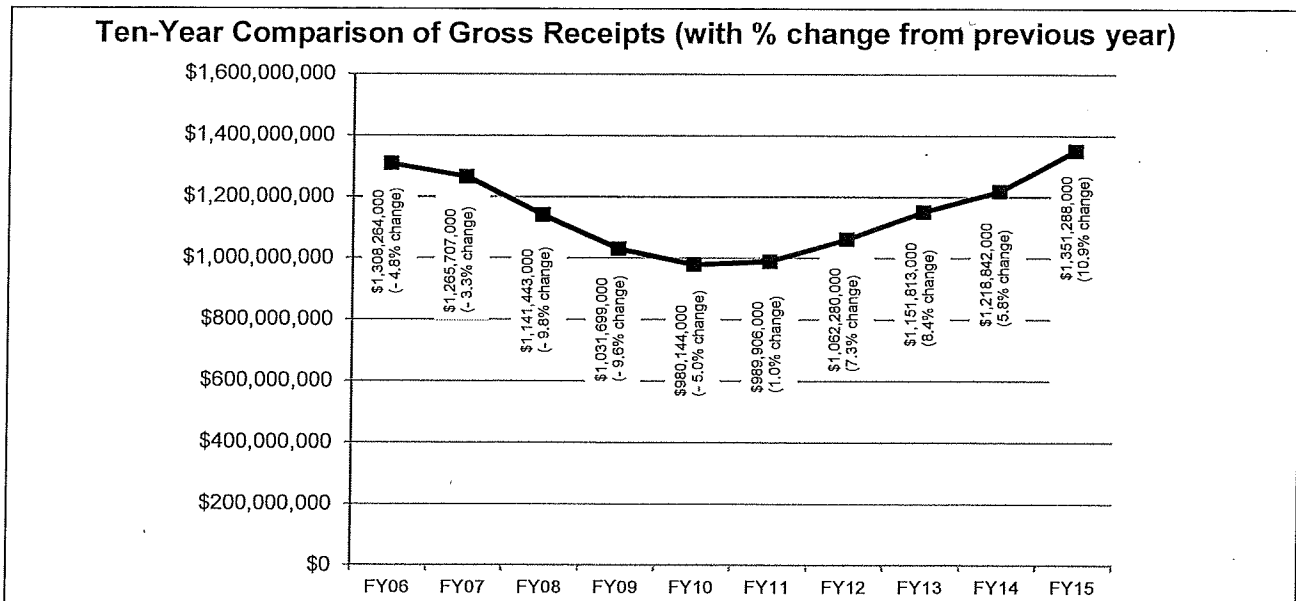
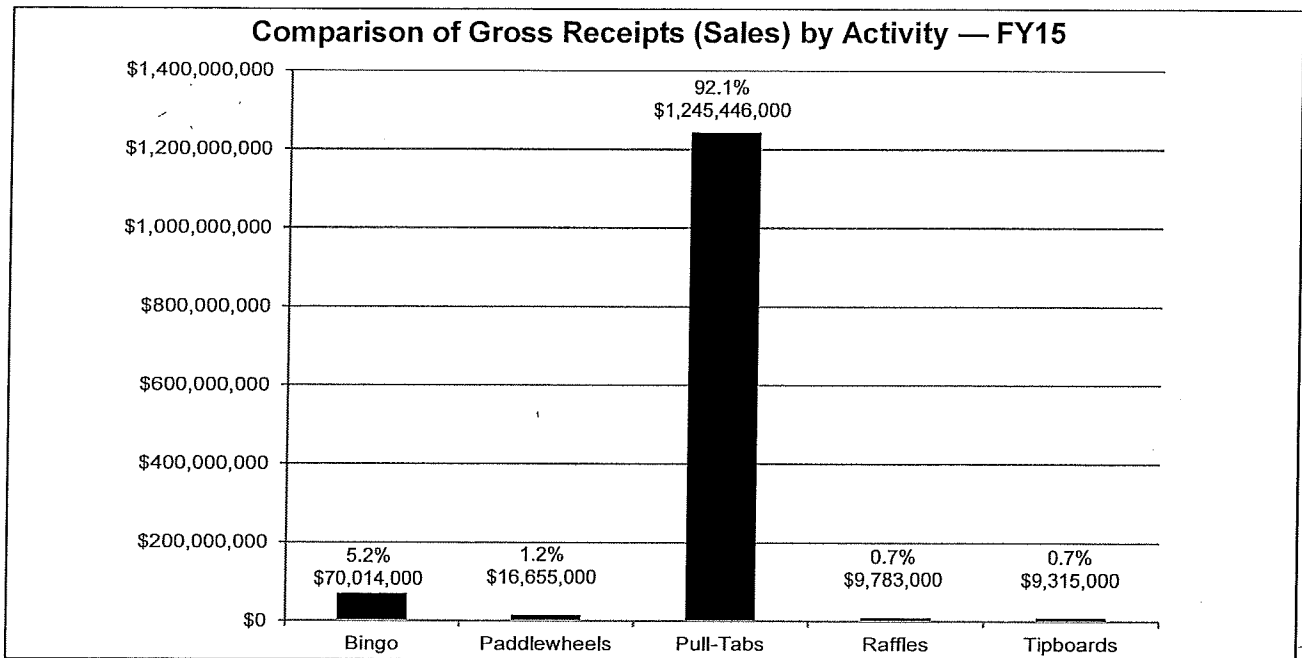


# Lawful Gambling Statistics

| 2015 Fiscal Year Sales Activity Summary * |                        |                 |                  |                 |                 |          |       |                                  |               |                  |  |
|---|------------------------|-----------------|------------------|-----------------|-----------------|----------|-------|----------------------------------|---------------|------------------|--|
| Activity                                  | Gross Receipts (sales) |                 |                  | Prizes Paid     |                 | % Payout |       | Net Receipts (gross less prizes) |               |                  |  |
|   | FY15                   | FY14            | Change from FY14 | FY15            | FY14            | FY15     | FY14  | FY15                             | FY14          | Change from FY14 |  |
| Bingo                                     | \$70,014,000           | \$64,844,000    | 8.0%             | \$53,527,000    | \$49,540,000    | 76.5%    | 76.4% | \$16,487,000                     | \$15,304,000  | 7.7%             |  |
| Paddlewheels                              | \$16,655,000           | \$16,022,000    | 4.0%             | \$11,787,000    | \$11,547,000    | 70.8%    | 72.1% | \$4,868,000                      | \$4,475,000   | 8.8%             |  |
| Pull-Tabs                                 | \$1,245,446,000        | \$1,121,022,000 | 11.1%            | \$1,045,302,000 | \$937,242,000   | 83.9%    | 83.6% | \$200,144,000                    | \$183,780,000 | 8.9%             |  |
| Raffles                                   | \$9,783,000            | \$8,648,000     | 13.1%            | \$4,588,000     | \$4,153,000     | 46.9%    | 48.0% | \$5,195,000                      | \$4,495,000   | 15.6%            |  |
| Tipboards                                 | \$9,315,000            | \$8,239,000     | 13.1%            | \$6,789,000     | \$5,915,000     | 72.9%    | 71.8% | \$2,526,000                      | \$2,324,000   | 8.7%             |  |
| Interest Income                           | \$75,000               | \$67,000        | 11.9%            | n/a             | n/a             | n/a      | n/a   | \$75,000                         | \$67,000      | 11.9%            |  |
| Totals                                    | \$1,351,288,000        | \$1,218,842,000 | 10.9%            | \$1,121,993,000 | \$1,008,397,000 | 83.0%    | 82.7% | \$229,295,000                    | \$210,445,000 | 9.0%             |  |

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



## Minnesota Gambling Control Board FY2015 Lawful (Charitable) Gambling Organization Annual Report Summary

(MS 349.151, Subd. 4(a)(9) requires the Gambling Control Board to report annually to the governor and legislature a financial summary for each licensed organization)

### GROSS RECEIPTS, PRIZES PAID, OPERATING EXPENSE, NET PROFITS

|                      |              |  |
|----------------------|--------------|--|
| \$1,339,505,260      | 100.0%       | Gross Receipts (all money received from the five forms of lawful gambling) |
| \$1,112,709,644      | 83.1%        | Less Prizes Paid   |
| <b>\$226,795,615</b> | <b>16.9%</b> | <b>Net Receipts</b>  |

|                      |              |  |
|----------------------|--------------|--|
| \$226,795,615        | 100.0%       | Net Receipts   |
| \$113,968,664        | 50.3%        | Less Allowable Expenses (operating expenses directly related to conduct of gambling such as salaries, rent, product, supplies) |
| <b>\$112,826,951</b> | <b>49.7%</b> | <b>Net Profit</b>  |

### LAWFUL PURPOSE EXPENDITURES (LPE)

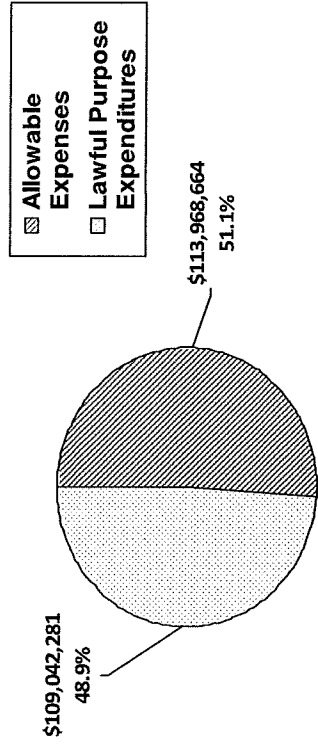
|                      |              |  |
|----------------------|--------------|--|
| \$53,301,706         | 23.5%        | Taxes and Fees (federal and state taxes related to gambling, the .1% Board fee, and licensing fees paid to Gambling Control Board)                       |
| \$45,626,990         | 20.1%        | Charitable Expenditures (See chart "Charitable Contributions by Category" on next page)  |
| \$10,113,586         | 4.5%         | Other LPE (miscellaneous allowed items such as real estate taxes and utilities paid by veteran and fraternal organizations that own their own buildings) |
| <b>\$109,042,281</b> | <b>48.1%</b> | <b>Total Lawful Purpose Expenditures</b>   |

### Organization Type:

|               |              |             |  |
|---------------|--------------|-------------|--|
| Veterans      | 314          | 27.5%       | American Legions, VFWs, Auxiliaries, Servicemen's Clubs, etc.                    |
| Fire          | 171          | 15.0%       | Firefighter relief associations  |
| Lions         | 157          | 13.7%       | Lions clubs  |
| Youth Hockey  | 88           | 7.7%        | Youth hockey associations and ice arenas   |
| Outdoor       | 88           | 7.7%        | Wildlife conservation, snowmobile and ATV trails, etc.                           |
| Youth         | 89           | 7.8%        | Youth sports other than hockey, youth arts, and other youth activities           |
| Fraternal     | 86           | 7.5%        | Eagles, Elks, Moose, Jaycees, etc.   |
| Civic         | 70           | 6.1%        | Chambers of Commerce, commercial clubs, community clubs, lake associations, etc. |
| Miscellaneous | 49           | 4.3%        | Festivals, animal shelters, arts, library, medical, etc.                         |
| Religious     | 30           | 2.6%        | Churches, schools, Knights of Columbus   |
| <b>*Total</b> | <b>1,142</b> | <b>100%</b> |  |

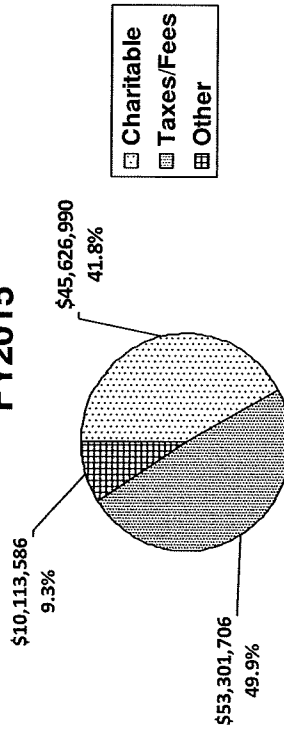
\* Report does not include organizations that did not actively conduct gambling for the entire fiscal year or organizations that did not submit accurate monthly reports to the board in time to be included in this summary.

## LAWFUL GAMBLING FUNDS SPENT FY2015



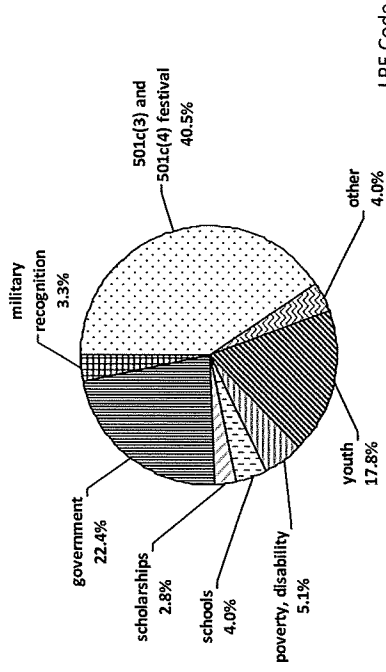
FY2014 Total Gambling Funds Spent \$223,010,945

## LAWFUL PURPOSES BY CATEGORY FY2015



FY2015 Total Lawful Purpose Expenditures \$109,042,281

## FY2015 CHARITABLE CONTRIBUTIONS BY CATEGORY



|                     | LPE Code   |
|---------------------|--|
| \$18,489,134        | 501(c)(3) and 501(c)(4) festival organization A1 |
| \$10,236,100        | Government A10                                   |
| \$8,134,858         | Youth A7   |
| \$2,334,025         | Poverty, disability A2                           |
| \$1,831,356         | Schools A4                                       |
| \$1,490,003         | Military recognition A6                          |
| \$1,278,511         | Scholarships A5                                  |
| \$1,833,005         | Other charitable contributions see below         |
| <u>\$45,626,992</u> | <u>TOTAL CHARITABLE CONTRIBUTIONS</u>            |

|                    |   |
|--------------------|---|
| \$831,861          | Other - church A11                          |
| \$572,791          | Other - wildlife management, trails A13     |
| \$278,372          | Other - food shelves A14                    |
| \$73,739           | Other - community arts A15                  |
| \$70,857           | Other - honoring humanitarian service A19   |
| \$3,134            | Other - water testing programs A12          |
| \$2,251            | Other - problem gambling A3                 |
| <u>\$1,833,005</u> | <u>TOTAL OTHER CHARITABLE CONTRIBUTIONS</u> |

# Lawful Purpose Expenditures (LPE)

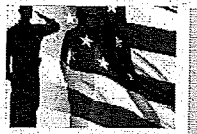
Lawful Purpose Required Percentages. The majority of organizations are required to spend at least 30% of their net profits on lawful purposes, including taxes. Exception: Organizations that only conduct lawful gambling in a location where the primary business is bingo must spend 20% or more. Failure 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.

**Total FY15 *Actual*  
Lawful Purpose  
Expenditures:**


**\$110,410,103**

Recognition of military service and support of non-licensed veterans' clubs:



**FY 2015: \$1,534,903**


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



**FY 2015: \$278,899**

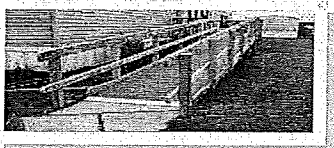
Scholarship funds and private or public nonprofit educational institutions:

**FY 2015: \$3,188,431**




Acquisition or improvement of qualifying capital assets or real property of organization-owned buildings:

**FY 2015: \$1,941,802**



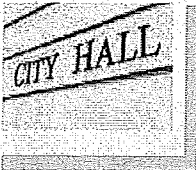
Wildlife management projects, grooming and maintaining snowmobile and all-terrain vehicle trails approved by MN Department of Natural Resources, and monitoring surface water quality:

**FY 2015: \$576,125**





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

**FY 2015: \$10,304,616 (not including taxes)**



Youth activities:

**FY 2015: \$8,278,472**

Recognition of humanitarian service:  
**FY 2015: \$71,782**

Real estate taxes:  
**FY 2015: \$2,782,178**

State, local, and federal gambling taxes; state lawful gambling license and regulatory fees:  
**FY 2015: \$53,736,521**

Specific utility costs by licensed veterans and fraternal organizations:  
**FY 2015: \$4,783,846**

Membership events by licensed veterans organizations:  
**FY 2015: \$197,398**

Contributions to another licensed organization or parent organization with Board approval:  
**FY 2015: \$422,561**

Community arts organizations or program sponsorships:  
**FY 2015: \$88,508**

Religious purposes:  
**FY 2015: \$842,555**

Contributions to or expenditures by nonprofit organizations designated by the Internal Revenue Service as 501(c)(3) organizations or 501(c)(4) festival organizations:  
**FY 2015: \$18,932,404**

Relieving effects of poverty, homelessness, or disabilities:  
**FY 2015: \$2,446,851**

Compulsive gambling programs:  
**FY 2015: \$2,251**

## Lawful Gambling Taxes

|   | <u>FY 2015</u>      | <u>FY 2014</u>      | <u>% Change</u> |
|---|---------------------|---------------------|-----------------|
| Net receipts tax:                                 | \$ 2,214,000        | \$ 2,017,000        | 9.8%            |
| Combined net receipts tax:                        | <u>\$47,202,000</u> | <u>\$41,313,000</u> | 14.3%           |
| <b>Total State Gambling Tax:</b>                  | <b>\$49,416,000</b> | <b>\$43,330,000</b> | <b>14.0%</b>    |
| <br>  |                     |                     |                 |
| <b>State Sales Tax Paid on Gambling Products:</b> | <b>\$ 2,225,742</b> | n/a                 |                 |

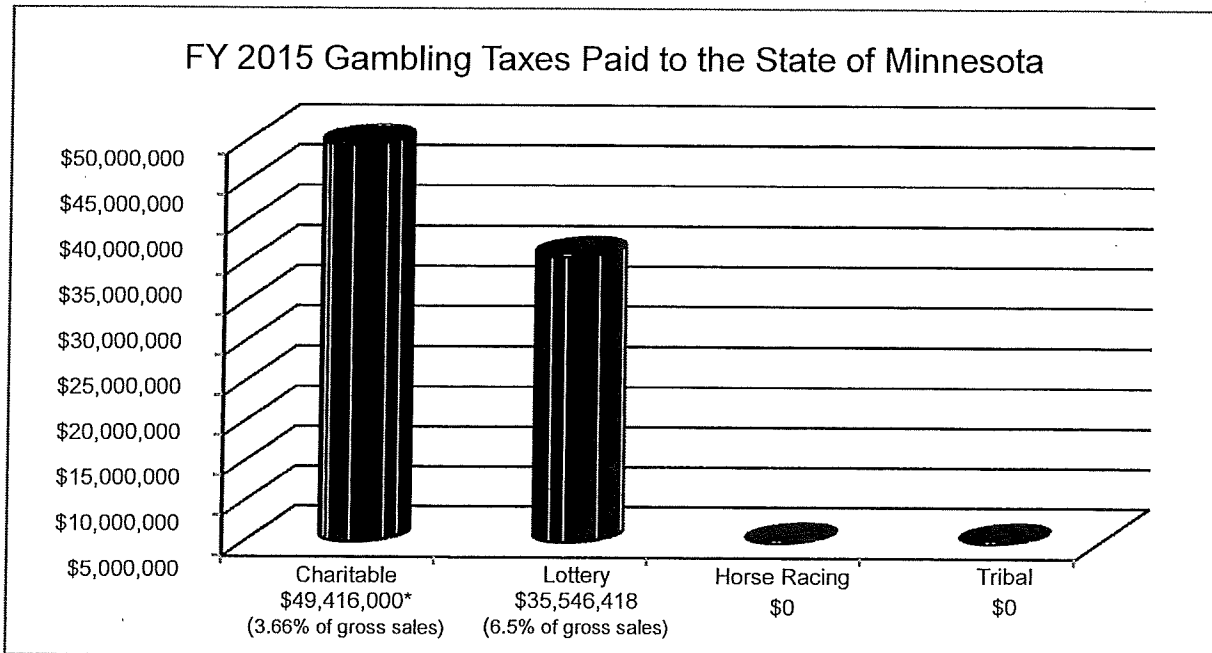
The two state gambling taxes included as lawful purpose expenditures in FY15 are:

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.

| <u>FY</u> | <u>Tax Liability</u> | <u>Refund</u> | <u>Net taxes (after refund)</u> | <u>Net taxes as % of</u> |                     |
|-----------|----------------------|---------------|---------------------------------|--------------------------|---------------------|
|           |                      |               |                                 | <u>Gross receipts</u>    | <u>Net receipts</u> |
| 2015      | \$49,416,000         | \$0           | \$49,416,000                    | 3.7%                     | 21.6%               |
| 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%               |

\* 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.



\* Does not include \$2.2 million in sales taxes paid for gambling equipment.

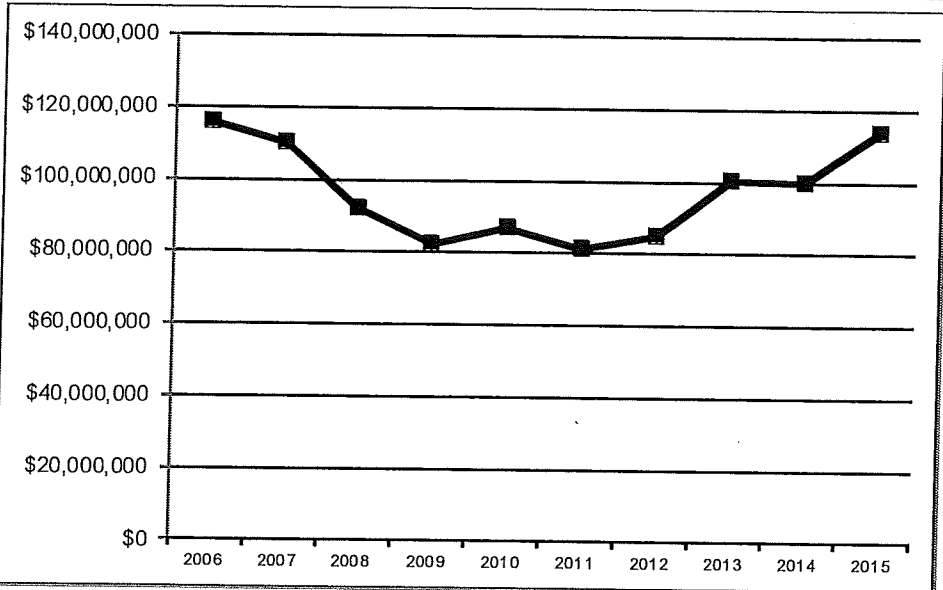
## Lawful Purpose Expenditures (LPE)

**Available for  
Lawful Purposes**

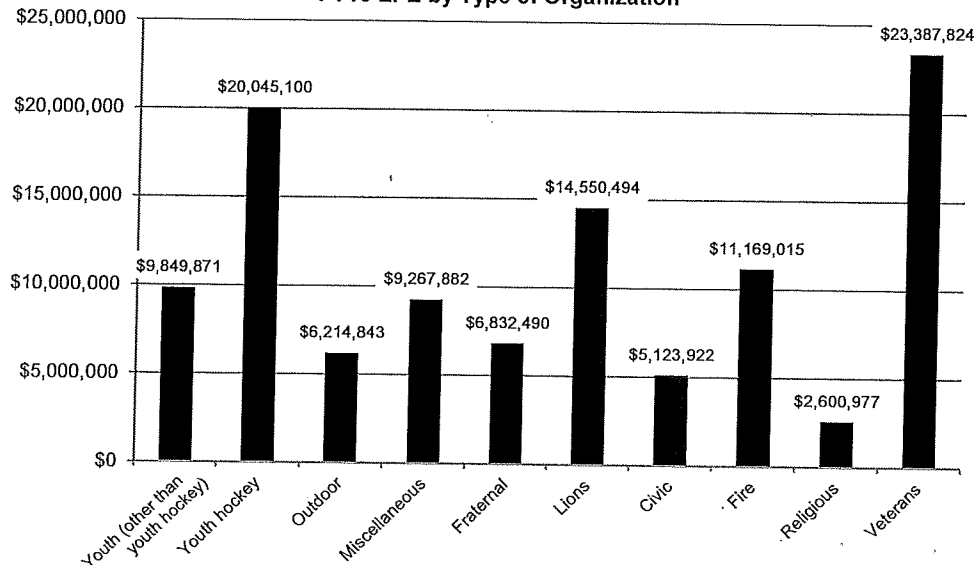
Ten-Year Comparison

|      |               |
|------|---------------|
| 2015 | \$113,688,000 |
| 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 |

LPE includes state gambling taxes.  
See page 6.



### FY15 LPE by Type of Organization



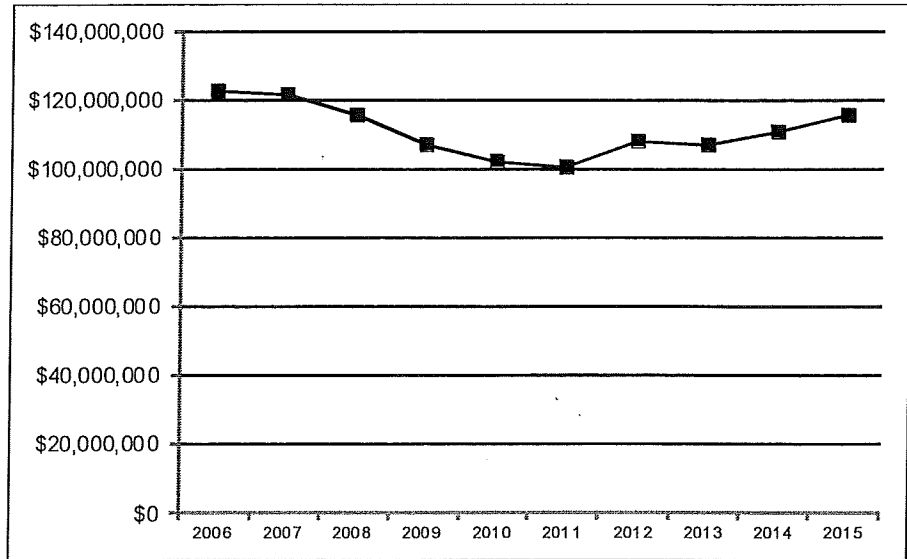
| Type of Organization          | Description  | Gross Receipts         | Gross Profit (gross receipts less prizes) | Total LPE            | LPE%         |
|-------------------------------|--|------------------------|---|----------------------|--------------|
| Youth                         | Youth sports other than hockey, youth arts, and other youth activities           | \$120,599,459          | \$21,574,140                              | \$9,849,871          | 45.7%        |
| Youth Hockey                  | Youth hockey associations and ice arenas   | \$233,711,228          | \$38,156,941                              | \$20,045,100         | 52.5%        |
| Outdoor                       | Snowmobile, conservation, ATV, sportsmen's clubs, etc.                           | \$75,773,547           | \$13,462,943                              | \$6,214,843          | 46.2%        |
| Miscellaneous                 | Festivals, animal shelters, arts, libraries, medical, etc.                       | \$111,174,397          | \$19,462,339                              | \$9,267,882          | 47.6%        |
| Fraternal                     | Eagles, Elks, Moose, Jaycees, etc.   | \$88,987,091           | \$15,086,012                              | \$6,832,490          | 45.3%        |
| Lions                         | Lions Clubs  | \$187,311,937          | \$30,050,191                              | \$14,550,494         | 48.4%        |
| Civic                         | Chambers of commerce, commercial clubs, community clubs, lake associations, etc. | \$65,365,610           | \$11,280,385                              | \$5,123,922          | 45.4%        |
| Fire                          | Firefighter relief associations  | \$141,687,818          | \$23,210,757                              | \$11,169,015         | 48.1%        |
| Religious                     | Churches, church schools, Knights of Columbus                                    | \$31,462,615           | \$6,004,727                               | \$2,600,977          | 43.3%        |
| Veterans                      | American Legions, VFWs, auxiliaries, servicemen's clubs, etc.                    | \$283,462,418          | \$48,565,147                              | \$23,387,824         | 48.2%        |
| <b>Total/Average ALL ORGS</b> |  | <b>\$1,339,536,119</b> | <b>\$226,853,581</b>                      | <b>\$109,042,416</b> | <b>48.1%</b> |

\* Does not include organizations that did not actively conduct gambling for the entire fiscal year or organizations that did not submit accurate monthly reports to the Board in time to be included in this summary. Numbers may slightly change due to amended filings.

# Allowable Expenses

## Allowable Expenses Ten-Year Comparison

|      |               |
|------|---------------|
| 2015 | \$115,607,000 |
| 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 |



### Allowable Expenses

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

# Distribution of Net Receipts (after prizes paid)

