

1 **WAGANAKISING ODAWAK STATUTE**
2 **TRIBALLY ACCEPTED ACCOUNTING PRACTICE STATUTE**

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5 **SECTION I. PURPOSE**

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7 The purpose of this statute is to protect Tribal assets controlled by Tribally chartered
8 corporations, Limited Liability Companies (Member Managed or Manager Managed),
9 enterprises, businesses, companies, which includes any and all sub-entities, that are wholly
10 owned or majority owned by the Tribe, in order to standardize accounting practices and
11 reporting requirements. This Statute does not apply to the Tribal governmental accounting and
12 practices. This Statute repeals and replaces WOS 2019-002.

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15 **SECTION II. DEFINITIONS**

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17 **A.** “Balance statement” means a statement of the assets, liabilities, and capital of a business
18 or other organization at a particular point in time, detailing the balance of income and
19 expenditure over a defined time period.

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21 **B.** “Board” means the authorized and governing entity, that is wholly owned or majority
22 owned by the Tribe, including Tribally chartered corporations, Limited Liability Companies
23 (Member Managed or Manager Managed), enterprises, businesses, companies, which includes
24 any and all sub-entities.

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26 **C.** “Capital Expenditure” (CAPEX) means funds used to acquire, upgrade, and maintain
27 physical assets such as property, industrial buildings, or equipment.

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29 **D.** “Generally Accepted Accounting Principles” (GAAP) means a collection of commonly-
30 followed accounting rules and standards for financial reporting that are established and
31 administered by the American Institute of Certified Public Accountants (AICPA) and the
32 Financial Accounting Standards Board (FASB).

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34 **E.** “Gift” means property, money or assets that a person transfers to another while receiving
35 nothing or less than fair market value in return.

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F. “Profit and Loss Statement” means a financial report that provides a summary of the revenues, expenses, and profits/losses over a period of time.

G. “Operating Capital” means the funds required for running the daily operations of the company.

H. “Political Contributions” means any funds, service or other means that benefits any campaigns initiative, referendum, recall, petition or other election related activities.

I. “Tribe” or “LTBB” means the Little Traverse Bay Bands of Odawa Indians.

SECTION III. APPLICATION

The following will apply to all Boards:

A. The utilization of General Accepted Accounting principles (GAAP) is required.

B. The designation of the following mandatory accounts, along with their purpose, requirements and restrictions:

- 1.** Tribal distributions.
 - a.** Profits above the maximum amount set for operating capital will be transferred to a Tribal Revenue account monthly.
 - b.** On a quarterly basis, any balance of the Tribal Revenue account shall be transferred to the Tribe, unless otherwise approved by Tribal Council.

- 2.** CAPEX.
 - a.** On a yearly basis, each Board shall determine CAPEX use and amounts for each site or operation.
 - b.** Any additional revenues utilized for CAPEX shall require Board approval prior to funds being used.

1 **c.** If funds are utilized for any other purpose than the original annual
2 determination of CAPEX, Tribal Council shall be notified of the variance of the
3 use and/or amounts.

4 **d.** If there is more than one site or operation, each site or operation shall have
5 a separate CAPEX account.
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7 **3.** Operating capital.

8 **a.** Operating capital consists of investments and cash not in other required
9 account.

10 **b.** The Board shall establish the minimum and maximum level for the
11 account annually. Such minimum and maximum levels shall be reported to Tribal
12 Council. The Board, in its discretion, may modify the minimum and maximum
13 levels. Any modifications to the levels shall be reported to Tribal Council.

14 **c.** Any amount of funds over the maximum shall be transferred to the Tribal
15 Revenue account monthly.

16 **d.** Any amount of funds less than the amount approved by the Board shall
17 require Tribal Council notification.
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19 **4.** Profit funded construction.

20 **a.** Any construction project requires approval of the Board.

21 **b.** The Board shall appropriate funding required for the project and shall
22 notify Tribal Council of the project and the funding amount and source.

23 **c.** Any payments made in conjunction with the project shall require a
24 designated Board member(s) signature.
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26 **5.** Loan funded or Tribal Council appropriated funded construction.

27 **a.** Any construction project requires approval of the Board.

28 **b.** The Board shall notify Tribal Council of a loan funded project or if it is a
29 Tribal Council appropriated funded construction, then the Board will provide
30 Tribal Council monthly updates on expenditures.

31 **c.** Any payments made in conjunction with the project shall require a
32 designated Board member(s) signature or a loan officer's signature.
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34 **6.** Gifts and bonuses.

35 **a.** All bonuses shall be approved by the Board.

1 **b.** Any gifts or bonuses in the amount of one thousand dollars (\$ 1 ,000.00)
2 or more shall have Board approval and Tribal Council shall be notified as to the
3 nature and amount of the gift or bonus.

4 **c.** Any Political Contributions require TC notification
5 Statements.

6 **C.** Statements.

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8 **1.** Monthly, each Board shall submit to Tribal Council an unaudited Profit and Loss
9 Statement along with a balance statement. This will be a separate document titled “Profit
10 and Loss Statement”. The following shall be included in the document:

- 11 a. Financial Notes are to include:
- 12 i. Appropriations
 - 13 ii. Loans and interest rates
 - 14 iii. Tribal Council requires notifications
 - 15 iv. Land holdings and acquisitions
 - 16 v. Lease holdings
 - 17 vi. Tribal Council required notifications.

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19 **2.** Annually, each Board shall submit to Tribal Council a detailed Profit and Loss
20 Statement along with a balance statement.

- 21 a. Financial Notes are to include:
- 22 i. Appropriations
 - 23 ii. Loans and interest rates
 - 24 iii. Tribal Council requires notifications
 - 25 iv. All bonuses
 - 26 v. All construction and capital expenditures with source of capital
 - 27 vi. Payments to Board members
 - 28 vii. Gifts
 - 29 viii. Bonuses

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31 **3.** Each Board shall prepare an annual report that includes a summary overview and
32 financial statements that will be presented to the Tribal Membership at the Tribe’s
33 Annual Meeting.

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35 **D.** The following applies to all Boards:

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2 **1.** The Legislative Office of Finance and Revenue shall have access to all financial
3 books and accounts of all Boards with “read only permission” access.
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5 **2.** Any Loan applications made by Boards for seven-hundred and fifty thousand
6 dollars (\$750,000.00) or more shall require Tribal Council approval, unless otherwise
7 indicated by separate resolution, statute or charter. Any Loan applications where the
8 interest rate is eight percent (8%) or more shall require Tribal Council approval unless
9 otherwise indicated by separate resolution, statute or charter.
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11 **3.** Grant applications. Unless otherwise indicated by statute, any grant application
12 made by Boards shall require notice to Tribal Council. Grant applications for one-
13 hundred thousand (\$100,000.00) or more, shall require Tribal Council approval.
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15 **4.** All Financial obligations and interest rates of a Board shall be reported to Tribal
16 Council annually at the beginning of each Fiscal Year. Financial obligations include the
17 following:
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19 **a.** Any guarantee of debt or pledge, such as loans, lines of credit or other
20 credit arrangements with private lenders or commercial banks;

21 **b.** Derivative instrument entered into in connection with, or pledged as
22 security or a source of payment for, an existing or planned debt obligation;

23 **c.** Letters of credit issued in connection with variable rate debt issuance;

24 **d.** Interest rate swaps entered into in connection with debt issuance.
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26 **E.** Gaming related Boards have the following requirements:
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28 **1.** Establish separate CAPEX accounts for each site.
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30 **2.** Establish separate financial statements and books for each site.
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32 **3.** No form of free play may ever be used as revenue or win/unit/day accounting.
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34 **4.** Monthly report shall include, but not limited to:
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a. Slot revenue at each

- b. Number of slots at each site
- c. Win/unit/day at each site

5. Transfers from one set of books to another require Board approval and cannot be reversed without notification to Tribal Council.

SECTION IV. SEVERABILITY

If any section, subsection, paragraph, sentence, phrase or portion of this Statute is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

SECTION V. EFFECTIVE DATE

Effective upon signature of the Executive or thirty (30) days from Tribal Council approval whichever comes first or if the Executive vetoes the legislation, then upon Tribal Council override of the veto.

CERTIFICATION