0.00	\$2,373.14
St. Martin	10%	\$390.45	\$0.00	\$1,879.63	\$1,575.03	\$695.05
St. Michael	10%	\$0.00	\$0.00	\$19,654.72	\$19,654.72	\$0.00
St. Paul	10%	\$174,531.56	\$5,263.21	\$9,594.50	\$56,259.50	\$133,129.77
Scanlon	10%	\$5,244.86	\$11.50	\$2,597.50	\$325.00	\$7,528.86
Sedan	10%	\$1,449.07	\$1.98	\$0.00	\$0.00	\$1,451.05
Shafer	10%	\$5,138.56	\$51.39	\$98.16	\$0.00	\$5,288.11
Sherburn	10%	\$542.39	\$0.00	\$1,334.18	\$1,120.00	\$756.57
Shoreview	10%	\$0.00	\$0.00	\$1,096.77	\$1,096.77	\$0.00
Spicer	10%	\$15,326.11	\$179.33	\$7,210.85	\$0.00	\$22,716.29
Spring Valley	10%	\$4,636.57	\$8.59	\$4,731.88	\$0.00	\$9,377.04
Stockton	10%	\$0.00	\$0.00	\$2,500.00	\$2,500.00	\$0.00
Tower	10%	\$0.00	\$0.00	\$2,148.00	\$2,148.00	\$0.00
Utica	10%	\$0.00	\$0.00	\$5,665.00	\$5,665.00	\$0.00
Vadnais Heights	10%	\$40,732.78	\$0.00	\$18,910.07	\$6,065.00	\$53,577.85
Vergas	10%	\$4,119.22	\$0.00	\$4,615.43	\$6,015.87	\$2,718.78
Victoria	10%	\$53,164.00	\$618.00	\$17,306.00	\$0.00	\$71,088.00
Wahkon	10%	\$695.08	\$0.00	\$3,038.10	\$783.83	\$2,949.35
Waite Park	10%	\$20,282.02	\$11.46	\$24,128.08	\$27,700.90	\$16,720.66
Waterville	10%	\$0.00	\$0.00	\$8,833.51	\$8,833.51	\$0.00
Wilton	10%	\$0.00	\$0.00	\$1,907.65	\$1,907.65	\$0.00
Winnebago	10%	\$49.56	\$0.00	\$1,017.53	\$0.00	\$1,067.09
Winsted	5%	\$0.00	\$0.00	\$5,000.00	\$5,000.00	\$0.00
Wyoming	10%	\$26,649.59	\$550.00	\$9,088.89	\$2,000.00	\$34,288.48
Totals		\$1,439,689.00	\$24,430.13	\$946,749.12	\$759,144.72	\$1,651,723.53

Education Programs

An integral part of the Board's mission is educating the lawful gambling industry. To ensure the integrity of the industry, education is provided to organizations through the following opportunities.

Continuing Education Classes

Gambling managers are required to attend one class each calendar year. Continuing education classes are conducted at various locations throughout the state free of charge and are open to the public. The chief executive officer, members, and employees of the organizations are invited as well.

There were 74 continuing education classes provided during the fiscal year 2013, seven of which were presentations to conventions such as Lions, VFWs, and CPAs. Topics included internal controls, legislative updates, lawful expenditures, illegal gambling, reporting requirements, electronic filing, new rules, conduct of lawful gambling (all forms), electronic gaming, bar bingo basics, and allowable expenses.



Other Education Programs

Gambling Manager Seminars

Gambling manager seminars are conducted each month by Board staff. Each seminar consisted of two days of training and included information on statutes, rules, conduct of lawful gambling, internal controls, reporting and licensing requirements, and the organization's responsibilities.

Mentoring

The Board's mentoring program provides one-on-one training to organizations on how to properly manage their gambling operation and comply with all reporting requirements. The program also provides guidance to licensed organizations that have experienced serious operational difficulties. New organizations or existing organizations with a new gambling manager may voluntarily participate in this program.

Gambling Control Board Website: www.mn.gov/gcb

Board Information

- √ Meeting dates
- √ Agendas
- √ Summaries of monthly Board meetings

Publications

- √ *Gaming News*
- √ CEO Guidebook
- √ Illegal Gambling
- √ *Lawful Gambling Manual*
- √ Who May and May Not Play
- √ Raffle Ticket Requirements

Local Government


- √ Authority and restrictions
- √ Local tax or investigation fee
- √ Contribution fund reports

Education and Other Information

- √ Continuing education, training dates
- √ Request for mentoring
- √ Forms
- √ Lawful gambling statutes and rules
- √ Lists of licensees
 - Nonprofit organizations
 - Distributors and manufacturers
 - Linked bingo game providers
 - Approved testing laboratories
 - Sites offering electronics

Links

- √ Links to other agencies
- √ Link to the Legislature
- √ Email links to staff



GAMING NEWS

October/November/December 2013

Director's Column
Tom Barrett, Executive Director

Times Have Changed... Or Have They?

The age of electronic games has arrived for charitable gaming in Minnesota and while there is much to learn and experience about this new opportunity, the key elements to be a successful charitable gaming organization have NOT changed over the years. While taking a peek at some old issues of *Gaming News*, I found a very interesting and informative article from October 1998. The advice given back in 1998 still holds true today and with acknowledgment to my predecessor, Director Harry Dattoe, I offer that same good advice again to help organizations focus on what it takes to be successful (regardless of offering paper or electronic games to players).

The following is an excerpt from the October 1998 issue of *Gaming News*.

Keep your authority
 If you are new in charitable gaming or your organization wants to become involved, be aware that by law you may not delegate your organization's authority in any way to any party—including a distributor, [an] accountant, consultant, or licensor.

When you give control to someone else, you put your organization's gambling operation—and eventually your license—in jeopardy.

Involve your members
 The best way to have an honest successful gambling operation and prevent serious problems is to involve your members in:

- providing oversight,
- approving expenditures, and
- participating in the gambling operation.

Become self-sufficient
 Work as a team to learn and perform the tasks necessary to run a successful charitable gambling operation. Your goal should be to make your organization independent and responsible for itself.

Question long-term consultants
 If you really feel it is necessary to hire an outside professional service to assist your organization, get several bids and ask yourself questions:

- Are we paying a reasonable price for this service?
- Are we violating any rules or statutes? Will our organization and its members have sufficient internal control and hands-on knowledge about our gambling operation?
- What are the experiences of other organizations? What do they pay for similar consultant or accounting services? How do they run their operations? What do they pay for gambling equipment?
- Should we limit the length of the contract?

This still holds true today—no person cannot do it all. Get other members involved. Teamwork is key.

Monthly Board meetings are open to the public and are held at:

Gaming Control Board
 Suite 800 SWS
 1711 W. Center Road II
 Roseville, MN

Meeting Room #1
 10:00 a.m.

11/12, November 22, 2013
 11/19, December 16, 2013

Agendas are posted at: www.gcb.state.mn.us

• To subscribe call 651-297-3000 or 800-657-3757

Page 1

The Board publishes a quarterly *Gaming News* newsletter. The newsletter is mailed to all licensed gambling managers.

Gaming News provides information on compliance, licensing, and education issues.

Gaming News also includes information on legislative and rule changes, scheduled continuing education classes, forms, and Board activities.

The Departments of Revenue and Public Safety and the Internal Revenue Service periodically contribute articles for the newsletter.

Gaming News can be found on the Board's website at mn.gov/gcb/GamingNews.htm. Subscriptions are available through Minnesota's Bookstore, 651-297-3000 or 800-657-3757.

Lawful Gambling Manual

The *Lawful Gambling Manual* is a reference guide for CEO's, gambling managers, and organizations—whether new or experienced.

The *Manual* provides information on statutory and rule requirements in an easy-to-understand format, and was last updated in 2013.

The *Manual* is divided into chapters that are easily referenced for:

- licensing requirements;
- conduct for each form of lawful gambling: electronic and paper pull-tabs, bingo, raffles, paddlewheels, and tipboards;
- managing gambling equipment inventory;
- guidelines for internal controls of the gambling operation including accounting and administrative controls, with a section on monthly oversight;
- how net receipts may be spent; and
- cross-reference indexing.

The *Lawful Gambling Manual* may be purchased from Minnesota's Bookstore and is found on the Board's website at mn.gov/gcb/LawfulGamblingManual.htm.

Lawful Gambling Manual
2013



Minnesota
Gambling Control Board

www.mn.gov/gcb

FY 2013 Top Ten

FY 2013 Top Ten Grossing Organizations (Non-Bingo Hall), All Lawful Gambling Activity

<u>Organization</u>	<u>Gross</u>	<u>Prizes</u>	<u>Net</u>
Blaine Youth Hockey Association	\$12,018,320	\$9,993,260	\$2,025,060
Climb, Inc., Inver Grove Hts.	\$10,091,581	\$8,335,333	\$1,756,248
Merrick, Inc., Vadnais Hts.	\$9,459,634	\$7,907,704	\$1,551,930
Centennial Youth Hockey Association, Circle Pines	\$9,282,117	\$7,852,874	\$1,429,243
Confidence Learning Center, East Gull Lake	\$9,270,348	\$7,495,588	\$1,774,760
Burnsville Lions Club	\$8,904,424	\$7,778,298	\$1,126,126
Community Charities of MN, Mankato	\$8,642,002	\$7,095,078	\$1,546,924
Irving Community Association, Duluth	\$8,475,373	\$7,033,129	\$1,442,245
Northwest Area Jaycees, Corcoran	\$7,973,348	\$6,935,471	\$1,037,877
Ramsey Lions Club, Anoka	\$7,639,347	\$6,535,471	\$1,098,842

FY 2013 Top Ten Grossing Sites (Non-Bingo Hall), All Lawful Gambling Activity

<u>Site</u>	<u>Charity</u>	<u>Gross</u>	<u>Prizes</u>	<u>Net</u>
Bunny's Bar & Grill, St. Louis Park	St. Louis Park Hockey Boosters	\$5,643,671	\$4,777,248	\$866,423
American Legion Post 270, Buffalo	American Legion Post 270, Buffalo	\$5,602,450	\$4,917,547	\$684,903
American Leg. Post 1776, Apple Valley	American Leg. Post 1776, Apple Valley	\$5,571,593	\$4,759,431	\$812,162
Shortstop, Fridley	Fridley Lions Club	\$4,521,674	\$3,677,290	\$844,384
Broadway Bar & Pizza, Champlin	Champlin-Dayton Athletic Association	\$4,206,669	\$3,635,093	\$571,576
Sports Page, Bloomington	American Legion Post 550, Bloomington	\$3,847,500	\$3,361,451	\$486,050
American Legion Post 172, Osseo	American Legion Post 172, Osseo	\$3,811,443	\$3,284,675	\$526,768
Wild Bills of Blaine	Blaine Youth Hockey Association	\$3,670,588	\$3,025,225	\$645,363
Broadway Pizza, Blaine	Blaine Youth Hockey Association	\$3,646,836	\$3,081,222	\$565,614

FY 2013 Top Ten Organizations, Amount Spent on Charitable Donations for Each Dollar Spent on Allowable Expenses

<u>Organization*</u>	<u>Net Receipts</u>	<u>Allowable Expenses (AE)</u>	<u>Charitable Donations</u>	<u>Amount Spent on Charitable Donations for Each Dollar Spent on AE</u>
Knights of Columbus Council 1575, Fairmont	\$58,745	\$4,844	\$37,220	\$7.68
American Legion Post 118, Wayzata	\$59,663	\$9,979	\$37,860	\$3.79
Worthington Hockey Association	\$78,906	\$22,663	\$57,331	\$2.53
St. Stanislaus Kostka Church, Winona	\$73,745	\$20,576	\$45,300	\$2.20
Holy Trinity, Winsted	\$147,658	\$43,149	\$86,571	\$2.01
Cambridge-Isanti Redbirds	\$73,123	\$23,839	\$47,500	\$1.99
Nelson Community Association	\$84,059	\$34,108	\$67,338	\$1.97
Club Almar Sports, Inc., St. Cloud	\$52,583	\$13,950	\$26,669	\$1.91
Santiago Lions Club	\$119,698	\$35,987	\$68,390	\$1.90
Brandon Fire Relief Association	\$332,028	\$90,392	\$166,225	\$1.84

* Organizations with net receipts of \$50,000 or more.

Gambling Control Board Members

The Gambling Control Board is comprised of seven citizens. Five of the members are appointed by the Governor. The Attorney General and Commissioner of Public Safety each appoint one member.

The Board has the power to issue, suspend, and revoke licenses. Under Minnesota Statutes, section 349.11, the Board's purpose is "to regulate lawful gambling, to insure the integrity of operations, and to provide for the use of net profits only for lawful purposes."

<u>Member</u>	<u>Appointed by</u>	<u>Term</u>
William Goede, Chair Plainview	Governor	6/12 to 6/16
Norman Pint, Vice Chair New Prague	Public Safety	7/11 to 6/15
William Gillespie, Secretary Maplewood	Attorney General	9/11 to 6/15
Geno Fragnito Woodbury	Governor	7/10 to 6/14
Susan McCarville Hopkins	Governor	7/10 to 6/14
James Nardone Grand Rapids	Governor	6/12 to 6/16
Kenneth Koch Eagan	Governor	7/13 to 6/17

Board FY 2013 expenditures: \$2,677,000

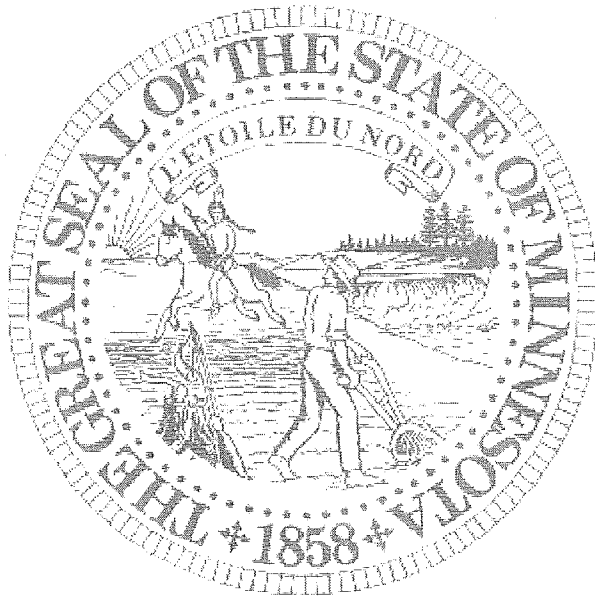
Board staff: 33

Statutes and Rules

- Legislative Changes** Legislative changes for the lawful gambling industry in 2013:
- prize receipt minimums for paper pull-tab prizes increased from \$50 to \$100 or more;
 - the time limit to deposit gambling receipts from electronic games increased from two to four business days;
 - the annual audit threshold was increased from \$500,000 in annual gross receipts to \$750,000;
 - the off-site permit maximum increased from four to 12 events;
 - a one-time closure of all electronic games was required on May 31;
 - linked bingo provider bonds must be at least \$100,000; and
 - an excluded raffle may be conducted by a 501(c)(3) organization without registering with the Board if the value of all raffle prizes awarded by an organization at one event in a calendar year does not exceed \$5,000.

For more information, go to mn.gov/gcb.

- Rule Changes** The Gambling Control Board is in the midst of a rulemaking process relating to rules governing lawful gambling, primarily electronic pull-tabs and electronic linked bingo, and other changes. A copy of the Board's proposed rules can be found at mn.gov/gcb/RulesProcess.htm.



Minnesota Gambling Control Board

1711 West County Road B, Suite 300 South

Roseville MN 55113

651-539-1900

www.mn.gov/gcb

This publication will be made available in alternative format (large print, braille) upon request.