1997 Indian Head Casino Annual Report

May 7, 1998

Gaming sure to sustain itself in future

On February 3, 1997, the Gaming Board of Directors approved the creation of the Strategic Planning Committee. The purpose and intent of this Committee is to study and report information specific to gaming and the potential effect it would present to the Tribe.

Itemized objectives of the Committee included:

1) Examine the existing gaming operation and define its strengths and weaknesses.

2) Define information pertaining to alternative gaming initiatives outside Indian Head Casino. This information would address financial, legal, operational, developmental and market elements.

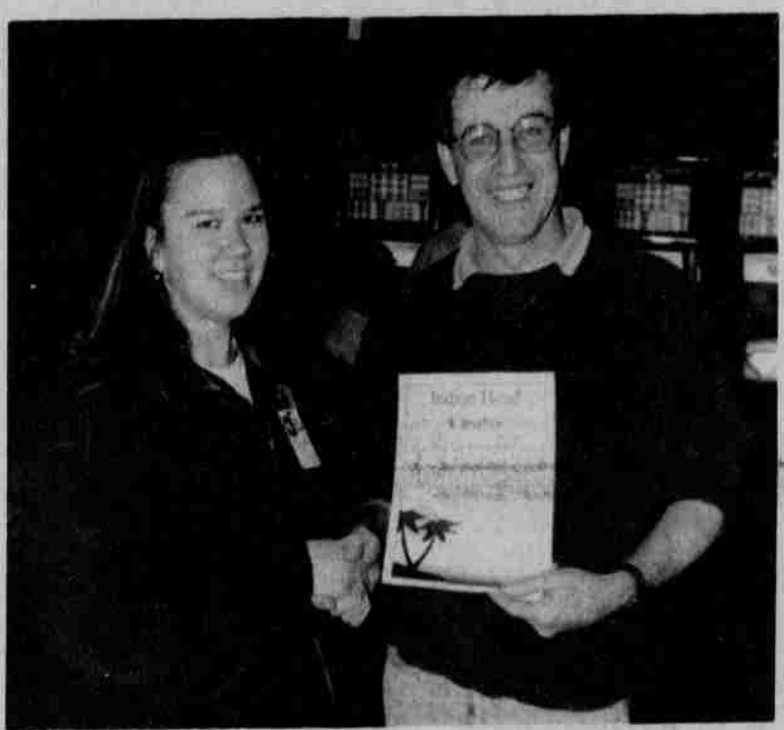
3) Develop a corresponding report with recommendations regarding alternatives and submit them to the Gaming Board, Tribal Council and Tribal membership.

In general, Indian Head Casino has proven to be a wise investment. However, it has been determined it will never reach pre-construction revenue estimates as was first reported. Instead, realistic net revenue projections for the future fall into the range of $2 million to $3.5 million annually.

Through the course of the year, the Committee has labored through a multitude of data, facts and news. For various reasons, the Committee came away identifying five alternative locations that bear gaming potential. These alternatives were further scrutinized and reduced, with a large portion of time placed on financial, legal, operational and demographic information.

In examining the topics noted above, the Committee has drawn several conclusions. While this process is an ongoing endeavor, information is now being finalized so it can be presented to tribal members at community meetings. Those meetings are to hopefully be scheduled for late spring or early summer of this year when the Committee can properly inform and communicate to the membership their findings and recommendations.

One thing is for certain historically and statistically. Gaming is a product which can sustain itself in future years and provide a favorable return on investment to the Tribe.



A Casino patron was pleased with winning a trip.

Rosa Graybael was thrilled to win a travel trailer.

Indian Head Casino Balance Sheet
December 31, 1997 and 1996

	12/13/97	12/31/96 (Restated)
ASSETS		
CURRENTS ASSETS		
Cash	$1,888,179	$ 449,033
Account Receivable	22,676	44,970
Inventories	3,108	24,743
Prepaid Expenses	37,161	32,776
Total Current Assets	1,951,124	601,522
PROPERTY & EQUIPMENT		
Buildings and Equipment	8,088,852	7,818,254
Accumulated Depreciation	(1,355,310)	(729,751)
Net Buildings and Equipment	6,733,542	7,088,503
OTHER ASSETS		
Construction in Progress	13,712	0
Assets held for disposal	25,000	41,000
TOTAL ASSETS	$8,723,378	$7,731,025
LIABILITIES AND PROPRIETARY CAPITAL		
CURRENT LIABILITIES		
Accounts Payable	$ 37,710	$ 183,061
Accounts with Tribe	379,340	493,980
Payroll taxes and Related Accruals	117,887	68,598
Deposit on sale of Equipment	15,200	0
Current portion of long-term Capital lease	19,316	49,788
Current portion of long-term debt	1,057,985	3,951,267
Total Current Liabilities	1,627,438	4,746,694
LONG-TERM LIABILITIES		
Obiligation under capital leases, less current portion	9,469	17,643
Long-term Debt, less current portion	1,990,152	67,783
Total long-term Debt	1,999,621	85,426
PROPRIETARY CAPITAL		
Contributed capital–Tribes	3,500,000	3,500,000
Retained Earnings (accumulated deficit)	1,596,319	601,095
Total Proprietary Capital	5,096,319	2,898,905
TOTAL LIABILITIES AND PROPRIETARY CAPITAL	$8,723,378	$7,731,025

Indian Head Casino
Consolidated Statement of Operations
December 31, 1997 and 1996

	1997	1996 (Restated)
Casino Revenue	$6,322,179	$4,628,728
Operating Exepenses		
Casino Operations	1,667,027	2,141,061
General and Administrative	857,005	947,836
Marketing	698,421	867,082
Depreciation	627,508	633,062
	3,849,961	4,589,041
Operating Income	2,472,218	39,687
Other Income (Expenses)		
Interest Income	33,836	11,747
Interest Expense	(304,656)	(329,410)
Loss on assests held for sale	(3,984)	(147,008)
Net Income (Loss) (as restated in 1996)	2,197,414	(424,984)
Accumulated deficit at beginning of year	(601,096)	(176,111)
Retained earnings (accumulated deficit) at end of year	1,596,319	(601,095)