



Financial Statements
September 30, 2015

Minnesota Chippewa Tribe

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Independent Auditor's Report

To the Tribal Executive Committee
Minnesota Chippewa Tribe
Cass Lake, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minnesota Chippewa Tribe, Cass Lake, Minnesota, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Tribe's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matters described in the "Basis for Disclaimer of Opinion" paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the governmental activities and each major fund.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements. Except for the matters described in the Basis for Disclaimer of Opinions paragraphs, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on the Governmental Activities

The Tribe did not maintain adequate accounting records for its cash accounts in the governmental funds and the general fund as of September 30, 2015.

Disclaimer of Opinion on the Governmental Activities and the General Fund

Because of the significance of the matters described in the “Basis for Disclaimer of Opinion on the Governmental Activities” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial position of the governmental activities and the general fund of the Tribe as of September 30, 2015 and the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Department of Interior fund, the Department of Health and Human Services fund, the food stamp nutrition education fund, the Finance Corporation fund, the business-type activities, and the aggregate remaining fund information of the Tribe as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted a management’s discussion and analysis and budgetary comparison schedules that U.S. generally accepted accounting principles requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for place the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tribe’s basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our considerations of the Tribe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tribe's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
November 30, 2017

Minnesota Chippewa Tribe
Statement of Net Position
September 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 611,226	\$ 1,699,701	\$ 2,310,927
Investments	846,501	13,332,641	14,179,142
Internal balances	19,988	(19,988)	-
Account receivable, net	117,058	159,786	276,844
Loans receivable, net	-	29,640,290	29,640,290
Grant receivable	772,813	-	772,813
Other receivables and accrued interest	40,455	94,946	135,401
Prepaid items	24,308	500	24,808
Other assets, net	-	3,382,184	3,382,184
Capital assets			
Not being depreciated	1,193,542	5,710	1,199,252
Being depreciated, net of depreciation	765,760	1,115,578	1,881,338
Total assets	<u>4,391,651</u>	<u>49,411,348</u>	<u>53,802,999</u>
Liabilities			
Accounts payable	392,931	339,964	732,895
Accrued liabilities	29,841	35,004	64,845
Advances from grants	770,630	-	770,630
Escrowed liabilities	-	368,914	368,914
Noncurrent liabilities			
Due within one year	90,569	-	90,569
Due in more than one year	-	34,981,245	34,981,245
Total liabilities	<u>1,283,971</u>	<u>35,725,127</u>	<u>37,009,098</u>
Net Position			
Investment in capital assets	1,959,302	1,121,288	3,080,590
Unrestricted	1,148,378	12,564,933	13,713,311
Total net position	<u>\$ 3,107,680</u>	<u>\$ 13,686,221</u>	<u>\$ 16,793,901</u>

Minnesota Chippewa Tribe
Statement of Activities
Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities:						
General government	\$ 1,650,449	\$ 215,991	\$ 1,395,228	\$ (39,230)	\$ -	\$ (39,230)
Education	333,583	-	334,554	971	-	971
Human services	2,812,349	-	2,805,771	(6,578)	-	(6,578)
Conservation of natural resources	111,377	-	112,052	675	-	675
Economic development	132,463	-	132,461	(2)	-	(2)
Other	346,328	-	308,708	(37,620)	-	(37,620)
Total governmental activities	<u>5,386,549</u>	<u>215,991</u>	<u>5,088,774</u>	<u>(81,784)</u>	<u>-</u>	<u>(81,784)</u>
Business-type activities:						
Finance Corporation	<u>1,249,504</u>	<u>1,368,957</u>	<u>-</u>	<u>-</u>	<u>119,453</u>	<u>119,453</u>
Total primary government	<u>\$ 6,636,053</u>	<u>\$ 1,584,948</u>	<u>\$ 5,088,774</u>	<u>(81,784)</u>	<u>119,453</u>	<u>37,669</u>
Change in net position				(81,784)	119,453	37,669
Net position - beginning				<u>3,189,464</u>	<u>13,566,768</u>	<u>16,756,232</u>
Net position - ending				<u>\$ 3,107,680</u>	<u>\$ 13,686,221</u>	<u>\$ 16,793,901</u>

The accompanying Notes to Financial Statements are an integral part of these statements

Minnesota Chippewa Tribe
Balance Sheet – Governmental Funds
September 30, 2015

	General Fund	Department of Interior	Department of Health and Human Services	Food Stamp Nutrition Education	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ -	\$ 395,006	\$ 17,351	\$ -	\$ 197,418	\$ 609,775
Investments	846,501	-	-	-	-	846,501
Accounts receivable	15,289	-	1,381	-	89,211	105,881
Grant receivable	-	-	400,487	259,334	112,992	772,813
Due from other funds	660,966	-	750	-	11,648	673,364
Other receivables	-	-	-	-	40,455	40,455
Prepaid items	-	7,477	3,783	-	2,966	14,226
Total assets	\$ 1,522,756	\$ 402,483	\$ 423,752	\$ 259,334	\$ 454,690	\$ 3,063,015
Liabilities and Fund Balance						
Liabilities						
Due to other funds	\$ -	\$ -	\$ 242,111	\$ 104,295	\$ 326,958	\$ 673,364
Accounts payable	50,768	3,953	173,557	150,554	1,251	380,083
Accrued liabilities	-	-	-	4,485	4,332	8,817
Advances from grants	353,719	398,530	9,592	-	8,789	770,630
Total liabilities	404,487	402,483	425,260	259,334	341,330	1,832,894
Fund Balance (Deficit)						
Nonspendable						
For prepaid items	-	7,477	3,783	-	2,966	14,226
Committed						
For employee loans	-	-	-	-	69,248	69,248
For wisdom steps	-	-	-	-	60,226	60,226
For timber appraisal	-	-	-	-	60,000	60,000
For workshops	-	-	-	-	212	212
Unassigned	1,118,269	(7,477)	(5,291)	-	(79,292)	1,026,209
Total fund balance (deficit)	1,118,269	-	(1,508)	-	113,360	1,230,121
Total liabilities and fund balance	\$ 1,522,756	\$ 402,483	\$ 423,752	\$ 259,334	\$ 454,690	\$ 3,063,015

Minnesota Chippewa Tribe
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2015

Total Funds Balances - Governmental Funds	\$ 1,230,121
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,942,953
Internal service funds are used by the Tribe to charge costs of certain activities. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>(65,394)</u>
Total Net Position - Governmental Activities	<u>\$ 3,107,680</u>

Minnesota Chippewa Tribe
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2015

	General Fund	Department of Interior	Department of Health and Human Services	Food Stamp Nutrition Education	Other Governmental Funds	Total Governmental Funds
Revenues						
Intergovernmental - federal	\$ -	\$ 621,353	\$ 1,575,176	\$ 703,413	\$ 793,585	\$ 3,693,527
Program income	-	-	-	-	5,835	5,835
Settlement income	150,000	-	-	-	-	150,000
Investment income	37,898	-	-	-	-	37,898
Liquor permits	26,750	-	-	-	-	26,750
Contract	-	82,750	-	-	-	82,750
Other	2,843	-	122,940	-	186,174	311,957
Total revenues	<u>217,491</u>	<u>704,103</u>	<u>1,698,116</u>	<u>703,413</u>	<u>985,594</u>	<u>4,308,717</u>
Expenditures						
Personnel	46,599	282,972	469,610	79,531	380,670	1,259,382
Fringe benefits	8,229	95,595	148,789	28,084	114,655	395,352
Travel/training	63,376	31,756	69,531	57,665	112,483	334,811
Office expense	7,841	48,514	50,854	75,957	21,105	204,271
Pass-through funds	-	-	448,411	391,502	38,409	878,322
Office and equipment rental	4,219	30,297	64,763	10,094	24,155	133,528
Other expenditures	38,979	106,087	282,727	8,460	215,667	651,920
Capital outlay	-	-	-	4,500	-	4,500
Total direct expenditures	<u>169,243</u>	<u>595,221</u>	<u>1,534,685</u>	<u>655,793</u>	<u>907,144</u>	<u>3,862,086</u>
Indirect costs	<u>32,628</u>	<u>108,882</u>	<u>163,431</u>	<u>47,620</u>	<u>112,327</u>	<u>464,888</u>
Total expenditures	<u>201,871</u>	<u>704,103</u>	<u>1,698,116</u>	<u>703,413</u>	<u>1,019,471</u>	<u>4,326,974</u>
Net Change in Fund Balance	15,620	-	-	-	(33,877)	(18,257)
Fund Balance (Deficit), Beginning of Year	<u>1,102,649</u>	<u>-</u>	<u>(1,508)</u>	<u>-</u>	<u>147,237</u>	<u>1,248,378</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,118,269</u>	<u>\$ -</u>	<u>\$ (1,508)</u>	<u>\$ -</u>	<u>\$ 113,360</u>	<u>\$ 1,230,121</u>

Minnesota Chippewa Tribe
Reconciliation of the Changes in Funds Balances of
Governmental Funds to the Statement of Activities
Year Ended September 30, 2015

Net Change in Funds Balances - Total Governmental Funds	\$ (18,257)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense has exceeded additions	(56,278)
Internal service funds are used by the Tribe to charge the costs of certain activities. The net expenditures of the internal service funds is reported in governmental activities.	<u>(7,249)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (81,784)</u></u>

Minnesota Chippewa Tribe
Statement of Net Position –
Proprietary Funds
September 30, 2015

	Business-Type Activity - Enterprise Fund Finance Corporation	Governmental Activities - Internal Service Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,699,701	\$ 1,451
Investments, current portion	2,243,971	-
Accounts receivable	159,786	11,177
Due from other funds	-	189,984
Prepaid expenses and other assets	500	10,082
Accrued interest receivable	94,946	-
Mortgage loans receivable, current portion	1,864,694	-
Business loans receivable, current portion	107,896	-
Installment loans receivable, current portion	23,592	-
Total current assets	6,195,086	212,694
Non-Current Assets		
Investments, net of current portion	11,088,670	-
Mortgage loans receivable, net of current portion and allowance	26,336,670	-
Business loans receivable, net of current portion and allowance	376,498	-
Installment loans receivable, net of current portion	930,940	-
Capital assets, net of accumulated depreciation		
Land	5,710	-
Building and equipment	1,115,578	16,349
Real estate acquired by foreclosures	3,382,184	-
Total non-current assets	43,236,250	16,349
Total assets	49,431,336	229,043
Liabilities and Net Position		
Current Liabilities		
Accounts payable	339,964	12,848
Accrued liabilities	35,004	21,024
Escrowed liabilities	368,914	-
Due to other funds	19,988	169,996
Noncurrent liabilities		
Due within one year	-	90,569
Due in more than one year	34,981,245	-
Total liabilities	35,745,115	294,437
Net Position (Deficit)		
Investment in capital assets	1,121,288	16,349
Unrestricted	12,564,933	(81,743)
Total net position (deficit)	\$ 13,686,221	\$ (65,394)
Total liabilities and net position	\$ 49,431,336	\$ 229,043

Minnesota Chippewa Tribe
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended September 30, 2015

	Business-Type Activity - Enterprise Fund Finance Corporation	Governmental Activities - Internal Service Funds
Revenue		
Housing revenue	\$ 1,738,168	\$ -
Indirect revenue	-	641,339
Rental revenue	-	39,274
Sales of business support services	-	23,147
Other revenue	-	373,767
	1,738,168	1,077,527
Total operating revenue	1,738,168	1,077,527
Less direct costs of revenue	524,165	-
Net revenue	1,214,003	1,077,527
Expenses		
Current		
Personnel	647,382	358,083
Fringe benefits	191,063	120,580
Depreciation	97,193	6,814
Travel/training	44,396	24,693
Office expenses	36,415	25,340
Office and equipment rent	-	30,802
Maintenance	-	54,428
Other expenditures	56,606	464,036
Total direct expenses	1,073,055	1,084,776
Indirect costs	176,449	-
Total expenses	1,249,504	1,084,776
Loss before nonoperating activity	(35,501)	(7,249)
Nonoperating Activities		
Investment income	154,954	-
Change in Net Position	119,453	(7,249)
Net Position (Deficit), Beginning of Year	13,566,768	(58,145)
Net Position (Deficit), End of Year	\$ 13,686,221	\$ (65,394)

The accompanying Notes to Financial Statements are an integral part of these statements

Minnesota Chippewa Tribe
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2015

	Business-Type Activity - Enterprise Fund <u>Finance Corporation</u>	Governmental Activities - Internal Service Funds <u>Internal Service Funds</u>
Operating Activities		
Cash received from customers	\$ 1,724,844	\$ 1,117,138
Cash paid for wages and benefits	(837,068)	(483,505)
Cash paid to suppliers	<u>(724,241)</u>	<u>(716,217)</u>
Net Cash from (used for) Operating Activities	<u>163,535</u>	<u>(82,584)</u>
Non-Capital Financing Activities		
Proceeds from other funds	-	160,856
Payments to other funds	<u>-</u>	<u>(68,509)</u>
Net Cash from Non-Capital Financing Activities	<u>-</u>	<u>92,347</u>
Capital and Related Financing Activities		
Cash paid for repairs on repossessed property	(142,166)	-
Cash received from sale of repossessed property	69,899	-
Cash paid for purchase of equipment	<u>-</u>	<u>(9,525)</u>
Net Cash used for Capital and Related Financing Activities	<u>(72,267)</u>	<u>(9,525)</u>
Investing Activities		
Purchase of investments	(5,217,496)	-
Proceeds from investments	3,500,000	-
Investment income	234,175	-
Disbursement for loans	(2,596,675)	-
Proceeds from loan payments	<u>3,147,474</u>	<u>-</u>
Net Cash used for Investing Activities	<u>(932,522)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(841,254)	238
Cash and Cash Equivalents at Beginning of Year	<u>2,540,955</u>	<u>1,213</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,699,701</u>	<u>\$ 1,451</u>

Minnesota Chippewa Tribe
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2015

	Business-Type Activity - Enterprise Fund Finance Corporation	Governmental Activities - Internal Service Funds
Reconciliation of Operating Loss to		
Net Cash from (used for) Operating Activities		
Operating Loss	\$ (35,501)	\$ (7,249)
Adjustments to reconcile increase in operating income to cash from operating activities		
Depreciation	97,193	6,814
Unrealized loss on investments	(79,221)	-
Gain on sale of land/houses	52,343	-
Changes in assets and liabilities		
Accounts receivables	104,665	39,611
Installment loans receivable	(113,281)	-
Accrued interest receivable	22,170	-
Prepaid expenses and other assets	(500)	28,441
Accounts payables	95,986	(145,359)
Accrued liabilities	1,377	(4,842)
Escrowed liabilities	18,304	-
	<u>\$ 163,535</u>	<u>\$ (82,584)</u>

Note 1 - Summary of Significant Accounting Policies

The various bands of Chippewa Indians residing within the Fond du Lac, Grand Portage, Bois Forte (Nett Lake), Leech Lake, Mille Lacs and White Earth Reservations comprise the Minnesota Chippewa Tribe (the "Tribe"). The Tribe is federally recognized Indian Tribe whose constitution was formally adopted by its members on January 24, 1936.

The Tribe provides general government, public health and welfare, public safety, education, public works, culture and recreation, economic development and social and health services for the benefit of the members.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management evaluated the involved entities based on a number of criteria. It was determined that the Tribe is a primary government based upon the fact that it is legally separate, its governing body is separately elected, and it is fiscally independent of other governments.

Potential component units of Tribe are evaluated on various criteria, the main one being the degree of accountability the primary government has over the potential component units. The most significant factor in the accountability assessment is the potential component unit's financial accountability to the primary government, measured through the degree to which the primary government can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit.

Potential component units of the Tribe include the Minnesota Chippewa Tribe Finance Corporation. Based upon an evaluation of the potential component units using the criteria detailed above, the following conclusions were reached.

The Minnesota Chippewa Tribe Finance Corporation should be included in the reporting entity of the Tribe. This is based on the fact that it is financially accountable to the primary government, and the Executive Committee appoints all board members of the Finance Corporation. This component unit is blended within the financial statements of the Tribe. Separately issued financial statements may be obtained by contacting the Finance Corporation office.

Basis of Presentation

Tribe-Wide Financial Statements

The goal of Tribe-wide financial statements is to present a broad overview of Tribe's finances. The basic statements that form the Tribe-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the non-fiduciary activities of the Tribe. The effect of interfund activity has been removed from these statements, except those between government-type activities and business-type activities. Governmental activities, which are normally financed through intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the Tribe's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function.

Fund Financial Statements

The fund financial statements provide information about the Tribe's funds. Separate statements for each fund category – governmental and proprietary– are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The Tribe reports the following major governmental funds:

- General Fund – This fund is the general operating fund of the Tribe. All financial resources of the general government that are not required to be reported in another fund are accounted for in the general fund.
- Department of Interior Fund – This fund is used to account for the revenues and expenditures relating to federal awards received from the Department of Interior.
- Department of Health and Human Fund – This fund is used to account for the revenues and expenditures relating to federal awards received from the Department of Health and Human Services.
- Food Stamp Nutrition Education Fund – This fund is used to account for the revenues and expenditures relating to the grant.

The Tribe reports the following major proprietary fund:

- Finance Corporation – This fund accounts for low interest loans to Native Americans for the purchase, construction or rehabilitation of housing.

Additionally, the Tribe reports the following fund type:

- Internal Service Funds – These funds account for the following activities provided to other departments of the Tribe on a cost-reimbursement basis: indirect costs, insurance, computer/copier services, revolving funds, and office supplies.

Basis of Accounting

The Tribe-wide, proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Tribe considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenue, permits, charges for services and investment income associated with the current fiscal period are the major revenues that are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent they are collected in one year. All other revenue items are considered to be measurable and available only when the Tribe receives cash.

Amounts reported as program revenues include the following: amounts received from those who purchase, use or directly benefit from a program; amounts received from parties outside the Tribe that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program.

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Tribe's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Tribe considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Tribe considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Council has provided otherwise in its commitment or assignment actions.

Other Significant Accounting Policies

Cash Equivalents

The Tribe considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair market value.

Receivable and Credit Policy

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments on trade receivables are applied to the earliest unpaid invoices. The carrying amount of trade receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. At September 30, 2015, the allowance for doubtful accounts was \$5,000 in the governmental activities as well as the General fund.

Grants Receivable

Grants receivable consists of amounts due for reimbursement of approved expenditures on grants entered into with various government agencies. Receivables of this nature are considered fully collectible.

Prepaid Items

Certain cash payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Interfund Transactions

During the course of operations, transactions occurred between individual funds for good provider and services rendered. These receivables and payables are properly classified as “due from other funds” or “due to other funds” in the fund financial statements, and are eliminated in the government-wide statement of net position, except those between government-type activities and business-type activities. Repayment terms for interfund balances have not been established. Quasi-external transactions are account for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

Loans

Loans are reported at their outstanding unpaid principal balance net of the allowance for loan losses.

Interest income on loans is accrued at the specific rate on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 to 120 days delinquent unless the credit is well secured and in the process of collection. All current year interest accrued but not collected for loans that are charged off is reversed against interest income. All prior year interest accrued but not collected is charged off against the allowance for loan losses.

The Finance Corporation has determined that the accounting for nonrefundable fees and costs associated with originating loans does not have a material effect on the financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against allowance when management believes the uncollectibility of a loan is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated by management and is based upon management’s review of the collectability of the loans in light of historical experience, nature and volume of loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	20 years
Machinery and equipment	3-5 years

Advances from Grants

The government reports advances from grants on its balance sheet. Advances from grants arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Advances from grants also arises when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurring of the qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has legal claim to the resources, the liability for advances from grants is removed from the combined balance sheet and the revenue is recognized.

Compensated Absences

Unused vacation and personal leave is accrued at year-end for each employee as established under the personnel policies of the Minnesota Chippewa Tribe. The amount of vacation and personal leave that can be accrued is unlimited and may be carried over from year-to-year. Upon termination, an employee will be paid for both unused vacation and personal leave, up to 240 hours.

Escrowed Liabilities

Escrowed liabilities consist of amounts collected from borrowers for the payment of taxes and insurances.

Revolving Fund

Under terms of the agreement between the Finance Corporation and the Minnesota Housing Finance Agency, an initial contribution was made and revolving funds are provided from interest earned on loans and investments and rental income.

Indirect Costs

Indirect costs represent recoverable overhead costs charged by the Tribe to federal, state, and tribal programs in connection with administering and accounting for programs funded by federal, state and tribal resources. The latest indirect cost rate approved by the cognizant federal agency (Department of Interior, Office of Inspector General) was 18.33% for all programs. Certain programs were limited to lesser amounts as prescribed in the grant/contract award and a number of programs were not funded for the full amount of indirect costs based on the approved rate. These overhead costs have been reflected in the accompanying combined financial statements as expenditures of the governmental funds and as revenue to reimburse the expenditures of the indirect cost fund.

Federal and State Income Taxes

The Tribe, as a federally recognized Sovereign Government, is exempt from Federal and State income taxes. As such, no income taxes have been provided for in the accompanying financial statements.

Real Estate Acquired by Foreclosure

The inventory of real estate obtained through foreclosure or deed transfer in lieu of foreclosure is recorded at the outstanding mortgage principal remaining less any unused escrow remaining when title to the real estate is obtained. Additional expenses such as property insurance, foreclosure expense and building repairs are expensed during the year as incurred.

The Finance Corporation adjusts the inventory of real estate to market value when the facts indicate that the market value of the foreclosed real estate is less than the originally recorded carrying value.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near-term relates to the determination of the allowance for loan losses.

Fund Balance

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Tribe itself, using its highest level of decision-making authority (i.e., Tribal Council). To be reported as committed, amounts cannot be used for any other purpose unless the Tribe takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Tribe intends to use for a specific purpose. Intent can be expressed by the Tribal Council or by an official or body to which the Tribal Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction, or improvements of those assets and adding back any unspent proceeds.

When both restricted and unrestricted resources are available for us, it is the Tribe's policy to use restricted resources first then unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the Tribe's policy to use resources in the following order; 1) committed, 2) assigned, 3) unassigned

Note 2 - Deposits and Investments

Deposits

In accordance with the Tribe's investment policy, the Tribe maintains deposits at those depository banks authorized by the Board. All such depositories are members of the Federal Reserve System.

Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Tribe will not be able to recover the value of its collateral securities that are in the possession of an outside party. In accordance with Tribal investment policy, the Tribe maintains deposits at those depository banks authorized by the tribal council, all of which are members of the Federal Reserve System. As of September 30, 2015, the Tribe's deposits were adequately insured or properly collateralized by pledged securities.

Investments

The Tribe and Finance Corporation maintain separate investment policies. The Tribe may invest funds as authorized by the board as follows:

1. United States Government and Agency Securities (US Treasury bills, notes and bonds);
2. Government money market funds;
3. Collateralized certificates of deposit; and
4. Corporate bonds rated "A" or better

The Finance Corporation may invest funds as authorized by the Board as follows:

1. United States Treasury notes and bills issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States.
2. Stocks, bonds, and mutual funds are allowable investments for Duluth Housing Program, investment in these securities totaled \$237,625 at September 30, 2015.
3. Debentures issued by any federal government agency or instrumentality, including but not limited to the federal national mortgage association, federal home loan bank, farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal securities shall be direct issuances of federal government agencies and instrumentalities.
4. Money market funds and certificates of deposits in federal institutions.

Custodial Credit Risk

The custodial credit risk for investments is the risk that in an event of failure of counterparty, the Tribe will not be able to recover the value of the investment of the collateral securities in the possession of the outside party. The Tribe has no custodial risk for investments for September 30, 2015. The Tribe does not have a formal policy that limits custodial credit.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of the investment. The Tribe does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Tribe manages exposure to fair value of loss arising from changing interest rates by having fixed income investments with varying maturity dates.

The Minnesota Chippewa Tribe's investments as of September 30, 2015 , consist of the following:

	Fair Value	Maturities in Years	
		Less than 1	1 to 5
Governmental activities			
US Government Sponsored Issues	\$ 846,501	\$ 846,501	\$ -
Business-type activities			
US Government Sponsored Issues	578,875	-	578,875
Certificate of deposit	8,840,859	1,893,281	6,947,578
Municipal bonds	3,912,907	350,690	3,562,217
Total business-type	13,332,641	2,243,971	11,088,670
Total investments	\$ 14,179,142	\$ 3,090,472	\$ 11,088,670

The Tribe carries its investments at market value and adjusts for the change in market values through current earnings. Money market mutual funds are unrated as of September 30, 2015.

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The Tribe places no limits on the amount which may be invested with a single issuer. There are no investments in anyone issuer that is in excess of 5% of total investments.

Note 3 - Mortgage Loans, Business Loans, and Installment Loans Receivable

Mortgage Loans Receivable

As of September 30, 2015, the Finance Corporation had 576 outstanding mortgage loans. Loans are to be repaid in thirty (30) years or less, except for renovation loans, which are to be repaid in fifteen (15) years or less. Housing loans are secured by liens on the property to the extent such liens may validly be granted, and in accordance with standard mortgage procedures appropriate to the nature of the ownership of the land. Housing loans for dwellings on Tribal or Band land are made only if such land is leased (which lease shall be approved by the Tribe or Band) under terms insuring the availability of the land for a period equal to the term of the housing loan and 20 years thereafter. The Bureau of Indian Affairs must approve housing loans for dwellings on allotted lands in writing.

Under terms of the agreement with MHFA, the Finance Corporation must use these funds in a manner approved by MHFA and must revolve repaid principal.

The mortgage loans receivable consisted of the following at September 30, 2015:

Mortgage loans receivable	\$ 23,508,452
Duluth renovating loan receivable	74,494
Mortgage receivable - FHA	10,475,145
Rental development loans	2,407,653
Revolving loan fund	(7,692,711)
Allowance for doubtful accounts	(571,669)
Total loans, net of allowance	28,201,364
Less current portion or loan receivable	(1,864,694)
	\$ 26,336,670

Business Loans Receivable

On May 11, 2005, the Finance Corporation was awarded a grant from the Community Development Financial Institution for \$949,783 for the purpose of making business loans. Loans amounting to \$1,341,261 have been made as for September 30, 2015.

As of September 30, 2015, the Finance Corporation had 13 outstanding business loans. These loans are secured by equipment and real estate.

The business loan receivable consisted of the following as of September 30, 2015:

Business loan receivable	\$ 563,129
Allowance for doubtful accounts	(78,735)
Total loans, net of allowance	484,394
Less current portion or loan receivable	(107,896)
Total loans, net of allowance	\$ 376,498

Installment Loans Receivable

As of September 30, 2015, the Finance Corporation had outstanding installment loans with a total receivable balance of \$954,532. The loans are to be repaid in five years or less with a balloon payment in the final year. The installment loans are for repossessed properties that have been sold to the borrower on a contract for deed.

Note 4 - Advances

The Finance Corporation has advances due to other organizations at September 30, 2015, as follows:

Minnesota Housing Finance Agency	<u><u>\$ 34,981,245</u></u>
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Minnesota Housing Finance Agency

The Finance Corporation, through a 1976 agreement with the Minnesota Housing Finance Agency, is administering housing assistance funds for Native Americans. The funds advanced are not required to be repaid to the Minnesota Housing Finance Agency as long as the Housing Corporation follows the guidelines enacted in the agreement. Funds appropriated by the Minnesota Housing Finance Agency to the Minnesota Chippewa Tribal Housing Corporation is as follows:

Fiscal Year	American Indian Housing Funds	Duluth Urban Indian Housing Funds
1977-1996	\$ 25,490,677	\$ 265,500
1997	1,048,509	-
1998	1,048,509	-
1999	1,048,509	-
2000	1,048,509	-
2001	1,048,509	-
2002	1,134,342	-
2003	1,134,342	-
2004	744,770	-
2005	744,770	-
Plus re-allocation funds from off-reservation Chippewa Equity participation loan	172,252 14,648	- -
Total MHFA funds originally appropriated	34,678,346	265,500
Less Duluth Urban Indian Housing Fund terminated	-	(36,664)
Total MHFA funds appropriated	\$ 34,678,346	\$ 228,836

The advances from Minnesota Housing Finance Agency are calculated as follows:

	American Indian Housing Funds	Other Indian Housing Funds	Total
Total MHFA funds appropriated			
Regular	\$ 34,678,346	\$ -	\$ 34,678,346
Duluth down payment and assistance program		228,836	228,836
Plus:			
Duluth equity participation program	-	92,250	92,250
Off-reservation demonstration program	-	23,513	23,513
Less:			
MHFA payments returned	-	(41,700)	(41,700)
Advances from MHFA as of September 30, 2014	\$ 34,678,346	\$ 302,899	\$ 34,981,245

Note 5 - Operating Lease

The Finance Corporation rents 22 single family real estate properties to individuals on a month to month basis. Real estate property under operating leases was valued at \$2,992,500 at September 30, 2015, and is included in Real Estate Acquired by Foreclosure at the lower rate of cost or market value. Total rental income received on leased real estate property was \$154,260 for the year ended September 30, 2015.

The Finance Corporation leases building space to the Tribe in a building previously acquired from the Tribe in January 2007. The total rent paid to the Finance Corporation from the Tribe for the year ended September 30, 2015 was \$138,735.

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2015 is as follows:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,193,542	\$ -	\$ -	\$ 1,193,542
Capital assets, being depreciated:				
Buildings	1,113,941	-	-	1,113,941
Equipment	397,132	9,525	-	406,657
Vehicles	1,500	-	-	1,500
Total capital assets being depreciated	<u>1,512,573</u>	<u>9,525</u>	<u>-</u>	<u>1,522,098</u>
Less accumulated depreciation for:				
Buildings	307,212	55,879	-	363,091
Equipment	384,534	7,213	-	391,747
Vehicles	1,500	-	-	1,500
Total accumulated depreciation	<u>693,246</u>	<u>63,092</u>	<u>-</u>	<u>756,338</u>
Total capital assets being depreciated, net	<u>819,327</u>	<u>(53,567)</u>	<u>-</u>	<u>765,760</u>
Governmental activities capital assets, net	<u>\$ 2,012,869</u>	<u>\$ (53,567)</u>	<u>\$ -</u>	<u>\$ 1,959,302</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,710	\$ -	\$ -	\$ 5,710
Capital assets, being depreciated				
Equipment	66,234	-	-	66,234
MCT buildings	1,600,000	-	-	1,600,000
Other buildings and improvements	400,830	-	-	400,830
Total capital assets being depreciated	<u>2,067,064</u>	<u>-</u>	<u>-</u>	<u>2,067,064</u>
Less accumulated depreciation for:				
Equipment	38,211	4,764	-	42,975
MCT buildings	620,000	86,723	-	706,723
Other buildings and improvements	196,082	5,706	-	201,788
Total accumulated depreciation	<u>854,293</u>	<u>97,193</u>	<u>-</u>	<u>951,486</u>
Total capital assets being depreciated, net	<u>1,212,771</u>	<u>(97,193)</u>	<u>-</u>	<u>1,115,578</u>
Business-type activities capital assets, net	<u>\$ 1,218,481</u>	<u>\$ (97,193)</u>	<u>\$ -</u>	<u>\$ 1,121,288</u>

Depreciation expense for the year ended September 30, 2015 was charged to the following functions/programs:

Governmental activities:	
General government	\$ 56,990
Internal Service	6,102
Total depreciation expense - governmental activities	<u>\$ 63,092</u>
Business-type activities:	
Finance Corporation	<u>\$ 97,193</u>

Note 7 - Interfund Balances

A summary of the Tribe's interfund balances as of September 30, 2015 is as follows:

	Due from other funds	Due to other funds
Department of Health and Human Services	\$ 750	\$ 242,111
Food Stamp Nutrition Education	-	104,295
Nonmajor Governmental Funds	11,648	326,958
General Fund	660,966	-
Business-Type Activities - Finance Corporation	-	19,988
Internal Service Funds	189,984	169,996
	<u>\$ 863,348</u>	<u>\$ 863,348</u>

The Department of Health and Human Services Fund, Food Stamp Nutrition Fund, and Nonmajor Governmental Funds have a due to the General Fund, Department of Health and Human Services Fund, and Nonmajor Governmental Funds for reimbursement of borrowed funds.

Note 8 - Long-Term Liabilities

Changes in long-term liabilities during the year ended September 30, 2015 are as follows:

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015	Due Within One Year
Governmental activities					
Compensated absences	<u>\$ 91,948</u>	<u>\$ 164,141</u>	<u>\$ 165,520</u>	<u>\$ 90,569</u>	<u>\$ 90,569</u>

The compensated absences are paid out of the general fund.

Note 9 - Short-Term Note Payable

The Tribe has a revolving line of credit where they may borrow up to \$1,000,000, at prime rate plus 2.75 percent (3.25% at September 30, 2015). There was no outstanding balance on this line as of September 30, 2015. The line of credit is due on demand and expires on October 31, 2015.

Note 10 - Retirement Plan

The Tribe contributes to the Simplified Employee Pension Individual Retirement Account, a defined contribution pension plan, for substantially all employees. The plan is administered by the Tribal Executive Committee. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Committee. The Tribe is required to contribute 5 percent of the annual salary to individual employee accounts for each participating employee. District recognized pension expense of \$104,467.

Note 11 - Insurance

The Tribe has established a self-funded insurance company for their employee dental insurance. Employee's dependents can participate for a reasonable rate. All claims are processed by the Meritain Health which then bills the Tribe for the amount of the claim. The following is the activity for the year ended September 30, 2015:

The Tribe is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; environmental damage; and natural disasters. With the exception of environmental damage, these risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Note 12 - Deficit Fund Balance

The following funds were in a deficit position as of September 30, 2015:

Governmental Funds	
Major Fund	
Department of Health and Human Services	\$ (1,508)
Nonmajor Fund	
Rural Business Enterprise	(48)
Wisdom Steps Integrated Systems	(6,287)
Energy Conservation	(108)
Business Development	(35,827)
Survey Blood Degree	(28,535)
Eldercare Development Project	(11,976)
Wild Rice Fund	(45,108)
 Internal Service Funds	
Office Space	(133,591)
Administrative Pool	(89,922)
Revolving Fund	(16,016)

Management intends to restore the deficit fund balances. The funds will be restored through general fund transfers or additional funding for federal and state agencies.

Note 13 - Concentration of Credit

The Finance Corporation receives a majority of its funding from the State of Minnesota. Also, the Finance Corporation lends money only to Native Americans for the purchase, construction, or rehabilitation of housing within the State of Minnesota.

Note 14 - Dental Self Insurance

The Tribe is self-insured with respect to dental insurance costs. The terms of the plan do not include a stop-loss provision which would limit the Tribe's liability. The following is the activity for the year ended September 30, 2015:

Claims incurred	\$	23,247
Claims paid		23,247



Supplementary Information
September 30, 2015

Minnesota Chippewa Tribe

Minnesota Chippewa Tribe
Combining Balance Sheet –
Nonmajor Governmental Funds
September 30, 2015

	Employee Loan Fund 103	Wisdom Steps 113	MIAAA Workshops 115	Wild Rice Sales 116	Timber Sale 119	Active Workplace 122	Business Development 127	Survey Blood Degree 129	Wisdom Steps Board 132	Wisdom Steps Integrated Systems 133	Cobell Probate 134	Economic Development 602
Assets												
Cash	\$ 17,145	\$ 479	\$ 3,520	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 59,762	\$ -	\$ 49,177	\$ -
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	52,116
Grants receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	11,648	-	-	-	-	-	-	-	-	-	-	-
Other receivables	40,455	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	260
Total assets	\$ 69,248	\$ 479	\$ 3,520	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 59,762	\$ -	\$ 49,177	\$ 52,376
Liabilities and Fund Balance												
Liabilities												
Due to other funds	\$ -	\$ -	\$ -	\$ 45,108	\$ -	\$ -	\$ 35,827	\$ 28,535	\$ -	\$ 3,143	\$ -	\$ 52,376
Accounts payable	-	15	1,216	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	2,092	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	3,144	-	-
Total liabilities	-	15	3,308	45,108	-	-	35,827	28,535	-	6,287	-	52,376
Fund Balance (Deficit)												
Nonspendable												
For prepaid items	-	-	-	-	-	-	-	-	-	-	-	260
Committed												
For employee loans	69,248	-	-	-	-	-	-	-	-	-	-	-
For wisdom steps	-	464	-	-	-	-	-	-	59,762	-	-	-
For timber appraisal	-	-	-	-	60,000	-	-	-	-	-	-	-
For workshops	-	-	212	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(45,108)	-	-	(35,827)	(28,535)	-	(6,287)	49,177	(260)
Total fund balance (deficit)	69,248	464	212	(45,108)	60,000	-	(35,827)	(28,535)	59,762	(6,287)	49,177	-
Total liabilities and fund balance	\$ 69,248	\$ 479	\$ 3,520	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 59,762	\$ -	\$ 49,177	\$ 52,376

Minnesota Chippewa Tribe
Combining Balance Sheet –
Nonmajor Governmental Funds
September 30, 2015

	Rural Business Enterprise 661	Federal Flow Through 701	Energy Conservation 740	General Assistance 755	Senior Comm Srcv Employ (SCEP) 810	SCSEP Limited 811	Saint Louis County Racial Disparity 817	CSSD - Adult Day Services 842	Eldercare Development Project 843	Total Nonmajor Governmental Funds
Assets										
Cash	\$ -	\$ -	\$ -	\$ 7,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,418
Accounts receivable	-	19,249	-	-	1,438	-	-	16,408	-	89,211
Grants receivable	-	-	-	-	-	-	112,992	-	-	112,992
Due from other funds	-	-	-	-	-	-	-	-	-	11,648
Other receivables	-	-	-	-	-	-	-	-	-	40,455
Prepaid items	-	-	-	550	652	644	860	-	-	2,966
Total assets	\$ -	\$ 19,249	\$ -	\$ 7,885	\$ 2,090	\$ 644	\$ 113,852	\$ 16,408	\$ -	\$ 454,690
Liabilities and Fund Balance										
Liabilities										
Due to other funds	\$ 48	\$ 17,515	\$ 108	\$ -	\$ 1,438	\$ 644	\$ 113,852	\$ 16,388	\$ 11,976	\$ 326,958
Accounts payable	-	-	-	-	-	-	-	20	-	1,251
Accrued liabilities	-	-	-	2,240	-	-	-	-	-	4,332
Deferred revenue	-	-	-	5,645	-	-	-	-	-	8,789
Total liabilities	48	17,515	108	7,885	1,438	644	113,852	16,408	11,976	341,330
Fund Balance (Deficit)										
Nonspendable										
For prepaid items	-	-	-	550	652	644	860	-	-	2,966
Committed										
For employee loans	-	-	-	-	-	-	-	-	-	69,248
For wisdom steps	-	-	-	-	-	-	-	-	-	60,226
For timber appraisal	-	-	-	-	-	-	-	-	-	60,000
For workshops	-	-	-	-	-	-	-	-	-	212
Unassigned	(48)	1,734	(108)	(550)	-	(644)	(860)	-	(11,976)	(79,292)
Total fund balance (deficit)	(48)	1,734	(108)	-	652	-	-	-	(11,976)	113,360
Total liabilities and fund balance	\$ -	\$ 19,249	\$ -	\$ 7,885	\$ 2,090	\$ 644	\$ 113,852	\$ 16,408	\$ -	\$ 454,690

Minnesota Chippewa Tribe
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
Year Ended September 30, 2015

	Employee Loan Fund 103	Wisdom Steps 113	MIAAA Workshops 115	Wild Rice Sales 116	Timber Sale 119	Active Workplace 122	Business Development 127	Survey Blood Degree 129	Wisdom Steps Board 132	Wisdom Steps Integrated Systems 133	Cobell Probate 134	Economic Development 602
Revenue												
Intergovernmental - federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,905	286,792	\$ 132,461
Program income	5,835	-	-	-	-	-	-	-	-	-	-	-
Other	12	4,888	27,784	-	-	98	-	5,594	67,635	-	-	-
Total revenue	5,847	4,888	27,784	-	-	98	-	5,594	67,635	2,905	286,792	132,461
Expenditures												
Personnel	-	-	-	-	-	-	12,142	-	-	-	150,314	40,110
Fringe benefits	-	-	-	-	-	-	7,896	-	-	-	49,721	8,236
Travel/training	-	-	35,974	-	-	423	1,955	-	27,568	2,568	607	10,238
Office expenses	-	58	1,298	-	-	110	1,494	-	847	903	165	9
Pass-through funds	-	-	-	-	-	-	-	-	19,160	-	-	-
Office and equipment rental	-	-	-	-	-	-	-	-	-	-	-	4,757
Other expenditures	113	4,675	199	45,108	-	-	-	5,627	14,459	5,001	-	48,587
Total direct expenditures	113	4,733	37,471	45,108	-	533	23,487	5,627	62,034	8,472	200,807	111,937
Indirect costs	-	-	-	-	-	-	-	-	-	720	36,808	20,524
Total expenditures	113	4,733	37,471	45,108	-	533	23,487	5,627	62,034	9,192	237,615	132,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,734	155	(9,687)	(45,108)	-	(435)	(23,487)	(33)	5,601	(6,287)	49,177	-
Fund Balance (Deficit), Beginning of Year	63,514	309	9,899	-	60,000	435	(12,340)	(28,502)	54,161	-	-	-
Fund Balance (Deficit), End of Year	\$ 69,248	\$ 464	\$ 212	\$ (45,108)	\$ 60,000	\$ -	\$ (35,827)	\$ (28,535)	\$ 59,762	\$ (6,287)	\$ 49,177	\$ -

Minnesota Chippewa Tribe
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
Year Ended September 30, 2015

	Rural Business Enterprise 661	Federal Flow Through 701	Energy Conservation 740	General Assistance 755	Senior Comm Srvc Employ (SCEP) 810	SCSEP Limited 811	Saint Louis County Racial Disparity 817	CSSD - Adult Day Services 842	Eldercare Development Project 843	Total Nonmajor Governmental Funds
Revenue										
Intergovernmental - federal	\$ -	\$ 20,983	\$ -	\$ 29,354	\$ 54,439	\$ 12,514	\$ 254,137	\$ -	\$ -	\$ 793,585
Program income	-	-	-	-	-	-	-	-	-	5,835
Other	-	-	-	-	-	-	-	80,163	-	186,174
Total revenue	-	20,983	-	29,354	54,439	12,514	254,137	80,163	-	985,594
Expenditures										
Personnel	(83)	-	-	17,535	34,868	6,534	68,011	43,900	7,339	380,670
Fringe benefits	-	-	-	4,713	3,924	716	24,696	10,767	3,986	114,655
Travel/training	-	-	-	815	6,055	2,680	20,978	2,190	432	112,483
Office expenses	-	-	-	320	3,739	1,408	6,938	3,597	219	21,105
Pass-through funds	-	19,249	-	-	-	-	-	-	-	38,409
Office and equipment rental	-	-	-	405	-	-	6,993	12,000	-	24,155
Other expenditures	-	-	-	1,019	-	-	88,914	1,965	-	215,667
Total direct expenditures	(83)	19,249	-	24,807	48,586	11,338	216,530	74,419	11,976	907,144
Indirect costs	-	-	-	4,547	5,201	1,176	37,607	5,744	-	112,327
Total expenditures	(83)	19,249	-	29,354	53,787	12,514	254,137	80,163	11,976	1,019,471
Excess (Deficiency) of Revenues Over (Under) Expenditures	83	1,734	-	-	652	-	-	-	(11,976)	(33,877)
Fund Balance (Deficit), Beginning of Year	(131)	-	(108)	-	-	-	-	-	-	147,237
Fund Balance (Deficit), End of Year	\$ (48)	\$ 1,734	\$ (108)	\$ -	\$ 652	\$ -	\$ -	\$ -	\$ (11,976)	\$ 113,360

Minnesota Chippewa Tribe
Combining Schedule of Net Position –
Internal Service Funds
September 30, 2015

	Office Space	Revolving Fund	Computer/ Copy Services	Admin Pool	MCT Insurance	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 1,451	\$ -	\$ -	\$ 1,451
Accounts receivable	9,881	1,250	-	46	-	11,177
Due from other funds	-	-	38,270	19,988	131,726	189,984
Prepaid expenses and other assets	-	-	-	10,082	-	10,082
Equipment	-	26,790	72,223	-	-	99,013
Accumulated Depreciation	-	(26,790)	(55,874)	-	-	(82,664)
Total assets	<u>9,881</u>	<u>1,250</u>	<u>56,070</u>	<u>30,116</u>	<u>131,726</u>	<u>229,043</u>
Liabilities and Net Position						
Current Liabilities						
Due to other funds	142,968	18,583	-	8,445	-	169,996
Accounts payable	504	(1,317)	-	-	13,661	12,848
Accrued liabilities	-	-	-	21,024	-	21,024
Noncurrent liabilities						
Due within one year	-	-	-	90,569	-	90,569
Total liabilities	<u>143,472</u>	<u>17,266</u>	<u>-</u>	<u>120,038</u>	<u>13,661</u>	<u>294,437</u>
Net Position (Deficit)						
Investment in capital assets	-	-	16,349	-	-	16,349
Unrestricted	(133,591)	(16,016)	39,721	(89,922)	118,065	(81,743)
Total net position (deficit)	<u>\$ (133,591)</u>	<u>\$ (16,016)</u>	<u>\$ 56,070</u>	<u>\$ (89,922)</u>	<u>\$ 118,065</u>	<u>\$ (65,394)</u>
Total liabilities and net position	<u>\$ 9,881</u>	<u>\$ 1,250</u>	<u>\$ 56,070</u>	<u>\$ 30,116</u>	<u>\$ 131,726</u>	<u>\$ 229,043</u>

Minnesota Chippewa Tribe
Combining Schedule of Revenues, Expenses, and Changes in Net Position –
Internal Service Funds
Year Ended September 30, 2015

	Office Space	Revolving Fund	Computer/ Copy Services	Admin Pool	MCT Insurance	Total
Revenue						
Sales of business support revenues	\$ -	\$ -	23,147	\$ -	\$ -	\$ 23,147
Indirect revenue	-	-	-	641,339	-	641,339
Rental revenue	39,274	-	-	-	-	39,274
Insurance revenue	-	-	-	-	373,767	373,767
	<u>39,274</u>	<u>-</u>	<u>23,147</u>	<u>641,339</u>	<u>373,767</u>	<u>1,077,527</u>
Total operating revenue						
Expenses						
Current						
Personnel	8,123	-	-	349,960	-	358,083
Fringe benefits	1,096	-	-	119,484	-	120,580
Travel/training	-	-	-	24,693	-	24,693
Office expenses	73	-	4,073	21,045	149	25,340
Office and equipment rent	-	-	3,179	27,623	-	30,802
Maintenance	54,428	-	-	-	-	54,428
Depreciation	-	-	6,814	-	-	6,814
Other expenditures	-	-	12,198	67,070	384,768	464,036
	<u>63,720</u>	<u>-</u>	<u>26,264</u>	<u>609,875</u>	<u>384,917</u>	<u>1,084,776</u>
Total expenses						
Change in Net Position	(24,446)	-	(3,117)	31,464	(11,150)	(7,249)
Net Position (Deficit), Beginning of Year	(109,145)	(16,016)	59,187	(121,386)	129,215	(58,145)
Net Position (Deficit), End of Year	<u>\$ (133,591)</u>	<u>\$ (16,016)</u>	<u>\$ 56,070</u>	<u>\$ (89,922)</u>	<u>\$ 118,065</u>	<u>\$ (65,394)</u>

Minnesota Chippewa Tribe
Combining Schedule of Cash Flows –
Internal Service Funds
Year Ended September 30, 2015

	Office Space	Revolving Fund	Computer/ Copy Services	Admin Pool	MCT Insurance	Total
Operating Activities						
Cash received from customers	\$ 29,393	\$ 2,406	\$ 68,696	\$ 642,876	\$ 373,767	\$ 1,117,138
Cash paid for wages and benefits	(9,219)	(225)	-	(474,061)	-	(483,505)
Cash paid to suppliers	(163,142)	(20,764)	(19,450)	(137,881)	(374,980)	(716,217)
Net Cash from (used for) Operating Activities	<u>(142,968)</u>	<u>(18,583)</u>	<u>49,246</u>	<u>30,934</u>	<u>(1,213)</u>	<u>(82,584)</u>
Non-Capital Financing Activities						
Proceeds from other funds	142,968	18,583	-	(695)	-	160,856
Payments to other funds	-	-	(38,270)	(30,239)	-	(68,509)
Net Cash from (used for) Non-Capital Financing Activities	<u>142,968</u>	<u>18,583</u>	<u>(38,270)</u>	<u>(30,934)</u>	<u>-</u>	<u>92,347</u>
Capital and Related Financing Activities						
Purchase of equipment	-	-	(9,525)	-	-	(9,525)
Net Change in Cash and Cash Equivalents	-	-	1,451	-	(1,213)	238
Cash and Cash Equivalents at Beginning of Year	-	-	-	-	1,213	1,213
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,451</u>
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities						
Change in net position	\$ (24,446)	\$ -	\$ (3,117)	\$ 31,464	\$ (11,150)	\$ (7,249)
Adjustments to reconcile operating income (loss) to cash from (used for) operating activities						
Depreciation	-	-	6,814	-	-	6,814
Changes in assets and liabilities						
Accounts receivables	(9,881)	2,406	45,549	1,537	-	39,611
Prepaid expenses and other assets	-	-	-	2,550	25,891	28,441
Accounts payables	(108,641)	(20,764)	-	-	(15,954)	(145,359)
Accrued liabilities	-	(225)	-	(4,617)	-	(4,842)
Net Cash from (used for) Operating Activities	<u>\$ (142,968)</u>	<u>\$ (18,583)</u>	<u>\$ 49,246</u>	<u>\$ 30,934</u>	<u>\$ (1,213)</u>	<u>\$ (82,584)</u>

Minnesota Chippewa Tribe
Combining Balance Sheet –
U.S Department of Interior Programs
September 30, 2015

	Tribal Operations 503	Natural Resources 510	Johnson O'Malley (Various)	Total
Assets				
Cash	\$ 228,885	\$ 3,953	\$ 162,168	\$ 395,006
Prepaid items	7,137	-	340	7,477
Total assets	<u>\$ 236,022</u>	<u>\$ 3,953</u>	<u>\$ 162,508</u>	<u>\$ 402,483</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ -	\$ 3,953	\$ -	\$ 3,953
Deferred revenue	236,022	-	162,508	398,530
Total liabilities	<u>236,022</u>	<u>3,953</u>	<u>162,508</u>	<u>402,483</u>
Fund Balance				
Nonspendable				
Prepaid items	7,137	-	340	7,477
Unassigned	(7,137)	-	(340)	(7,477)
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 236,022</u>	<u>\$ 3,953</u>	<u>\$ 162,508</u>	<u>\$ 402,483</u>

Minnesota Chippewa Tribe
Combining Schedule of Revenue, Expenditures and Change in Fund Balance –
U.S Department of Interior Programs
Year Ended September 30, 2015

	Tribal Operations 503	Natural Resources 510	Johnson O'Malley (Various)	Total
Revenue				
Intergovernmental - federal	\$ 204,101	\$ 82,698	\$ 334,554	\$ 621,353
Contract	82,750	-	-	82,750
Total revenue	286,851	82,698	334,554	704,103
Expenditures				
Current				
Personnel	155,672	44,503	82,797	282,972
Fringe benefits	47,922	25,650	22,023	95,595
Travel/training	4,598	41	27,117	31,756
Office expenses	13,338	82	35,094	48,514
Office and equipment rental	19,754	-	10,543	30,297
Other expenditures	1,133	132	104,822	106,087
Total direct expenditures	242,417	70,408	282,396	595,221
Indirect costs	44,434	12,290	52,158	108,882
Total expenditures	286,851	82,698	334,554	704,103
Revenue over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Minnesota Chippewa Tribe
Combining Balance Sheet –
U.S. Department of Health and Human Services Programs
September 30, 2015

	Title VI Nutrition Grant 620	NEW/ STRIDE Program 621	Caregiver Support 622	MFIP 808	Title III 830	MIAAA 831	Nutrition Support Services 832
Assets							
Cash	\$ 125	\$ -	\$ 70	\$ -	\$ 10,335	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Grants receivable	-	61,878	-	108,364	-	187,368	7,956
Due from other funds	-	-	-	-	-	750	-
Prepaid items	-	-	-	593	3,190	-	-
Total assets	\$ 125	\$ 61,878	\$ 70	\$ 108,957	\$ 13,525	\$ 188,118	\$ 7,956
Liabilities and Fund Balance							
Liabilities							
Due to other funds	\$ -	\$ 61,878	\$ -	\$ 108,957	\$ -	\$ 25,561	\$ 9,464
Accounts payable	-	-	-	-	11,000	162,557	-
Accrued liabilities	-	-	-	-	-	-	-
Deferred revenue	125	-	70	-	2,525	-	-
Total liabilities	125	61,878	70	108,957	13,525	188,118	9,464
Fund Balance (Deficit)							
Nonspendable							
For prepaid items	-	-	-	593	3,190	-	-
Unassigned	-	-	-	(593)	(3,190)	-	(1,508)
Total fund balance (deficit)	-	-	-	-	-	-	(1,508)
Total liabilities and fund balance (deficit)	\$ 125	\$ 61,878	\$ 70	\$ 108,957	\$ 13,525	\$ 188,118	\$ 7,956

Minnesota Chippewa Tribe
Combining Balance Sheet –
U.S. Department of Health and Human Services Programs
September 30, 2015

	Alzheimer Project 834	Caregiver 835	Grandkin 838	Title III-D 840	Integrated System Development 841	MNSURE 851	Total
Assets							
Cash	\$ 50	\$ -	\$ 4,162	\$ -	\$ 2,609	\$ -	\$ 17,351
Accounts receivable	-	-	-	-	-	1,381	1,381
Grants receivable	-	22,375	-	12,546	-	-	400,487
Due from other funds	-	-	-	-	-	-	750
Prepaid items	-	-	-	-	-	-	3,783
Total assets	\$ 50	\$ 22,375	\$ 4,162	\$ 12,546	\$ 2,609	\$ 1,381	\$ 423,752
Liabilities and Fund Balance							
Liabilities							
Due to other funds	\$ -	\$ 22,375	\$ -	\$ 12,546	\$ -	\$ 1,330	\$ 242,111
Accounts payable	-	-	-	-	-	-	173,557
Accrued liabilities	-	-	-	-	-	-	-
Deferred revenue	50	-	4,162	-	2,609	51	9,592
Total liabilities	50	22,375	4,162	12,546	2,609	1,381	425,260
Fund Balance (Deficit)							
Nonspendable							
For prepaid items	-	-	-	-	-	-	3,783
Unassigned	-	-	-	-	-	-	(5,291)
	-	-	-	-	-	-	(1,508)
Total liabilities and fund balance (deficit)	\$ 50	\$ 22,375	\$ 4,162	\$ 12,546	\$ 2,609	\$ 1,381	\$ 423,752

Minnesota Chippewa Tribe
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balance –
U.S. Department of Health and Human Services Programs
Year Ended September 30, 2015

	NEW/ STRIDE Program 621	MFIP 808	Title III 830	MIAAA 831	Nutrition Support Services 832	Caregiver 835	Title III-D 840	Integrated System Development 841	MNSURE 851	Total
Revenue										
Intergovernmental - federal	\$ 377,737	\$ 578,158	\$ 69,809	401,309	\$ -	\$ 19,257	\$ 2,660	\$ -	\$ 126,246	\$ 1,575,176
Other	300	-	-	116,668	-	-	-	-	5,972	122,940
Total revenue	378,037	578,158	69,809	517,977	-	19,257	2,660	-	132,218	1,698,116
Expenditures										
Personnel	149,232	179,045	21,377	43,789	-	9,253	875	-	66,039	469,610
Fringe benefits	42,601	55,256	8,811	11,676	-	3,467	269	-	26,709	148,789
Travel/training	17,935	20,558	12,011	-	-	774	-	-	18,253	69,531
Office expenses	9,729	28,636	8,313	750	-	482	-	-	2,944	50,854
Pass through funds	-	-	11,000	437,411	-	-	-	-	-	448,411
Office and equipment rent	14,950	30,410	7,781	-	-	5,281	-	-	6,341	64,763
Other expenditures	85,059	177,186	516	18,000	-	-	1,516	-	450	282,727
Total direct expenditures	319,506	491,091	69,809	511,626	-	19,257	2,660	-	120,736	1,534,685
Indirect costs	58,531	87,067	-	6,351	-	-	-	-	11,482	163,431
Total expenditures	378,037	578,158	69,809	517,977	-	19,257	2,660	-	132,218	1,698,116
Revenue over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance (Deficit), Beginning of Year	-	-	-	-	(1,508)	-	-	-	-	(1,508)
Fund Balance (Deficit), End of Year	\$ -	\$ -	\$ -	\$ -	\$ (1,508)	\$ -	\$ -	\$ -	\$ -	\$ (1,508)

Minnesota Chippewa Tribe
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2015

Federal Grantor/Pass Through Grantor/Program	Contract or Pass Through Number	CFDA Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Interior				
Passed-through the Bureau of Indian Affairs				
Tribal operations		15.048	\$ 286,851	
Johnson O'Malley		15.130	334,554	
Natural resources		15.035	<u>82,698</u>	
Total U.S. Department of Interior				\$ 704,103
U.S. Department of Health and Human Services				
Direct programs				
NEW Program, 10/14 - 6/15		93.594	\$ 296,730	
NEW Program, 07/15 - 9/15		93.594	<u>81,307</u>	
Total CFDA #93.594				378,037
Disease Prevention/Health Promotion, 10/14 - 12/14	15AAMNTPH	93.043	2,600	
Integrated System Development, 10/14 - 9/15		93.048	9,193	
Caregiver Support, 1/15 - 9/15	15AAMNTFC	93.052	16,740	
Caregiver Support, 10/14 - 12/14	15AAMNTFC	93.052	<u>2,517</u>	
Total CFDA #93.052				19,257
Special Programs passed through for the MN Board of Aging				
Title III, Part B Grants for Supportive Services and Senior Centers, 1/15 - 9/15	15AAMNTSS	93.044	56,883	
Title III, Part B Grants for Supportive Services and Senior Centers, 10/14 - 12/14	15AAMNTSS	93.044	12,926	
AAA Administration, 1/15 - 9/15	15AAMNT	93.044	40,476	
AAA Administration, 10/14 - 12/14	15AAMNT	93.044	<u>12,414</u>	
Total CFDA #93.044			<u>122,699</u>	
Home Delivered/Congregate Meals, 10/14 - 12/14	15AAMNT3HD/15AAMNT3CM	93.045	92,000	
Home Delivered/Congregate Meals, 1/15 - 9/15	15AAMNT3HD/15AAMNT3CM	93.045	<u>194,739</u>	
Total CFDA #93.045			<u>286,739</u>	274,854
NSIP - Home Delivered/Congregate Meals, 10/14 - 12/14	15AAMNNSHIP	93.053	31,230	
NSIP - Home Delivered/Congregate Meals, 1/15 - 9/15	15AAMNNSHIP	93.053	<u>30,450</u>	
Total CFDA #93.053			<u>61,680</u>	
Total Special Programs passed through the MN Board of Aging Cluster CFDA #93.044, 93.045, 93.053				471,118

Minnesota Chippewa Tribe
 Schedule of Expenditures of Federal Awards
 Year Ended September 30, 2015

Federal Grantor/Pass Through Grantor/Program	CFDA Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Health and Human Services, cont..			
Passed-through the Minnesota			
Department of Human Services			
MnSure Outreach & Enrollment, 10/14 - 12/14	HBEIE130163	\$ 132,141	
MnSure Outreach & Enrollment, 1/15 - 9/15	HBEIE130163	<u>76</u>	
Total CFDA #93.525			\$ 132,217
Minnesota Family Investment Program, 10/14 - 12/14	1402MNTANF	227,928	
Minnesota Family Investment Program, 1/15 - 9/15	1502MNTANF	<u>350,231</u>	
Total CFDA #93.558			<u>578,159</u>
Total U.S. Department of Health and Human Services			\$ 1,590,581
U.S. Department of Commerce			
Direct Programs			
Economic Development Planning, 10/14 - 12/14	11.302	78,381	
Economic Development Planning, 1/15 - 9/15	11.302	<u>54,080</u>	
Total CFDA #11.302			<u>132,461</u>
Total U.S. Department of Commerce			132,461
Environmental Protection Agency			
Direct Programs			
General Assistance Program	66.926	<u>29,354</u>	
Total Environmental Protection Agency			29,354
U.S. Department of Agriculture			
Passed-through State of Minnesota			
Department of Human Services			
Food Stamp Nutrition Education	2015IQ390342	<u>703,413</u>	391,502
Total U.S. Department of Agriculture			703,413
U.S. Department of Justice			
Direct Programs			
Justice Assitance Grant	16.738		19,249
U.S. Department of Labor			
Passed-through State of Minnesota Economic Security			
Senior Community Service Employment, 10/14 - 6/15	17.235	60,666	
Senior Community Service Employment, 7/15 - 9/15	17.235	<u>3,959</u>	
Total CFDA #17.235			<u>64,625</u>
Total U.S. Department of Labor			<u>64,625</u>
Total Federal Financial Assistance			<u>\$ 3,243,786</u> <u>\$ 666,356</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Minnesota Chippewa Tribe and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The Minnesota Chippewa Tribe received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note B – Significant Accounting Policies

Governmental fund types account for the Minnesota Chippewa Tribe's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The Minnesota Chippewa Tribe's summary of significant accounting policies is presented in Note 1 in the Minnesota Chippewa Tribe's basic financial statements.

The organization has not elected to use the 10% de minimis cost rate.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Tribal Executive Committee
Minnesota Chippewa Tribe
Cass Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Minnesota Chippewa Tribe, Cass Lake, Minnesota, (the Tribe) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Tribe's basic financial statements and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Tribe's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tribe's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tribe's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies 2015-A, 2015-B, 2015-C, 2015-D, and 2015-E described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tribe's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as items 2015-E, 2015-001 and 2015-002.

Tribe's Response to Findings

The Tribe's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Tribe's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
November 30, 2017



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133

To the Tribal Executive Committee
Minnesota Chippewa Tribe
Cass Lake, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Minnesota Chippewa Tribe's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Minnesota Chippewa Tribe's major federal programs for the year ended September 30, 2015. Minnesota Chippewa Tribe's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Minnesota Chippewa Tribe's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Minnesota Chippewa Tribe's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Minnesota Chippewa Tribe's compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in the accompanying schedule of findings and questions cost, the Minnesota Chippewa Tribe did not comply with the requirements regarding the following major federal programs.

<u>Finding Number</u>	<u>CFDA</u>	<u>Program</u>	<u>Compliance Requirement</u>
2015-001	10.551	Food Stamp Nutrition Education	Allowable Activities/Allowable Costs
	93.558	Minnesota Family Investment Program	Allowable Activities/Allowable Costs
2015-002	93.558	Minnesota Family Investment Program	Eligibility

Compliance with such requirements is necessary, in our opinion, for the Minnesota Chippewa Tribe to comply with the requirements applicable to this program.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Minnesota Chippewa Tribe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on for the year ended September 30, 2015.

Opinion on Each of the Other Major Federal Programs

In our opinion, the Tribe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major Federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the Minnesota Chippewa Tribe is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Minnesota Chippewa Tribe's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Minnesota Chippewa Tribe's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003 to be material weaknesses.

Tribe's Response to Finding

The Tribe's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Tribe's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
November 30, 2017

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of Auditor's Report Issued	Unmodified:	Business Type Activities Each major fund Aggregate remaining fund information
	Disclaimer:	Governmental activities General Fund
Internal Control over Financial Reporting Material weaknesses identified	Yes	
Significant deficiencies identified not considered to be material weaknesses	None reported	
Noncompliance Material to Financial Statements Noted?	Yes	

FEDERAL AWARDS

Internal Control over Major Programs Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of Auditor's Report Issued on Compliance for Major Programs	Qualified, Unmodified (see below)
Any Audit Findings Disclosed That Are Required to be Reported in Accordance with Section 510(A) of <i>OMB Circular A-133</i> ?	Yes

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>	<u>Opinion</u>
Food Stamp Nutrition Education	10.551	Qualified
Johnson O'Malley	15.130	Unmodified
Aging Cluster	93.044, 93.045, 93.053	Unmodified
Minnesota Family Investment Program	93.558	Qualified
Dollar Threshold used to Distinguish Between Type A and Type B Programs	\$ 300,000	
Auditee Qualified as Low-Risk Auditee?	No	

Section II – Financial Statement Findings

**2015-A Significant Journal Entries
Material Weakness**

Condition – During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the Tribe’s existing internal controls, and therefore could have resulted in a material misstatement of the Tribe’s financial statements.

Criteria – A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements.

Cause – The Tribe does not have an internal control system designed to identify all necessary adjustments.

Effect – This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation – A thorough review and reconciliation of accounts in each fund should take place prior to the beginning of the audit. This review should be done at both the accounting staff and accounting supervisor levels.

Management’s Response – The Tribe is developing a fiscal year-end review process and checklist that will be implemented at the end of the fiscal year September 30, 2014 to ensure that future audit adjustments will be minimal.

**2015-B Preparation of Financial Statements
Material Weakness**

Condition – The Tribe does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the Tribe’s financial statements and accompanying notes to the financial statements.

Criteria – A good system of internal accounting control contemplates an adequate system for the ability to internally prepare their financial statements.

Cause - Tribal personnel do not have adequate training to apply accounting principles generally accepted in the United States of America internally.

Effect – The financial disclosures in the financial statements could be incomplete.

Recommendation – This circumstance is not unusual in a Tribe of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management’s Response – Due to cost constraints, the Tribe will continue to have the auditors draft the financial statements and accompanying notes to the financial statements.

2015-C Segregation of Duties
Material Weakness

Condition – The Tribe has a lack of segregation of duties in certain areas due to a limited staff.

Criteria – A good system of internal control contemplates an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check depositing), record keeping and reconciliation functions.

Cause – There are a limited amount of finance employees.

Effect – Inadequate segregation of duties could adversely affect the Tribe's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation – While we recognize that your staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management and financial statement accuracy for the Tribe. Segregation of authorization, custody of assets, record keeping and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Management's Response – Due to cost constraints, there will be no further administrative employees added. The Tribe will continue to look for further opportunities to segregate duties.

2015-D Inadequate Supporting Documentation
Material Weakness

Condition – During the course of our engagement we noted there as inadequate supporting documentation for the cash balances. This could result in a misstatement of the financial statements or potentially fraudulent activity that would not be prevented or detected in a timely manner. Proper documentation should be maintained to support all account balances and transactions.

Criteria – A good system of internal control contemplates an adequate system for maintaining supporting documentation to support account balances.

Cause – The Tribe does not have an internal control system designed to maintain adequate supporting documentation to support account balances.

Effect – This deficiency could result in a material misstatement to the financial statements that would not be prevented or detected.

Recommendation – it is the responsibility of management and those charged with governance to maintain adequate supporting documentation to support account balances.

Management's Response – The Tribe will ensure all bank accounts properly reconcile in a timely manner.

2015-E Reporting
Material Weakness and Material Noncompliance

Condition – The September 30, 2015 audited financial statements were not filed with the Federal Audit Clearinghouse by the required due date.

Criteria – Requirements contained in OMB Circular A-133 requires audited financial statements to be filed with the Federal Audit Clearinghouse within nine months of the Tribe’s year end, as required for compliance with reporting requirements.

Cause – The Tribe’s financial statements were not available to be audited until after the nine month deadline had passed.

Effect – Non-compliance with OMB Circular A-133 reporting requirements.

Recommendation – We recommend that the Tribe implement and communicate a timeline within the finance department to ensure that the Tribe financial information and files are prepared, reconciled, and audited timely. This will allow for timely submission of its audited financial statements to the Federal Audit Clearinghouse within the nine month deadline as required by OMB Circular A-133.

Management’s Response – The Tribe is currently trying to get their audit status to current with the Federal Government. Unfortunately, the FY 15 financial statements were unavailable to be audited in a timely manner.

Section III – Federal Award Findings and Questioned Costs

**2015-001 Allowable Activities/Allowable Costs
 Material Weakness in Internal Control over Compliance and Compliance**

Federal program Information:

Federal Agency	Passed-through	CFDA Number	Program Title	Contract Number	Award Year
U.S. Department of Agriculture	Minnesota Dept. of Human Services	10.551	Food Stamp Nutrition Education	2015IQ390342	2015
U.S. Department of Health and Human Services	Minnesota Dept. of Human Services	93.558	Minnesota Family Investment Program	1402MNTANF	2014

Criteria: Requirements contained in 45 CFR Part 225 and in the grant agreement require that only allowable costs as defined by OMB Circular A-87 should be made with federal awards

Condition: The Tribe had payments for unallowable expenditures and failed to maintain required supporting documentation verifying allowable cost details.

Cause: Payments the Tribe made for promotional items are unallowable. The Tribe also did not adequately require recipients seeking services paid for by this DHS grant to submit all required supporting documentation to verify that these were allowable costs under the grant’s requirements.

Effect: These expenditures were questioned costs.

Questioned Costs: For CFDA #10.551 a sample of 60 items totaling \$175,188 was selected from a population of \$703,413. Two items with questioned costs totaling \$30,502 were found in noncompliance.

For CFDA #93.558 a sample of 40 items totaling \$61,600 was selected from a population of \$578,158. Two items with questioned costs totaling \$34,100 were found in noncompliance.

Recommendation: A responsible tribal official should be reminded of the allowable costs under OMB Circular A-87. Also, the Tribe should require that all recipients seeking services paid for by this DHS grant must submit all required supporting documentation prior to paying for those costs.

Management’s Response and Corrective Action Plan:

1. Actions Planned in Response to the Finding – The Tribe will update their review procedures to implement proper internal controls to ensure all expenditures are allowable and have adequate backup.
2. Explanation of Disagreement – There is no disagreement with the finding.
3. Official Responsible for Ensuring Corrective Action – The Accounting Manager will be responsible for ensuring corrective action.
4. Planned Completion Date for the Corrective Action – October 31, 2017.
5. Plan to Monitor Completion of Corrective Action – The Accounting Manager will oversee the process.

2015-002 Eligibility
Material Weakness in Internal Control over Compliance and Compliance

Federal program Information:

Federal Agency	Passed-through	CFDA Number	Program Title	Contract Number	Award Year
U.S. Department of Health Human Services	Minnesota Dept. of Human Services	93.558	Minnesota Family Investment Program	1402MNTANF	2014

Criteria: Requirements contained in 25 CFR Part 900 and in the grant agreement specify that only eligible individuals are recipients of these benefits. A good system of internal accounting control contemplates an adequate system for obtaining and maintaining adequate supporting documentation verifying eligibility requirements

Condition: The Tribe failed to maintain required supporting documentation verifying eligibility guidelines. EB concluded that the program has a significant internal control deficiency over compliance and compliance.

Questioned Costs: None

Cause: Due to the deficiency of internal controls to ensure proper documentation of eligibility, the Tribe did not adequately have support for 4 individuals tested under the grant to verify that these individuals were eligible under the grant’s eligibility requirements to receive services.

Effect: Failure to maintain required supporting documents to verify eligibility could result in the failure to receive funds.

Recommendation: The Tribe should keep all eligibility files for all individuals who receive services paid for the grant.

Management’s Response and Corrective Action Plan:

1. Actions Planned in Response to the Finding – The Tribe will update their eligibility procedures to implement proper internal controls to ensure all files are submitted, reviewed and retained.
2. Explanation of Disagreement – There is no disagreement with the finding.
3. Official Responsible for Ensuring Corrective Action – The Accounting Manager will be responsible for ensuring corrective action.
4. Planned Completion Date for the Corrective Action – October 31, 2017.
5. Plan to Monitor Completion of Corrective Action – The Accounting Manager will oversee the process.

**2015-003 Subrecipient Monitoring
 Material Weakness in Internal Control over Compliance**

Federal program Information:

Federal Agency	Passed-through	CFDA Number	Program Title	Contract Number	Award Year
U.S. Department of Agriculture	Minnesota Dept. of Human Services	10.551	Food Stamp Nutrition Education	2015IQ390342	2015

Criteria: Requirements contained in 25 CFR Part 900 require that the Tribe monitor actual expenditures of their subrecipients.

Condition: The Tribe failed to monitor expenditures made by their subrecipients.

Questioned costs: None

Effect: Failure to monitor these expenditures could result in unallowable costs.

Cause: The tribe did not adequately monitor the expenditures made by subrecipients.

Recommendation: The tribe should monitor the expenditures made by subrecipients to ensure subgranted funds are being made for allowable costs.

Management's Response and Corrective Action Plan:

1. Actions Planned in Response to the Finding – The Tribe will update their subrecipient monitoring procedures to implement proper internal controls to ensure all files are submitted, reviewed and retained.
2. Explanation of Disagreement – There is no disagreement with the finding.
3. Official Responsible for Ensuring Corrective Action – The Accounting Manager will be responsible for ensuring corrective action.
4. Planned Completion Date for the Corrective Action – October 31, 2017.
5. Plan to Monitor Completion of Corrective Action – The Accounting Manager will oversee the process.