

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CASS LAKE, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2018**

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CASS LAKE, MINNESOTA**  
**DECEMBER 31, 2018**

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## **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 statement of financial position as of December 31, 2018, and the related consolidated statements of activities, cash flows, and functional expenses 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, 2018, 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.

### Emphasis of Matters

As discussed in Note 1 to the financial statements, in 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 14-16 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 20, 2019  
Bemidji, Minnesota

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 360,312
Grants receivable	145,504
Loans receivable - current portion	250,594
<b>Total Current Assets</b>	<b>756,410</b>

**Fixed Assets**

Property and equipment, net of accumulated depreciation	68,601
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**Other Assets**

Loans receivable, net of current portion	21,634
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**Total Assets**

**\$ 846,645**

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 5,429
Accrued expenses	30,432
Deferred revenue	17,353
Line of credit	139,066
Long-term debt - current portion	4,425
<b>Total Current Liabilities</b>	<b>196,705</b>

**Non-Current Liabilities**

Long-term debt, net of current portion	135,307
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**Net Assets**

Without Donor Restrictions	18,045
With Donor Restrictions	496,588
<b>Total Net Assets</b>	<b>514,633</b>

**Total Liabilities and Net Assets**

**\$ 846,645**

See Accompanying Notes to Consolidated Financial Statements.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b><u>Revenue, Gains, and Other Support</u></b>			
<b>Support from the public:</b>			
Grants and contributions	\$ 303,833	\$ 125,000	\$ 428,833
<b>Other revenue:</b>			
Sales	15,000	-	15,000
Other revenue	30,332	206	30,538
Total other revenue	45,332	206	45,538
Total revenue, gains and other support	349,165	125,206	474,371
<b><u>Net Asset Restriction Transfers</u></b>			
Revenue released from donor restrictions	16,133	(16,133)	-
Total revenue	365,298	109,073	474,371
<b><u>Expenses</u></b>			
Program services	263,867	-	263,867
Management and general	164,467	-	164,467
Total expenses	428,334	-	428,334
<b><u>Change in Net Assets</u></b>	(63,036)	109,073	46,037
<b><u>Net Assets, Beginning of Year (as restated)</u></b>	81,081	387,515	468,596
<b><u>Net Assets, End of Year</u></b>	\$ 18,045	\$ 496,588	\$ 514,633

See Accompanying Notes to Consolidated Financial Statements.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

<b><u>Cash Flow from Operating Activities</u></b>	
Change in net assets	\$ 46,037
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	5,582
(Increase) decrease in assets:	
Grants receivable	(121,055)
Loans receivable	(54,288)
Increase (decrease) in liabilities:	
Accounts payable	(12,894)
Accrued expenses	4,417
Due to gaming	(4,111)
Deferred revenue	<u>(55,809)</u>
Cash Provided by (Used in) Operating Activities	<u>(192,121)</u>
<b><u>Cash Flow from Financing Activities</u></b>	
Borrowings on line of credit	144,066
Principal payments on line of credit	(20,000)
Principal payments on notes payable	(4,168)
Borrowings on notes payables	<u>100,000</u>
Cash Provided by Financing Activities	<u>219,898</u>
<b><u>Net Increase in Cash and Cash Equivalents</u></b>	<b>27,777</b>
<b><u>Cash and Cash Equivalents, Beginning of Year</u></b>	<b><u>332,535</u></b>
<b><u>Cash and Cash Equivalents, End of Year</u></b>	<b><u>\$ 360,312</u></b>
<b>CASH PAID DURING THE YEAR FOR:</b>	
Interest	\$ 6,926

See Accompanying Notes to Consolidated Financial Statements.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Program Services</b>			<b>Supporting Services</b>	<b>Total</b>
	<b>Financial Services</b>	<b>Economic Development</b>	<b>Total</b>	<b>Management and General</b>	
Salaries	\$ 109,010	\$ 4,852	\$ 113,862	\$ 105,966	\$ 219,828
Payroll taxes	8,354	-	8,354	7,560	15,914
Employee benefits	13,486	-	13,486	9,532	23,018
Occupancy	-	-	-	2,284	2,284
Telephone	-	-	-	2,793	2,793
Supplies	734	-	734	10,900	11,634
Postage and shipping	173	-	173	-	173
Conference and meetings	7,360	-	7,360	-	7,360
Travel	23,402	-	23,402	-	23,402
Professional fees	49,230	1,643	50,873	9,388	60,261
Miscellaneous expenses	22,281	341	22,622	10,462	33,084
Depreciation	-	-	-	5,582	5,582
Bad debt expense	23,001	-	23,001	-	23,001
	<b><u>\$ 257,031</u></b>	<b><u>\$ 6,836</u></b>	<b><u>\$ 263,867</u></b>	<b><u>\$ 164,467</u></b>	<b><u>\$ 428,334</u></b>

See Accompanying Notes to Consolidated Financial Statements.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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 would not 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 for the purpose of 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 two classes of net assets as follows:

**Net Assets Without Donor Restrictions** – consist of net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category primarily consist of fees for services and related expenses associated with the core activities of the Association. In addition to these exchange transactions, changes in this category of net assets include investment returns on “funds functioning as endowment” funds and certain types of philanthropic support.

**Net Asset With Donor Restrictions** – net assets are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**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 with donor restrictions 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, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions. The Organization has with donor restrictions net assets that are restricted for business loans and related administrative costs.

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 net assets without donor restrictions 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 with donor restrictions net assets to without donor restrictions 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 2018.

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.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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.

**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.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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 \$337,571 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.

**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	\$ 12,982
Building and Building Improvements	40 Years	<u>3,692</u>
		<u>\$ 16,674</u>

**Date of Management Review** – Management has evaluated subsequent events through June 20, 2019, which is the date the financial statements were available to be issued.

**Change in Accounting Principle** – During 2018, Leech Lake Financial Services, Inc. adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirement and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus previously required three. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. Net assets without donor restrictions were previously presented as unrestricted net assets and net assets with donor restrictions were previously presented as temporarily and permanently restricted net assets.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**2. Loans Receivable**

Loans receivable are summarized as follows:

Individuals	\$ 247,433
Businesses	<u>76,078</u>
 Total loans receivable	 323,511
 Allowance for loan loss	 <u>51,283</u>
 Loans receivable, net	 <u><u>\$ 272,228</u></u>

**3. Line of Credit**

The Organization has two operating lines of credit with its bank for \$39,500 due October 1, 2018 and \$100,000 due December 1, 2019. The lines have an interest rate that is set 1% above the NY Prime rate. The current rate is 6.5% 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, 2018 was \$139,066.

**4. 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 balance outstanding at December 31, 2018 was \$39,723.

On March 23, 2018, the Organization obtained a loan from a financial institution in the amount of \$100,000 for the purpose of consumer lending. The note is payable quarterly interest installments of \$1,000, with an interest rate of 4%. This note is secured by inventory and equipment. The note is due April 1, 2021. The balance outstanding at December 31, 2018 was \$100,000.

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

December 31, 2019	\$ 4,425
2020	4,697
2021	<u>130,610</u>
	<u><u>\$ 139,732</u></u>

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**5. 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 2018.

**6. 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, 2018 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.

**7. Net Assets Classification**

Net assets with donor restrictions at December 31, 2018 were available for the following purposes:

<b>Purpose Restriction</b>	
Rural Business Enterprise Grant	\$ 363,565
IDA Savings Match	8,023
Auto Loans Program	125,000
	<u>\$ 496,588</u>

**8. Discontinued Operations**

As of May of 2018, Aki Development, LLC discontinued operations.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**9. Restatement**

Certain accounts in the December 31, 2017 financial statements have been restated. Net Assets with Donor Restrictions were overstated and Net Assets without Donor Restrictions were understated. There was no impact on the total net assets previously reported. The changes in net asset balances are shown below:

	<u>As Reported Previously</u>	<u>As Restated</u>
Net Assets without Donor Restrictions	\$ 43,156	\$ 81,081
Net Assets with Donor Restrictions	<u>425,440</u>	<u>387,515</u>
Total Beginning Net Assets	<u>\$ 468,596</u>	<u>\$ 468,596</u>

**10. Liquidity and Availability**

The Organization has \$635,186 of liquid assets for general expenditures, such as operating expenses and scheduled principal payments on debt. Of that amount, \$308,631 of financial asset are available within one year of balance sheet date.

**11. Methods Used for Allocation of Expenses Among Functions**

The financial statements of Leech Lake Financial Services, Inc. report certain categories of expenses that are attributable to more than one program or supporting function. Those expenses include payroll. Payroll is allocated based on estimates of time.

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

	<b><u>ASSETS</u></b>			
	<b><u>LLFS</u></b>	<b><u>Aki Development</u></b>	<b><u>Eliminations</u></b>	<b><u>Consolidated Balance</u></b>
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 360,312	\$ -	\$ -	\$ 360,312
Grants receivable	145,504	-	-	145,504
Loans receivable - current portion	250,594	-	-	250,594
<b>Total Current Assets</b>	<b>756,410</b>	<b>-</b>	<b>-</b>	<b>756,410</b>
<b><u>Fixed Assets</u></b>				
Property and equipment, net of accumulated depreciation	68,601	-	-	68,601
<b><u>Other Assets</u></b>				
Loans receivable, net of current portion	21,634	-	-	21,634
<b><u>Total Assets</u></b>	<b>\$ 846,645</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 846,645</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts payable	\$ 5,429	\$ -	\$ -	\$ 5,429
Accrued expenses	30,432	-	-	30,432
Deferred revenue	17,353	-	-	17,353
Line of credit	139,066	-	-	139,066
Long term debt - current portion	4,425	-	-	4,425
<b>Total Current Liabilities</b>	<b>196,705</b>	<b>-</b>	<b>-</b>	<b>196,705</b>
<b><u>Non-Current Liabilities</u></b>				
Long-term debt, net of current portion	135,307	-	-	135,307
<b><u>Net Assets</u></b>				
Without Donor Restrictions	18,045	-	-	18,045
With Donor Restrictions	496,588	-	-	496,588
<b>Total Net Assets</b>	<b>514,633</b>	<b>-</b>	<b>-</b>	<b>514,633</b>
<b><u>Total Liabilities and Net Assets</u></b>	<b>\$ 846,645</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 846,645</b>

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 428,833	\$ -	\$ -	\$ 428,833
<b>Other revenue:</b>				
Sales	-	15,000	-	15,000
Other revenue	32,038	-	(1,500)	30,538
Total other revenue	32,038	15,000	(1,500)	45,538
 Total revenue, gains and other support	 460,871	 15,000	 (1,500)	 474,371
 <b><u>Expenses</u></b>				
Salaries	214,976	4,852	-	219,828
Payroll taxes	15,914	-	-	15,914
Employee benefits	23,018	-	-	23,018
Occupancy	2,284	-	-	2,284
Telephone	2,793	-	-	2,793
Supplies	11,634	-	-	11,634
Postage and shipping	173	-	-	173
Conference and meetings	7,360	-	-	7,360
Travel	23,402	-	-	23,402
Professional fees	58,618	3,143	(1,500)	60,261
Miscellaneous expenses	32,743	341	-	33,084
Depreciation	5,582	-	-	5,582
Bad Debt Expense	23,001	-	-	23,001
 Total expenses	 421,498	 8,336	 (1,500)	 428,334
 <b><u>Change in Net Assets Before Transfers</u></b>	 39,373	 6,664	 -	 46,037
 <b><u>Internal Transfers</u></b>	 (39,947)	 39,947	 -	 -
 <b><u>Change in Net Assets</u></b>	 (574)	 46,611	 -	 46,037
 <b><u>Net Assets, Beginning of Year</u></b>	 515,207	 (46,611)	 -	 468,596
 <b><u>Net Assets, End of Year</u></b>	 \$ 514,633	 \$ -	 \$ -	 \$ 514,633

**LEECH LAKE FINANCIAL SERVICES, INC.**  
**CONSOLIDATING SCHEDULE OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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	\$ (574)	\$ 46,611	\$ -	\$ 46,037
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation expense	5,582	-	-	5,582
(Increase) decrease in assets:				
Grants receivable	(121,055)	-	-	(121,055)
Loans receivable	(10,761)	-	(43,527)	(54,288)
Increase (decrease) in liabilities:				
Accounts payable	(11,696)	(44,725)	43,527	(12,894)
Accrued expenses	6,774	(2,357)	-	4,417
Due to gaming	(4,111)	-	-	(4,111)
Deferred revenue	(55,809)	-	-	(55,809)
Cash Provided by (Used in) Operating Activities	<u>(191,650)</u>	<u>(471)</u>	<u>-</u>	<u>(192,121)</u>
<b><u>Cash Flow from Financing Activities</u></b>				
Borrowings on line of credit	144,066	-	-	144,066
Principal payments on line of credit	(20,000)	-	-	(20,000)
Principal payments on notes payable	(4,168)	-	-	(4,168)
Borrowings on notes payables	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Cash Provided by Financing Activities	<u>219,898</u>	<u>-</u>	<u>-</u>	<u>219,898</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	<b>28,248</b>	<b>(471)</b>	<b>-</b>	<b>27,777</b>
<b><u>Cash and Cash Equivalents, Beginning of Year</u></b>	<b><u>332,064</u></b>	<b><u>471</u></b>	<b><u>-</u></b>	<b><u>332,535</u></b>
<b><u>Cash and Cash Equivalents, End of Year</u></b>	<b><u>\$ 360,312</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 360,312</u></b>
<b>CASH PAID DURING THE YEAR FOR:</b>				
Interest	\$ 6,926	\$ -	\$ -	\$ 6,926