

8122.0150 DEFINITIONS.

Subpart 1. **Scope.** The terms used in this chapter are defined in Minnesota Statutes, chapter 297E, unless separately defined under this part.

Subp. 2. **Accrual basis.** "Accrual basis" means the method of accounting in which revenue is recognized in the period earned and expense is recognized in the period incurred.

Subp. 3. **Audit.** "Audit" means the examination of accounting records with the expression of an opinion on whether the financial statements of the organization present fairly, in all material respects, the financial position, results of operations, and its cash flows, in conformity with the regulatory basis of accounting.

Subp. 4. **Certified public accountant; CPA.** "Certified public accountant" or "CPA" means a person who is licensed as a certified public accountant in accordance with Minnesota Statutes, chapter 326A.

Subp. 5. **Cash basis.** "Cash basis" means the method of accounting in which revenues are recognized when actually received and expenses are recognized when actually disbursed.

Subp. 6. **Ending inventory.** "Ending inventory" means the cost of unopened pull-tab and tipboard deals, paddlewheels, unused bingo paper or sheets, and the cost of pull-tab, tipboard, and paddlewheel games in play on the last day of the month. Sales tax is excluded from ending inventory.

Subp. 7. [Repealed, L 2010 c 191 s 14]

Subp. 8. **Material weakness.** "Material weakness" means a reportable condition in which the design or operation of the specific internal control structure elements do not reduce to a relatively low level the risk that material errors or irregularities could occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Subp. 9. **Regulatory basis.** "Regulatory basis" means a method of accounting other than generally accepted accounting principles. All receipts, allowable expenses, and lawful purpose expenditures are determined using the cash basis method of accounting with the exception of the cost of the games and taxes imposed under Minnesota Statutes, section 297E.02, subdivisions 1 and 6 (ten percent tax and combined receipts tax), which are recognized on the accrual basis method of accounting.

Subp. 10. **Reportable condition.** "Reportable condition" means significant deficiencies in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Subp. 11. **Review.** "Review" means the expression of a limited assurance, based on performing inquiry and analytical procedures, that there are no material modifications that should be made to the financial statements for the statements to be in conformity with the regulatory basis of accounting.

Subp. 12. **Year.** "Year," when used in defining an audit or review period, means the organization's fiscal year used for filing federal form 990 or 990-T (Unrelated Business Income Tax).

Statutory Authority: *MS s 270.06; 270C.06*

History: *20 SR 1482; L 2005 c 151 art 1 s 114; L 2010 c 191 s 13,14*

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