

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CASS LAKE, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2016**

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CASS LAKE, MINNESOTA**  
**DECEMBER 31, 2016**

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MILLER MCDONALD, INC.  
*Certified Public Accountants*  
513 Beltrami Avenue  
P.O. Box 486  
Bemidji, MN 56619  
(218) 751 - 6300  
Fax (218) 751 - 0782  
[www.millermcdonald.com](http://www.millermcdonald.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Leech Lake Financial Services, Inc.  
Cass Lake, Minnesota

We have audited the accompanying consolidated financial statements of Leech Lake Financial Services, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of December 31, 2016 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Leech Lake Financial Services, Inc. and subsidiary as of December 31, 2016 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of functional expenses on page 11 and consolidating schedules on pages 12-14 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Miller McDonald, Inc.*

June 14, 2017  
Bemidji, Minnesota

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

<b><u>Current Assets</u></b>	
Cash and cash equivalents	\$ 363,788
Accounts receivable	5,434
Grants receivable	13,809
Loans receivable - current	254,641
<b>Total Current Assets</b>	<b><u>637,672</u></b>
<b><u>Fixed Assets</u></b>	
Property and equipment, net of accumulated depreciation	64,567
<b><u>Other Assets</u></b>	
Loans receivable, - long-term, net	<u>88,086</u>
<b><u>Total Assets</u></b>	<b><u><u>\$ 790,325</u></u></b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>	
Accounts payable	\$ 3,219
Accrued expenses	29,467
Due to gaming	4,111
Line of credit	15,000
Long term debt - current portion	3,926
<b>Total Current Liabilities</b>	<b><u>55,723</u></b>
<b><u>Non-Current Liabilities</u></b>	
Long-term debt, net of current portion	43,898
Deferred revenue	85,156
<b>Total Non-Current Liabilities</b>	<b><u>129,054</u></b>
<b><u>Net Assets</u></b>	
Unrestricted	196,247
Temporarily restricted	409,301
<b>Total Net Assets</b>	<b><u>605,548</u></b>
<b><u>Total Liabilities and Net Assets</u></b>	<b><u><u>\$ 790,325</u></u></b>

See Accompanying Notes to Consolidated Financial Statements

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b><u>Revenue, Gains, and Other Support</u></b>			
Support from the public:			
Grants and contributions	\$ 330,979	\$ -	\$ 330,979
Other revenue:			
Sales	12,000	-	12,000
Less: COGS	(577)	-	(577)
Other revenue	34,681	-	34,681
Total other revenue	46,104	-	46,104
Total revenue, gains and other support	377,083	-	377,083
<b><u>Expenses</u></b>			
Program Services	278,067	-	278,067
Management and General	151,329	-	151,329
Total Expenses	429,396	-	429,396
<b><u>Change in Net Assets</u></b>	(52,313)	-	(52,313)
<b><u>Net Assets, Beginning of Year</u></b>	248,560	409,301	657,861
<b><u>Net Assets, End of Year</u></b>	\$ 196,247	\$ 409,301	\$ 605,548

See Accompanying Notes to Consolidated Financial Statements

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

<b><u>Cash Flow from Operating Activities</u></b>	
Change in net assets	\$ (52,313)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	4,290
(Increase) decrease in assets:	
Accounts receivable	(642)
Grants receivable	(2,865)
Loans receivable	53,718
Increase (decrease) in liabilities:	
Accounts payable	3,104
Accrued expenses	8,292
Due to gaming	(44,889)
Deferred revenue	85,156
	<hr/>
Cash Provided by (Used in) Operating Activities	53,851
	<hr/>
<b><u>Cash Flow from Investing Activities</u></b>	
Cash paid for purchases of fixed assets	(51,469)
	<hr/>
<b><u>Cash Flow from Financing Activities</u></b>	
Borrowings on line of credit	20,000
Principal payments on line of credit	(5,000)
Principal payments on notes payable	(2,176)
Borrowings on notes payables	50,000
	<hr/>
Cash Provided by (Used in) Financing Activities	62,824
	<hr/>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	65,206
	<hr/>
<b><u>Cash and Cash Equivalents, Beginning of Year</u></b>	298,582
	<hr/>
<b><u>Cash and Cash Equivalents, End of Year</u></b>	\$ 363,788
	<hr/> <hr/>
<b>CASH PAID DURING THE YEAR FOR:</b>	
Interest	\$ 394

See Accompanying Notes to Consolidated Financial Statements

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

1. **Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations** – Leech Lake Financial Services, Inc. is a tribal 501(c)(3) nonprofit corporation, incorporated September 11, 2014, Their purpose is to promote community economic development by providing safe, affordable loans for applicants that normally wouldn't qualify for conventional loans and financial training for individuals and business owners.

During 2015, Leech Lake Financial Services, Inc. established a wholly-owned subsidiary, Aki Development, LLC, under the laws of the Leech Lake Band of Ojibwe. The purpose of the subsidiary is for economic development.

**Consolidated Financial Statements** – The consolidated financial statements include the accounts of Leech Lake Financial Services, Inc. and Aki Development, LLC (the Organization). Aki Development, LLC is a wholly owned subsidiary in which Leech Lake Financial Services, Inc. is the only member. All significant intercompany accounts and transactions have been eliminated in the consolidation.

**Basis of Accounting** – The financial statements of the Organization have been prepared on the accrual basis for financial statement reporting, recognizing revenues when earned and expenses when incurred.

**Basis of Presentation** – The Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

**Unrestricted Net Assets** – not subject to donor-imposed restrictions. The Board of Directors has discretionary control to carry out the activities of the Organization.

**Temporarily Restricted Net Assets** – subject to donor-imposed restrictions that will be met either by actions of the Organization or by the passage of time.

**Permanently Restricted Net Assets** – subject to donor-imposed restrictions that they be maintained permanently by the Organization.

**Revenue and Support** – Contributions received and unconditional promises to give are measured at fair value and reported as increases in net assets. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has temporarily restricted net assets that are restricted for business loans and related administrative costs.



**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

Program service revenue is reported at the estimated net realizable amount due from third party payers and others when the services are performed.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. There were no donated services included as contributions in 2016.

Deferred revenue consists of funds held by the Organization that have not been earned due to timing differences between receipt and expenditure.

**Loans Receivable** – Loans receivable represent the unpaid balance on loans to individuals and businesses, less an allowance for loan losses. Individual loans are available to employees of Leech Lake Band of Ojibwe, Leech Lake Tribal College, Leech Lake Housing Authority, and Minnesota Chippewa Tribes and are secured by the employees PTO. Business loans are secured by business assets and personal guarantees.

The allowance for loan loss is maintained at a level, in management's judgement, that is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, trends in historical losses, and specific loan impairments.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

**Functional Allocation of Expenses** – The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Use of Estimates in the Preparation of Financial Statements** – The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Income Tax Status** – The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. They are required to file Form 990 annually with the Internal Revenue Service to report their activities.

Aki Development, LLC is a for-profit entity that has immunity from federal, state, and local taxes under the sovereignty of Leech Lake Band of Ojibwe.

**Uncertain Tax Positions** – The Organization follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. The guidance prescribes recognition threshold principles for the financial statements recognition of tax positions taken or expected to be taken on a tax filing that are not certain to be realized. The implementation of this guidance had no impact on the Organization's financial statements.

The Organization's tax filings are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax exempt status, or any activities that are subject to tax on unrelated business income, or other taxes.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

The Organization's cash and cash equivalents includes \$285,818 of cash restricted for business loans and related administrative costs.

**Accounts Receivable** – Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that bad debt losses on balances outstanding at year-end will be immaterial.

**Advertising** – Advertising costs are expensed as incurred.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Property and Equipment** – Property and equipment are stated at cost if purchased or, if donated, at fair value. The Organization capitalizes additions of property and equipment with an initial cost or fair value of \$5,000 or greater. Depreciation is computed using the straight-line method over the estimated useful life of the particular asset as follows:

		<b><u>Accumulated Depreciation</u></b>
Furniture, Fixtures, and Equipment	5-10 Years	\$ 6,550
Building and Building Improvements	40 Years	<u>586</u>
		<u>\$ 7,136</u>

**Date of Management Review** – Management has evaluated subsequent events through June 14, 2017, which is the date the financial statements were available to be issued.

2. **Loans Receivable**

Loans receivable are summarized as follows:

Individuals	\$ 224,344
Businesses	<u>153,297</u>
Total loans receivable	377,641
Allowance for loan loss	<u>34,914</u>
Loans receivable, net	<u>\$ 342,727</u>

3. **Due to Gaming**

Debt was acquired to assist in financing the high volume of loan requests in December 2015. The loan bears a fixed interest rate of 1.5% and is payable in 12 monthly installments of \$4,117.

4. **Line of Credit**

The Organization has an operating line of credit with its bank for \$20,000 due December 1, 2017. The line has an interest rate that is set 1% above the NY Prime rate. The current rate is 3.5% subject to changes in the NY Prime rate. All unpaid principal and interest is due at maturity. The note is secured by assets of the Organization. The balance outstanding on the line of credit at December 31, 2016 was \$15,000.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

5. **Long-Term Notes Payable**

On May 18, 2016, the Organization obtained a mortgage from a bank in the amount of \$50,000. The note is payable in monthly installments of \$557, with an interest rate of 6%. The note is secured by all of the Organization's assets. The note is due May 15, 2021.

The following is a schedule of aggregate principal payment obligations for subsequent years:

December 31, 2017	\$ 3,926
2018	4,168
2019	4,425
2020	4,698
2021	30,608
	<u>\$ 47,824</u>

6. **Risk Management**

The Organization is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation claims; and natural disasters. Property, casualty, malpractice, and workers' compensation liabilities are insured. The Organization retains risk for the deductible portions of the insurance. Management estimates there were no losses or claims in excess of insurance coverage in 2016.

7. **Commitments and Contingencies**

The Organization participates in various grant programs, which are governed by rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grant, refunds of money received may be required and the ability to collect any of the related receivable at December 31, 2016 may be impaired. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

8. **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available solely for loans and administrative costs related to the RBEG program.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services			Supporting Services	Total
	Financial Services	Economic Development	Total	Management and General	
Salaries	\$ 90,853	\$ 14,540	\$ 105,393	\$ 92,434	\$ 197,827
Payroll taxes	7,477	1,112	8,589	7,252	15,841
Employee benefits	5,932	-	5,932	8,815	14,747
Occupancy	-	6,750	6,750	14,229	20,979
Telephone	-	-	-	3,697	3,697
Supplies	84	6,367	6,451	12,930	19,381
Postage and shipping	124	-	124	-	124
Conference and meetings	3,569	-	3,569	-	3,569
Travel	7,385	4,850	12,235	-	12,235
Professional fees	47,051	43,139	90,190	-	90,190
Miscellaneous expenses	15,681	10,599	26,280	8,007	34,287
Depreciation	-	325	325	3,965	4,290
Bad debt Expense	12,229	-	12,229	-	12,229
	\$ 190,385	\$ 87,682	\$ 278,067	\$ 151,329	\$ 429,396

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

	<u>ASSETS</u>			Consolidated Balance
	<u>LLFS</u>	Aki <u>Development</u>	<u>Eliminations</u>	
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 359,497	\$ 4,291	\$ -	\$ 363,788
Accounts receivable	162	5,272	-	5,434
Grants receivable	13,809	-	-	13,809
Loans receivable - current	276,391	-	(21,750)	254,641
<b>Total Current Assets</b>	<b>649,859</b>	<b>9,563</b>	<b>(21,750)</b>	<b>637,672</b>
<b><u>Fixed Assets</u></b>				
Property and equipment, net of accumulated depreciation	60,336	4,231	-	64,567
<b><u>Other Assets</u></b>				
Loans receivable - long-term, net	88,086	-	-	88,086
<b><u>Total Assets</u></b>	<b>\$ 798,281</b>	<b>\$ 13,794</b>	<b>\$ (21,750)</b>	<b>\$ 790,325</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts payable	\$ 2,370	\$ 22,599	\$ (21,750)	\$ 3,219
Accrued expenses	25,277	4,190	-	29,467
Due to gaming	4,111	-	-	4,111
Line of credit	15,000	-	-	15,000
Long term debt - current portion	3,926	-	-	3,926
<b>Total Current Liabilities</b>	<b>50,684</b>	<b>26,789</b>	<b>(21,750)</b>	<b>55,723</b>
<b><u>Non-Current Liabilities</u></b>				
Long-term debt, net of current portion	43,898	-	-	43,898
Deferred revenue	85,156	-	-	85,156
<b>Total Non-Current Liabilities</b>	<b>129,054</b>	<b>-</b>	<b>-</b>	<b>129,054</b>
<b><u>Net Assets</u></b>				
Unrestricted	209,242	(12,995)	-	196,247
Temporarily restricted	409,301	-	-	409,301
<b>Total Net Assets</b>	<b>618,543</b>	<b>(12,995)</b>	<b>-</b>	<b>605,548</b>
<b><u>Total Liabilities and Net Assets</u></b>	<b>\$ 798,281</b>	<b>\$ 13,794</b>	<b>\$ (21,750)</b>	<b>\$ 790,325</b>

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>LLFS</u>	<u>Aki Development</u>	<u>Eliminations</u>	<u>Consolidated Balance</u>
<b><u>Revenue, Gains, and Other Support</u></b>				
<b>Support from the public:</b>				
Grants and contributions	\$ 330,979	\$ -	\$ -	\$ 330,979
<b>Other revenue:</b>				
Sales	-	77,400	(65,400)	12,000
Less: COGS	-	(577)	-	(577)
Other revenue	34,681	-	-	34,681
<b>Total other revenue</b>	<b>34,681</b>	<b>76,823</b>	<b>(65,400)</b>	<b>46,104</b>
<b>Total revenue, gains and other support</b>	<b>365,660</b>	<b>76,823</b>	<b>(65,400)</b>	<b>377,083</b>
<b><u>Expenses</u></b>				
Salaries	183,287	22,540	(8,000)	197,827
Payroll taxes	14,729	1,112	-	15,841
Employee benefits	14,747	-	-	14,747
Occupancy	14,229	6,750	-	20,979
Telephone	3,697	-	-	3,697
Supplies	13,014	6,367	-	19,381
Postage and shipping	124	-	-	124
Conference and meetings	3,569	-	-	3,569
Travel	7,385	4,850	-	12,235
Professional fees	104,451	43,139	(57,400)	90,190
Miscellaneous expenses	23,688	10,599	-	34,287
Depreciation	3,965	325	-	4,290
Bad Debt Expense	12,229	-	-	12,229
<b>Total Expenses</b>	<b>399,114</b>	<b>95,682</b>	<b>(65,400)</b>	<b>429,396</b>
<b><u>Change in Net Assets</u></b>	<b>(33,454)</b>	<b>(18,859)</b>	<b>-</b>	<b>(52,313)</b>
<b><u>Net Assets, Beginning of Year</u></b>	<b>651,997</b>	<b>5,864</b>	<b>-</b>	<b>657,861</b>
<b><u>Net Assets, End of Year</u></b>	<b>\$ 618,543</b>	<b>\$ (12,995)</b>	<b>\$ -</b>	<b>\$ 605,548</b>

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATING SCHEDULE OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>LLFS</u>	<u>Aki Development</u>	<u>Eliminations</u>	<u>Consolidated Balance</u>
<b><u>Cash Flow from Operating Activities</u></b>				
Change in net assets	\$ (33,454)	\$ (18,859)	\$ -	\$ (52,313)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation expense	3,965	325	-	4,290
(Increase) decrease in assets:				
Accounts receivable	(162)	(480)	-	(642)
Grants receivable	(2,865)	-	-	(2,865)
Loans receivable	31,968	-	21,750	53,718
Increase (decrease) in liabilities:				
Accounts payable	2,255	22,599	(21,750)	3,104
Accrued expenses	4,102	4,190	-	8,292
Due to gaming	(44,889)	-	-	(44,889)
Deferred revenue	85,156	-	-	85,156
Cash Provided by (Used in) Operating Activities	<u>46,076</u>	<u>7,775</u>	<u>-</u>	<u>53,851</u>
<b><u>Cash Flow from Investing Activities</u></b>				
Purchase of property and equipment	<u>(46,913)</u>	<u>(4,556)</u>	<u>-</u>	<u>(51,469)</u>
<b><u>Cash Flow from Financing Activities</u></b>				
Borrowings on line of credit	20,000	-	-	20,000
Principal payments on line of credit	(5,000)	-	-	(5,000)
Principal payments on notes payable	(2,176)	-	-	(2,176)
Borrowings on notes payables	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Cash Provided by (Used in) Financing Activities	<u>62,824</u>	<u>-</u>	<u>-</u>	<u>62,824</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	<u>61,987</u>	<u>3,219</u>	<u>-</u>	<u>65,206</u>
<b><u>Cash and Cash Equivalents, Beginning of Year</u></b>	<u>297,510</u>	<u>1,072</u>	<u>-</u>	<u>298,582</u>
<b><u>Cash and Cash Equivalents, End of Year</u></b>	<u>\$ 359,497</u>	<u>\$ 4,291</u>	<u>\$ -</u>	<u>\$ 363,788</u>
 <b>CASH PAID DURING THE YEAR FOR:</b>				
Interest	\$ 394	\$ -	\$ -	\$ 394