

**OSSEO-MAPLE GROVE HOCKEY
ASSOCIATION**

FINANCIAL STATEMENTS

Years Ended May 31, 2024 and 2023

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CPAs and Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Osseo-Maple Grove Hockey Association
Maple Grove, Minnesota

Opinion

We have audited the accompanying financial statements of Osseo-Maple Grove Hockey Association (A Minnesota Nonprofit Corporation) which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Osseo-Maple Grove Hockey Association as of May 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

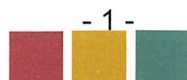
Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Osseo-Maple Grove Hockey Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Osseo-Maple Grove Hockey Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Osseo-Maple Grove Hockey Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Osseo-Maple Grove Hockey Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Barton, Walter & Krick, P.C.

Maple Grove, Minnesota
December 22, 2024



OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,516,151	\$ 1,485,363
Prepaid expenses	145,407	116,929
Inventory	8,086	7,365
TOTAL CURRENT ASSETS	<u>1,669,644</u>	<u>1,609,657</u>
EQUIPMENT, at cost, less accumulated depreciation of \$374,070 and \$326,693	271,598	212,512
INTANGIBLE ASSETS		
Arena agreements, net of accumulated amortization	<u>547,575</u>	<u>673,199</u>
TOTAL ASSETS	<u>\$ 2,488,817</u>	<u>\$ 2,495,368</u>

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 84,652	\$ 84,905
Accrued expenses	25,599	34,397
Gambling accrued expenses	155,228	162,144
Participant deposits for future tournaments	5,878	83,201
TOTAL CURRENT LIABILITIES	<u>271,357</u>	<u>364,647</u>
LONG-TERM DEBT, less current portion above	<u>344,758</u>	<u>424,368</u>
TOTAL LIABILITIES	616,115	789,015
NET ASSETS		
Without donor restrictions	<u>1,872,702</u>	<u>1,706,353</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,488,817</u>	<u>\$ 2,495,368</u>

See Notes to Financial Statements

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended May 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND SUPPORT			
Booster income	\$ 253,539	\$ -	\$ 253,539
Charitable gambling, net of expenses	(17,810)	-	(17,810)
Charitable gambling support	650,000	-	650,000
Fundraising	109,672	-	109,672
Hockey camps	134,074	-	134,074
Ice rental	33,879	-	33,879
Interest income	10,610	-	10,610
Miscellaneous	11,207	-	11,207
Registration fees and parent subsidies	<u>1,252,210</u>	-	<u>1,252,210</u>
TOTAL REVENUE AND SUPPORT	2,437,381	-	2,437,381
EXPENSES			
Program services - operations	1,952,470	-	1,952,470
Fundraising	142,138	-	142,138
Management and general	<u>176,424</u>	-	<u>176,424</u>
TOTAL EXPENSES	<u>2,271,032</u>	-	<u>2,271,032</u>
CHANGE IN NET ASSETS	166,349	-	166,349
NET ASSETS, beginning of year	<u>1,706,353</u>	-	<u>1,706,353</u>
NET ASSETS, end of year	<u><u>\$ 1,872,702</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,872,702</u></u>

See Notes to Financial Statements

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND SUPPORT			
Booster income	\$ 255,569	\$ -	\$ 255,569
Charitable gambling, net of expenses	(41,132)	-	(41,132)
Charitable gambling support	680,000	-	680,000
Fundraising	122,841	-	122,841
Hockey camps	119,142	-	119,142
Ice rental	1,200	-	1,200
Interest income	3,400	-	3,400
Miscellaneous	6,193	-	6,193
Registration fees and parent subsidiaries	1,198,807	-	1,198,807
Tournament hosting, net of expenses	115,377	-	115,377
TOTAL REVENUE AND SUPPORT	<u>2,461,397</u>	<u>-</u>	<u>2,461,397</u>
EXPENSES			
Program services - operations	1,917,995	-	1,917,995
Fundraising	158,391	-	158,391
Management and general	121,480	-	121,480
TOTAL EXPENSES	<u>2,197,866</u>	<u>-</u>	<u>2,197,866</u>
CHANGE IN NET ASSETS	263,531	-	263,531
NET ASSETS, beginning of year	<u>1,442,822</u>	<u>-</u>	<u>1,442,822</u>
NET ASSETS, end of year	<u><u>\$ 1,706,353</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,706,353</u></u>

See Notes to Financial Statements

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended May 31, 2024

	Program Services - Operations	Fundraising	Management and General	Total
Advertising and promotion	\$ -	\$ -	\$ 19,593	\$ 19,593
Amortization	125,624	-	-	125,624
Bank charges	-	-	455	455
Booster expense	-	96,102	-	96,102
Coach and instructor fees	109,174	-	-	109,174
Depreciation	47,377	-	-	47,377
Equipment	115,214	-	-	115,214
Fundraising	-	46,036	-	46,036
Ice usage and arena costs	840,838	-	-	840,838
Insurance	18,133	-	-	18,133
Interest expense	-	-	38,188	38,188
Meetings	-	-	5,100	5,100
Minnesota income tax and filing fees	-	-	25	25
Office expense	-	-	44,613	44,613
Player camps and skill development	175,349	-	-	175,349
Professional fees	-	-	49,670	49,670
Registration fees	37,939	-	-	37,939
Rent	-	-	18,780	18,780
Repairs and maintenance	53,194	-	-	53,194
Scholastic achievement awards	7,497	-	-	7,497
Tournament and district fees	362,807	-	-	362,807
Tryout expenses	59,324	-	-	59,324
TOTAL EXPENSES	\$ 1,952,470	\$ 142,138	\$ 176,424	\$ 2,271,032

See Notes to Financial Statements

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended May 31, 2023

	Program Services - Operations	Fundraising	Management and General	Total
Advertising and promotion	\$ -	\$ -	\$ 14,149	\$ 14,149
Amortization	125,623	-	-	125,623
Bank charges	-	-	1,128	1,128
Booster expenses	-	105,552	-	105,552
Coach and instructor fees	106,345	-	-	106,345
Depreciation	41,047	-	-	41,047
Equipment	122,814	-	-	122,814
Fundraising	-	52,839	-	52,839
Ice usage and arena costs	804,834	-	-	804,834
Insurance	11,277	-	-	11,277
Interest expense	-	-	30,467	30,467
Meetings	-	-	4,296	4,296
Minnesota income tax expense	-	-	3,196	3,196
Office expense	-	-	17,589	17,589
Player camps and skill development	158,713	-	-	158,713
Professional fees	-	-	35,171	35,171
Registration fees	36,181	-	-	36,181
Rent	-	-	15,484	15,484
Repairs and maintenance	18,747	-	-	18,747
Scholastic achievement awards	5,337	-	-	5,337
Tournament and district fees	431,626	-	-	431,626
Tryout expenses	55,451	-	-	55,451
TOTAL EXPENSES	\$ 1,917,995	\$ 158,391	\$ 121,480	\$ 2,197,866

See Notes to Financial Statements

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

STATEMENTS OF CASH FLOWS

Years Ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 166,349	\$ 263,531
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Amortization	125,624	125,623
Depreciation	47,377	41,047
Changes in operating assets and liabilities which increase or decrease cash:		
Prepaid expenses	(28,478)	(57,025)
Inventory	(721)	1,059
Accrued expenses	(8,798)	16,257
Gambling accrued expenses	(6,916)	961
Participant deposits	<u>(77,323)</u>	<u>83,201</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	217,114	474,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	<u>(106,463)</u>	<u>(87,194)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(79,863)</u>	<u>(79,796)</u>
NET INCREASE IN CASH	30,788	307,664
CASH, BEGINNING OF YEAR	<u>1,485,363</u>	<u>1,177,699</u>
CASH, END OF YEAR	<u>\$ 1,516,151</u>	<u>\$ 1,485,363</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	<u>\$ 37,272</u>	<u>\$ 30,844</u>

See Notes to Financial Statements

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Activities - Osseo-Maple Grove Hockey Association (the Organization or OMGHA) was formed in 1974 as a non-profit corporation under the laws of the State of Minnesota. The Organization promotes the development of the sport of hockey for youth in the community of Osseo and its neighboring city, Maple Grove, which are northern suburbs of Minneapolis, Minnesota. In addition, the Organization conducts hockey schools and tournaments. The Organization also supports its charitable gambling operation.

All transactions between the Organization and its charitable gambling operation have been eliminated.

Financial Statement Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets based on donor imposed restrictions as follows:

Without Donor Restrictions - Resources over which the Board of Directors has discretionary control. Designated amounts, if any, represent those net assets which the Board has set aside for a specific purpose.

With Donor Restrictions - Those resources subject to donor imposed restrictions.

Revenues and support are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions or other stipulations. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets, by the Organization fulfilling the donor stipulations or by the passage of the specified time period, are reported as net assets released from restriction.

The Organization did not have any net assets subject to donor restrictions at May 31, 2024 or 2023.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash - Cash includes cash on hand and bank demand deposit accounts.

(Continued)

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory - Inventory of gambling materials is valued at cost.

Equipment - Equipment is stated at cost net of accumulated depreciation. Expenditures for major renewals and betterments that extend the useful lives of equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation of equipment is computed on a straight-line basis over the estimated useful lives of three to forty years.

Intangible Assets - The Organization entered into an agreement with ISD 279 commencing on September 30, 2018 and continuing until September 29, 2028 to provide \$846,000 of the cost for rink improvements to the Osseo East Arena in exchange for use of the Osseo East Arena. The agreement can be extended for an additional three-year period on the same terms upon mutual agreement. The agreement allows the Organization to purchase hours of ice time annually from ISD 279 at a reduced rate, as specified in the agreement. The Organization's portion of the rink improvement costs is being amortized over the term of the Osseo East Arena Agreement on a straight-line basis.

The Organization entered into an agreement with the City of Maple Grove to provide 20% of the cost of the expansion of the ice arena at the Maple Grove Community Center. The Organization also has an agreement with the Maple Grove Parks and Recreation Board (MGPRB) through December 2028 that requires the Organization to purchase a minimum number of hours of ice time annually from MGPRB at a reduced rate, as specified in the agreement. The Organization's portion of the expansion costs is being amortized over the term of the MGPRB arena agreement on a straight-line basis.

Long-lived Assets - The Organization periodically evaluates the carrying value of long-lived assets to be held and used, including but not limited to, capital assets and intangible assets, when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flow discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost to dispose. No losses from impairment have been recognized in the financial statements.

Revenue - Revenue consists of registration fees, fundraising proceeds, hockey school tuition, proceeds from charitable gambling operations, and ice rental fees, and is recognized in the period the event or hockey season activity occurs.

Contributions - Contributions received are recorded as either not subject to donor restriction or subject to donor restriction depending on the existence or nature of any donor restrictions. The Organization recognizes donor-restricted contributions as not subject to donor restriction when the restrictions are met in the same reporting period.

(Continued)

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of Functional Expenses - Certain expenses are allocated among functions based on direct expenditures incurred. Expenses which are not directly identifiable by program or supporting service are allocated based on time spent in activities and the best estimate of management.

Income Taxes - The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and comparable state regulations, and is classified as other than a private foundation. However, the Organization is required to pay state and federal income taxes on unrelated business income. At May 31, 2024, the Organization had net operating loss carryforwards available to reduce future unrelated business income of approximately \$93,000.

The Organization did not incur income tax expense in 2024 and 2023.

The Organization is subject to routine audits by taxing jurisdictions, generally for three years after the returns are filed; however, there are currently no audits for any tax periods in progress.

Donated Services - The Organization receives donated services from a variety of unpaid volunteers assisting with programs and management of the Organization. No amounts have been recognized in the accompanying statement of activities for volunteer efforts, as the criteria for recognition has not been met.

Advertising - The Organization expenses advertising costs as incurred. Advertising expense was \$19,593 and \$14,149 for the years ended May 31, 2024 and 2023.

(2) INTANGIBLE ASSETS

Intangible assets consist of the following at May 31:

	<u>Useful Life</u>	<u>2024</u>	<u>2023</u>
Maple Grove Arena agreement	242 months	\$ 827,309	\$ 827,309
Osseo East Arena agreement	120 months	846,000	846,000
		<u>1,673,309</u>	<u>1,673,309</u>
Accumulated amortization		<u>(1,125,734)</u>	<u>(1,000,110)</u>
Net intangible asset		<u>\$ 547,575</u>	<u>\$ 673,199</u>

Amortization expense on the arena agreements was \$125,624 and \$125,623 for the years ended May 31, 2024 and 2023. Future amortization for each of the next five years is expected to be \$125,624.

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(3) LONG-TERM DEBT

Long-term debt consists of the following at May 31:

	2024	2023
Note payable to Premier Bank in monthly installments of \$9,220 including interest at 5.5% to September 2023 when the interest rate was adjusted to the then current prime rate plus .5% (9%) and monthly installments of \$10,031 through September 2028. The note is secured by substantially all of the Organization's assets including the assignment of the arena agreement.	\$ 429,410	\$ 509,273
Less current maturities	84,652	84,905
	\$ 344,758	\$ 424,368

Maturities of long-term debt are as follows during the years ending May 31:

2025	\$ 84,652
2026	92,708
2027	101,531
2028	111,176
2029	39,343

(4) COMMITMENTS AND LEASE ARRANGEMENTS

Arena License Agreements

The Organization has an agreement with the Maple Grove Parks and Recreation Board for the use of its facility. Under the terms of the agreement, the Organization is required to purchase a minimum of 1,750 ice hours annually. The fees for the hours used will be the arena's current rate at the time of use less five dollars. The agreement expires December 2028. The terms call for automatic one-year renewals upon expiration of the original agreement unless either party notifies the other party within 180 days.

The Organization entered into an agreement with ISD 279 in September 2018 for the use of ice arena facilities. Under the terms of the agreement, the Organization pays \$169 per hour for ice hours used. The hourly rate will increase 3% annually. The agreement expires September 2028 and can be extended, upon mutual agreement of both parties, for an additional three years under the same terms.

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OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(4) COMMITMENTS AND LEASE ARRANGEMENTS (continued)

Operations and Capital Investment Agreement

In December 2023, the Organization entered into an agreement with the City of Maple Grove (City) and the Maple Grove Parks and Recreation Board for expansion and use of a new facility. Under the terms of the agreement, the Organization will be required to contribute \$4,181,854 to be paid in twenty equal annual installments of \$212,093 commencing on October 1, 2025. OMGHA will receive a credit of \$20,000 on each of the first three annual payments. Hennepin Youth Sports Program grant funds received by the City (if any) shall be credited to OMGHA's annual payment. During the term, OMGHA agrees to rent a minimum of 300 hours for the period of October 1, 2025 to December 31, 2025 and 700 hours annually thereafter. The fees for the hours used will be the arena's current rate at the time of use less five dollars. The agreement expires December 31, 2045. The terms call for automatic one-year renewals upon expiration of the original agreement unless either party notifies the other party within 180 days. Construction of the new facility began in the summer of 2024. The Organization anticipates capitalizing the agreement in the year ending May 31, 2025 at approximately \$2,100,000 (the estimated present value of the payments discounted at 8.5%).

Effective August 29, 2024, the Organization entered into a letter of credit agreement with Premier Bank for \$212,093 to be pledged to the City of Maple Grove as security for the above agreement.

Lease Arrangements

The Organization leases space for the sites of its lawful gambling fund activities within and adjacent to the cities of Osseo and Maple Grove. The lease agreement at Duffy's Bar & Grill requires monthly rent expense of 10% of gross profits, not to exceed \$875 per month. The lease agreements at Malone's Bar and Maple Tavern require monthly rent expense of 10% of gross profits, not to exceed \$1,750 per month plus 15% of gross profits from bar-operated electronic pull-tab and linked bingo games. The lease agreements run concurrently with the perpetual premise permits and can be terminated by either party with a thirty day notice. Rent expense was \$229,636 and \$258,533 for the years ended May 31, 2024 and 2023, and is included as part of charitable gambling revenue, net of expenses on the statements of activities. These lease arrangements are categorized as short-term leases. The Organization has elected the short-term lease exemption for leases of twelve months or less and does not record a right-of-use asset or lease liability for these leases.

The Organization also leases facilities (primarily for storage purposes) on a month-to-month basis. Rent expense under these agreements was \$18,780 and \$15,484 for the years ended May 31, 2024 and 2023.

Electronic Pull Tab Agreement

The Organization has an agreement with a distributor of electronic pull tabs requiring monthly payment of 31% of the net receipts generated by the sale of electronic pull tabs in the previous month. The agreement may be terminated with notification six months prior to the effective date of termination. Expense for electronic pull tabs was \$392,218 and \$401,449 for the years ended May 31, 2024 and 2023, and is included as part of charitable gambling revenue, net of expenses on the statements of activities.

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(5) CONCENTRATIONS

Cash Balance - The Organization maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

(6) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s financial assets at May 31, 2024, were approximately \$1,516,000 , consisting of cash on hand and bank demand deposit accounts. These financial assets are available to meet cash needs for general expenditure within one year of the statement of financial position date. The Organization expects to generate sufficient revenue and support in the upcoming fiscal year to meet cash needs for general expenditures.

(7) LAWFUL GAMBLING FUND

The Organization conducts lawful gambling operations, consisting of pull tab, bingo, tip board, electronic pull-tab and electronic linked bingo operations, to provide funding for its charitable activities. Summarized financial information for the gambling operations as of and for the years ended May 31, 2024 and 2023 consists of:

	2024	2023
Statement of financial position		
Cash	\$ 135,203	\$ 161,570
Inventory	8,086	7,365
Prepaid gaming prizes	1,960	1,040
Due to general fund	(45,000)	(45,000)
Accrued expenses	(155,228)	(162,144)
Net assets (deficit) without donor restriction	\$ (54,979)	\$ (37,169)
Statement of activities		
Revenues	\$ 22,629,718	\$ 25,436,279
Cost of revenues	(19,701,626)	(22,154,109)
Gross profit	2,928,092	3,282,170
Allowable expenses	(1,216,706)	(1,360,920)
Lawful purpose expenditures	(1,729,196)	(1,962,382)
Income (loss) on charitable gambling operations	\$ (17,810)	\$ (41,132)

(Continued)

OSSEO-MAPLE GROVE HOCKEY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(7) LAWFUL GAMBLING FUND (continued)

The loss on charitable gambling operations for the year ended May 31, 2024 is presented in the statement of activities as charitable gambling, net of expenses of (\$17,810).

The loss on charitable gambling operations for the year ended May 31, 2023 is presented in the statement of activities as charitable gambling, net of expenses of (\$41,132).

Lawful purpose expenditures of the gambling operations include \$650,000 and \$680,000 of expense that is recorded as charitable gambling support on the statement of activities of the Organization for the years ended May 31, 2024 and 2023.

The cash of the lawful gambling fund is required to be held in a separate account by the Minnesota Gambling Control Board.

(8) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2024 the date the financial statements were available to be issued. There were no subsequent events determined by the Organization to be recognized or disclosed in the financial statements, with the exception of the operations and capital investment agreement and letter of credit agreement described in Note 4.