

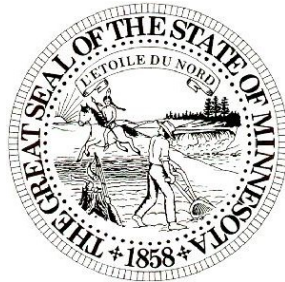


Suite 300 South  
1711 West County Road B  
Roseville MN 55113  
651-539-1900

**Minnesota Gambling Control Board**

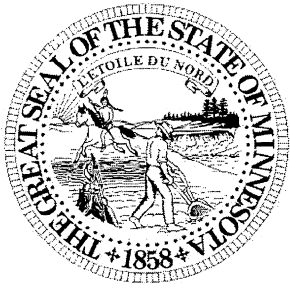
---

# **Annual Report of the Minnesota Gambling Control Board**



**Fiscal Year  
2014**

**July 1, 2013 - June 30, 2014**



## Message from the Board Chair and Executive Director

November 21, 2014

The mission of the Gambling Control 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.

This year marks the 30th anniversary of the Gambling Control Board. Since 1984 the charitable gaming industry has grown significantly. In the early years no one—not the charities, the regulators, nor legislators—suspected the huge growth in gambling. Annual gross receipts have gone from \$111.4 million in 1985 to \$1.2 billion in 2014 and yearly lawful purpose expenditures went from \$8.2 million in 1985 to over \$101.5 million in 2014. That's no small accomplishment, and a credit to all representatives in the industry.

30-year totals (1984-2014):

Gross Receipts .....	\$34.6 billion
Prizes Paid .....	\$28.1 billion
Net Receipts .....	\$6.5 billion
State Taxes .....	\$1.4 billion
Charitable (LPE) Expenditures .....	\$2.0 billion

One of the Board's main goals from early on was to provide education, outreach, and guidance to the lawful gambling industry, and it continues to do so through its ongoing programs, including:

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

This annual report provides information for the fiscal year beginning July 1, 2013, through June 30, 2014.

Respectfully submitted,

William Goede  
Chair

Tom Barrett  
Executive Director

# Statement of Cash Receipts

	Fee	Total Collected
Manufacturer license .....	\$9,000.....	\$117,000
Game approval/testing.....	\$25/\$100.....	\$209,750
Distributor license .....	\$6,000.....	\$78,000
Distributor salesperson license .....	\$100.....	\$9,600
Linked bingo game provider license.....	\$5,000.....	\$5,000
Organization license .....	\$350.....	\$400,050
(Waivers of the organization license fee were granted to 16 organizations expecting to receive less than \$100,000 in gross annual receipts: \$5,600 waived)		
Gambling manager license .....	\$100.....	\$127,400
Premises permit .....	\$150.....	\$439,500
Regulatory fee .....	0.1% (.001) of gross receipts.....	\$1,204,939
Exempt permit (up to five days of activity, total prizes valued at \$50,000 or less).....	\$50/\$100.....	\$195,550
<b>Total dedicated fees:</b>		<b>\$2,786,789</b>

Civil penalties and fines (consent orders and citations) deposited in the general fund ..... vary ..... \$33,950

## Industry Overview

On June 30, 2014, the Minnesota lawful gambling industry consisted of:

### Licensees and Activities Description

- 11 manufacturers ..... Sold product to licensed distributors (5,388 new games approved in FY14)
- 13 distributors..... Sold product to licensed lawful gambling organizations
- 99 distributor salespersons..... Persons licensed to sell gambling equipment to nonprofit organizations
- 3 linked bingo game providers ..... Providing linked bingo games to licensed organizations
- 1,163 nonprofit organizations..... Nonprofit organizations licensed to conduct gambling at permitted premises

#### Type of Organization:

	#	%
Fraternal - Eagles, Moose, Elks, Knights of Columbus	213	18.3%
Veterans - American Legion, VFW, and auxiliaries	322	27.7%
Religious - Church/Cathedral	26	2.2%
Other nonprofit - Business/chamber/development, community, Jaycees, Lions, sportsman, rod & gun, hockey, fire relief, snowmobile, baseball, athletic, other	602	51.8%
<b>Total nonprofit organizations</b>	<b>1,163</b>	<b>100.0%</b>

- 1,163 gambling managers..... Members of licensed nonprofit organizations responsible for supervising organizations' lawful gambling operations
- 2,739 charitable gambling sites ..... Locations in Minnesota where lawful gambling was conducted in FY14 by licensed organizations
- 2,414 exempt organizations..... Nonprofit organizations applying to conduct limited gambling of up to five days per calendar year conducted 3,483 activities, with gross receipts of \$38,667,968

<u>Exempt activity</u>	<u>Gross receipts</u>	<u>Expenses</u>	<u>Profit</u>
Raffles	\$36,677,348	\$18,057,347	\$18,620,001
Pull-Tabs	665,474	378,715	286,759
Bingo	1,138,782	355,390	783,392
Paddlewheels	149,429	77,772	71,657
Tipboards	36,935	24,089	12,846
<b>Exempt Totals</b>	<b>\$38,667,968</b>	<b>\$18,893,313</b>	<b>\$19,774,655</b>

- 317 excluded organizations ..... Nonprofit organizations that applied for authorizations to conduct 538 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)

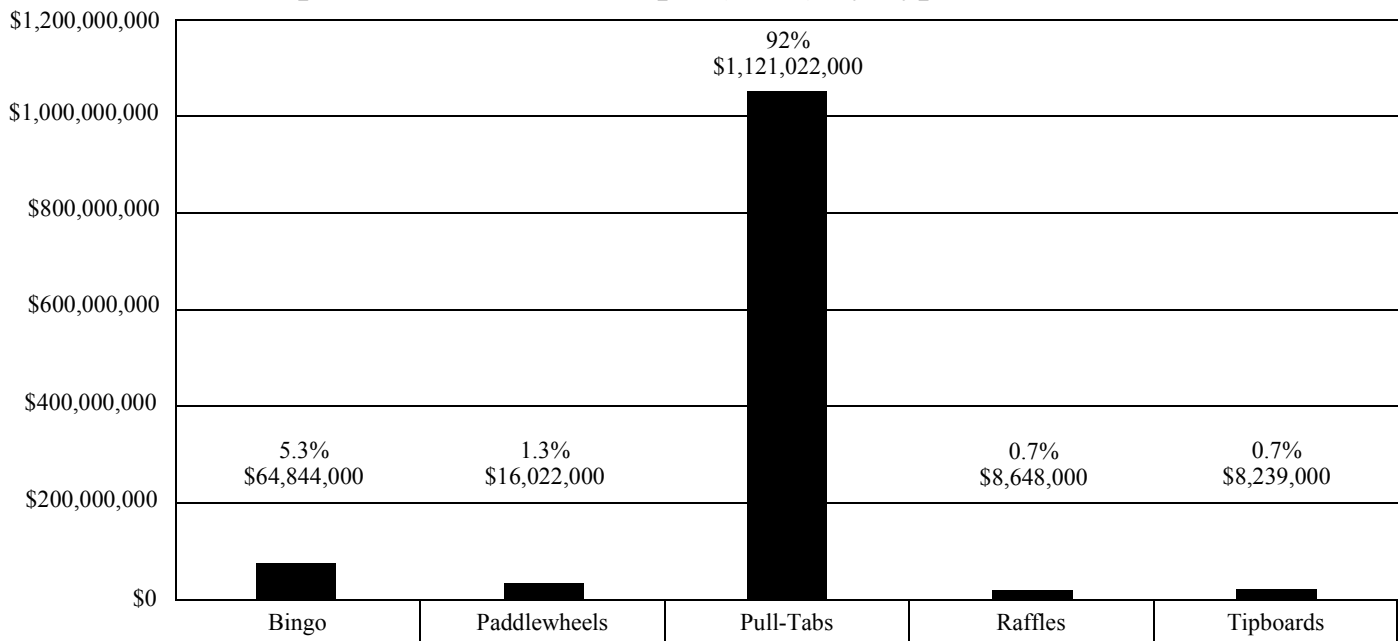
# Lawful Gambling Statistics

## 2014 Fiscal Year Summary\*

Activity	Gross Receipts (sales)			Prizes Paid		% Payout		Net Receipts (gross less prizes)		
	FY14	FY13	Change from FY13	FY14	FY13	FY14	FY13	FY14	FY13	Change from FY13
Bingo	\$64,844,000	\$64,748,000	0.1%	\$49,540,000	\$48,968,000	76.4%	75.6%	\$15,304,000	\$15,780,000	-3.0%
Raffles	\$8,648,000	\$8,312,000	4.0%	\$4,153,000	\$3,915,000	48.0%	47.1%	\$4,495,000	\$4,397,000	2.2%
Paddlewheels	\$16,022,000	\$15,980,000	0.3%	\$11,547,000	\$11,612,000	72.1%	72.7%	\$4,475,000	\$4,368,000	2.4%
Tipboards	\$8,239,000	\$8,574,000	-3.9%	\$5,915,000	\$6,243,000	71.8%	72.8%	\$2,324,000	\$2,331,000	-0.3%
Pull-Tabs	\$1,121,022,000	\$1,054,134,000	6.3%	\$937,242,000	\$877,384,000	83.6%	83.2%	\$183,781,000	\$176,750,000	3.8%
Interest Income	\$67,000	\$65,000	3.0%	n/a	n/a	n/a	n/a	\$67,000	\$65,000	3.0%
Totals	\$1,218,842,000	\$1,151,813,000	5.8%	\$1,008,397,000	\$948,122,000	82.7%	82.3%	\$210,446,000	\$203,691,000	3.3%

\* Numbers are based on licensed organizations reporting to the Gambling Control Board.

## Comparison of Gross Receipts (Sales) by Type—FY14



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

FY	Gross Receipts	% change	Prizes Paid	% change	Net Receipts	% change
14	\$1,218,842,000	5.8%	\$1,008,397,000	6.4%	\$210,446,000	3.3%
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%

# Lawful Purpose Expenditures (LPE)


Lawful Purpose Required Percentages. The majority of organizations are required to spend at least 30% of their net profits on lawful purposes, including taxes.

Exception: Organizations that only conduct lawful gambling in a location where the primary business is bingo must spend 20% or more. Failure to meet the requirement subjects the organization to probation and possible sanctions by the Board.

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

**FY2014: \$496,770**



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

**FY2014: \$259,349**


Youth activities

**FY2014: \$7,831,743**




Scholarship funds and private or public nonprofit educational institutions

**FY2014: \$3,112,488**




Recognition of military service

**FY2014: \$1,403,995**



Repair and maintenance projects of organization-owned buildings

**FY2014: \$1,949,550**

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

**FY2014: \$9,674,337**  
(not including taxes)

## Other Lawful Purpose Expenditure Categories, FY2014:

Community arts organizations or program sponsorships:  
**\$85,359**

Religious purposes:  
**\$1,124,978**

Contributions to or expenditures by nonprofit organizations designated by the Internal Revenue Service as 501(c)(3) organizations or 501(c)(4) festival organizations:  
**\$17,104,909**

Relieving effects of poverty, homelessness, or disabilities:  
**\$2,426,256**

Compulsive gambling programs:  
**\$7,450**

Recognition of humanitarian service:  
**\$58,922**

Real estate taxes:  
**\$2,696,728**

State, local, and federal gambling taxes; state lawful gambling license and regulatory fees:  
**\$47,648,494**

Specific utility costs by licensed veterans and fraternal organizations:  
**\$4,902,083**

Membership events by licensed veterans organizations:  
**\$189,536**

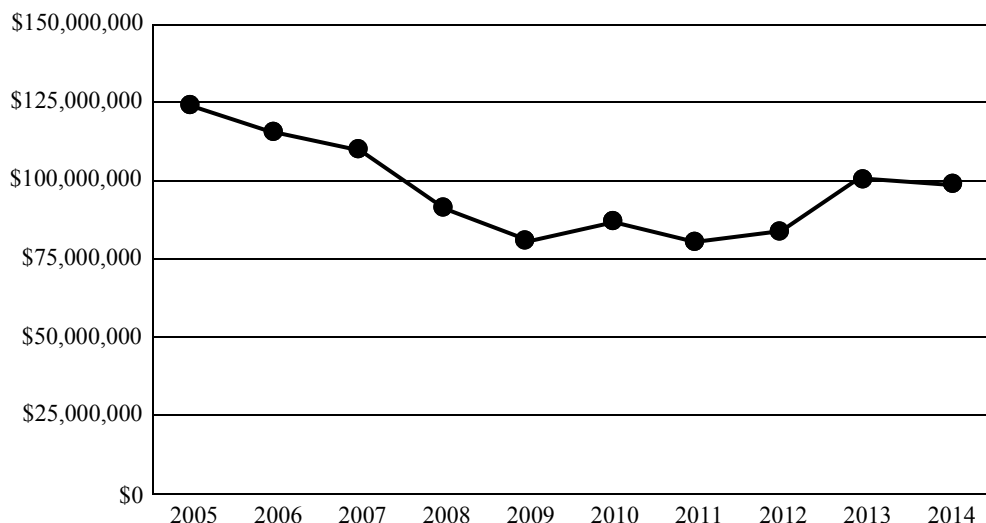
Contributions to another licensed organization or parent organization with Board approval, and contributions to non-licensed 501(c)(19) organizations:  
**\$497,006**

**Total FY14 Actual  
Lawful Purpose  
Expenditures:  
\$101,469,953**

## Lawful Purpose Expenditures (LPE)

### Available for Lawful Purpose Expenditures Ten-Year Comparison

2014	\$ 99,751,000
2013	\$100,278,000
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



	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
<b>Available for Lawful Purpose Expenditures</b>	<b>\$56,421,000</b>	<b>\$60,261,000</b>	<b>-6.4%</b>
Net receipts tax	\$2,017,000	\$2,085,000	
Combined net receipts tax	\$41,313,000	\$37,932,000	
<b>State Gambling Tax Liability</b>	<b>\$43,330,000</b>	<b>\$40,017,000</b>	<b>8.3%</b>
<b>Totals</b>	<b>\$99,751,000</b>	<b>\$100,278,000</b>	<b>-0.5%</b>

The two state gambling taxes included as lawful purpose expenditures in FY14 are:

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

Combined net receipts taxes, which are progressive taxes calculated on the net receipts from electronic and paper pull-tabs, tipboards, electronic linked bingo, and interest.

## State Gambling Taxes

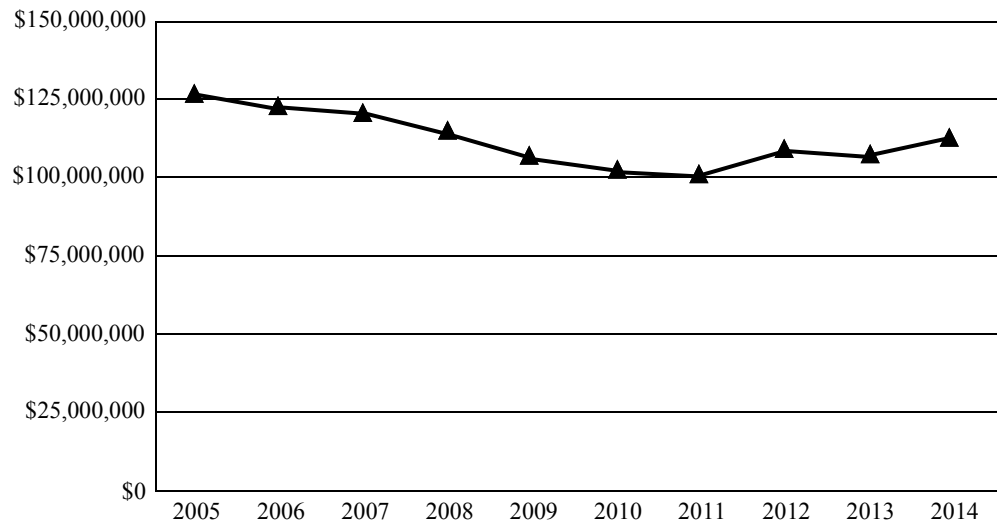
<u>FY</u>	<u>Tax Liability</u>	<u>Refund</u>	<u>Net taxes (after refund)</u>	<u>Net taxes as % of Gross receipts</u>	<u>Net receipts</u>
2014	\$43,330,000	\$0	\$43,330,000	3.6%	20.6%
2013	\$40,017,000	\$3,853,000*	\$36,164,000	3.1%	17.8%
2012	\$48,808,000	\$7,375,000	\$41,433,000	3.9%	21.5%
2011	\$43,943,000	\$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%

\* Note: Effective 7/1/12 taxes based on net receipts (after prizes paid) and no longer on ideal gross. This change eliminated the need for refund based on unsold tickets.

## Allowable Expenses

### Allowable Expenses Ten-Year Comparison

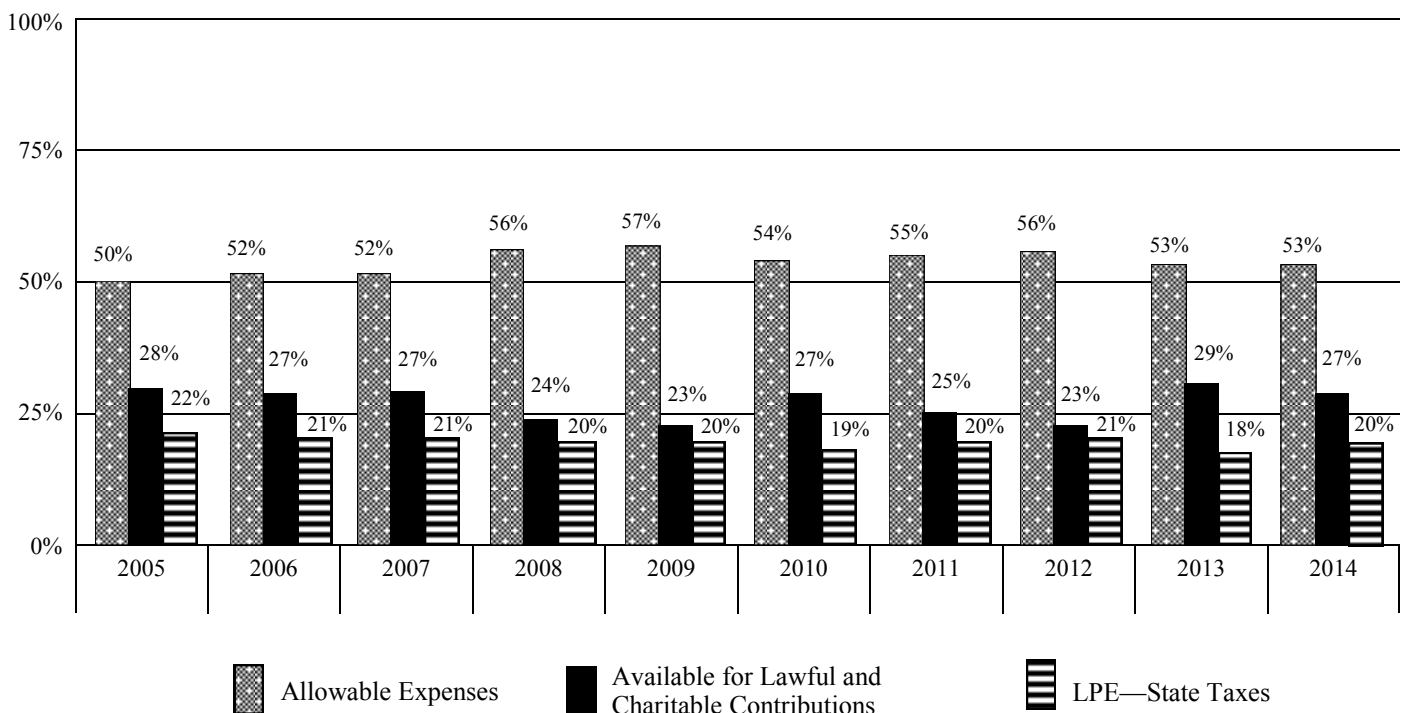
2014	\$110,695,000
2013	\$107,266,000
2012	\$107,957,000
2011	\$100,398,000
2010	\$102,167,000
2009	\$106,945,000
2008	\$115,541,000
2007	\$121,700,000
2006	\$122,928,000
2005	\$126,026,000



### 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.

## Distribution of Net Receipts



# LG500 CY13 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% of gross receipts less prizes paid 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 2013 and the amounts collected, spent, refunded, and balances are:

City	%	CY12 Balance	Interest	Collected	Spent	Refunded	CY13 Balance
Andover	1.0	\$0.00		\$1,015.05	\$1,015.05	\$0.00	\$0.00
Austin	0.50	\$1,825.74		\$3,049.46	\$3,558.31	\$0.00	\$1,316.89
Bloomington	0.25	\$23,052.84		\$7,142.29	\$1,628.92	\$0.00	\$28,566.21
Columbus	3.00	\$0.00		\$1,123.55	\$960.00	\$0.00	\$163.55
Duluth	3.00	\$0.00		\$55,009.00	\$55,009.00	\$0.00	\$0.00
East Bethel	3.00	\$0.00		\$20,749.84	\$20,749.84	\$0.00	\$0.00
Eden Prairie	0.00	\$21,814.17		\$0.00	\$0.00	\$0.00	\$21,814.17
Fridley	3.00	\$0.00		\$58,112.81	\$58,112.81	\$0.00	\$0.00
Jackson	0.00	\$416.00		(CY13 report not filed)			
Lilydale	3.00	\$0.00		\$1,390.70	\$1,390.70	\$0.00	\$0.00
Lino Lakes	0.10	\$0.00		\$859.75	\$0.00	\$0.00	\$859.75
Mankato	3.00	\$5,385.84	\$107.72	\$52,223.57	\$7,636.31	\$0.00	\$50,080.82
Maple Grove	0.50	\$7,127.27		\$10,789.92	\$6,326.96	\$0.00	\$11,590.23
Mendota	2.00	\$3,338.27		(CY13 report not filed)			
Minneapolis	3.00	\$112,413.64		\$155,709.91	\$117,594.41	\$0.00	\$150,529.14
North Mankato	3.00	\$0.00		\$16,443.35	\$16,443.35	\$0.00	\$0.00
Owatonna	0.00	\$0.00		\$4,800.00	\$4,170.20	\$0.00	\$629.80
Plymouth	3.00	\$13,180.02		\$0.00	\$0.00	\$0.00	\$13,180.02
Roseville	3.00	\$54,083.40		\$69,789.70	\$55,952.33	\$0.00	\$67,920.77
Shoreview	3.00	\$0.00		\$1,577.58	\$1,577.58	\$0.00	\$0.00
Spring Lake Park	3.00	\$0.00		\$42,405.73	\$30,675.99	\$11,729.74	\$0.00
St. Louis Park	3.00	\$0.00		\$11,391.36	\$14,955.40	\$0.00	\$0.00
St. Paul	2.50	\$97,716.09		(CY13 report not filed)			
Waterville	3.00	\$9,620.57		\$5,871.42	\$15,491.99	\$0.00	\$0.00
White Bear Lake	2.00	\$0.00		\$33,798.00	\$33,798.00	\$0.00	\$0.00
Worthington	3.00	\$0.00		\$3,960.12	\$3,960.12	\$0.00	\$0.00
<b>Totals</b>		<b>\$349,973.85</b>		<b>\$557,213.11</b>	<b>\$451,007.27</b>	<b>\$11,729.74</b>	<b>\$346,651.35</b>

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 2014, a total of \$9,674,337 was voluntarily 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 charitable contributions required by the local unit of government, see page 7.



# LG510 CY13 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 2013, 107 cities reported fund contributions up to 10% as mandated by their city's ordinance.
  - √ A total of \$1,007,487.09 was contributed to cities under the "required" contribution allowance.
  - √ A balance of \$1,805,330.83 was reported for future distribution.

City	%	CY12 Balance	Interest	Collected	Spent	CY13 Balance
Alexandria	10%	\$0.00	\$0.00	\$39,298.02	\$39,298.02	\$0.00
Andover	10%	\$8,693.31	\$227.60	\$20,840.49	\$3,736.00	\$26,025.40
Annandale	0%	\$1,707.67	\$1.46	\$1,353.62	\$0.00	\$3,062.75
Arden Hills	10%	\$0.00	\$0.00	\$23,501.43	\$23,501.43	\$0.00
Barnum	10%	\$532.97	\$0.00	\$2,649.33	\$2,435.84	\$746.46
Battle Lake	10%	\$0.00	\$0.00	\$696.36	\$696.36	\$0.00
Bayport	10%	\$71,238.41	\$0.00	\$7,619.57	\$0.00	\$78,857.98
Belle Plaine	10%	\$0.00	\$0.00	\$4,296.72	\$0.00	\$4,296.72
Bigelow	0%	\$5,754.01	\$3.00	\$891.57	\$1,171.31	\$5,477.27
Bigfork	10%	\$13,619.42	\$0.00	\$3,904.62	\$0.00	\$17,524.04
Blaine	10%	\$119,703.00	-\$919.11	\$91,361.83	\$84,750.00	\$125,395.72
Bovey	10%	\$0.00	\$0.00	\$595.97	\$350.00	\$245.97
Bricelyn	10%	\$900.65		(CY13 report not filed)		
Brownsville	10%	\$0.00	\$0.00	\$2,518.53	\$2,518.53	\$0.00
Byron	10%	\$0.00	\$4.95	\$1,003.99	\$0.00	\$1,008.94
Carlton	10%	\$5,772.95	\$0.00	\$10,639.50	\$8,697.00	\$7,715.45
Chanhassen	10%	\$36,018.94	-\$130.52	\$13,514.07	\$12,257.28	\$37,145.21
Chisago City	10%	\$0.00	\$0.00	\$6,472.82	\$0.00	\$6,472.82
Cloquet	10%	\$0.00	\$0.00	\$10,084.10	\$10,084.10	\$0.00
Cold Spring	1%	\$68,869.33	-\$85.60	\$8,625.32	\$0.00	\$77,409.05
Columbus	10%	\$0.00	\$0.08	\$1,469.17	\$0.00	\$1,469.25
Coon Rapids	5%	\$8,610.96	\$389.63	\$36,503.00	\$32,852.70	\$12,650.89
Cottage Grove	1%	\$6,624.20	-\$70.20	\$5,828.98	\$0.00	\$12,382.98
Crystal	10%	\$3,794.65	\$0.00	\$26,088.16	\$27,938.16	\$1,944.65
Dennison	0%	\$0.00	\$0.00	\$69.85	\$69.85	\$0.00
Duluth	5%	\$21,352.00	\$0.00	\$7,726.00	\$0.00	\$29,078.00
Dundas	10%	\$0.00	\$0.00	\$2,413.61	\$2,413.61	\$0.00
Effie	10%	\$398.74	\$0.00	\$1,819.77	\$1,987.60	\$230.91
Elgin	10%	\$21,425.79	\$0.00	\$1,639.40	\$0.00	\$23,065.19
Elko/New Market	5%	\$5,581.35	\$5.82	\$2,627.55	\$0.00	\$8,214.72
Evansville	10%	\$1,437.71	\$0.00	\$8,437.98	\$9,875.69	\$0.00
Eveleth	10%	\$13,370.45	\$0.00	\$9,446.58	\$3,300.00	\$19,517.03
Eyota	10%	\$24,883.00	\$38.76	\$4,419.25	\$4,764.00	\$24,577.01
Faribault	5%	\$47,305.35	\$1,015.29	\$23,666.28	\$17,770.00	\$54,216.92
Floodwood	10%	\$1,051.85	\$0.00	\$1,251.85	\$2,006.00	\$297.70
Garfield	10%	\$0.00	\$0.00	\$2,252.21	\$2,252.21	\$0.00
Gem Lake	10%	\$805.54	\$0.00	\$2,060.83	\$1,000.00	\$1,866.37
Glencoe	10%	\$836.96	\$0.97	\$0.00	\$0.00	\$837.93
Golden Valley	10%	\$0.00	\$692.60	\$41,255.92	\$41,948.52	\$0.00
Gully	10%	\$4,946.41	\$6.04	\$3,093.83	\$0.00	\$8,046.28
Ham Lake	10%	\$11,773.40	\$101.30	\$7,994.80	\$0.00	\$19,869.50
Hampton	10%	\$0.00	\$0.00	\$2,896.63	\$2,896.63	\$0.00
Hanska	10%	\$125.89	\$0.00	\$0.00	\$0.00	\$125.89
Hawley	10%	\$6,470.15	\$4.24	\$0.00	\$0.00	\$6,474.39
Hewitt	10%	\$55.13	\$3.89	\$1,657.20	\$1,700.00	\$16.22
Hibbing	10%	\$10,581.71	\$0.00	\$0.00	\$0.00	\$10,581.71
Hokah	0%	\$0.00	\$0.00	\$2,487.89	\$2,487.89	\$0.00
Hollandale	10%	\$0.00	\$0.00	\$378.91	\$378.91	\$0.00

City	%	CY12 Balance	Interest	Collected	Spent	CY13 Balance
Independence	10%	\$0.00	\$0.00	\$2,233.06	\$2,233.06	\$0.00
Kasota	10%	\$0.00	\$0.00	\$1,664.00	\$0.00	\$1,664.00
Kerkhoven	10%	\$870.69	\$4.20	\$0.00	\$0.00	\$874.89
Kerrick	10%	\$0.00	\$0.00	\$502.94	\$502.94	\$0.00
Kettle River	10%	\$2,105.10	\$0.00	\$729.07	\$1,356.69	\$1,477.48
Kilkenny	10%	\$1,689.52	\$0.00	\$2,775.89	\$1,689.52	\$2,775.89
Lakeland	10%	\$2,307.68	\$0.00	\$1,659.85	\$3,967.53	\$0.00
Lakeland Shores	1%	\$5.38	\$0.00	\$0.00	\$0.00	\$5.38
Lexington	10%	\$25,924.77	\$534.19	\$10,526.45	\$0.00	\$36,985.41
Lilydale	10%	\$0.00	\$0.00	\$536.91	\$536.91	\$0.00
Little Canada	10%	\$72,912.80	\$2,157.00	\$14,041.70	\$9,658.89	\$79,452.61
Long Beach	1%	\$0.00	\$0.00	\$1,542.85	\$1,542.85	\$0.00
Long Lake	10%	\$2,947.00	\$0.91	\$1,310.44	\$1,146.92	\$3,111.43
Madison Lake	10%	\$2,626.45	\$2.20	\$3,774.91	\$6,003.24	\$400.32
Mahtomedi	10%	\$24,968.81	\$0.00	\$11,784.79	\$36,753.60	\$0.00
Maple Grove	10%	\$270,241.14	\$15,313.49	\$47,258.97	\$0.00	\$332,813.60
Mapleview	10%	\$5,880.50	\$0.74	\$3,272.12	\$0.00	\$9,153.36
Maplewood	10%	\$28,916.04	\$0.00	\$27,134.00	\$28,536.40	\$27,513.64
Mayer	10%	\$0.00	\$0.00	\$2,690.00	\$2,690.00	\$0.00
Milaca	10%	\$6,966.00	\$86.00	\$6,133.00	\$7,360.00	\$5,825.00
Millville	10%	\$18,386.65	\$0.00	\$2,062.50	\$2,195.12	\$18,254.03
Minneapolis	10%	\$77,589.82	\$0.00	\$15,364.45	\$0.00	\$92,954.27
Mountain Iron	10%	\$6,913.99	\$0.61	\$3,845.13	\$3,695.00	\$7,064.73
Myrtle	10%	\$1,631.96	\$0.00	\$3,936.60	\$3,407.17	\$2,161.39
New Hope	10%	\$0.00	\$0.00	\$5,536.35	\$5,536.35	\$0.00
North Mankato	10%	\$4,151.27	\$0.00	\$14,442.34	\$15,800.00	\$2,793.61
Oak Grove	10%	\$9,444.63	-\$191.54	\$562.39	\$0.00	\$9,815.48
Oakdale	10%	\$13,487.00	\$0.00	\$25,219.84	\$8,000.00	\$30,706.84
Plymouth	10%	\$0.00	-\$47.84	\$23,769.23	\$23,721.39	\$0.00
Proctor	10%	\$12,508.46	\$0.00	\$480.49	\$689.36	\$12,299.59
Ramsey	5%	\$162,476.60	-\$2,970.05	\$43,905.65	\$49,386.77	\$154,025.43
Randolph	0%	\$0.00	\$0.00	\$2,156.13	\$2,156.13	\$0.00
Rockford	10%	\$0.00	\$0.00	\$14,000.00	\$14,000.00	\$0.00
Rose Creek	10%	\$4,289.55	\$4.31	\$4,333.30	\$6,500.00	\$2,127.16
Roseville	10%	\$21,204.18	\$0.00	\$72,281.74	\$80,000.00	\$13,485.92
Scanlon	10%	\$7,528.86	\$12.83	\$7,802.84	\$1,834.33	\$13,510.20
Sedan	10%	\$1,451.05		(CY13 report not filed)		
Shafer	5%	\$5,288.11	\$52.88	\$3,179.24	\$0.00	\$8,520.23
Sherburn	10%	\$756.57	\$0.00	\$2,014.26	\$1,050.00	\$1,720.83
Shoreview	0%	\$0.00	\$0.00	\$1,328.58	\$1,328.58	\$0.00
Spicer	10%	\$22,716.29		\$509.34	\$0.00	\$25,027.95
Spring Valley	10%	\$9,377.04	\$31.60	\$7,482.61	\$6,000.00	\$10,891.25
St. Francis	10%	\$2,373.14	\$55.67	\$11,559.00	\$0.00	\$13,987.81
St. Martin	10%	\$695.05	\$0.00	\$2,400.72	\$2,295.16	\$800.61
St. Michael	10%	\$0.00	\$0.00	\$33,561.90	\$33,561.90	\$0.00
St. Paul Parks Rec	10%	\$133,129.77	-\$4,131.25	\$12,141.85	\$104,291.50	\$36,848.87
Tower	10%	\$0.00	\$0.00	\$2,008.10	\$2,008.10	\$0.00
Utica	10%	\$0.00	\$0.00	\$1,162.00	\$1,162.00	\$0.00
Vadnais Heights	10%	\$53,577.85	\$0.00	\$18,157.09	\$11,157.93	\$60,577.01
Vergas	10%	\$2,718.78	\$0.00	\$7,984.98	\$4,262.52	\$6,441.24
Victoria	10%	\$71,088.00	-\$107.00	\$10,955.00	\$0.00	\$81,936.00
Wahkon	10%	\$2,949.35	\$0.00	\$3,782.60	\$4,909.65	\$1,822.30
Waite Park	10%	\$16,720.66	\$21.27	\$34,226.29	\$26,003.58	\$24,964.64
Waterville	10%	\$0.00	\$0.00	\$2,920.76	\$2,920.76	\$0.00
Waverly	10%	\$0.00	\$0.00	\$4,698.24	\$4,698.24	\$0.00
Wilton	10%	\$0.00	\$0.00	\$2,394.38	\$2,265.13	\$129.25
Winnebago	10%	\$1,067.09	\$0.00	\$1,755.89	\$850.00	\$1,972.98
Winsted	5%	\$0.00	\$0.00	\$5,000.00	\$5,000.00	\$0.00
Wyoming	10%	\$34,288.48	\$0.00	\$10,347.84	\$3,045.44	\$41,590.88
<b>Totals</b>		<b>\$1,670,413.98</b>	<b>\$12,629.76</b>	<b>\$1,007,487.09</b>	<b>\$882,848.30</b>	<b>\$1,805,330.83</b>

# 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. In addition to gambling managers, organizations' chief executive officers, members, and employees are welcome to attend as well. Continuing education classes are conducted at various locations throughout the state free of charge and are open to the public.

There were 66 continuing education classes provided during the fiscal year 2014, 16 of which were classes at industry conventions, and nine of which were presentations to conventions such as Lions, VFWs, and CPAs. Topics included internal controls, lawful expenditures, illegal gambling, reporting requirements, electronic filing, new rules, conduct of lawful gambling (all forms), electronic games, bar bingo, and other topics.



## Other Education Programs

---

### Gambling Manager Seminars

Gambling manager seminars were 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](http://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

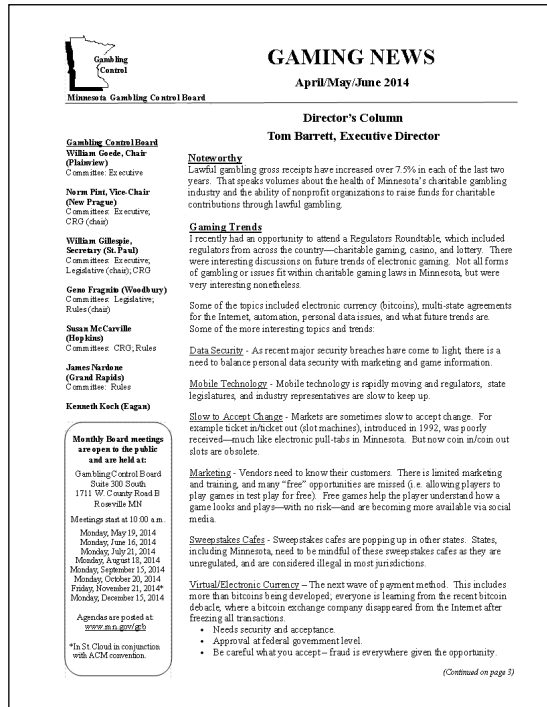
- ✓ Authority and restrictions
- ✓ Local tax or investigation fee
- ✓ Contribution fund reports

### 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



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](http://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 2014.

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](http://mn.gov/gcb/LawfulGamblingManual.htm).



# FY 2014 Top Ten

## FY 2014 Top Ten Grossing Organizations (Non-Bingo Hall), All Lawful Gambling Activity

Organization	Gross	Prizes	Net
Blaine Youth Hockey Association	\$12,726,772	\$10,606,569	\$2,120,203
Burnsville Lions Club	\$11,523,346	\$10,061,808	\$1,461,538
Northwest Area Jaycees	\$10,721,496	\$ 9,337,186	\$1,384,310
Merrick, Inc.	\$10,616,789	\$ 8,951,044	\$1,665,745
Climb, Inc.	\$10,575,467	\$ 8,801,175	\$1,774,292
Centennial Youth Hockey Association	\$ 9,947,229	\$ 8,444,557	\$1,502,673
Confidence Learning Center	\$ 9,515,534	\$ 7,731,768	\$1,783,766
Community Charities of Minnesota	\$ 9,322,633	\$ 7,653,462	\$1,669,171
Ramsey Lions Club	\$ 9,165,920	\$ 7,849,632	\$1,316,288
Irving Community Association	\$ 9,150,710	\$ 7,582,913	\$1,567,797

## FY 2014 Top Ten Grossing Sites (Non-Bingo Hall), All Lawful Gambling Activity

Site	Charity	Gross	Prizes	Net
American Legion Post 580, Chanhassen	American Legion Post 580, Chanhassen	\$6,439,093	\$5,480,930	\$958,163
Bunny's Bar & Grill, St. Louis Park	St. Louis Park Hockey Boosters Assoc.	\$6,119,058	\$5,250,252	\$868,806
Am. Legion Post 1776, Apple Valley	Am. Legion Post 1776, Apple Valley	\$5,796,103	\$4,933,956	\$862,147
American Legion Post 270, Buffalo	American Legion Post 270, Buffalo	\$5,369,709	\$4,763,317	\$606,391
Sports Page, Bloomington	American Legion Post 550, Bloomington	\$4,594,186	\$4,006,399	\$587,787
Shortstop, Fridley	Fridley Lions Club	\$4,228,565	\$3,478,915	\$749,650
American Legion Post 172, Osseo	American Legion Post 172, Osseo	\$4,208,458	\$3,653,222	\$555,236
Wild Bills of Blaine	Blaine Youth Hockey Association	\$4,157,496	\$3,455,495	\$702,001
Broadway Bar & Pizza, Champlin	Champlin-Dayton Athletic Association	\$4,044,325	\$3,506,706	\$537,619
JC's Bar & Grill, Maple Grove	Northwest Area Jaycees	\$3,972,580	\$3,474,156	\$498,424

## FY 2014 Top Ten Organizations, Amount Spent on Charitable Contributions for Each Dollar Spent on Allowable Expenses

Organization*	Net Receipts	Allowable Expenses (AE)	Charitable Contributions	Amount Spent on Charitable Contributions for Each Dollar Spent on AE
Knights of Columbus Council 1575, Fairmont	\$ 58,105	\$ 5,131	\$ 40,979	\$7.99
American Legion Post 118, Wayzata	\$ 72,404	\$ 7,004	\$ 45,537	\$6.50
Club Almar Sports, Inc.	\$ 61,016	\$ 15,676	\$ 37,400	\$2.39
Medford Fire Relief Association	\$ 70,348	\$ 22,113	\$ 49,869	\$2.26
Holy Trinity, Winsted	\$122,679	\$ 35,659	\$ 79,900	\$2.24
Worthington Hockey Association	\$ 90,397	\$ 25,787	\$ 53,500	\$2.07
Brandon Fire Relief Association	\$254,295	\$ 76,378	\$156,125	\$2.04
St. Louis Park Hockey Boosters Association	\$868,806	\$246,210	\$497,030	\$2.02
Sleepy Eye Arena Association	\$118,440	\$ 49,484	\$ 89,045	\$1.80
Rosemount Area Hockey Association	\$451,569	\$122,944	\$216,164	\$1.76

\* 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 2014 expenditures: \$2,928,000  
FTE: 31.6

## Statutes and Rules

---

Legislative Changes: Legislative changes for the lawful gambling industry in 2014:

Electronics:

Current laws relating to lawful gambling fraud were extended to cover electronic pull-tab and electronic linked bingo devices. A person who alters or attempts to alter a device or component used in the conduct of play of either of these games is penalized. The new law also prohibits unauthorized possession of the devices. (*Minn. Stat. Sec. 609.763, subd. 1.*)

Raffles:

Raffles are now allowed to be conducted with a deer or wild game contest, and on the same ticket as is allowed for ice fishing contests. (*Minn. Stat. Sec. 349.173.*)

For more information, go to [mn.gov/gcb](http://mn.gov/gcb).

Rule Changes: The Gambling Control Board's rules governing lawful gambling, primarily electronic pull-tabs and electronic linked bingo and other changes became effective June 16, 2014. A copy can be found at <http://mn.gov/gcb/RulesProcess.htm>.

There are no other rules in process at this time.



# **Minnesota Gambling Control Board**

**1711 West County Road B, Suite 300 South**

**Roseville MN 55113**

**651-539-1900**

**[www.mn.gov/gcb](http://www.mn.gov/gcb)**

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