

Director's Column

Tom Barrett, Executive Director

Allowable Expenses

Managing allowable expenses should be at least an annual discussion for organizations. The Board has done a few things to help reduce expenses for organizations, like creating online continuing education courses that reduce travel reimbursement costs. But ultimately it is choices your organization makes that determine expenses.

Fiscal year 2018 total reported allowable expenses were as follows:

- Compensation - \$61,911,000 (39.6%)
- Gambling Product - \$43,834,000 (28.0%)
- Rent - \$30,984,000 (19.8%)
- Miscellaneous (office equipment, travel expenses, gambling manager's bond) - \$11,026,000 (7.1%)
- Accounting - \$7,066,000 (4.5%)
- Cash Short - \$890,000 (0.6%)
- Advertising - \$660,000 (0.4%)

On average, an organization spends 49.6% of net receipts on expenses. Some things to consider if your expenses are above the average:

- Are we paying a reasonable price for our products and services?
- Shop around—can we get better prices?
- What new tools or products might benefit our organization?
- What are the experiences of other organizations? What do they pay for similar products and services? How do they run their operations?

By frequently reviewing your allowable expenses, you may find areas to trim, which will benefit your organization's bottom line!

Quick Hits

Sales Up 9th Year in a Row!

Initial fiscal year 2019 numbers from July 2018 through December 2018 indicate continued growth—gross receipts are up 16.3% compared to those same six months of FY18. This speaks volumes about the health of Minnesota's charitable gambling industry and the ability of nonprofit organizations to raise funds for charitable contributions through lawful gambling.

Top 10 Highest % of Net Charitable Donations

On page 4 you will find the top ten organizations with the highest percentage of net receipts spent on charitable contributions in FY18. Congratulations to these organizations!

Don't Get Caught Up in March Madness

Even with the Supreme Court's decision in favor of legalized sports betting, sports tipboards are the only legal form of sports betting for lawful gambling allowed in Minnesota—and they are based solely on the outcomes of only *professional* sporting events (NCAA games are not permitted with Gambling Control Board-approved sports tipboards). With March Madness season quickly approaching, be sure your organization and charitable gambling site avoid illegal sports betting. Illegal gambling can jeopardize your ability to operate at a premises.

Get to Know Your Specialists

Be sure to get to know your Compliance and Licensing Specialists here at the Gambling Control Board. They are here to answer your questions and guide you as you raise funds for your missions. Communication is key!

Board Members:

William Goede, Chair
(Plainview)

Committee: Executive

Geno Fragnito, Vice Chair
(Woodbury)

Committees: Executive; CRG;
Rules; Legislative

Kenneth Koch, Secretary
(Eagan)

Committees: Legislative; Rules

Norm Pint (New Prague)

Committee: CRG (chair)

William Gillespie, (St. Paul)

Committees: Executive;
Legislative (chair)

James Nardone

(Grand Rapids)

Committee: Rules (chair)

Beth Pinkney (Woodbury)

Committee: CRG

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

Gambling Control Board
Suite 300 South
1711 W. County Road B
Roseville, MN 55113

Meetings start at 10:00 a.m.

Upcoming meetings:
Monday, March 18, 2019
Monday, April 15, 2019
Monday, May 20, 2019
Monday, June 17, 2019

Meetings are subject to change. For the latest schedule and agenda go to www.mn.gov/gcb.

The *Gaming News* is published quarterly. Current and previous issues are available on our website, www.mn.gov/gcb.



Please note, there are no traditional continuing education classes currently scheduled. These classes will be offered throughout the state this fall.

Future topics, dates, locations, and times for traditional continuing education classes will be posted on the Board's website, www.mn.gov/gcb, under the "Education" tab.

The online courses are available year-round.

Gambling managers are required to take at least one continuing education class, either online or in person, each calendar year.

Plan ahead! Don't wait until the end of the year to take one of these required classes.

Continuing Education

Online Continuing Education Courses:

- **What Every Pull-Tab Seller Needs to Know**

Designed for pull-tab sellers and supervisors of sellers, this course includes information on:

- | | |
|--|--------------------------------|
| √ Posting | √ Closing games/redeeming |
| √ Prize receipts | √ Using scales |
| √ Buyouts | √ Spot audits |
| √ Establishing and enforcing house rules | √ Inside information |
| √ Redeeming and defacing tickets | √ Restrictions on who may play |
| | √ And more! |

- **Sports Tipboards**

In this course, you will learn how to legally conduct and report sports tipboards.

These courses are available at www.mn.gov/gcb, under the "Education" tab. A PDF version of each course is also available for printing as a go-to guide. We look forward to your continued feedback as we develop additional online courses.

This and That

Rules Update

A hearing on the proposed rules is scheduled for Friday, March 8, 2019, at the Minnesota Gambling Control Board's office, 1711 West County Road B, Roseville, MN 55113, at 9:00 a.m.

A copy of the hearing notice and proposed rules relating to lawful gambling electronic gaming, sports tipboard games, and other lawful gambling provisions is available on our website at www.mn.gov/gcb, "Statutes & Rules" tab. If you have questions, contact Peggy at peggy.mancuso@state.mn.us.

Amending GCB Monthly Reports

Occasionally you may discover that you've made a mistake on form LG100A, LG100C, or LG100F for a previously filed month. Even if the mistake is on just one of these forms, you still need to electronically submit your entire GCBREPORTS file for that month. Paper versions or emailed PDF versions of the amended report are not accepted.

We're here to help, so if you find you need to resubmit your GCBREPORTS and have questions, please contact your Compliance Specialist.

Tomato/Tomahto? Nope!

There are terms used throughout statute and rule that are similar, but different, and it can sometimes be confusing. Take the terms "gross profit", "net profit", "gross receipts", and "net receipts". There are big differences in their meanings!

Gross receipts: Gross receipts are all receipts from conducting lawful gambling.

Net receipts: Net receipts are gross receipts less prizes awarded.

Gross profits: Gross profits are gross receipts less prizes awarded (same as net receipts).

Net profits: Net profits are gross profits less allowable expenses.

If you have questions on the meaning of terms, be sure to contact your Compliance Specialist.

20 Things Successful Lawful Gambling Organizations Know

1. Lawful gambling is conducted in cash. Protect it. Implement and enforce checks and balances to safeguard cash. Monitor cash and inventory closely.
2. Gambling is a fundraising activity, not your mission.
3. Lawful gambling licenses are optional/voluntary. Self-regulate; take responsibility and educate yourself.
4. Know the laws and rules governing lawful gambling—they are in place to ensure the integrity of operations for organizations and players. Not sure about the laws and rules? Call your Gambling Specialist at 651-539-1900.
5. Good internal controls are critical. Maintain sound internal controls and include more than one person to review/audit records. Work as a team to learn and perform the tasks necessary to run a successful charitable gambling operation.
6. Familiarize yourself with recordkeeping. Get accounting help if you aren't familiar with basic concepts.
7. Recordkeeping and proper reporting is vital. Make sure you understand your responsibilities and get assistance when needed. Don't be afraid to ask questions!
8. File your monthly financial reports with the Gambling Control Board and Revenue accurately and on time.
9. Use the correct (and current) forms (www.mn.gov/gcb).
10. Call your Gambling Specialist, refer to the Gambling Manager Manual, and visit the website (www.mn.gov/gcb).
11. Membership involvement is essential. Keep your organization members informed of gambling information at all times. Create an active Gambling Oversight Committee with responsibilities. One person cannot do it all; teamwork is key.
12. Meet with your sellers frequently to review records and sales activities.
13. Don't rely on bar owners/bartenders to run your operation. Keep your authority—don't delegate your responsibilities in any way to any party.
14. Buy games only from Minnesota-licensed distributors (<http://mn.gov/gcb/distributors.html>).
15. Make the most of your lawful gambling dollars by keeping expenses down.
16. Make sure you have good communication with your lessors and vendors.
17. Plan ahead for any change in operation. If something is going to affect your organization, it is going to affect your lawful gambling operation. Contact your Gambling Specialist.
18. Things happen. Contact your Gambling Specialist when they do. We're here to help.
19. Keep in mind that your organization's reputation is on display when it chooses to conduct lawful gambling.
20. Remember to say "Thanks!" to all of your workers and volunteers. Through their efforts comes a successful lawful gambling operation!



Do the Right Thing

Remember, you have control over the success of your organization's lawful gambling operation.

Information is available to you at your disposal.

Our website, www.mn.gov/gcb, has information on the operation, recordkeeping, and management of lawful gambling. If you can't find what you are looking for, contact your Gambling Specialist by calling 651-539-1900.

Top 10 FY18 Organization Charitable Contributions, Under \$50,000 Net

Organization	FY18 Charitable Donations	FY18 Net	Charitable Donations as % of Net
Brownsdale Fire Relief Association	\$39,250	\$44,896	87.4%
Rogers Lions Club	\$36,950	\$42,314	87.3%
St. Martin Commercial Club	\$33,323	\$43,311	76.9%
Redwood Area Hockey Association, Redwood Falls	\$28,810	\$47,857	60.2%
Gonvick Lions Club	\$26,350	\$48,831	54.0%
Chatfield Athletic Club	\$25,439	\$39,848	63.8%
American Legion Post 464, Brewster	\$24,398	\$26,428	92.3%
Marshall Co. Central Sports Booster Club, Newfolden	\$24,345	\$48,352	50.3%
Rose Creek Fire Relief Association	\$23,596	\$41,834	56.4%
TMB Sports Club, Milroy	\$23,471	\$48,447	48.4%

Top 10 FY18 Organization Charitable Contributions, \$50,000 - \$100,000 Net

Organization	FY18 Charitable Donations	FY18 Net	Charitable Donations as % of Net
Club Almar Sports, Inc., St. Augusta	\$63,900	\$84,299	75.8%
Worthington Hockey Association	\$60,949	\$94,171	64.7%
Red Lake Falls Blue Line Club	\$58,932	\$99,374	59.3%
Knights of Columbus Council 1575, Fairmont	\$52,400	\$69,382	75.5%
International Falls Recreation Hockey Association	\$47,708	\$82,049	58.1%
Medford Fire Relief Association	\$44,285	\$75,411	58.7%
East Grand Forks Blue Line Club	\$44,057	\$83,840	52.5%
Garfield Lake Ice Racer Club, Inc.	\$44,012	\$91,626	48.0%
Basilica of St. Stanislaus Kostka, Winona	\$42,600	\$71,554	59.5%
Bluffton Baseball Association	\$41,500	\$93,648	44.3%

Top 10 FY18 Organization Charitable Contributions, \$100,000 - \$200,000 Net

Organization	FY18 Charitable Donations	FY18 Net	Charitable Donations as % of Net
Itasca Drift Skippers Snowmobile Club	\$98,000	\$185,734	52.8%
Lake Henry Lions Club	\$93,419	\$141,310	66.1%
Holy Trinity Church, Winsted	\$91,250	\$159,917	57.1%
Ducks Unlimited Frozen North, Chapter 271, Garrison	\$91,004	\$150,453	60.5%
Faribault Hockey Association	\$74,936	\$175,811	42.6%
Parkers Prairie Sportsmen's Club	\$73,134	\$171,194	42.7%
St. John Nepomuk Church, Lastrup	\$71,230	\$161,313	44.2%
VFW Post 4086, Wabasha	\$71,207	\$199,798	35.6%
MSP Airport Foundation, St. Paul	\$70,000	\$135,481	51.7%
Elbow Lake Fire Relief Association	\$69,462	\$198,457	35.0%

Top 10 FY18 Organization Charitable Contributions, Over \$200,000 Net

Organization	FY18 Charitable Donations	FY18 Net	Charitable Donations as % of Net
Blaine Youth Hockey Association	\$900,758	\$2,340,282	38.5%
Ramsey Lions Club	\$620,904	\$1,914,485	32.4%
Apple Valley Hockey Association	\$528,222	\$1,768,097	29.9%
Confidence Learning Center, East Gull Lake	\$520,281	\$2,331,876	22.3%
Andover Huskies Youth Hockey Association	\$506,685	\$1,793,407	28.3%
Midway Speedskating Club, Inc., Shoreview	\$475,561	\$1,094,349	43.5%
Eagan Hockey Association	\$462,658	\$1,894,206	24.4%
Hanover Athletic Association	\$456,230	\$1,031,583	44.2%
Roseville Youth Hockey Association	\$448,158	\$1,516,765	29.5%
Maple Grove Lions Club	\$432,846	\$876,971	49.4%

Citation Report

- Champlin Park Youth Hockey Association, License 04865
- Failed to obtain membership approval prior to making expenditures from its gambling account (\$1,000 citation).
- Coon Rapids Mat Bandits Wrestling Club, License 05645
- Failed to retain required paddlewheel video coverage (\$300 citation).
- VFW Post 4210, Forest Lake, License 00272
- Allowed an employee to play electronic linked bingo (\$300 citation).
- American Legion Post 2, Shakopee, License 00466
- Failed to comply with Board requests for information (\$250 citation).
- Knights of Columbus Council 6731, Granite Falls, License 03434
- Failed to comply with Board requests for information (\$250 citation).
- New York Mills Lions Club, License 02420
- Failed to file lawful gambling reports LG100A, LG100C, and LG100F (repeat violation, \$200 citation).
- American Legion Post 237, Balaton, License 00747
- Failed to file lawful gambling reports LG100A, LG100C, and LG100F (\$100 citation).
- Jordan Fire Relief Association, License 02662
- Prize receipts not correctly completed (\$100 citation).
- Tapemark Charity Pro-Am Golf Tournament, West St. Paul, License 04888
- Erroneously deposited non-gambling funds into gambling account (\$50 citation).
- Moose Lodge 1180, Austin, License 00362
- Transferred gambling funds to general account without prior Board approval (\$50 citation).

The following organizations were issued citations for failing to submit changes in license application information to the Board within ten days:

- Farming Lions Club, Richmond, License 36611 (\$150 citation).
- VFW Post 2735, Isanti, License 00291 (\$150 citation).
- Goodhue Lions Club, License 25001 (\$150 citation).
- Moose Lodge 1180, Austin, License 00362 (\$150 citation).

The following organizations were issued citations for failing to file an annual audit with the Minnesota Department of Revenue:

- Minneapolis Riverview Lions Club, License 01096 (repeat violation, \$200 citation).
- Northern Pine Riders, Willow River, License 02327 (repeat violation, \$200 citation).
- Warrior Club, Inc., Winona, License 03711 (repeat violation, \$200 citation).
- Rice Lions Club, License 01153 (\$100 citation).
- American Legion Post 241, Aurora, License 00130 (\$100 citation).
- Eagles Aerie 3264, Elk River, License 00668 (\$100 citation).
- VFW Post 428, St. Cloud, License 00813 (\$100 citation).
- American Legion Post 91, Austin, License 00087 (\$100 citation).
- Mazeppa Lions Club, License 01978 (\$100 citation).
- Anoka Area Hockey Association, License 03035 (\$100 citation).
- Hill City Area Lions Club, License 04089 (\$100 citation).
- Cloquet Amateur Hockey Women's Auxiliary, License 04882 (\$100 citation).
- Boxers Workout Gym dba St. Cloud Boxing, License 05223 (\$100 citation).
- Long Lake Homeowners Association, Inc., License 05442 (\$100 citation).
- Chops, Inc., Minneapolis, License 31322 (\$100 citation).
- Police Benevolent Association of Rochester, License 34478 (\$100 citation).
- Moose Lake Area Hockey Association, License 02071 (\$100 citation).

REGULATIONS GUIDELINES COMPLIANCE

*The Director of the
Gambling Control
Board may issue
citations for failure
to comply with
lawful gambling
statutes or rules.*

*Citation amounts for
similar violations
may vary depending
on unique
circumstances and
information, and
are determined on a
case-by-case basis.*



The Compliance Review Group, a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules.

Compliance Review Group (CRG) Report

Pollard Games, Inc., dba American Games, Council Bluffs, IA, License MA039

The manufacturer shipped nine deals of pull-tabs into Minnesota that did not contain all of the winning tickets or conform with manufacturing standards.

Consent Order Requirements:

- \$2,000 civil penalty.
- File a Corrective Action Plan.

American Legion Post 228, Waseca, License 00135

The organization failed to:

- maintain records on its perpetual and physical inventory;
- file accurate information with the Department of Revenue;
- maintain records that account for its assets, liabilities, and fund balance; and
- comply with the Board's request in a timely manner to meet with Board staff to conduct a post-compliance review, and to comply with the Board's request to provide documents to verify that the correction action required in the Compliance Review Report had been completed.

Consent Order Requirements:

- \$1,000 civil penalty.
- File a Corrective Action Plan.
- Correctly file amended LG100A's, LG100C's, and LG100F's.
- Reconcile profit carryover variance and its gambling bank account balance.
- Reimburse gambling account the unreconciled variance.
- Focused Compliance Review.

New York Mills Lions Club, License 02420

The organization failed to:

- correct violations for which fines were previously imposed;
- file all required monthly reports to the Gambling Control Board; and
- comply with the Board's request in a timely manner to meet with Board staff to conduct a post-compliance review, and to comply with the Board's request to provide documents to verify that the correction action required in the Compliance Review Report had been completed.

Consent Order Requirements:

- \$1,500 civil penalty.
- File a Corrective Action Plan.
- Timely file all required LG100A's, LG100C's, and LG100F's.

C-I Quarterback Club, Ironton, License 02536

The organization failed to correct a violation for which a \$500 citation was issued.

Consent Order Requirements:

- \$500 civil penalty.
- File a Corrective Action Plan.
- Resolve all issues in the Compliance Review Report.
- No same or similar violations.

CRG Report, continued

Electronic Game Solutions, Inc., Maryland Hts., MO, License MA077

The manufacturer failed to:

- obtain authorization from the Gambling Control Board prior to implementing changes to its electronic linked bingo system; and
- record and communicate all sales activity to the system and have the data accessible to the Gambling Control Board at all times.

Consent Order Requirements:

- \$1,000 civil penalty.
- File a Corrective Action Plan.
- No same or similar violations.

American Legion Post 328, St. Joseph, License 01373

The organization failed to:

- make expenditures of gambling funds that qualify as lawful purpose;
- file accurate information with the Department of Revenue; and
- conduct lawful gambling with sufficient supervision of a licensed gambling manager.

Consent Order Requirements:

- \$1,000 civil penalty.
- File a Corrective Action Plan.
- Reimburse its gambling account \$21,770.

Cold Spring Lions Club, License 02364

The organization:

- allowed an employee who is also a member of the lessor's immediate family to participate as a player in the conduct of lawful gambling on the leased premises;
- conducted lawful gambling outside of business hours;
- failed to maintain records that account for its assets, liabilities, and fund balance;
- failed to maintain deposit records which were sufficient to allow determination of deposits made from each deal or game at each permitted premises;
- failed to submit an amended lease to the Board;
- failed to maintain internal controls sufficient to protect the integrity of its lawful gambling; and
- conducted lawful gambling without the sufficient supervision of a licensed gambling manager.

The organization voluntarily suspended site activity for 43 days.

Consent Order Requirements:

- File a Corrective Action Plan.
- Focused Compliance Review.
- Lessor to provide all start-up banks for paper and electronic pull-tabs and electronic linked bingo.
- No same or similar violations.



REGULATIONS GUIDELINES COMPLIANCE

This information is a condensed report of recently completed CRG conferences. Penalties imposed are based on specific and unique information reviewed for each licensee.

MINNESOTA
GAMBLING CONTROL BOARD

The Minnesota Gambling Control Board regulates the lawful (charitable) gambling industry to ensure the integrity of operations and provide for the lawful use of net profits. Charitable gambling may be conducted only by registered, nonprofit organizations.

Minnesota Gambling Control Board
Suite 300 South
1711 West County Road B
Roseville, MN 55113

Roseville: 651-539-1900
Fergus Falls: 218-739-7402
Hibbing: 218-262-7301
Mankato: 507-345-7103

Website: www.mn.gov/gcb

State offices will be closed on May 27 and July 4, 2019.

An equal opportunity employer

Minnesota's Bookstore

651-297-3000; 1-800-657-3757
Website:
www.comm.media.state.mn.us

Department of Public Safety

Alcohol & Gambling Enforcement
651-201-7500, ext. 3
Website:
www.dps.mn.gov

Department of Revenue

Lawful Gambling Tax Unit
651-297-1772
Email:
lawfulgambling.taxes@state.mn.us
Website:
www.revenue.state.mn.us/businesses/lawful_gambling

Internal Revenue Service

Questions: www.irs.gov or
1-800-829-1040
Forms: www.irs.gov/forms-pubs or
1-800-829-3676

**Minnesota Problem
Gambling Helpline**

1-800-333-HOPE

www.getgamblinghelp.com

Bingo Players Must Complete a Pattern

- Q. Can my organization offer a bingo game that is won by the first player to daub any nine numbers on their bingo card?
- A. No. Minnesota Statutes, Section 349.17, subdivision 6, requires a player to complete a previously designated pattern in order to win a bingo game. Matching nine numbers (or any other amount) anywhere on the bingo card is not a pattern, and it could be considered a form of keno or a lottery game. In order to be a pattern, the daubed numbers must match a predesignated arrangement of spaces on the bingo card.

Statute also states that “previously determined requirements” may determine a bingo game winner. This language applies to prizes that are won by a bingo player without matching ANY numbers on their bingo card – specifically “Good Neighbor” bingo (where the player sitting next to the winning player also wins a small prize), and “Stand Up” bingo (where the goal is to be the last player to not have any of their numbers called). But again, if the game requires numbers to be matched on the bingo card, then those numbers must form and match a predesignated pattern.

Top 10 Organizations, FY18 Gross Receipts

Merrick, Inc., Vadnais Heights.....	\$28,887,632
White Bear Lake Area Hockey Association.....	\$19,956,711
Northwest Area Jaycees, Maple Grove	\$18,029,216
Centennial Youth Hockey Association	\$16,581,085
Irving Community Association, Duluth	\$15,754,018
Eagan Hockey Association.....	\$15,613,172
Blaine Youth Hockey Association	\$15,027,124
Ramsey Lions Club.....	\$14,567,416
Climb, Inc., Inver Grove Heights	\$14,306,393
Apple Valley Hockey Association	\$14,297,540

Trends in Lawful Gambling Gross Receipts

	CY 2018	% change	CY 2017	% change	CY 2016
Jan	\$157,459,065	12.0%	\$140,537,077	11.9%	\$125,537,452
Feb	\$159,796,596	11.6%	\$143,234,810	10.6%	\$129,465,408
Mar	\$199,422,545	19.5%	\$166,872,647	17.6%	\$141,852,277
Apr	\$182,831,946	15.5%	\$158,294,517	12.9%	\$140,254,231
May	\$171,345,048	11.8%	\$153,175,528	14.0%	\$134,379,512
Jun	\$175,956,259	19.2%	\$147,620,741	17.4%	\$125,764,073
Jul	\$176,798,810	15.9%	\$152,478,494	14.6%	\$133,073,048
Aug	\$183,595,695	16.6%	\$157,512,617	17.6%	\$133,927,924
Sep	\$181,043,428	15.2%	\$157,217,820	17.1%	\$134,256,387
Oct	\$191,296,296	16.9%	\$163,566,987	15.5%	\$141,637,283
Nov	\$187,091,299	18.7%	\$157,585,683	15.7%	\$136,176,111
Dec	\$192,042,405	16.4%	\$164,937,129	16.7%	\$141,319,015
YTD	\$2,158,679,392	15.9%	\$1,863,034,050	15.2%	\$1,617,642,721

Note: Figures for the current CY are subject to change due to amended, corrected, or late tax returns.