

**IOWA TRIBE OF KANSAS AND NEBRASKA
NET PROFITS ALLOCATION PLAN**

Purpose

The General Council of the Iowa Tribe of Kansas and Nebraska (“ITKN”) has mandated pursuant to duly approved motion that each non-gaming business subsidiary of ITKN shall dividend to ITKN at least twenty percent of its Net Profits before computation of reserves on an annual basis. These funds are to be applied to specific projects in furtherance of policy goals determined by the General Council from time to time. These funds will supplement other available funding sources, whether grant funding, ITKN general funds, or otherwise.

Definitions

As used in this Plan, the following terms shall have the following meanings:

“Cost of Goods Sold” with respect to a Participating Business shall mean direct costs attributable to the production of goods or services.

“Gross Profits” with respect to a Participating Business shall mean Net Revenues less Cost of Goods Sold. For the avoidance of doubt, Gross Profits does not include restricted funds (i.e., funds the use of which are restricted under terms imposed by the funding source, such as restricted grant funds) and does not include any dividends a Participating Business receives as a dividend from a subsidiary Participating Business.

“Net Profits” with respect to a Participating Business shall mean Gross Profits less the following expenses and allowances, without duplication: (i) salaries, wages and employee benefits; (ii) cost of operating supplies; (iii) utility payments; (iv) cost of repairs and maintenance; (v) debt service; (vi) lease payments; (vii) insurance and bonding premiums and deductible payments; and (viii) accounting, legal, and other professional fees. ; and (ix) operating and cash reserves, capital replacement/improvement reserves, and reserves for business development and expansion of operations, all to the extent identified in a fiscal year budget for the Participating Business submitted by the Board for such business and approved by the Executive Committee, provided that aggregate reserves shall not exceed 60% of Net Profits computed before deduction of reserves. For the avoidance of doubt

“Net Revenues” with respect to a Participating Business shall mean total revenues from goods or services sold, adjusted for returns, allowances, and discounts.

“Participating Business” shall mean each for profit business enterprise which is wholly-owned (directly or indirectly) by ITKN; provided, however, that Casino White Cloud shall not be included in this definition.

Dividends and Reporting

Each Participating Business will compute its Gross Profits, Gross Revenues, and Net Profits on a quarterly basis. These items will be reported to the Executive Committee as part of a “Net Profits Allocation” report along with interim financial statements each fiscal quarter by a specified date in the calendar month following the fiscal quarter. Summary interim financial statements and the Net Profits Allocation report for each Participating Business will be promptly posted to the Members-only area of the ITKN website.

On or before the last business day of the calendar month following each fiscal quarter, each Participating Business that is directly owned by the Tribe will dividend the previous quarter’s Net Profits Allocation to the Tribe. This dividend will include the Net Profits Allocation for that directly owned Participating Business as well as an amount equal to all Net Profits Allocations for each of its wholly-owned subsidiary Participating Businesses. It is the responsibility of the directly owned Participating Business to timely remit all such Net Profits Allocations, even if the directly owned Participating Business has not yet received a dividend of Net Profits Allocations from its subsidiaries.

The ITKN Treasurer shall maintain all Net Profits Allocations received from Participating Businesses in a segregated account in the name of the Iowa Tribe of Kansas and Nebraska which shall be denominated in a manner clearly designating the account for receipt and disbursement of Net Profits Allocations.

Use of Net Profits Allocations

Each year, Net Profits Allocations received by ITKN during a calendar year shall be allocated for use in the following categories during the following calendar year:

A. General Welfare program: This will include benefit programs meeting the requirements of the federal Tribal General Welfare Exclusion Act of 2014, which added IRC Section 139E. Section 139E provides an exclusion from income for payments from certain benefit programs provided by an Indian tribal government for the general welfare of its members. Examples of support available to individual members under the General Welfare program include education assistance, elder assistance, health care assistance, cultural preservation activities, housing assistance, including emergency housing assistance, burial assistance, and pandemic relief. ___%

B. Culture: This may include programming to support arts, language, events, the Mission, and the Tribal National Park. ___%

C. Community services: This may include support for a basketball court, fitness center, childhood development services and support for healthy kids, hearing aids, WIC programming, and veterans support services. ___%

Adjustments to the foregoing percentages, as well as addition or deletion of specific categories, for the next calendar year may be made by a duly passed motion to amend this Net Profits Allocation Plan at a meeting of the General Council taking place during the months of July or

August; provided, however, if no such motion passes by August 31 in a given year, the percentages and categories then in place will continue for the next calendar year.

The Executive Committee shall establish a “Net Profits Allocation Committee” which shall include members representing each of the following stakeholder groups: one Elder, one representative of the Arts and Culture Committee, the ITKN Treasurer, one General Council member residing in the service area, and one General Council member residing outside of the service area. In the event of any vacancy on the Net Profits Allocation Committee, the Executive Committee shall appoint a replacement for such seat within 30 days of the occurrence of the vacancy, but in any event the Executive Committee shall ensure there are no vacancies on the committee during the months of September, October, and November each year.

The funds allocated to the General Welfare Program shall be administered by the [Member Services Department] of the ITKN in accordance with the program documents.

The Net Profits Allocation Committee shall solicit and receive proposals from ITKN departments and committees as well as non-profit organizations for specific funding requests furthering the goals of all funding categories other than the General Welfare Program. Those proposals shall be due by October 1. The Net Profits Allocation Committee shall evaluate all such proposals and shall make recommendations to the Executive Committee to make awards of available funds for the most deserving proposals. Such recommendations are due to the Executive Committee by November 1 for its consideration at the next Executive Committee meeting. If the Executive Committee does not approve any recommended award, those funds shall instead be allocated to the General Welfare Program. If any awarded funds are not accepted or utilized during the relevant calendar year, they shall be allocated to the General Welfare Program.

Effectiveness and Amendment

This Net Profits Allocation Plan will become effective upon its approval by a majority vote of the General Council of the ITKN at a duly called meeting with a quorum present. Once effective, this Net Profits Allocation Plan may only be amended by a majority vote of the General Council of the ITKN at a duly called meeting with a quorum present.