



**TRIBAL LAND ENTERPRISE  
(A Component Unit of the Rosebud Sioux Tribe)**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**YEARS ENDED SEPTEMBER 30, 2020 and 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Tribal Land Enterprise  
Rosebud, South Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Tribal Land Enterprise (TLE), a component unit of the Rosebud Sioux Tribe, as of and for the years ended September 30, 2020, and 2019, and the related notes to the financial statements, which collectively comprise TLE's financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

TLE's 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

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.

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

## **INDEPENDENT AUDITORS' REPORT (Continued)**

### **Basis for Qualified Opinion**

Land, under the management of TLE, is reported in the accompanying statements of net position, in the amounts of \$98,153,155 and \$96,379,015 at September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019, respectively, \$41,076,044 and \$40,950,772 of the land is valued at historical cost as prescribed by accounting principles generally accepted in the United States of America, however, the balance as of the same respective dates, \$57,077,111 and \$55,428,243 is valued using the sale, purchase or exchange of certificates of interest, valued and re-valued periodically, which may or may not represent market value or cost of the land at the time of acquisition. Accordingly, we are unable to satisfy ourselves that land and the related net position are fairly presented in accordance with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of TLE as of September 30, 2020 and 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters – Required Supplementary Information**

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

### **Other Matters – Other Information**

As discussed in Note A, the financial statements present only TLE, and do not purport to, and do not present fairly the financial position of the Rosebud Sioux Tribe as of September 30, 2020 and 2019, and the changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021 on our consideration of TLE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 TLE's internal control over financial reporting and compliance.

*Bland + Associates, P.C.*

Omaha, Nebraska

October 8, 2021

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**STATEMENTS OF NET POSITION**

<b>ASSETS</b>	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,121,749	\$ 3,944,724
Accounts Receivable, Less Allowance for Doubtful Accounts of \$1,000,922 and \$1,000,922, Respectively	566,975	393,120
Due From Agency	1,110,556	947,669
Due From Related Parties	184,261	20,613
Other Assets	47,633	115,379
Total Current Assets	6,031,174	5,421,505
<b>NONCURRENT ASSETS</b>		
Capital Assets, Net of Accumulated Depreciation	99,506,477	97,834,702
Total Noncurrent Assets	99,506,477	97,834,702
	<b>\$ 105,537,651</b>	<b>\$ 103,256,207</b>
<b>LIABILITIES AND NET POSITION</b>		
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 111,449	\$ 97,944
Current Maturities of Long-Term Debt	1,074,325	1,030,629
Assignments Payable	-	218,345
Accrued Expenses	117,391	76,315
Accrued Interest	126,202	116,431
Dividends Payable	226,230	627,897
Due to Related Parties	140,882	-
Total Current Liabilities	1,796,479	2,167,561
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Less Current Maturities	6,378,100	7,372,240
Total Long-Term Liabilities	6,378,100	7,372,240
Total Liabilities	8,174,579	9,539,801
<b>COMMITMENTS AND CONTINGENCIES</b>		
	-	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	92,054,052	89,431,833
Restricted:		
Expendable:		
TLE Certificates, \$1 Base Value, 1,267,120 and 1,272,553 Certificates Authorized, Issued, and Outstanding, Respectively	1,267,120	1,272,553
Unrestricted:		
Additional Paid-in Capital	1,062,862	1,243,520
Operations	2,979,038	1,768,500
Total Net Position	97,363,072	93,716,406
	<b>\$ 105,537,651</b>	<b>\$ 103,256,207</b>

The accompanying notes to financial statements  
are an integral part of these statements

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**STATEMENTS OF REVENUES AND EXPENSES**

	<b>Years Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Land and Irrigation System Leases	\$ 6,755,731	\$ 7,106,877
Miscellaneous	21,802	41,071
Fines, Crop, and Hay Sales	12,142	7,478
Bear Butte Lodge	5,405	19,198
Prairie Hills	-	839,217
Total Revenues	6,795,080	8,013,841
<b>COST OF REVENUES</b>		
Salaries and Payroll Taxes	1,083,554	1,151,056
Bear Butte Lodge Costs	50,960	66,055
Prairie Hills	24,197	843,648
Land Management Fees	10,852	3,703
Mustang Meadows Costs	10,240	-
Equipment Expense and Maintenance	6,694	58,902
Hard Grass Costs	5,818	5,479
Irrigation Expense	-	1,769
Prairie Dog Control	-	30
Total Cost of Revenues	1,192,315	2,130,642
Gross Profit	5,602,765	5,883,199
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Operating Income	691,186	1,101,037
<b>OTHER INCOME (EXPENSE)</b>		
Loss on Sale of Capital Assets	(7,141)	-
Interest Income	27,956	101,118
Interest Expense	(380,181)	(413,164)
Payroll Protection Program Grant Revenue	195,900	-
Total Other Expense	(163,466)	(312,046)
<b>CHANGE IN NET POSITION</b>	<b>\$ 4,748,113</b>	<b>\$ 4,470,116</b>

The accompanying notes to financial statements  
are an integral part of these statements

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**STATEMENTS OF CHANGES IN NET POSITION**  
**Years Ended September 30, 2020 and 2019**

	Net Investment in Capital Assets	Restricted Net Assets Certificates of Interest	Unrestricted Net Assets		Total
			Additional Paid-in Capital	From Operations	
<b>NET POSITION, October 1, 2018</b>	\$ 85,776,230	\$ 1,259,883	\$ 615,216	\$ 1,883,116	\$ 89,534,445
Issuance of 67,875 Shares of New Certificates	-	67,875	2,700,944	-	2,768,819
Redemption of 55,205 Shares of Existing Certificates	-	(55,205)	(2,072,640)	-	(2,127,845)
Change In Net Position	-	-	-	4,470,116	4,470,116
Change In Net Investment in Capital Assets	3,655,603	-	-	(3,655,603)	-
Dividends Declared	-	-	-	(929,129)	(929,129)
<b>NET POSITION, September 30, 2019</b>	89,431,833	1,272,553	1,243,520	1,768,500	93,716,406
Issuance of 40,261 Shares of New Certificates	-	40,261	347,049	-	387,310
Redemption of 45,694 Shares of Existing Certificates	-	(45,694)	(527,707)	-	(573,401)
Change In Net Position	-	-	-	4,748,113	4,748,113
Change In Net Investment in Capital Assets	2,622,219	-	-	(2,622,219)	-
Dividends Declared	-	-	-	(915,356)	(915,356)
<b>NET POSITION, September 30, 2020</b>	<b>\$ 92,054,052</b>	<b>\$ 1,267,120</b>	<b>\$ 1,062,862</b>	<b>\$ 2,979,038</b>	<b>\$ 97,363,072</b>

The accompanying notes to financial statements  
are an integral part of these statements

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 6,654,238	\$ 7,801,508
Cash Paid to Suppliers for Goods and Services	(701,422)	(1,806,446)
Cash Paid to Employees	(1,083,554)	(1,151,056)
Net Cash Provided By Operating Activities	4,869,262	4,844,006
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from Individuals for Certificates Purchased	387,310	2,768,819
Cash Paid to Individuals for Certificates Redeemed	(573,401)	(2,127,845)
Dividends Paid	(1,317,023)	(500,487)
Net Cash (Used In) Provided By Noncapital Financing Activities	(1,503,114)	140,487
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	(1,873,459)	(2,874,493)
Payments on Long-Term Debt	(950,444)	(961,809)
Interest Paid	(370,410)	(447,384)
Net Cash Used In Capital and Related Financing Activities	(3,194,313)	(4,283,686)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	27,956	101,118
(Advances) Payments (from)/to Related Parties	(22,766)	1,921
Net Cash Provided By Investing Activities	5,190	103,039
Net Increase in Cash and Cash Equivalents	177,025	803,846
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	3,944,724	3,140,878
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 4,121,749</b>	<b>\$ 3,944,724</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 4,911,579	\$ 4,782,162
Adjustment to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	194,543	180,699
Increase in Allowance for Doubtful Accounts	-	256,078
Payroll Protection Program Grant Revenue	195,900	-
(Increase) Decrease in Current Assets:		
Accounts Receivable	(173,855)	(322,068)
Inventory	-	32,104
Due from Agency	(162,887)	(147,556)
Other Assets	67,746	(10,904)
(Decrease) Increase in Current Liabilities:		
Accounts Payable	13,505	(75,161)
Assignments Payable	(218,345)	159,992
Accrued Expenses	41,076	(11,340)
Net Cash Provided By Operating Activities	<b>\$ 4,869,262</b>	<b>\$ 4,844,006</b>

The accompanying notes to financial statements  
are an integral part of these statements



**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended September 30, 2020 and 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Tribal Land Enterprise (TLE) is presented to assist in understanding TLE's financial statements. The financial statements and notes are representations of TLE's management who are responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

**Reporting Entity and Nature of Operations**

Tribal Land Enterprise is a component unit of the Rosebud Sioux Tribe as defined in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. TLE has no component units included in its financial statements. TLE is governed by a seven member Board of Directors as authorized by its bylaws. Three board members are appointed by the Rosebud Sioux Tribe, three members are elected by the TLE shareholders, and the Chairman of the Rosebud Sioux Tribe is automatically a member of the Board of Directors of TLE.

Membership of TLE consists of the following: the Rosebud Sioux Tribe is considered a member by virtue of the Tribal lands it has placed under the operation and management of TLE. Certain individual members of the Rosebud Sioux Tribe are members of TLE either by virtue of having conveyed land, or interests in land, held in trust by the United States of America, in exchange for certificates of interest in TLE, or by coming into ownership of such certificates through purchases or inheritance. TLE is intended to be a self-sufficient enterprise and the financial statements include only the accounts and transactions of TLE.

TLE has the following purposes and objectives:

1. To affect a plan to remedy the situation of increasing fractionation of ownership interest in allotted lands resulting from probate procedures.
2. To provide a plan to consolidate individual ownership interests in restricted land in furtherance of economic enterprises.
3. To develop a land management plan of the economic interests of members of the Rosebud Sioux Tribe who participate in this plan.
4. To provide for the preservation and safeguarding of the values of individual ownership equities in land.
5. To provide a simplified process by which an individual may exchange his or her land holdings for areas adapted to their ambitions for economic enterprise through the flexible use of certificates of interest.

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Reporting Entity and Nature of Operations (Continued)**

6. To utilize lands under the control of the Rosebud Sioux Tribe for the development of economic enterprises within the various communities of Native Americans on the reservation.
7. To provide for an adequate system of keeping records and of accounting in connection with the operation and management of this plan.
8. To provide a long-term, land-buying program, which would benefit members of the Rosebud Sioux Tribe.

**Basis of Presentation**

The financial statements of TLE, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units that use proprietary fund accounting. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The total economic resources measurement focus and accrual method of accounting are used in the preparation of the accompanying statements.

**Cash and Cash Equivalents**

For financial reporting purposes, cash and cash equivalents include cash on hand and on deposit with financial institutions and financial instruments with original maturities of 90 days or less.

**Accounts Receivable**

TLE extends credit to the lessees that lease lands from TLE without interest. Credit rating reports are not reviewed and there are no credit limits established for these customers. Management determines the allowance for doubtful accounts by regularly evaluating the accounts receivable listing and considering past histories. Accounts receivable are reserved when deemed uncollectible. Recoveries of accounts receivable previously reserved are recorded when received.

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets include land and depreciable assets such as buildings, improvements, vehicles, office furniture, and equipment. With the exception of certain land, as discussed in the next paragraph, capital assets are recorded at cost with a capitalization threshold of \$1,000. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets ranging from 3 to 39 years. Maintenance, repairs, and renewals, which neither materially add to the value of the asset nor appreciably prolong its life, are charged to expense as incurred.

As noted in the auditors' report, certain land and net position under management of TLE have been recorded in the accompanying statements of net position at the base value of \$1 for each certificate redeemed. Land should be recorded at cost to conform with accounting principles generally accepted in the United States of America.

**Compensated Absences**

It is TLE's policy to permit full-time employees to accrue paid time off. Employees can carryover 160 hours of paid time off to the next fiscal year. All accumulated paid time off is recorded as an expense and an accrued liability at the time the benefit is earned.

**Net Position**

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction or improvement of these assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Certificates of Interest**

Beginning in 1994, land and related certificate values were established utilizing an index derived from the change in land values in South Dakota as reported by the Economic Research Service (ERS) of the United States Department of Agriculture (USDA) annual publication *Agricultural Resources and Environmental Indicators*. In 1995, the Board of Directors were concerned that a significant devaluation of the certificate might have an adverse economic impact on TLE and thereby froze the value of the certificate at its 1994 value of \$11.37. During 1996, the Board devalued the certificate to \$9.97, which is approximately one-half of the difference between \$11.37 and the amount that would have

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Certificates of Interest (Continued)**

resulted using the revised ERS data. In recognition of Section 28 of the bylaws, the Board of Directors made various approvals to increase the value of the certificates of interest from \$9.97 in 1996 to \$40.74 during the year ended September 30, 2011 and \$40.74 has remained the Board approved value since that date.

**Revenue Recognition**

Substantially all of TLE's revenue is derived from leasing land under its jurisdiction for grazing and farming. The leases (or permits, in the case of range units) typically begin either March 1 or November 1 of each year. The term of the leases is up to five years and the lease payments are made at the beginning of the lease term and annually thereafter. Lease revenue is recognized on a straight-line basis over the lease term. Payments received in advance of the due date are considered unearned revenue and are not recognized as revenue until the appropriate due date.

**Operating Revenue and Expenses**

Operating activities consist of managing and leasing land in the name of TLE and does not include financing, investing, or any non-operating activities such as interest income and interest expense.

**Income Taxes**

As a Tribal component unit, TLE is not subject to either federal or state income taxes. Accordingly, no provision for income tax expense or liability has been reflected in the accompanying financial statements.

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Fair Value of Financial Instruments**

The fair value of financial instruments such as cash, accounts receivable, and payables, do not differ materially from the aggregate carrying values reflected in the accompanying statements of net position.

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgetary Information**

TLE is not legally required to adopt an annual budget.

**Upcoming Accounting Standard Pronouncements**

GASB Statement No. 87, *Leases*, was released in June 2017 and is effective for reporting periods beginning after June 15, 2021. GASB 87 fundamentally changes the accounting and financial reporting for leases by government. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principles that leases are financings of the right to use an underlying asset. Statement 87 will require TLE to recognize a lease liability and an intangible right-to-use lease asset for all its leasing activities. TLE is evaluating the impact of Statement 87 on its financial reporting and does not expect to implement before the required effective date.

Other recently released GASB pronouncements (GASB's 88 through 97) are not expected to have noticeable impact on the TLE's financial reporting practices.

**Subsequent Events**

Management has evaluated subsequent events through October 8, 2021, which is the date the financial statements were available to be issued.

**NOTE B – CASH**

The balance of TLE's deposits with financial and governmental institutions amounted to \$5,115,524 and \$4,032,381 as of September 30, 2020 and 2019, respectively.

Cash consists of U.S. Treasury overnight accounts and are presented in the financial statements at fair market value. The deposits are categorized below by the level of credit risk. Category 1 includes accounts fully insured or collateralized with securities held by a financial institution in TLE's name. Category 2 includes collateralized accounts with securities held in the name of the financial institutions' trust department or agent for TLE. Category 3 is uncollateralized accounts.

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE B – CASH (Continued)**

Deposits categorized by deposit risk is as follows for the year ended September 30, 2020:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Checking accounts	\$ 3,101,536	\$ -	\$ -	\$ 3,101,536	\$ 3,101,536
Savings accounts	336,720	-	-	336,720	336,720
U.S. Treasury accounts	1,677,268	-	-	1,677,268	1,677,268
	<u>\$ 5,115,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,115,524</u>	<u>\$ 5,115,524</u>

Deposits categorized by deposit risk is as follows for the year ended September 30, 2019:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Checking accounts	\$ 2,407,049	\$ -	\$ -	\$ 2,407,049	\$ 2,407,049
Savings accounts	336,655	-	-	336,655	336,655
U.S. Treasury accounts	1,288,677	-	-	1,288,677	1,288,677
	<u>\$ 4,032,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,032,381</u>	<u>\$ 4,032,381</u>

**NOTE C – DUE FROM RELATED PARTIES**

Current employees and former TLE Board Members have outstanding advances totaling \$20,613 and \$20,613 at September 30, 2020 and 2019, respectively.

As of September 30, 2020, TLE provided lease overpayments to the Tribe totaling \$163,648. This amount is included in Due From Related Parties on the statements of net position.

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE D – CAPITAL ASSETS**

A summary of changes in capital assets is as follows for the year ended September 30, 2020:

	Beginning Balance	Additions	Disposals/Re- classifications	Ending Balance
Capital assets not depreciated:				
Land	\$ 96,379,015	\$ 1,774,140	\$ -	\$ 98,153,155
Construction in Progress	5,000	-	(5,000)	-
Capital assets depreciated:				
Buildings and improvements	2,433,501	-	-	2,433,501
Office furniture and equipment	386,625	14,709	-	401,334
Vehicles	222,439	84,610	(59,275)	247,774
	<u>99,426,580</u>	<u>1,873,459</u>	<u>(64,275)</u>	<u>101,235,764</u>
Less accumulated depreciation	<u>(1,591,878)</u>	<u>(194,543)</u>	<u>57,134</u>	<u>(1,729,287)</u>
Total capital assets	<u>\$ 97,834,702</u>	<u>\$ 1,678,916</u>	<u>\$ (7,141)</u>	<u>\$ 99,506,477</u>

A summary of changes in capital assets is as follows for the year ended September 30, 2019:

	Beginning Balance	Additions	Disposals/Re- classifications	Ending Balance
Capital assets not depreciated:				
Land	\$ 93,578,768	\$ 2,800,247	\$ -	\$ 96,379,015
Construction in Progress	5,000	-	-	5,000
Capital assets depreciated:				
Buildings and improvements	2,414,100	19,401	-	2,433,501
Office furniture and equipment	384,418	54,845	(52,638)	386,625
Vehicles	222,439	-	-	222,439
	<u>96,604,725</u>	<u>2,874,493</u>	<u>(52,638)</u>	<u>99,426,580</u>
Less accumulated depreciation	<u>(1,463,817)</u>	<u>(180,699)</u>	<u>52,638</u>	<u>(1,591,878)</u>
Total capital assets	<u>\$ 95,140,908</u>	<u>\$ 2,693,794</u>	<u>\$ -</u>	<u>\$ 97,834,702</u>

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE D – CAPITAL ASSETS (Continued)**

A summary of land is as follows for the years ended September 30:

	2020	2019
Land acquired with cash	\$ 41,076,671	\$ 40,950,799
Land acquired with certificates of interest - base value	2,736,348	2,736,348
Allocation of excess of calculated value of land over cost represented by TLE certificates of interest	6,165,073	6,165,073
Land acquired with redemption of certificates - excess of market value over base value	38,037,113	36,388,845
Balance of excess of calculated value of land over recorded cost	10,137,950	10,137,950
Total Land	\$ 98,153,155	\$ 96,379,015

**NOTE E – LONG-TERM DEBT**

Long-term debt activity is as follows at September 30,:

	2020	2019
Bank note dated December 18, 2006, due in 2024; with an original principal balance of \$5,218,270, payable in semi-annual payments of \$221,104, including variable interest at September 30, 2020 of 4.75%. This note is collateralized by the Ringneck Ranch and Taylor Ranch.	\$ 1,477,978	\$ 1,632,438
Bank note dated November 18, 2011, due in 2027; with an original principal balance of \$4,510,000, payable in semi-annual payments of \$229,539, including interest at 4.75%. This note is collateralized by the Hardgrass Ranch.	2,552,909	2,876,893
Bank note dated December 18, 2012, due in 2027; with an original principal balance of \$6,014,707, payable in semi-annual payments of \$299,000, including variable interest at September 30, 2020 of 4.85%. This note is secured by a savings account of the Tribe.	3,061,893	3,491,930
Bank note dated April 5, 2017, due in 2027; with an original principal balance of \$480,000, payable in semi-annual payments of \$30,431, including interest at 4.75%. This note is collateralized by real property owned by TLE.	359,645	401,608



**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE E – LONG-TERM DEBT (Continued)**

	2020	2019
Total long-term debt	\$ 7,452,425	\$ 8,402,869
Less current maturities	(1,074,325)	(1,030,629)
Long-term debt maturities	\$ 6,378,100	\$ 7,372,240

Transactions for the year ended September 30, 2020 are summarized as follows:

	October 1, 2019	Proceeds/ Additions	Repayments	September 30, 2020
4.75% note due in 2024	\$ 1,632,438	\$ -	\$ (154,460)	\$ 1,477,978
4.75% note due in 2027	2,876,893	-	(323,984)	2,552,909
4.85% note due in 2027	3,491,930	-	(430,036)	3,061,894
4.75% note due in 2027	401,608	-	(41,964)	359,644
	\$ 8,402,869	\$ -	\$ (950,444)	\$ 7,452,425

Transactions for the year ended September 30, 2019 are summarized as follows:

	October 1, 2018	Proceeds/ Additions	Repayments	September 30, 2019
4% note due in 2018	\$ 1,834,786	\$ -	\$ (202,348)	\$ 1,632,438
5% note due in 2027	3,186,047	-	(309,154)	2,876,893
4.25% note due in 2027	3,902,172	-	(410,242)	3,491,930
4.75% note due in 2027	441,673	-	(40,065)	401,608
	\$ 9,364,678	\$ -	\$ (961,809)	\$ 8,402,869

Future minimum principal and interest payments under these notes payable as of September 30, 2020, are as follows:

Years Ending September 30,	Principal	Interest	Total
2021	\$ 1,074,325	\$ 346,314	\$ 1,420,639
2022	1,126,508	294,131	1,420,639
2023	1,181,227	269,412	1,450,639
2024	1,238,603	182,036	1,420,639
2025	1,162,129	120,790	1,282,919
Thereafter	1,669,633	97,616	1,767,249
	\$ 7,452,425	\$ 1,310,299	\$ 8,762,724

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE F – CERTIFICATES OF INTEREST**

TLE is authorized to issue certificates of interest in the name of Tribal Land Enterprise, Class “A” and Class “B”, in accordance with the following provisions:

1. There shall be issued to the Rosebud Sioux Tribe, Class “A” certificates of interest in TLE for the appraised value of land, the management and operation which is assigned by the Rosebud Sioux Tribe to TLE.
2. For land or interests in land conveyed by individual members of the Tribe to the United States of America in trust for the Rosebud Sioux Tribe, there shall be issued Class “A” certificates of interest in TLE to said individual for the appraised value of such land or interest in land.
3. In the conveyance of land under the provisions of these Bylaws, TLE may accept interests in land of Indian non-members of the Rosebud Sioux Tribe for which Class “B” certificates of interest in TLE may be issued for the appraised value thereof.
4. In the transfer of Class “A” certificates of interest to non-members of the Rosebud Sioux Tribe through probate, or purchase, such interests shall be converted to Class “B” certificates of interest.
5. Class “B” certificates of interest shall be entitled to participate in the net earnings on the same basis as Class “A” certificates of interest, but shall not entitle the holder thereof to membership in TLE nor the right to vote such interests.
6. Class “B” certificates of interest shall be subjected to liquidation or redemption through purchase by TLE at the discretion or upon demand of the Board of Directors of TLE.

In addition, TLE may issue shares for cash to the extent such shares were previously redeemed from Tribal members.

At September 30, certificates authorized, issued, and outstanding are:

	2020	2019
Rosebud Sioux Tribe – Class A Certificates	1,121,139	1,121,139
Class A Certificates	60,605	66,100
Class B Certificates	13,573	13,511
Probate Class A and Class B Certificates	71,803	71,803
	1,267,120	1,272,553

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE G – LEASE REVENUES UNDER OPERATING LEASES**

Farm and pasture leases are typically one year or five-year leases due March 1st of every year. Leases for lengths of one or five years are the preferred maximum number of years a lease can be negotiated. The five-year leases require a bond. Range leases are typically ten-year leases due December 1st of every year.

The following is a schedule of future minimum rentals on noncancelable leases as of September 30, 2020:

<u>Years Ending September 30,</u>	
2021	\$ 4,784,025
2022	2,645,089
2023	1,890,167
2024	1,264,126
2025	1,000,634
Thereafter	<u>1,944,096</u>
Total future minimum rentals	<u><u>\$ 13,528,137</u></u>

**NOTE H – EMPLOYEE BENEFITS**

TLE implemented the TLE 401(k) Profit Sharing Plan (the Plan) as of January 1, 2015, a defined contribution pension plan, which covers substantially all permanent employees upon completion of one year of service. The Plan is administered by Ameriprise Financial Services, Inc., and overseen by TLE. Benefit terms, including contribution amounts, for the Plan are established and may be amended by TLE. Employees can contribute pre-tax contributions subject to Internal Revenue Service limitations. TLE contributes a safe harbor non-elective contribution limited to 3% of participants' eligible compensation. TLE, at its discretion, may also make discretionary profit sharing and matching contributions. Total TLE contributions were \$21,462 and \$32,868 for the years ended September 30, 2020 and 2019, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees are also immediately vested at the time of the employer contribution and therefore TLE does not record any forfeitures upon termination, disability, or death.

TLE's liability to the 401(k) Profit Sharing Plan was \$0 and \$2,538 at September 30, 2020 and 2019, respectively, and is included in accrued expenses.

**NOTE I – RISK MANAGEMENT**

TLE is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. TLE covers these risks by purchasing commercial insurance. There has been no significant reduction in insurance coverage during the years ended September 30, 2020 and 2019 and no claims have exceeded insurance coverage in any of the previous five years.

**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended September 30, 2020 and 2019**

**NOTE J – PAYCHECK PROTECTION PROGRAM GRANT REVENUE**

On May 22, 2020, TLE qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of \$195,900 (the “PPP Loan”). The PPP Loan had interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration (SBA). The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the TLE’s request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by TLE. TLE elected to account for this funding under the government grant model and recognized the respective grant revenue as qualifying expenses were incurred and all conditions were met. As of September 30, 2020, TLE concluded that the conditions regarding qualification, certification, qualifying expenses, and any other SBA PPP Loan program conditions had been substantially met and therefore all proceeds were recognized as revenue and are included as “Paycheck Protection Program Grant Revenue” in the accompanying statements of revenues and expenses. TLE filed and received forgiveness in May 2021.

**INDEPENDENT AUDITORS' 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***

**INDEPENDENT AUDITORS' 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**

Board of Directors  
Tribal Land Enterprise  
Rosebud, South Dakota

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 business-type activities of Tribal Land Enterprise (TLE), a component unit of the Rosebud Sioux Tribe, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise TLE's financial statements, and have issued our report dated October 8, 2021.

Land under the management of TLE, is reported in the accompanying statements of net position, in the amounts of \$98,153,155 and \$96,379,015 at September 30, 2020 and 2019, respectively. As of September 30, 2020, and 2019, respectively, \$41,076,044 and \$40,950,772 of the land is valued at historical cost as prescribed by accounting principles generally accepted in the United States of America, however, the balance as of the same respective dates, \$57,077,111 and \$55,428,243 is valued using the sale, purchase or exchange of certificates of interest, valued and re-valued periodically, which may or may not represent market value or cost of the land at the time of acquisition. Accordingly, we are unable to satisfy ourselves that land and the related net position are fairly presented in accordance with accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TLE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TLE's internal control. Accordingly, we do not express an opinion on the effectiveness of TLE's internal control.

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. 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.

**INDEPENDENT AUDITORS' 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 (Continued)**

Our consideration of internal control 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 or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses, 2020-001.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TLE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and other matters, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to management of TLE in a separate letter dated October 8, 2021.

**TLE's Response to Finding**

TLE's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. TLE's response was 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 result of that testing, and not to provide an opinion on the effectiveness of TLE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TLE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bland + Associates, P.C.*

Omaha, Nebraska  
October 8, 2021

## **SCHEDULE OF FINDINGS AND RESPONSES**



**TRIBAL LAND ENTERPRISE**  
**(Component Unit of the Rosebud Sioux Tribe)**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended September 30, 2020**

**MATERIAL WEAKNESSES**

**2020-001 Land and Infrastructure**

Condition: TLE did not purchase all of its land and infrastructure and, as a result, historical cost, the actual purchase price, is not known. The land and related infrastructure was assigned to TLE by the Rosebud Sioux Tribe in exchange for certificates of interest (certificates) valued at one dollar per certificate. The value of the certificates is related to the value of the land at the time of the transactions involving land and certificates, the value of the land may approximate cost or "market" of the land at the time of the transaction.

Criteria: Accounting principles generally accepted in the United States of America (GAAP) consider land to be a capital asset. Infrastructure assets are improvements on the land for which the reporting entity is responsible. GAAP requires that both land and infrastructure be reported at historical cost.

Effect: It is unknown whether the value of the certificates exchanged equaled the historical cost of the land. The initial certificates were issued in the name of the Rosebud Sioux Tribe. Land acquired after the initial formation of TLE is valued based on the sale, purchase or exchange of certificates of interest, which are valued periodically. The material weakness arises because the corporate records, including the Board of Directors' minutes, do not clearly state the valuation policies and procedures of the certificates in relation to the land acquired.

Recommendation: We recommend that TLE identify this land, obtain appraisals on these tracts and calculate the fair value as of the implementation of GASB 34.

*Response: Tribal Land Enterprise will work on an action plan to identify this land, and seek bids for appraisals on these tracts of land to calculate fair value as of the implementation of GASB 34. This process will begin in fiscal year 2020. The Executive Director with assistance from the CFO will be responsible for ensuring that the action plan is being implemented and completed.*

## **PRIOR YEAR AUDIT FINDINGS**

**TRIBAL LAND ENTERPRISE  
(Component Unit of the Rosebud Sioux Tribe)  
PRIOR YEAR AUDIT FINDINGS  
Year Ended September 30, 2020**

**FINANCIAL STATEMENT AUDIT**

**WEAKNESS NOTED**

**CURRENT STATUS**

2006-001	TLE does not record land and infrastructure according to GAAP.	Similar conditions were noted during the current year.
2018-001	TLE's lease agreements are inconsistent with assigning who the lease income should be assigned to.	Finding has been closed.