

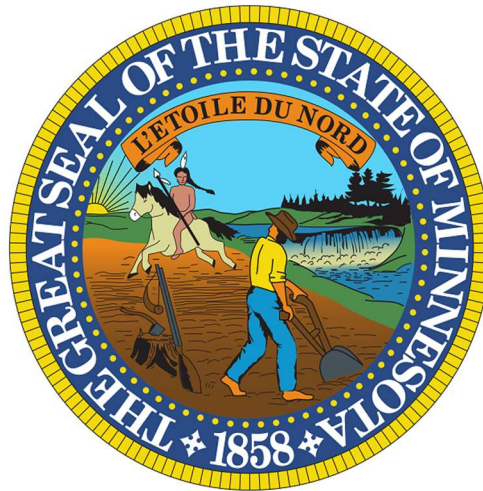


Minnesota Gambling Control Board

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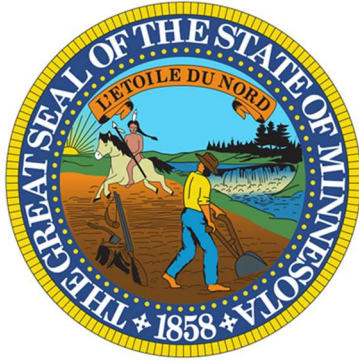
State of Minnesota Gambling Control Board

Annual Report



Fiscal Year
2021

July 1, 2020 – June 30, 2021



FY21 Gambling Control Board Annual Report

Summary and Highlights

October 18, 2021

The Minnesota Gambling Control Board regulates the lawful gambling industry to ensure the integrity of gambling operations and provide for the lawful use of net profits. Lawful gambling may be conducted only by IRS or Minnesota-registered nonprofit organizations. This report summarizes the lawful gambling activity from paper and electronic pull-tabs, paper and electronic bingo, raffles, paddlewheels, and tipboards for fiscal year 2021 (FY21) beginning July 1, 2020, through June 30, 2021.

Highlights:

- On June 30, 2021, there were 1,146 licensed organizations conducting lawful gambling at 2,891 locations throughout Minnesota. The number of organizations and locations has remained relatively constant over the past four years.
- Despite the COVID-related shut down from mid-November to mid-January, FY21 gross receipts (total sales) totaled \$3.1 billion, a 48% increase from FY20 and a 32% increase from FY19.
- Pull-tab gross receipts (paper and electronic) increased 50.6% in FY21 while gross receipts for all other forms of lawful gambling fell 1.2%.
- Electronic pull-tab sales made up 41.6% of total gross receipts in FY21, up from 33.5% in FY20.
- The number of new games approved for sale in Minnesota fell from 5,593 in FY20 to 4,402 in FY21.
- The percentage of net receipts spent on allowable expenses (costs directly related to the conduct of lawful gambling) fell to 47% - the lowest level since the late 1990s.

Thanks in part to charities' tenacity and determination to adapt their operations to difficult circumstances, fiscal year 2021 was a good year for Minnesota's 1,146 licensed lawful gambling charities and the 2,891 sales locations that support the charities' missions. The Minnesota Gambling Control Board and staff continue to diligently provide the necessary oversight and regulation of this multi-billion-dollar industry.

Respectfully submitted,

Geno Fragnito
Board Chair

Laura Wade
Interim Executive Director

For information on:

Agency budget and licensing data
FY21 at a glance
Gross receipts
Net receipts and prizes paid
Distribution of net receipts
Allowable expenses

See page

1
2
3
4
5
6

For information on:

Lawful purpose expenditures
State taxes on gambling receipts
Net profit after state tax
"Top Ten" lists and efficiency ratings
Exempt and excluded activity
Board mission and members

See page

7
8
9
10
11
12

Agency Statement of Receipts and Expenditures (rounded to nearest \$1,000)

| | |
|---|--------------------|
| License/permit/testing fees ¹ | \$1,099,000 |
| Regulatory fee | \$3,616,000 |
| <u>Total Gambling Control Board fees collected².....</u> | <u>\$4,715,000</u> |
| Legislative appropriation..... | \$3,472,000 |
| Expenditures | \$3,331,000 |
| <u>Unused appropriation returned to dedicated account.....</u> | <u>141,000</u> |
| Civil penalties, fines (consent orders, citations) deposited into the state’s general fund..... | \$27,000 |

¹ Includes manufacturer, distributor, distributor salesperson, linked bingo game provider, organization, and gambling manager licenses, and premises permit, exempt permit, and game approval/testing fees.

² Fees collected are assigned to a designated account controlled by legislative appropriation.

Board-Issued Licenses and Permits as of June 30, 2021

| 9 | Manufacturers | Produce and sell gambling equipment (pull-tab games, bingo paper, bingo ball selection devices, etc.) to licensed distributors. | | | | | | | | | | | | | | | | | | | | | |
|--|-----------------------------|--|---------------------------------------|--------------|----------------|--|-----|-----|--------------------------------------|-----|-----|-----------------------------|-----|-----|---------------------------------|-----|-----|--|------------|------------|-------------------------------------|-------------|-------------|
| 4,402 | Games | Manufacturer-produced games tested/approved for sale to licensed distributors. | | | | | | | | | | | | | | | | | | | | | |
| 2 | Linked bingo game providers | Provide electronic linked bingo games to licensed lawful gambling organizations. | | | | | | | | | | | | | | | | | | | | | |
| 9 | Distributors | Businesses that sell gambling equipment to licensed, exempt, and excluded lawful gambling organizations. | | | | | | | | | | | | | | | | | | | | | |
| 66 | Distributor salespersons | Distributor employees licensed to sell gambling equipment to nonprofit organizations. | | | | | | | | | | | | | | | | | | | | | |
| 1,146 | Licensed organizations | Nonprofit organizations licensed to conduct gambling at permitted premises. | | | | | | | | | | | | | | | | | | | | | |
| | | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Type of Nonprofit Organization</u></th> <th style="text-align: right;"><u>Count</u></th> <th style="text-align: right;"><u>Percent</u></th> </tr> </thead> <tbody> <tr> <td>Veterans—American Legions, VFWs, and Auxiliaries</td> <td style="text-align: right;">305</td> <td style="text-align: right;">27%</td> </tr> <tr> <td>Fraternal—Eagles, Moose, Elks, Lions</td> <td style="text-align: right;">233</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>Youth sports and activities</td> <td style="text-align: right;">200</td> <td style="text-align: right;">18%</td> </tr> <tr> <td>Firefighter relief associations</td> <td style="text-align: right;">174</td> <td style="text-align: right;">15%</td> </tr> <tr> <td>Civic, religious, outdoor, and other misc. organizations</td> <td style="text-align: right;"><u>234</u></td> <td style="text-align: right;"><u>20%</u></td> </tr> <tr> <td style="text-align: right;">Total licensed organizations</td> <td style="text-align: right;">1146</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table> | <u>Type of Nonprofit Organization</u> | <u>Count</u> | <u>Percent</u> | Veterans—American Legions, VFWs, and Auxiliaries | 305 | 27% | Fraternal—Eagles, Moose, Elks, Lions | 233 | 20% | Youth sports and activities | 200 | 18% | Firefighter relief associations | 174 | 15% | Civic, religious, outdoor, and other misc. organizations | <u>234</u> | <u>20%</u> | Total licensed organizations | 1146 | 100% |
| <u>Type of Nonprofit Organization</u> | <u>Count</u> | <u>Percent</u> | | | | | | | | | | | | | | | | | | | | | |
| Veterans—American Legions, VFWs, and Auxiliaries | 305 | 27% | | | | | | | | | | | | | | | | | | | | | |
| Fraternal—Eagles, Moose, Elks, Lions | 233 | 20% | | | | | | | | | | | | | | | | | | | | | |
| Youth sports and activities | 200 | 18% | | | | | | | | | | | | | | | | | | | | | |
| Firefighter relief associations | 174 | 15% | | | | | | | | | | | | | | | | | | | | | |
| Civic, religious, outdoor, and other misc. organizations | <u>234</u> | <u>20%</u> | | | | | | | | | | | | | | | | | | | | | |
| Total licensed organizations | 1146 | 100% | | | | | | | | | | | | | | | | | | | | | |
| 1,146 | Gambling managers | Members of licensed nonprofit organizations responsible for supervising organizations’ lawful gambling operations. | | | | | | | | | | | | | | | | | | | | | |
| 2,891 | Premises permits | Permits a licensed organization to conduct lawful gambling at a location. | | | | | | | | | | | | | | | | | | | | | |
| 1,791 | Exempt permits | 1,340 nonprofit organizations were issued permits to conduct limited gambling on up to five days per calendar year. 1,791 activities were conducted in FY21 (July 1, 2020 – June 30, 2021) with tax-exempt total sales of \$31,359,378. These receipts are not included in the total sales amounts for licensed organizations. See page 11 for additional information. | | | | | | | | | | | | | | | | | | | | | |
| 215 | Excluded permits | 123 nonprofit organizations were issued permits to conduct 215 excluded bingo activities. “Excluded” bingo may be conducted for four or fewer annual events or be conducted up to 12 consecutive days in conjunction with a county fair, civic celebration, or the State Fair. Sales amounts from excluded organizations are not included in the licensed organization totals. | | | | | | | | | | | | | | | | | | | | | |

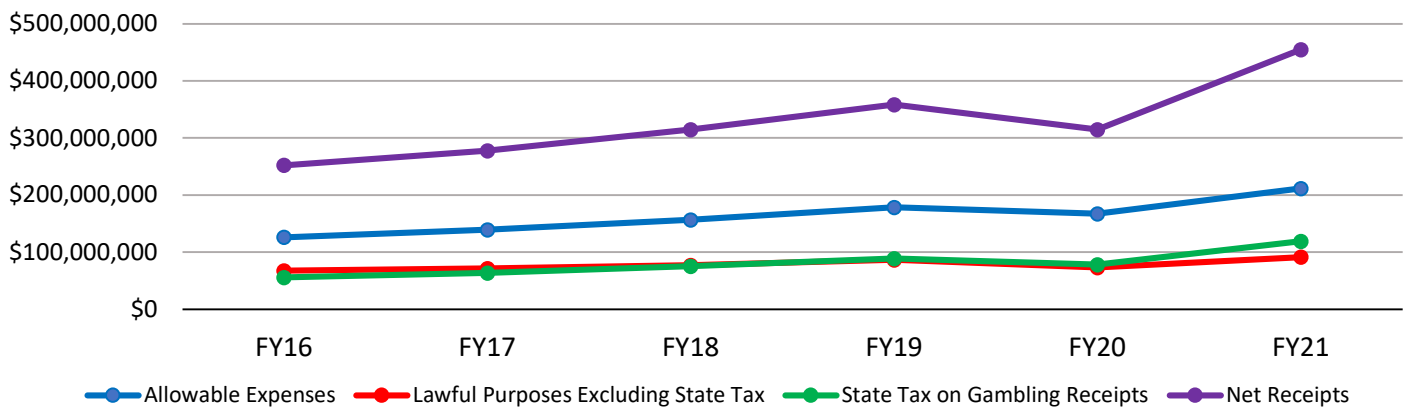
| Calculation of Net Receipts | | Total Expenditures | |
|------------------------------------|----------------------|--|----------------------|
| Gross receipts (see page 3) | \$3,076,447,000 | Allowable expenses ¹ (see page 6) | \$211,723,000 |
| Prizes paid (see page 4) | – \$2,621,452,000 | Lawful purposes ² (see page 7) | + \$210,558,000 |
| Net receipts (see page 4) | \$454,995,000 | Total expenditures³ | \$422,281,000 |

¹ Allowable expenses are the costs related to the conduct of gambling such as inventory, wages, and rent.
² Lawful purposes include charitable contributions, nonprofit program expenditures, taxes, and fees.
³ Net receipts exceeded total expenditures by \$32.7 million. These funds are available for organizations to spend in FY22.

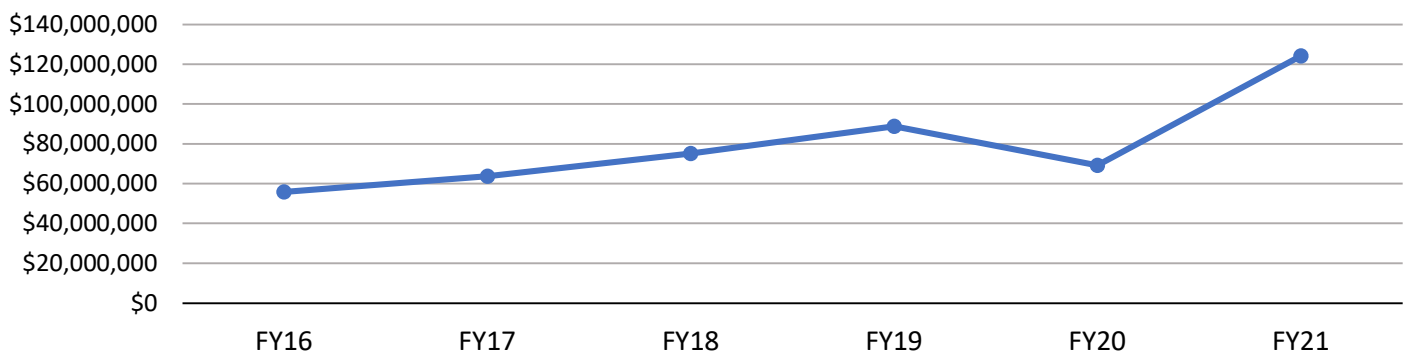
| Lawful Purpose Expenditures | |
|--|----------------------|
| Charitable contributions, nonprofit program expenditures, and regulatory fees (see page 7) | \$91,462,000 |
| State tax (see page 8) | + \$119,096,000 |
| Total lawful purpose expenditures | \$210,558,000 |

| Net Profit After State Tax | |
|--|----------------------|
| Net receipts | \$454,995,000 |
| Allowable expenses | – \$211,723,000 |
| State tax | – \$119,096,000 |
| Net profit after state tax (see page 9) | \$124,176,000 |

Net Receipts, Allowable Expenses, State Tax, and Lawful Purposes Excluding State Tax



Net Profit After State Tax



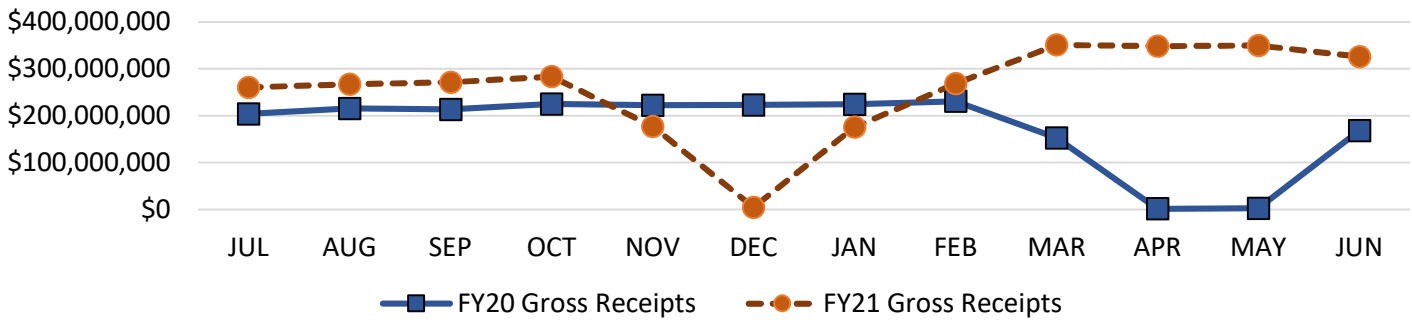
FY21 Gross Receipts (\$3.1 billion)

Licensed Organizations

| 2021 Fiscal Year Sales Activity Summary (in \$1,000s) | | | | | | |
|---|-----------------------------|--------------------|--------------------|--------------------|---------------------------|------------------|
| Activity | Gross Receipts ¹ | | Prizes Paid | | Net Receipts ² | |
| | FY21 | FY20 | FY21 | FY20 | FY21 | FY20 |
| Pull-tabs - Paper | \$1,682,732 | \$1,270,804 | \$1,437,154 | \$1,085,433 | \$245,578 | \$185,371 |
| Pull-tabs - Electronic | \$1,280,540 | \$696,896 | \$1,100,679 | \$598,113 | \$179,861 | \$98,783 |
| Bingo - Paper | \$46,801 | \$58,117 | \$35,360 | \$44,096 | \$11,441 | \$14,021 |
| Bingo - Electronic | \$33,402 | \$18,234 | \$27,188 | \$15,257 | \$6,214 | \$2,977 |
| Tipboards - Sports | \$1,205 | \$3,262 | \$934 | \$2,540 | \$271 | \$722 |
| Tipboards - Non-sports | \$10,011 | \$8,634 | \$7,486 | \$6,317 | \$2,525 | \$2,317 |
| Paddlewheel - w/table | \$2,158 | \$3,636 | \$1,885 | \$3,192 | \$273 | \$444 |
| Paddlewheel - w/o table | \$9,805 | \$11,230 | \$6,349 | \$7,212 | \$3,456 | \$4,018 |
| Raffles | \$9,653 | \$11,241 | \$4,417 | \$5,173 | \$5,236 | \$6,068 |
| Interest | \$140 | \$168 | \$0 | \$0 | \$140 | \$168 |
| Totals | \$3,076,447 | \$2,082,222 | \$2,621,452 | \$1,767,333 | \$454,995 | \$314,889 |

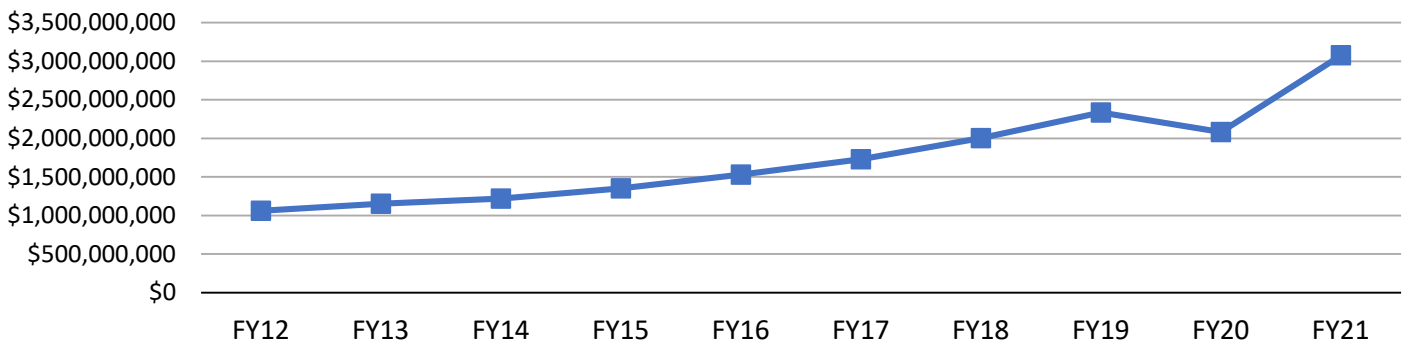
¹ "Gross receipts" means the amount wagered.
² "Net receipts" means the amount wagered that was not returned to players in prizes.

FY20 and FY21 Gross Receipts by Month*



* The dips in gross receipts in FY20 and FY21 coincide with gambling shutdowns resulting from the COVID19 pandemic.

Annual Gross Receipts - 10 Years

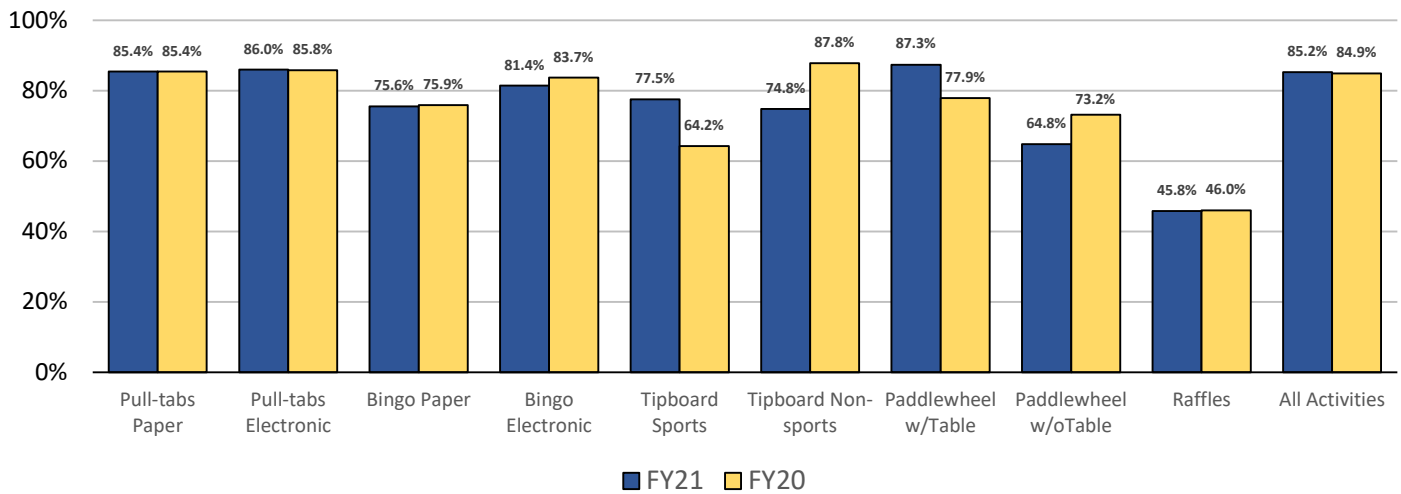


Prizes Paid (\$2.6 billion) and Net Receipts (\$455 million)

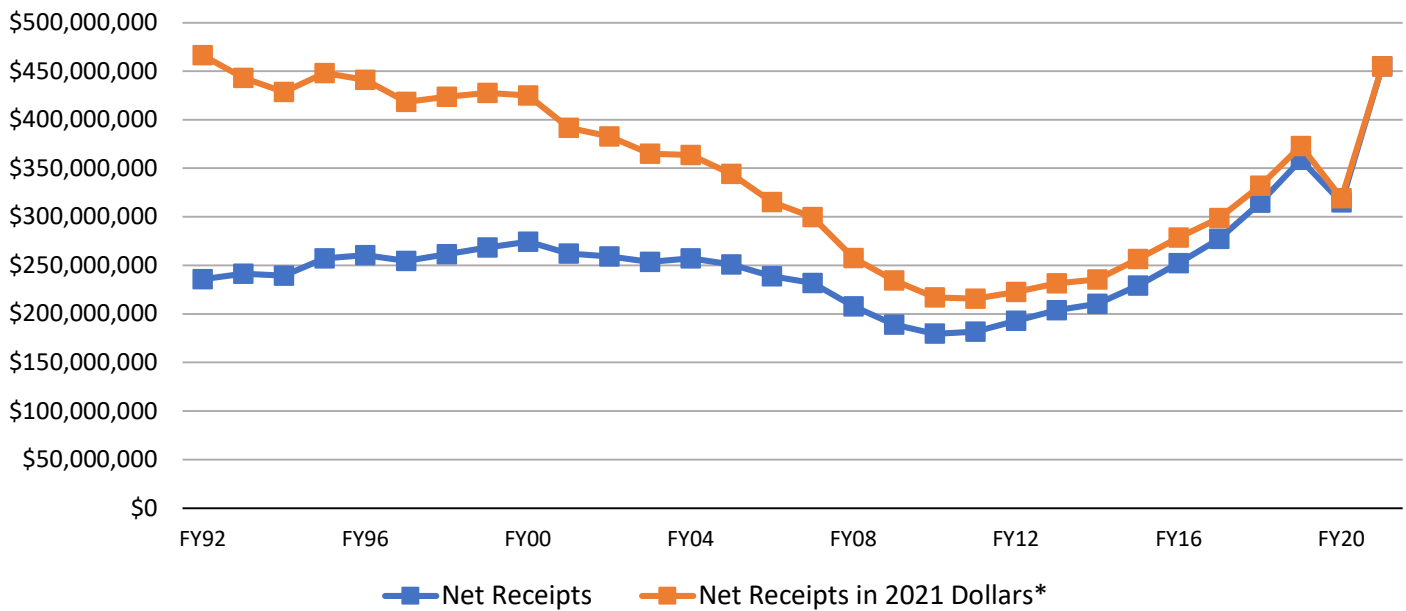
Licensed Organizations

| Calculation of Net Receipts | | Annual gross receipts increased 190% from FY12 to FY21, while annual net receipts increased just 136%. This was due to the average prize payout percentage increasing from 81.8% to 85.2% over the same ten-year period. |
|-----------------------------|-------------------|--|
| Gross receipts | \$3,076,447,000 | |
| Prizes paid | – \$2,621,452,000 | |
| Net receipts | \$454,995,000 | |

Average Prize Payout Percentage by Activity

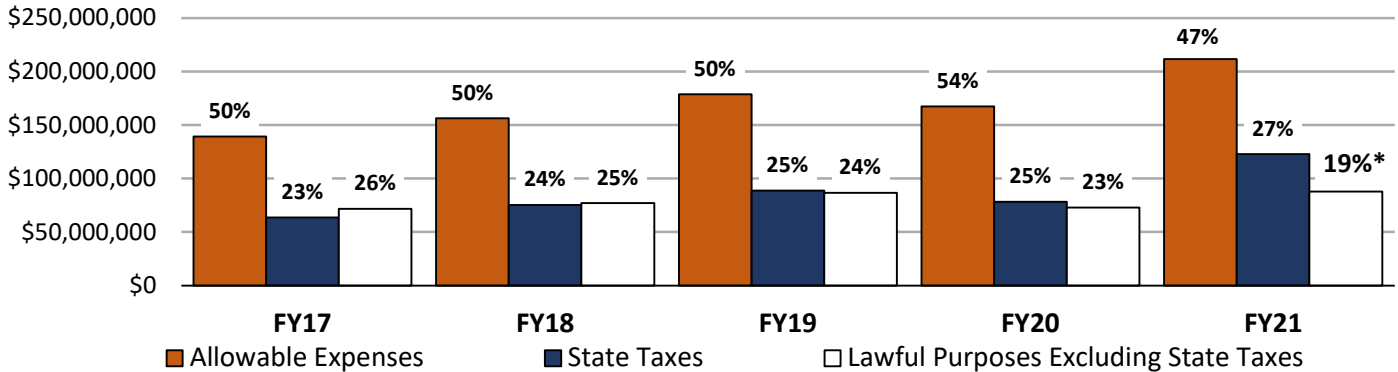


Annual Net Receipts - 30 Years



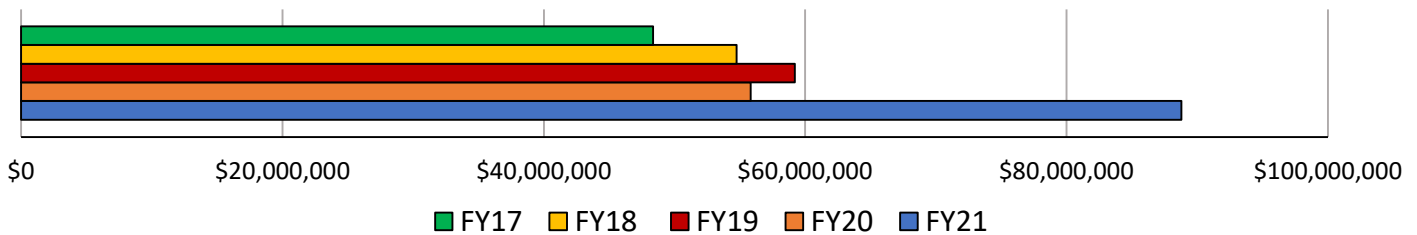
* The U.S. Bureau of Labor Statistics CPI Inflation Calculator was used to determine the value of previous years' net receipts in 2021 dollars. Total net receipts for FY92, when adjusted for inflation, were roughly equivalent to total FY21 net receipts.

Expenditures by Category and as Percentage of Net Receipts

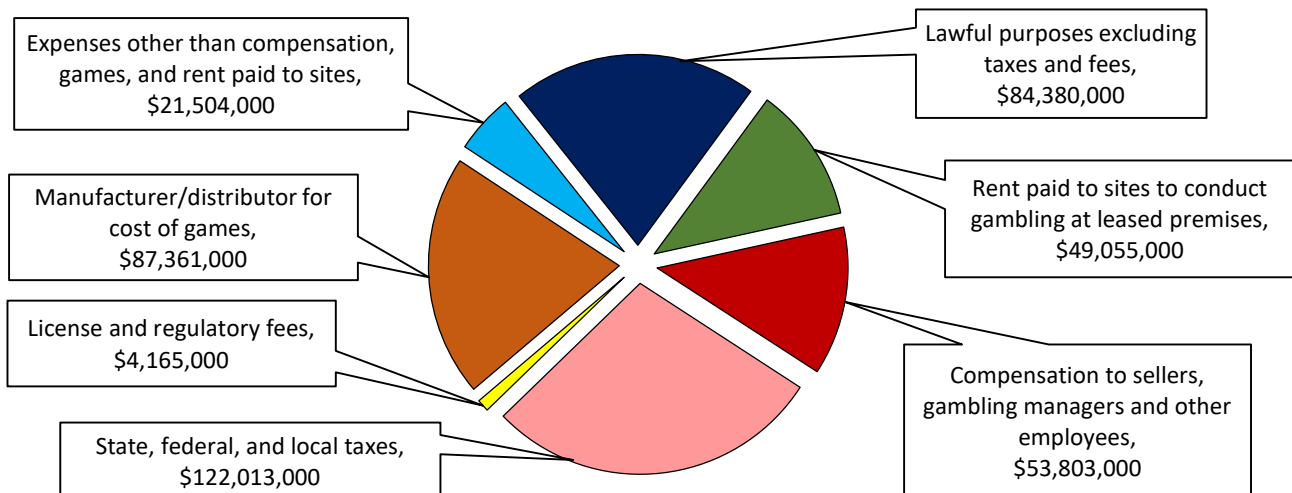


* Typically, not all net receipts earned during a fiscal year are spent during that same fiscal year. However, the amount carried forward from FY21 to FY22 (\$33 million) was significantly higher than the average amount carried forward each year from FY17 through FY20. Had the unspent FY21 profits been spent during FY21 on charitable contributions and other lawful purposes, the "Lawful Purposes Excluding State Taxes" amount for FY21 would have been 26% of net receipts.

Fiscal Year-End Profit Carryover (cummulative retained cash and prizes not yet awarded)



Where Lawful Gambling Dollars Were Spent (\$422 million)*



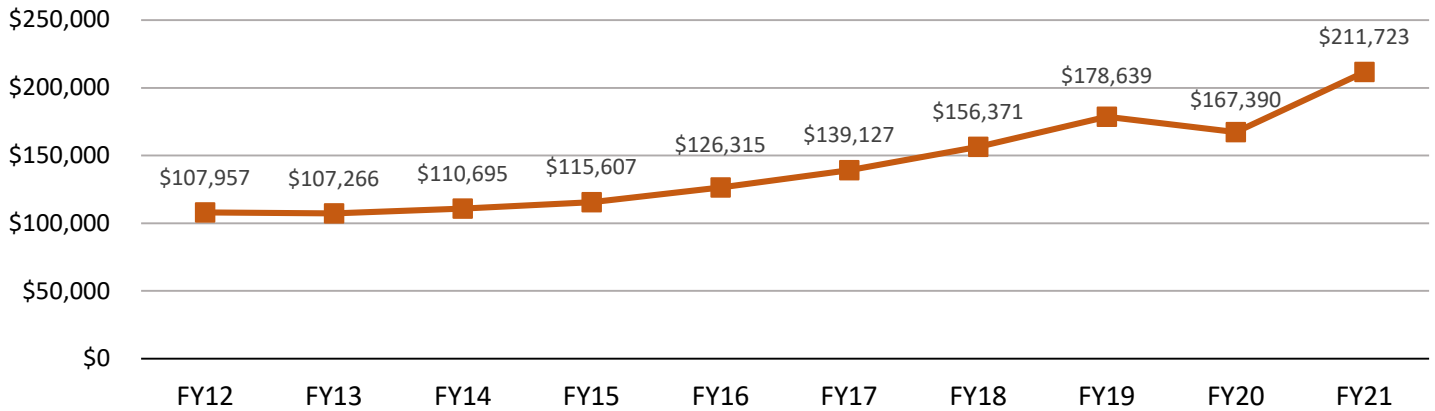
* Excluding prizes, organizations spent \$422,281,000 in FY21. Approximately \$33 million of FY21 lawful gambling profits remained unspent at the end of the fiscal year.

Allowable Expenses (\$212 million)

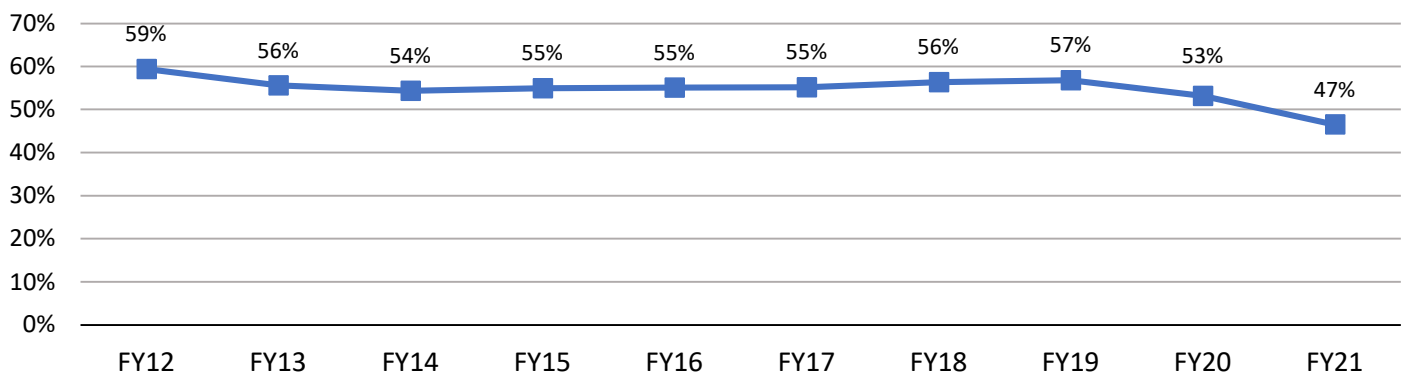
Licensed Organizations

| | | |
|---|---------------------------|----------------------|
| Allowable expenses are operating costs related to the conduct of gambling. Examples include product costs, rent paid to sites, wages, accounting fees, and supplies. | Allowable Expenses | \$211,723,000 |
| | Lawful Purposes | + \$210,558,000 |
| | Total Expenditures | \$422,281,000 |

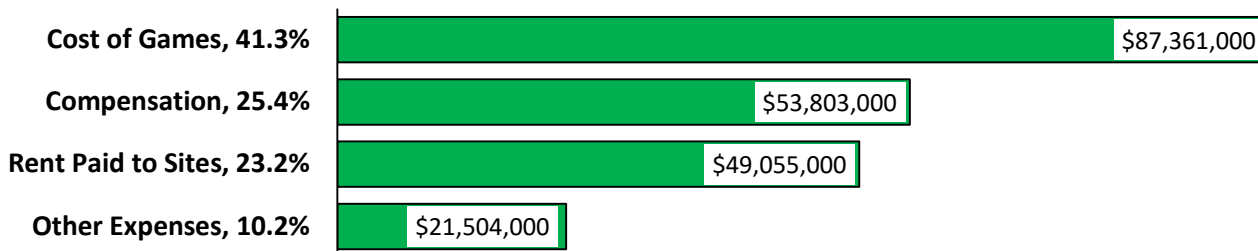
Total Allowable Expenses - 10 Years (in thousands)



Allowable Expenses as a Percentage of Net Receipts - 10 Years



FY21 Allowable Expenses by Category



* See page 9 for rent totals from FY13 – FY21.

** Other expenses include accounting fees, office equipment and supplies, travel expenses, gambling manager's bond, and cash shortages.

Lawful Purpose Expenditures (\$211 million)

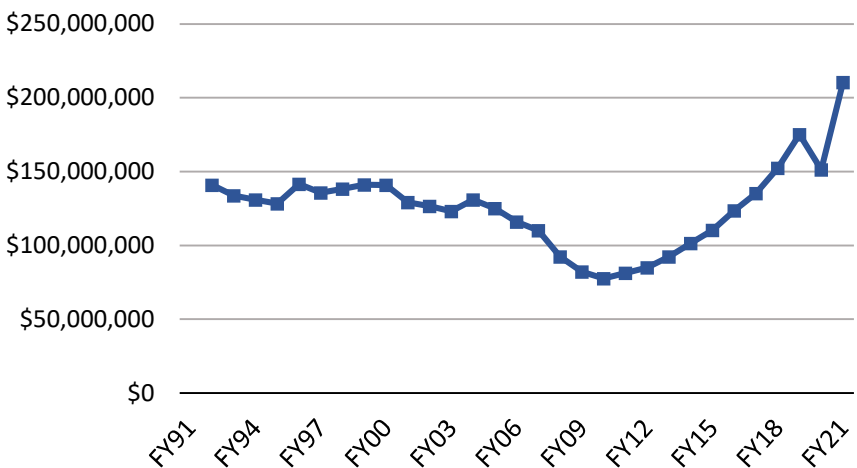
Licensed Organizations

| | | |
|--|------------------------------------|----------------------|
| <p>Lawful gambling net profits (net receipts less allowable expenses) may be spent for the lawful purposes described below. The total expended in each category is based on amounts reported to the Board by licensed organizations each month.</p> <p>Each organization’s fiscal-year lawful purpose expenditures must equal or exceed 30% of that year’s net receipts (20% for organizations that conduct gambling exclusively at locations where the primary business is the conduct of bingo).</p> | Net receipts | \$454,995,000 |
| | Allowable Expenses | \$211,723,000 |
| | Retained Earnings | \$32,714,000 |
| | Lawful Purpose Expenditures | \$210,558,000 |

| | |
|--|---|
| State gambling taxes.....\$119,096,000 | Recognition of military service and support of non-licensed veterans’ clubs\$1,638,000 |
| Contributions to/expenditures by 501(c)(3) or 501(c)(4) festival organizations\$36,330,000 | Religious purposes.....\$759,000 |
| Programs/projects by the United States, the State of Minnesota, or local units of government (excluding taxes)\$15,390,000 | Wildlife management projects, grooming and maintaining snowmobile and all-terrain vehicle trails approved by DNR, and monitoring surface water quality\$863,000 |
| Youth activities.....\$10,456,000 | Contributions to another licensed organization or parent organization (with Board approval).....\$470,000 |
| Specific utility costs by licensed veterans and fraternal organizations\$3,713,000 | Congregate dining, nutritional programs, or food shelves for the disabled or persons age 62 and older\$384,000 |
| Public or private nonprofit educational institutions and scholarships\$5,414,000 | Membership events by licensed veterans organizations.....\$100,000 |
| Lawful gambling license & regulatory fees.....\$4,165,000 | Community arts organizations or program sponsorships.....\$77,000 |
| Local and federal gambling taxes\$3,146,000 | Recognition of humanitarian service.....\$43,000 |
| Relieving effects of poverty, homelessness, or disabilities\$2,950,000 | Compulsive gambling programs\$1,000 |
| Acquisition or improvement of qualifying capital assets or real property of organization-owned buildings\$2,995,000 | |
| Real estate taxes\$2,568,000 | |

| Lawful Purpose Program Expenditures, Taxes, and Fees (in \$1,000s) | |
|--|------------------|
| State taxes on gambling receipts | \$119,096 |
| Charitable contributions and other program expenditures | \$84,151 |
| Board license and regulatory fees | \$4,165 |
| Federal, local, and unrelated business income taxes | \$3,146 |
| Total lawful purpose expenditures | \$210,558 |

Lawful Purpose Expenditures - 30 Years



State Taxes on Gambling Receipts (\$119 million)

Licensed Organizations

State taxes on lawful gambling include the “net receipts tax” and the “combined net receipts tax”. Under state statute, these taxes are categorized as “lawful purpose expenditures”.

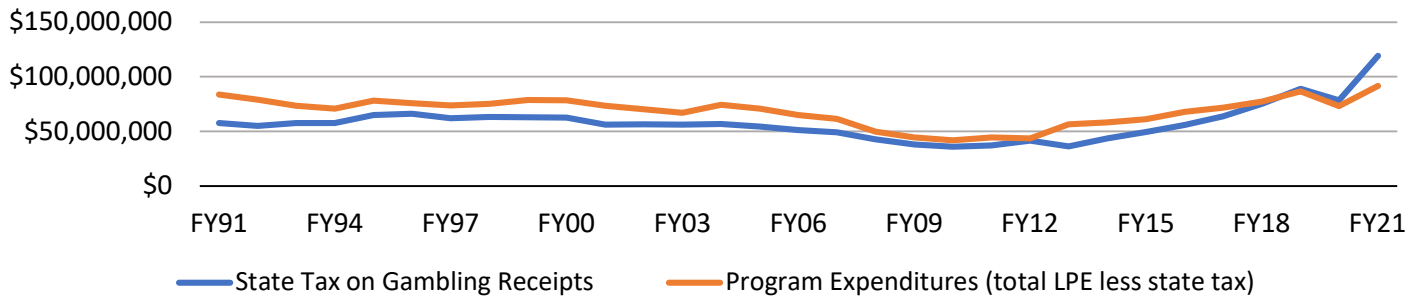
Net receipts tax is an 8.5% tax on the net receipts from paper bingo, raffles, and paddlewheels.

Combined net receipts tax is a progressive tax on the net receipts from electronic and paper pull-tabs, tipboards, electronic linked bingo, and interest. Each fiscal year, an organization’s first \$87,500 of net receipts from these activities is taxed at 9%, the next \$35,000 is taxed at 18%, the next \$35,000 is taxed at 27%, and net receipts over \$157,000 are taxed at 36%.

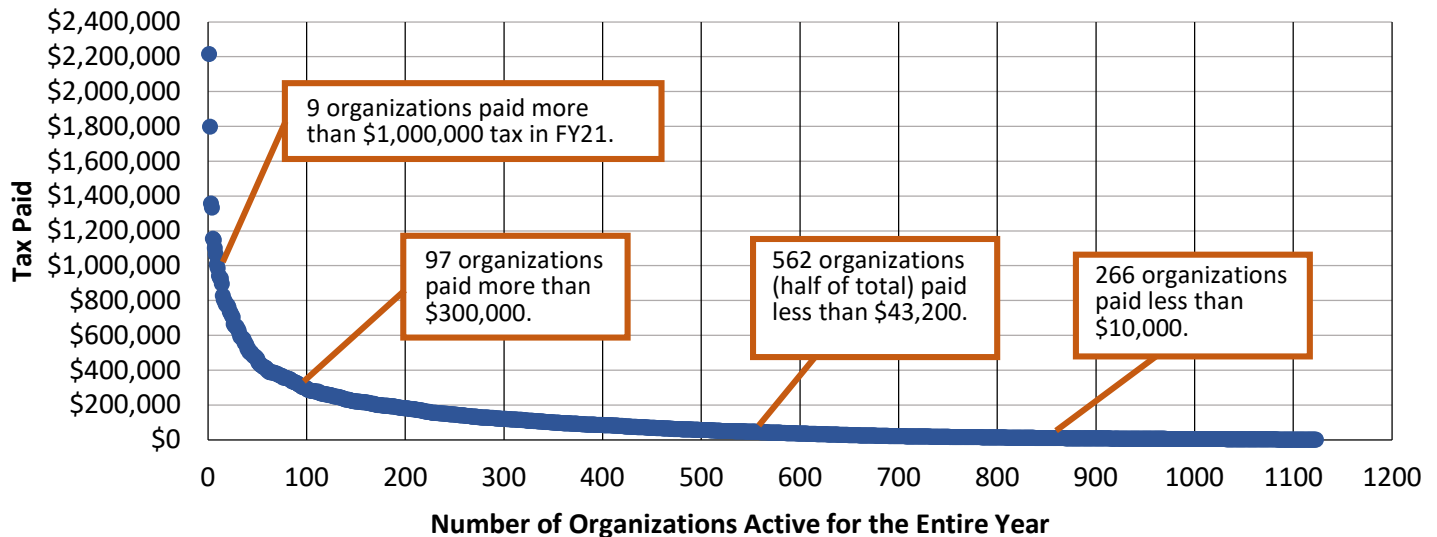
| FY20 and FY21 Totals by Tax Type | | |
|----------------------------------|----------------------|---------------------|
| | FY21 | FY20 |
| Net receipts tax | \$1,601,000 | \$2,087,000 |
| Combined net receipts tax | \$117,495,000 | \$76,216,000 |
| Total state gambling tax | \$119,096,000 | \$78,303,000 |

| State Tax as % of Gross and Net Receipts | | | |
|--|----------------------|------------------|----------------|
| FY | Tax Paid | % Gross Receipts | % Net Receipts |
| FY21 | \$119,096,000 | 3.9% | 26.2% |
| 2020 | \$78,303,000 | 3.8% | 24.9% |
| 2019 | \$88,777,000 | 3.8% | 24.8% |
| 2018 | \$75,178,000 | 3.7% | 23.8% |
| 2017 | \$63,632,000 | 3.7% | 22.9% |
| 2016 | \$55,830,000 | 3.6% | 22.1% |

State Tax and Program Expenditures - 30 years



Distribution of FY21 State Tax Paid by Each Licensed Organization



Net Profit after State Taxes (\$124 million)

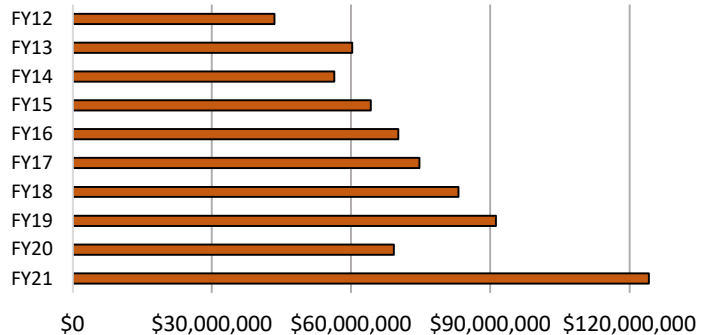
Licensed Organizations

FY21 Net Profit After State Taxes

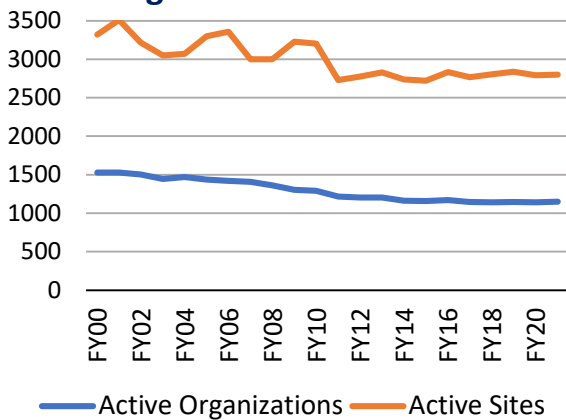
| | |
|------------------------------------|------------------------|
| Net receipts | \$454,995,000 |
| Allowable expenses | – \$211,723,000 |
| State tax | – \$119,096,000 |
| Net profit after state tax* | \$124,176,000 |

* In previous annual reports, this figure is referred to as “available for lawful purposes”.

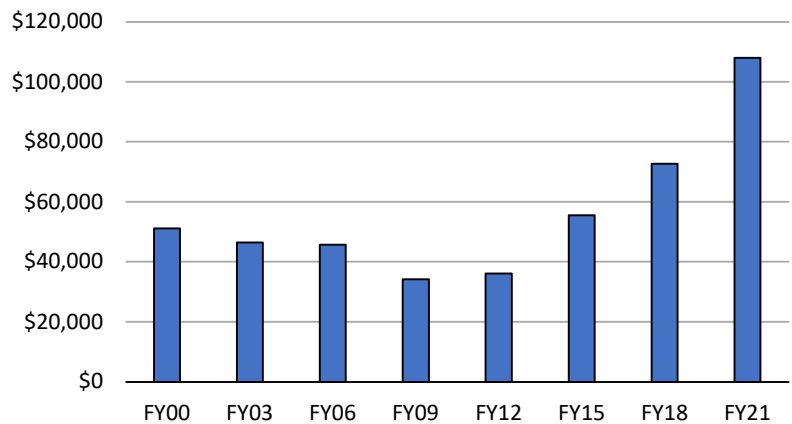
Net Profit After State Taxes - 10 Years



Number of Active Organizations and Sites



Organization Average Net Profit after State Taxes



An organization that conducts lawful gambling at a site it owns may use lawful gambling proceeds to pay the property taxes for that site.

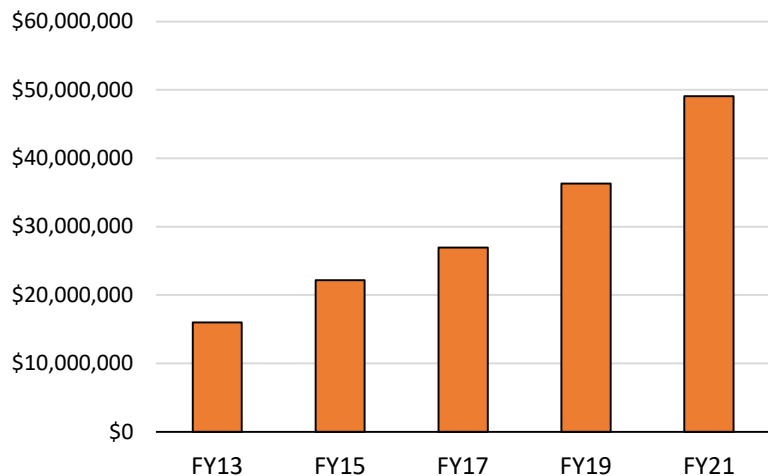
For sites that are not owned, an organization may lease space for the conduct of gambling.

Nearly all rent is paid at the following rates:

- 10% of net receipts with a monthly cap of \$1,750 if the organization’s employees conduct the gambling;
- 20% of net receipts less cash shortages for paper pull-tabs if the site owner’s employees conduct the gambling; and
- 15% for for electronic pull-tabs and electronic linked bingo if the site owner’s employees conduct the gambling.

Rent paid to site owners has increased over 200% since electronic pull-tabs were legalized.

Rent Paid to Sites



Top Ten Organizations by Gross Receipts (Total Sales)

| Organization (# of active sites as of June 30, 2021) | Total Sales | Prizes | Net Receipts |
|---|--------------------|---------------|---------------------|
| Merrick Inc (26) | \$40,925,132 | \$34,557,833 | \$6,367,298 |
| White Bear Lake Area Hockey Assoc (7) | \$37,366,277 | \$31,971,512 | \$5,394,765 |
| St. Cloud Youth Hockey Association (6) | \$29,109,810 | \$25,260,242 | \$3,849,568 |
| Northwest Area Jaycees (17) | \$27,241,230 | \$23,674,319 | \$3,566,912 |
| Centennial Youth Hockey Assoc (8) | \$26,758,480 | \$23,592,564 | \$3,165,916 |
| Confidence Learning Center (37) | \$24,051,459 | \$20,231,380 | \$3,820,079 |
| Amvets Post 1 Mendota (14) | \$23,345,926 | \$20,338,182 | \$3,007,744 |
| Eagan Hockey Assoc (5) | \$22,724,504 | \$19,994,405 | \$2,730,098 |
| Irving Community Association (32) | \$22,116,746 | \$19,039,547 | \$3,077,198 |
| Community Charities of Minnesota (32) | \$20,685,748 | \$17,564,398 | \$3,121,350 |

Top Ten Organizations by Net Profit¹ Less Taxes and Fees²

| Organization | Amount | Organization³ | % of Net Receipts |
|------------------------------------|---------------|---|--------------------------|
| White Bear Lake Area Hockey Assoc | \$1,396,153 | Knights of Columbus Council 1575 Fairmont | 88.8% |
| Merrick Inc | \$972,232 | A.B.A.T.E. of Minnesota | 84.0% |
| Blaine Youth Hockey Assoc | \$935,189 | Eagles Aerie 3394 Fairmont | 80.6% |
| Confidence Learning Center | \$801,387 | New Prague Hockey Association | 76.7% |
| Andover Huskies Youth Hockey Assoc | \$770,076 | Lucan Lions Club | 76.1% |
| Centennial Youth Hockey Assoc | \$718,706 | American Legion Post 642 Bowlus | 74.8% |
| Cottage Grove Athletic Assoc | \$694,008 | American Legion Post 118 Wayzata | 72.1% |
| Rogers Youth Hockey Association | \$674,110 | American Legion Post 317 Emmons | 70.1% |
| Blaine Festival | \$673,951 | American Legion Post 391 Storden | 69.8% |
| Burnsville Lions Club | \$662,256 | American Legion Post 309 Belview | 69.1% |

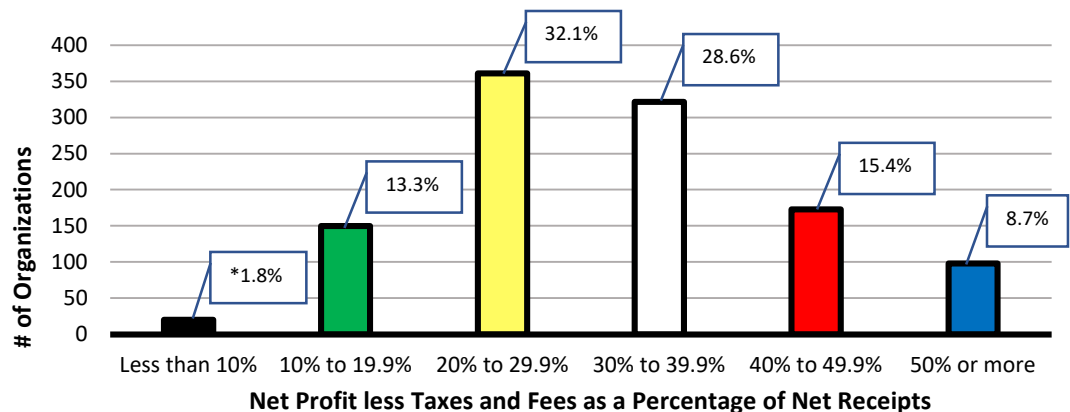
¹ Total sales less prizes paid less allowable expenses.

² State, local, and federal taxes on gambling receipts plus state licensing and regulatory fees.

³ Organizations reporting FY21 gross receipts of \$50,000 or more.

The **Fundraising Efficiency Rating** measures the percentage of each organization's net receipts that are available for lawful purpose program expenditures after all allowable expenses, taxes on gambling receipts, regulatory fees, and licensing fees have been deducted.

Fundraising Efficiency Rating



* Callout boxes are the percentage of all organizations in each category.

Exemptions and Exclusions

Full Licensure not Required

Minnesota Statutes, Section 349.166, allows organizations to conduct some limited lawful gambling activities without obtaining an annual license from the Board or complying with certain regulations (such as having a licensed gambling manager or having two signatures on all gambling account checks). These non-licensed activities are classified as either “exemptions” or “exclusions”.

State Tax on Net Receipts Waived

Exempt and excluded gambling activity is not subject to either the net receipts tax or the combined net receipts tax.

Exempt Lawful Gambling

| The Board may issue a nonprofit organization an “exempt permit” if it only conducts lawful gambling on five or fewer days in a calendar year (January 1-December 31) and does not award more than \$50,000 in prizes for lawful gambling during that calendar year. | Activity | Gross Receipts | Profit |
|---|--------------------------|---------------------|---------------------|
| | Raffles | \$30,007,694 | \$19,139,271 |
| | Bingo | \$999,175 | \$585,821 |
| | Pull-Tabs | \$68,217 | \$15,181 |
| | Paddlewheel | \$71,676 | \$42,017 |
| | Tipboards | \$12,616 | \$5,425 |
| | Tax-Exempt Totals | \$31,359,378 | \$19,787,715 |

Excluded Lawful Gambling*

Excluded Raffles

A nonprofit organization may conduct a raffle without a license or permit if, for the calendar year, the total value of all prizes donated and purchased is less than \$1,500, OR if the organization is a 501(c)(3) and the total value of all prizes donated and purchased for one event does not exceed \$5,000.

Excluded Bingo

A nonprofit organization may obtain a permit to conduct excluded bingo if bingo is conducted at 4 or fewer events during the year or if bingo will be conducted 12 or fewer consecutive days in conjunction with a county fair, civic celebration, or the Minnesota State Fair. No fee is required to apply for this permit.

Senior Citizen Bingo

Bingo may be conducted in a nursing home or a senior citizen housing project or by a senior citizen organization if the prizes for a single game do not exceed \$10 and total prizes for the day do not exceed \$200. Only residents and their guests are allowed to play.

* No financial reports are required for excluded lawful gambling.

Gambling Control Board Mission and Members

Board Mission and Functions

The Gambling Control Board regulates the lawful (charitable) gambling industry to ensure the integrity of operations and provide for the lawful use of net profits. The Board performs many tasks to accomplish this mission including an in-depth licensing process, monitoring of licensees' gambling activities and expenditures, and providing education and technical assistance to our clientele regarding a wide range of licensing and compliance questions. Staff conducts compliance audits of organizations' operations, performs inspections of lawful gambling sites, investigates alleged misconduct, theft, and fraud, monitors daily electronic game activity, and tests each electronic and paper game made available for play in Minnesota.

Audits, Inspections, and Investigations

Regulation and guidance are provided to licensed organizations through compliance audits, inspections, and investigations. Organizations are notified of areas that are working well and areas that may require correction. Site inspections are routinely performed to determine if gambling is conducted in compliance with gambling statutes and rules. Board staff also conducts investigations into allegations of misconduct, theft, and fraud.

Education

Education is provided to organizations through the following opportunities:

- **Continuing Education.** Gambling managers are required to complete one continuing education class each calendar year. Continuing education courses were offered online in FY21. Classes are free and available to the public.
- **Gambling Manager Seminars.** A required multi-day online Gambling Manager Seminar is offered monthly for all prospective gambling managers and CEOs of newly licensed organizations. At the end of each seminar, gambling managers are required to pass a test to be eligible for licensure.
- **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.

Monthly Financial Reports

Licensed organizations are required to file a financial report with the Board each month. The report includes information on the organization's receipts and expenses for each site where gambling was conducted, a listing of its lawful purpose expenditures, and a reconciliation of its profit carryover with its bank balance. These reports are used to monitor gambling activity, identify potential problems, and ensure transparency of operations for organization members and the public.

Website

The Board makes several publications available to the public on its website (www.mn.gov/gcb).

- **Gaming News.** The Board's quarterly newsletter provides information on compliance, licensing, and education issues. *Gaming News* also includes information on legislative and rule changes, continuing education classes, forms, and Board activities. In addition to being available on the website, gambling managers and CEOs are emailed a link to each new edition of *Gaming News* upon publication.
- **Lawful Gambling Manual.** The *Lawful Gambling Manual* is a reference guide for CEOs, gambling managers, and organizations. The manual is divided into indexed chapters that are easily referenced for:
 - licensing requirements;
 - conducting paper and electronic pull-tabs, paper and electronic bingo, raffles, paddlewheels, and tipboards;
 - establishing and maintaining adequate internal controls over the gambling operation;
 - how net receipts may be spent; and
 - record-keeping and reporting procedures and requirements.
- **Other Information.** Agency annual reports, lists of licensees, staff contact information, links to statutes and rules, forms, crime alerts, bulletins, and many more publications are available on the Board's website.

Board Members

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

| Member | Appointed By: | Term |
|---|------------------|--------------|
| Geno Fragnito, Chair, Woodbury | Governor | 9/18 to 6/22 |
| James Nardone, Vice Chair, Grand Rapids | Governor | 6/21 to 6/24 |
| Norman Pint, Secretary, New Prague | Public Safety | 7/19 to 6/23 |
| Beth Pinkney, Woodbury | Governor | 9/18 to 6/22 |
| William English, Plymouth | Attorney General | 9/19 to 6/23 |
| Karen Diver, Cloquet | Governor | 4/21 to 6/24 |
| Janet Lorenzo, Inver Grove Heights | Governor | 7/21 to 6/24 |

Minnesota Gambling Control Board

www.mn.gov/gcb

651-539-1900



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Minnesota Gambling Control Board
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Roseville, MN 55113

Fergus Falls Regional Office:

Minnesota Gambling Control Board
1415 College Way
Fergus Falls, MN 56537

Hibbing Regional Office:

Minnesota Gambling Control Board
522 East Howard Street, Suite 208
Hibbing, MN 55746

Mankato Regional Office (temporary address):

Minnesota Gambling Control Board
1819 Adams Street, #402
Mankato, MN 56001

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

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