

RESOLUTION OF THE
WHITE MOUNTAIN APACHE TRIBE OF THE
FORT APACHE INDIAN AGENCY

BE IT RESOLVED by the Council of the White Mountain Apache Tribe that the plan of operation of the Apache Mercantile Company approved by the Commissioner of Indian Affairs by letter of August 3, 1948 (File: Extension 70291-38-255, 14268-48) be revised as follows, and the plan of operation as revised by this resolution shall be the official plan of operation for the enterprise:

PLAN OF OPERATION
of the
APACHE MERCANTILE COMPANY
Whiteriver, Arizona

SECTION I - INDENTITY

1. Name -- The official name of this tribal enterprise shall be the "Apache Mercantile Company," hereinafter referred to as the Company.
2. Place of Business -- The principal place of business of the Company shall be at Whiteriver, Arizona.

SECTION II - OBJECT AND NATURE OF BUSINESS

1. Purpose -- The purpose of this Company shall be to promote the economic development of the members of the White Mountain Apache Tribe and to do such other things as shall serve the economic and cultural welfare of the Tribe and for the public.
2. General Statement -- This detailed plan of operation supersedes all plans of operation for the Fort Apache Buying and Selling Enterprise, and enables the Tribe to assume the active management and responsibility therefor. Upon final approval, this plan will be effective as of July, 1948.
3. Nature of Buying -- The general nature of the business to be carried on by this Company is to buy, store, distribute, sell or handle, for the members of the Tribe, or for other patrons, merchandise, furniture, building materials, and such other commodities as the Board of Directors may determine, subject to the approval of the Superintendent.

SECTION III - MANAGEMENT

1. Board of Directors -- The business policies and procedures of the Company shall be determined by a Board of Directors composed of one member of the Tribal Council to be elected by the Council, the Chairman of the Council, and one member of the tribe selected by the Tribal Council. This Board of Directors will determine

the policies to be followed by the manager, such policies to be evidenced in writing, and will check to see that the policies are being followed.

2. Selection of Manager -- The tribal credit clerk shall be acting manager of the company until such time as the Board of Directors and the Superintendent determine that a full-time manager is necessary and justified by the volume of business. When it is determined that a full-time manager is required, he shall be hired under written contract subject to the approval of the Board, the Superintendent, and the Supervisor of Extension Work in the Region or other officer in charge of the Region.

3. Manager's Contract -- Specific conditions of employment, such as salary, amount and surety of the manager's fidelity bond, liquidated damages, authorized leave, provision that the manager will abide by the plan of operations, etc. will be included in the manager's contract with the White Mountain Apache Tribe.

4. Indian Preference -- The manager shall give preference to qualified members of the White Mountain Apache Tribe in hiring employees for the Company.

SECTION IV - CAPITAL

1. Fiscal Period -- The operating or fiscal year of this Company shall be from July 1 to June 30 of each year.

2. Source of Capital -- The capital of the Company shall be composed of (a) the funds, assets, liabilities and net worth of the present Buying and Selling Enterprise, the transfer of which is hereby authorized and directed; (b) such funds as may be advanced or loaned to it by the White Mountain Apache Tribe, which is the owner of the Company, or from other sources; and (c) the accumulated surplus savings accrued from its business and the property purchased with such savings.

3. Tribal Funds -- Advances or loans of tribal funds to the Company shall be through the Tribe's revolving credit fund under the provisions of Part 512A3 of the Indian Service Manual; shall be evidenced by promissory note (a) containing a repayment schedule to be determined by the Board of Directors and approved by the Superintendent, and shall receive interest at the rate of one per cent per annum, payable annually.

4. Plant -- The Company is authorized to use without rental the tribally-owned building in which it is presently housed; however, the Company may be required to bear reasonable operating and maintenance costs of the building during its tenancy, as determined by the Tribal Council. Repairs and improvements costing over \$100 will be subject to the approval of the Board of Directors.

5. Distribution of Surplus Savings -- All doubtful and uncollectible accounts will be charged off on the accounting records of the Company before net savings for the fiscal year are determined. Such action shall in no way release the debtors from their obligation to pay. This procedure is adopted to enable the accounting records of the Company to reflect its financial condition conservatively. The annual net savings shall then be distributed as follows:

25 per cent - To a reserve for doubtful accounts and notes receivable, to be accumulated until this reserve equals 25% of the total accounts and notes receivable outstanding at the close of the fiscal year. When this reserve has been accumulated, the distribution to working capital shall be increased to 100%.

75 per cent - To working Capital, until such surplus totals \$50,000. After the Working Capital surplus account reaches \$50,000, and the reserve for doubtful accounts and notes has been accumulated, the annual net savings may, by action of the Board of Directors, be transferred to the general account of the White Mountain Apache Tribe. Since this savings may be represented by merchandise or other assets, as well as cash, actual transfer will be made only when the Board of Directors determines that the transfer will not endanger the cash position of the Company.

SECTION V - METHOD OF BUSINESS

1. Depository and Cash Control -- The funds of the Company shall be deposited in an Individual Indian account of the Superintendent. All receipts of the Company will be deposited intact as to amount in this depository. Receipts shall be deposited at least weekly. The Company will also open an account with the First National Bank, Holbrook, Arizona, in which \$5,000 will be deposited originally. Except for small cash payments authorized in the following paragraph, the manager shall make payment for all obligations of the Company from this checking account. As checks are drawn against the bank, the manager will periodically furnish the Superintendent with a list thereof, and request him to advance funds from the Company's Individual Indian account to the Company's bank account. This will enable the bank account to be kept at approximately \$5,000, the maximum amount insured by the Federal Deposit Insurance Corporation. The manager will be responsible under his bond, for all amounts on deposit with the bank which are not covered by insurance of the Federal Deposit Insurance Corporation.

2. Imprest Cash Fund -- A petty cash fund is authorized to be kept on hand in the store by the manager in an amount not to exceed one hundred dollars. The Board of Directors may increase this amount up to five hundred dollars if it becomes desirable. The manager will be personally responsible for this fund and may use it to make small non-check payments for obligations of the Company, when necessary. Itemised, signed receipts shall be obtained for all disbursements from the petty cash fund and the sum of these receipts plus the cash in the fund must at all times equal the total amount of the fund. The fund may be replenished at any time by drawing a check on the bank in the amount of a voucher supported by the signed receipts for cash payments made.

3. Records and Reports -- The accounting records of the Company shall be kept in accordance with generally accepted accounting principles as prescribed or approved by the District Director or officer in charge of the Extension and Credit Work in the Region. The accounting records shall be closed at the end of each fiscal year and financial statements prepared, three copies of which will be furnished the Superintendent, who will forward two copies to the Supervisor of

Extension Work of the Region, for his office and the Commissioner of Indian Affairs. The manager will submit an annual narrative report at the same time, copies of which will be attached to the financial statements.

4. Audits -- An audit of the accounting records and operations of the Company will be made as soon as practicable after the close of each fiscal year, preferably by a qualified independent public accountant. If for any reason the Board of Directors does not employ a qualified auditor within 90 days after the close of the fiscal year, the Superintendent with the approval of the regional officer in charge of Extension and Credit Work is authorized to engage a qualified auditor to perform the audit on behalf of and at the expense of the Company. Should a change of managers occur, an inventory will be taken and the new manager will be required to sign for the assets of the Company.

5. Property -- (a) Title to merchandise and other goods purchased or acquired for re-sale shall be taken in the name of the Company. Bills of Sale and/or signed, itemized invoices on the vendor's stationery will be obtained on all goods purchased.

(b) The manager will maintain appropriate records of all classes of Company-owned property. In the event of damage or loss of property of a cost value of ten dollars or more, the manager will report the full circumstances to the Board of Directors who will appoint a person or persons to investigate and make recommendations to the Board as to responsibility and/or disposition of the property.

6. Mark-up -- The "mark-up" or prices to be charged on goods sold by the Company shall be determined by the manager, subject to policies established by the Board of Directors, and the Board will check periodically to see that its policies are being followed.

7. Credit -- Except as stated herein, all sales by the Company shall be for cash. Credit may, at the discretion of the manager, be extended not to exceed \$100 to any one Indian family unit. Purchase orders issued by the Fort Apache Agency will not count against a customer's credit limit. Any families wanting to purchase building materials, furniture, etc. costing over \$100 should make application to the tribal credit committee for a loan from the Tribe's revolving credit fund, so that their credit standing may be investigated and approved and repayments spread over the necessary period. Cash loans will not be made by the Company. The manager will report delinquent accounts, and debts which he considers "bad", to the Board of Directors periodically for such instructions as the Board may wish to give.

8. Insurance -- Fire insurance will be carried in an amount to be determined by the Superintendent, and the policies will be deposited with the Superintendent for safekeeping.

The foregoing resolution was on September 13, 1948 duly adopted by a vote of 7 for and 0 against, by the Tribal Council of the White Mountain Apache Tribe pursuant to authority vested in it by Article VI, Section 1(n) of the Constitution and By-Laws of the Tribe, ratified by the Tribe on August 15, 1938 and approved by the Secretary of the Interior on August 26, 1938 pursuant to Section 16 of the Act of June 18, 1934 (48 Stat. 984).

Chairman of the Tribal Council

Vice-Chairman of the Tribal Council

Plan of Operation
Approved by:

/s/ John H. Province
Assistant Commissioner

Date: July 16, 1948

Recommended by:

/s/ R. D. Holtz
R. D. Holtz, Superintendent