

## Amber Loverink

---

**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 12:08 PM  
**To:** palcorn@cvky.org  
**Cc:** Amber Loverink  
**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

AmeriNat is responding to an RFP that has a goal of using a MWDBE or veteran owned business. We would need to services of bankruptcy and foreclosure attorneys. Do you happen to know of any of this certified firms who are bankruptcy or foreclosure attorneys? If so, please let me know. Thank you.

**Micki Abel | VP Business Development**  
P 319.569.1876 C 319.541.3689 | [mabel@amerinatls.com](mailto:mabel@amerinatls.com) | [www.amerinatls.com](http://www.amerinatls.com)

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## Amber Loverink

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**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 12:09 PM  
**To:** Melvin.bynes2@ky.gov  
**Cc:** Amber Loverink  
**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

AmeriNat is responding to an RFP that has a goal of using a MWDBE or veteran owned business. We would need to services of bankruptcy and foreclosure attorneys. Do you happen to know of any of this certified firms who are bankruptcy or foreclosure attorneys? If so, please let me know. Thank you.

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## Amber Loverink

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**From:** Putty, Brad B (KYTC) <brad.putty@ky.gov>  
**Sent:** Thursday, May 18, 2023 2:22 PM  
**To:** Micki Abel  
**Cc:** Amber Loverink  
**Subject:** RE: MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

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Here is a screenshot of the only lawyer that we have certified as a DBE.

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**J. DAVIS LAW FIRM, PLLC**

DBE

531110

531120

541110

541611

Mr. Jamir Davis, Owner 106 Winding Way, Unit C Covington KY 41011 (415) 816-9911

Fax: (859) 750-5033 jdaviscounsel@gmail.com www.jdaviscounsel.com

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**From:** Micki Abel <mabel@amerinatls.com>  
**Sent:** Thursday, May 18, 2023 3:12 PM  
**To:** Putty, Brad B (KYTC) <brad.putty@ky.gov>  
**Cc:** Amber Loverink <aloverink@amerinatls.com>  
**Subject:** RE: MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Brad,

I did reach out to the highlighted companies who may be attorneys. The list does not include any attorneys, that I can tell. That is why I selected the professional services category. We are looking for attorneys who can provide bankruptcy and foreclosure services. Thank you.

**Micki Abel | VP Business Development**

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**From:** Putty, Brad B (KYTC) <[brad.putty@ky.gov](mailto:brad.putty@ky.gov)>

**Sent:** Thursday, May 18, 2023 1:07 PM

**To:** Micki Abel <[mabel@amerinatls.com](mailto:mabel@amerinatls.com)>

**Cc:** Amber Loverink <[aloverink@amerinatls.com](mailto:aloverink@amerinatls.com)>

**Subject:** RE: MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

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If you have any specifics, you can send it to us and we can send it out to our DBE directory.

**From:** Micki Abel <[mabel@amerinatls.com](mailto:mabel@amerinatls.com)>

**Sent:** Thursday, May 18, 2023 1:09 PM

**To:** Eagle, Shella (KYTC) <[Shella.Eagle@ky.gov](mailto:Shella.Eagle@ky.gov)>

**Cc:** Amber Loverink <[aloverink@amerinatls.com](mailto:aloverink@amerinatls.com)>

**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

AmeriNat is responding to an RFP that has a goal of using a MWDBE or veteran owned business. We would need to services of bankruptcy and foreclosure attorneys. Do you happen to know of any of this certified firms who are bankruptcy or foreclosure attorneys? If so, please let me know. Thank you.

**Micki Abel | VP Business Development**

P 319.569.1876 C 319.541.3689 | [mabel@amerinatls.com](mailto:mabel@amerinatls.com) |

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<https://clicktime.cloud.postoffice.net/clicktime.php?U=https%3A%2F%2Fwww.amerinatls.com%2Fprivacy-policy&E=aloverink%40amerinatls.com&X=XID528beRTVW2863Xd3&T=AMRN&HV=U,E,X,T&H=9b1a5aea80a80073a132f60895f2d050e8c9ae70>

## Amber Loverink

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**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 12:09 PM  
**To:** smixon@orwbc.org  
**Cc:** Amber Loverink  
**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

AmeriNat is responding to an RFP that has a goal of using a MWDBE or veteran owned business. We would need to services of bankruptcy and foreclosure attorneys. Do you happen to know of any of this certified firms who are bankruptcy or foreclosure attorneys? If so, please let me know. Thank you.

**Micki Abel | VP Business Development**  
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## Amber Loverink

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**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 12:09 PM  
**To:** Yvette.Smith@ky.gov  
**Cc:** Amber Loverink  
**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

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## Amber Loverink

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**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 12:09 PM  
**To:** janet@nwbo.com  
**Cc:** Amber Loverink  
**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

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## Amber Loverink

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**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 12:09 PM  
**To:** robertcoffey@sba.gov  
**Cc:** Amber Loverink  
**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

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**Micki Abel | VP Business Development**  
P 319.569.1876 C 319.541.3689 | [mabel@amerinatls.com](mailto:mabel@amerinatls.com) | [www.amerinatls.com](http://www.amerinatls.com)



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## **Amber Loverink**

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**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 12:09 PM  
**To:** lavozdeky@yahoo.com  
**Cc:** Amber Loverink  
**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

AmeriNat is responding to an RFP that has a goal of using a MWDBE or veteran owned business. We would need to services of bankruptcy and foreclosure attorneys. Do you happen to know of any of this certified firms who are bankruptcy or foreclosure attorneys? If so, please let me know. Thank you.

**Micki Abel | VP Business Development**  
P 319.569.1876 C 319.541.3689 | [mabel@amerinatls.com](mailto:mabel@amerinatls.com) | [www.amerinatls.com](http://www.amerinatls.com)

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## **Amber Loverink**

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**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 12:09 PM  
**To:** production@keynewsjournal.com  
**Cc:** Amber Loverink  
**Subject:** MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney

Good afternoon.

AmeriNat is responding to an RFP that has a goal of using a MWDBE or veteran owned business. We would need to services of bankruptcy and foreclosure attorneys. Do you happen to know of any of this certified firms who are bankruptcy or foreclosure attorneys? If so, please let me know. Thank you.

**Micki Abel | VP Business Development**

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On May 18, 2023, Micki Abel, VP of Business Development at AmeriNat made the following emailed Mr. Jamir Davis of J. Davis Law Firm, PLLC regarding their interest in providing bankruptcy and foreclosure services and requested their rate sheet. Mr. Davis provided his DBE Certification letter and rate sheet (copies of emails attached).

## Amber Loverink

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**From:** Micki Abel  
**Sent:** Thursday, May 18, 2023 2:53 PM  
**To:** Amber Loverink  
**Subject:** FW: DBE  
**Attachments:** J. Davis Law Firm, PLLC - DBE Certification Letter.pdf

**Micki Abel | VP Business Development**  
P 319.569.1876 C 319.541.3689 | [mabel@amerinatls.com](mailto:mabel@amerinatls.com) | [www.amerinatls.com](http://www.amerinatls.com)



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**From:** J Davis Law Firm, PLLC <[law@jdaviscounsel.com](mailto:law@jdaviscounsel.com)>  
**Sent:** Thursday, May 18, 2023 2:49 PM  
**To:** Micki Abel <[mabel@amerinatls.com](mailto:mabel@amerinatls.com)>; Jamir Davis <[jdaviscounsel@gmail.com](mailto:jdaviscounsel@gmail.com)>  
**Subject:** Fwd: DBE

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Thanks for taking the time to speak with me today. Per our conversation please see our attached DBE certification letter. I will send over my rates shortly.

Sincerely,

J Davis Law Firm, PLLC

P.O. Box 122123

Covington, KY 41011

(859) 750-5033

[law@jdaviscounsel.com](mailto:law@jdaviscounsel.com)

<https://clicktime.cloud.postoffice.net/clicktime.php?U=www.Jdaviscounsel.com&E=mabel%40amerinatls.com&X=XID627beRTxf7919Xd1&T=AMRN&HV=U.E.X.T&H=4f93cefdd41ef9fb910f686519fc4a194070f44b>

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COMMONWEALTH OF KENTUCKY  
TRANSPORTATION CABINET  
transportation.ky.gov

Andy Beshear  
GOVERNOR

Jim Gray  
SECRETARY

May 3, 2023

Jamir Davis, Owner  
J. DAVIS LAW FIRM, PLLC  
106 Winding Way, Unit C  
Covington, KY 41011

Subject: DBE Certification

Dear Mr. Davis:

The Kentucky Transportation Cabinet's (KYTC) DBE Certification Committee has determined that J. DAVIS LAW FIRM, PLLC meets the eligibility requirements of a minority-owned Disadvantaged Business Enterprise (DBE) and has been certified pursuant to 49 C.F.R., Part 26.

As a result, J. DAVIS LAW FIRM, PLLC is DBE certified to perform the below NAICS code(s), which include the following item(s) of work:

**Related Services:**

**531110 - Lessors of Residential Buildings - Specializing in serving as a lessor of residential dwellings;**

**531120 - Lessors of Non-Residential Buildings (except mini warehouses) - Specializing in serving as a lessor of commercial property;**

**541110 - Offices of Lawyers - Specializing in Attorneys' offices; Attorneys' private practices; Counselors' at law offices; Counselors' at law private practices; Estate law offices; Law firms; Law offices; Law practices; Lawyers' offices; Lawyers' private practices; and Real estate law offices; and**

**541611 - Administrative Management and General Management Consulting Services, Specializing in Administrative management consulting services; Business management consulting services; Business start-up consulting services; General management consulting services; Reorganizational consulting services; Site location consulting services; Site selection consulting services; and Strategic planning consulting services**

Absent a finding of regulatory non-compliance, a change in the majority ownership and/or control, or a successful third-party challenge, this certification will be eligible for review on May 30, 2026. Please note the following:

- Unless this firm is a sole proprietorship, it must be registered with the Kentucky Secretary of State's Office in order to do business in Kentucky;
- This firm is required to notify the Office for Civil Rights and Small Business Development (OCSBD), in writing, of a change in address, any changes made in the ownership and control of this firm, or any other material changes within thirty (30) days of occurrence (49 CFR §26.83(i)(3));

In accordance with 49 C.F.R. §26.83(j), this firm will be required to submit the following documentation each year by **May 30** to determine whether it continues to meet the standards of 49 C.F.R., Part 26:

- No Change Affidavit - completed with the gross receipts average taken from the prior five (5) years of income tax returns. The Affidavit must be signed and notarized;
- If applicable, a current Personal Net Worth Statement - completed, signed, and notarized;
- Complete previous year Federal business taxes - signed by firm owner(s);
- Previous Year Balance Sheet - signed by an authorized official of the firm; and
- Firm's NAICS Business Code(s)

Jamir Davis  
May 3, 2023  
Page 2

KYTC looks forward to collaborating with your business to headway transportation throughout the Commonwealth. However, you are not eligible to contract for highway construction projects until your company is prequalified through Construction Procurement.

Please complete the attached prequalification application or you can find the fillable version online at [http://transportation.ky.gov/Organizational-Resources/Pages/Forms-Library-\(TC-14\).aspx](http://transportation.ky.gov/Organizational-Resources/Pages/Forms-Library-(TC-14).aspx). If you need assistance filling out the prequalification application please contact our supportive services provider, CEI, at 407-394-8684 or visit their website at [www.kydb.com](http://www.kydb.com) CEI can schedule an one on one appointment to help you submit the prequalification application.

The Kentucky Transportation Cabinet and the Indiana Department of Transportation are excited to announce a reciprocity partnership to allow certified Disadvantaged Business Enterprise (DBE) firms from each state to work on Federally funded projects in the other without having to apply for an extra certification. DBE's certified in one state may be used for any transportation Federal-aid project in the partner state. The partnership was renewed on July 1, 2021 and has been extended until June 30, 2025, with the option to extend it for an additional four years. Please note that DBE's will need to follow the project State's prequalification laws.

OCRSBD would also like to announce that the KYTC is offering reciprocal Small Business Enterprise (SBE) certification to certified DBE firms. As a currently certified DBE, you and your firm already meet the Small Business Enterprise (SBE) certification standards.

The Cabinet will set a goal on all FHWA-assisted transportation projects of two (2) million dollars or more for participation by small businesses. This small business goal is in addition to the DBE contract goals.

SBE certification is for a three (3) year period. At the three (3) year review date, the SBE will be required to submit an updated application for continued eligibility. However, while certified as both a DBE and SBE firm, your annual review dates for both programs will correlate with one another. Therefore, you will not have two (2) individual review dates and will only have to send in annual review information once per year on behalf of both certifications.

If as a certified DBE or ACDBE, you would like to receive reciprocal certification with the SBE Program, simply complete the enclosed affidavit and return to:

Office for Civil Rights and Small Business Development  
Small Business Development Branch  
200 Mero St, 6<sup>th</sup> Floor West  
Frankfort, KY 40622

Should you have any questions regarding your certification, please feel free to contact this office at (502) 564-3601 or 1-800-928-3079.

Again, congratulations on becoming certified as a DBE. KYTC looks forward to receiving your prequalification application and SBE affidavit.

Sincerely,  
  
Brad Putty  
DBE Administrative Branch Manager  
Small Business Development Branch

mrt/BP

Enclosures

## Amber Loverink

---

**From:** Jamir Davis <jdavis@amerinatls.com>  
**Sent:** Thursday, May 18, 2023 4:48 PM  
**To:** Micki Abel  
**Cc:** Amber Loverink  
**Subject:** Re: MWDBE or Veteran Owned Business- Bankruptcy and Foreclosure Attorney- Needed  
**Attachments:** Rate Sheet .pdf

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Micki,

Please see our attached rate sheet. If you have any questions or concerns please let me know.

Thanks,

-J. Davis

On Thu, May 18, 2023 at 3:28 PM Micki Abel <mabel@amerinatls.com> wrote:

Good afternoon.

AmeriNat is responding to an RFP that has a goal of using a MWDBE or veteran owned business. We would need bankruptcy and foreclosure services. Do you provide these services? If so, would you be interested in working with AmeriNat a loan servicer that is currently servicing loans for the City of Lexington and reposing to an RFP for the renewal business. Can you please email me your rate sheet?

I would be happy to visit with you. Feel free to call me. Thank you.

**Micki Abel | VP Business Development**

P 319.569.1876 C 319.541.3689 | [mabel@amerinatls.com](mailto:mabel@amerinatls.com) |

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**J. Davis Law Firm, PLLC**

THERE IS PROTECTION IN COUNSEL

JDAVISCOUNSEL.COM | LAW@JDAVISCOUNSEL.COM

P.O. BOX 122123, COVINGTON, KY 41011

(859) 750-5033

May 18, 2023

**VIA EMAIL ONLY**

Micki Abel | VP Business Development

P 319.569.1876

C 319.541.3689

mabel@amerinatls.com

**Rate Sheet**

|                  | <b>Bankruptcy</b> | <b>Foreclosure</b> |
|------------------|-------------------|--------------------|
| <b>Partner</b>   | \$325             | \$325              |
| <b>Associate</b> | \$235             | \$235              |
| <b>Paralegal</b> | \$125             | \$125              |

## Additional Required Forms

Attached are the following required forms:

- ▶ American Rescue Plan Act, Amendment 1 – Certification of Compliance for Expenditures Using Federal Funds, Including The American Rescue Plan Act
- ▶ General Provisions

## AMERICAN RESCUE PLAN ACT

### AMENDMENT 1 — CERTIFICATION OF COMPLIANCE FOR EXPENDITURES USING FEDERAL FUNDS, INCLUDING THE AMERICAN RESCUE PLAN ACT

The Lexington-Fayette Urban County Government (“LFUCG”) may use Federal funding to pay for the goods and/or services that are the subject matter of this bid. That Federal funding may include funds received by LFUCG under the American Rescue Plan Act of 2021. Expenditures using Federal funds require evidence of the contractor’s compliance with Federal law. Therefore, by the signature below of an authorized company representative, you certify that the information below is understood, agreed, and correct. Any misrepresentations may result in the termination of the contract and/or prosecution under applicable Federal and State laws concerning false statements and false claims.

**The bidder (hereafter “bidder,” or “contractor”) agrees and understands that in addition to all conditions stated within the attached bid documents, the following conditions will also apply to any Agreement entered between bidder and LFUCG, if LFUCG uses Federal funds, including but not limited to funding received by LFUCG under the American Rescue Plan Act (“ARPA”), toward payment of goods and/or services referenced in this bid. The bidder also agrees and understands that if there is a conflict between the terms included elsewhere in this Request for Proposal and the terms of this Amendment 1, then the terms of Amendment 1 shall control. The bidder further certifies that it can and will comply with these conditions, if this bid is accepted and an Agreement is executed:**

1. Any Agreement executed as a result of acceptance of this bid may be governed in accordance with 2 CFR Part 200 and all other applicable Federal law and regulations and guidance issued by the U.S. Department of the Treasury.

2. Pursuant to 24 CFR § 85.43, any Agreement executed as a result of acceptance of this bid can be terminated if the contractor fails to comply with any term of the award. This Agreement may be terminated for convenience in accordance with 24 CFR § 85.44 upon written notice by LFUCG. Either party may terminate this Agreement with thirty (30) days written notice to the other party, in which case the Agreement shall terminate on the thirtieth day. In the event of termination, the contractor shall be entitled to that portion of total compensation due under this Agreement as the services rendered bears to the services required. However, if LFUCG suspects a breach of the terms of the Agreement and/or that the contractor is violating the terms of any applicable law governing the use of Federal funds, LFUCG may suspend the contractor’s ability to receive payment by giving thirty (30) days’ advance written notice. Further, either party may terminate this Agreement for cause shown with thirty (30) days written notice, which shall explain the party’s cause for the termination. If the parties do not reach a settlement before the end of the 30 days, then the Agreement shall terminate on the thirtieth day. In the event of a breach, LFUCG reserves the right to pursue any and all applicable legal, equitable, and/or administrative remedies against the contractor.

3. The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

- (1) Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and

applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

- (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- (3) The contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.
- (4) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (5) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (6) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (7) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor may be declared ineligible for further government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (8) The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

Provided, however, that in the event a contractor becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

4. If fulfillment of the contract requires the contractor to employ mechanic's or laborers, the contractor further agrees that it can and will comply with the following:

- (1) *Overtime requirements: No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such a workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such a workweek.*

- (2) *Violation: liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1) of this section, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory) for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.*
- (3) *Withholding for unpaid wages and liquidated damages. LFUCG shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.*
- (4) *Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower-tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower-tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.*

5. *The contractor shall comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.*

6. *The contractor shall report each violation to LFUCG and understands and agrees that LFUCG will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.*

7. *The contractor shall include these requirements in numerical paragraphs 5 and 6 in each subcontract exceeding \$100,000 financed in whole or in part with Federal funding.*

8. *The contractor shall comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.*

9. *The contractor shall report each violation to LFUCG and understands and agrees that LFUCG will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.*

10. *The contractor shall include these requirements in numerical paragraphs 8 and 9 in each subcontract exceeding \$100,000 financed in whole or in part with Federal funds.*

11. *The contractor shall comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.*

12. *The contractor shall report each violation to LFUCG and understands and agrees that LFUCG will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency regional office.*

13. *The contractor shall include these requirements in numerical paragraphs 11 and 12 in each subcontract exceeding \$100,000 financed in whole or in part with American Rescue Plan Act funds.*

14. The contractor shall include this language in any subcontract it executes to fulfill the terms of this bid: "the sub-grantee, contractor, subcontractor, successor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract (or agreement). Title VI also includes protection to persons with 'Limited English Proficiency' in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this contract or agreement."

15. *Contractors who apply or bid for an award of \$100,000 or more shall file the required certification that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency. Each tier certifies to the tier above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier, up to the recipient. The required certification is included here:*

a. The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

b. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.


16. The contractor acknowledges and certifies that it has not been debarred or suspended and further acknowledges and agrees that it must comply with regulations regarding debarred or suspended entities in accordance with 24 CFR § 570.489(1). Funds may not be provided to excluded or disqualified persons.

17. The contractor agrees and certifies that to the greatest extent practicable, it will prefer the purchase, acquisition, and use of all applicable goods, products or materials produced in the United States, in

conformity with 2 CFR 200.322 and/or section 70914 of Public Law No. 117-58, §§ 70901-52, also known as the Infrastructure Investment and Jobs Act, whichever is applicable.

18. The contractor agrees and certifies that all activities performed pursuant to any Agreement entered as a result of the contractor's bid, and all goods and services procured under that Agreement, shall comply with 2 C.F.R. § 200.216 (Prohibition on certain telecommunications and video surveillance services and equipment) and 2 C.F.R. 200 § 200..323 (Procurement of recovered materials), to the extent either section is applicable.

19. If this bid involves construction work for a project totaling \$10 million or more, then the contractor further agrees that all laborers and mechanics, etc., employed in the construction of the public facility project assisted with funds provided under this Agreement, whether employed by contractor, or contractor's contractors, or subcontractors, shall be paid wages complying with the Davis-Bacon Act (40 U.S.C. 3141-3144). Contractor agrees that all of contractor's contractors and subcontractors will pay laborers and mechanics the prevailing wage as determined by the Secretary of Labor and that said laborers and mechanics will be paid not less than once a week. The contractor agrees to comply with the Copeland Anti- Kick Back Act (18 U.S.C. § 874) and its implementing regulations of the U.S. Department of Labor at 29 CFR part 3 and part 5. The contractor further agrees to comply with the applicable provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. Section 327-333), and the applicable provisions of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. et seq.). Contractor further agrees that it will report all suspected or reported violations of any of the laws identified in this paragraph to LFUCG.



Signature



Date

## **GENERAL PROVISIONS**

1. Each Respondent shall comply with all Federal, State & Local regulations concerning this type of service or good.

The Respondent agrees to comply with all statutes, rules, and regulations governing safe and healthful working conditions, including the Occupational Health and Safety Act of 1970, 29 U.S.C. 650 *et. seq.*, as amended, and KRS Chapter 338. The Respondent also agrees to notify the LFUCG in writing immediately upon detection of any unsafe and/or unhealthful working conditions at the job site. The Respondent agrees to indemnify, defend and hold the LFUCG harmless from all penalties, fines or other expenses arising out of the alleged violation of said laws.

2. Failure to submit ALL forms and information required in this RFP may be grounds for disqualification.
3. Addenda: All addenda and IonWave Q&A, if any, shall be considered in making the proposal, and such addenda shall be made a part of this RFP. Before submitting a proposal, it is incumbent upon each proposer to be informed as to whether any addenda have been issued, and the failure to cover in the bid any such addenda may result in disqualification of that proposal.
4. Proposal Reservations: LFUCG reserves the right to reject any or all proposals, to award in whole or part, and to waive minor immaterial defects in proposals. LFUCG may consider any alternative proposal that meets its basic needs.
5. Liability: LFUCG is not responsible for any cost incurred by a Respondent in the preparation of proposals.
6. Changes/Alterations: Respondent may change or withdraw a proposal at any time prior to the opening; however, no oral modifications will be allowed. Only letters, or other formal written requests for modifications or corrections of a previously submitted proposal which is addressed in the same manner as the proposal, and received by LFUCG prior to the scheduled closing time for receipt of proposals, will be accepted. The proposal, when opened, will then be corrected in accordance with such written request(s), provided that the written request is contained in a sealed envelope which is plainly marked "modifications of proposal".
7. Clarification of Submittal: LFUCG reserves the right to obtain clarification of any point in a bid or to obtain additional information from a Respondent.
8. Bribery Clause: By his/her signature on the bid, Respondent certifies that no employee of his/hers, any affiliate or Subcontractor, has bribed or attempted to bribe an officer or employee of the LFUCG.



9. **Additional Information:** While not necessary, the Respondent may include any product brochures, software documentation, sample reports, or other documentation that may assist LFUCG in better understanding and evaluating the Respondent's response. Additional documentation shall not serve as a substitute for other documentation which is required by this RFP to be submitted with the proposal,
10. **Ambiguity, Conflict or other Errors in RFP:** If a Respondent discovers any ambiguity, conflict, discrepancy, omission or other error in the RFP, it shall immediately notify LFUCG of such error in writing and request modification or clarification of the document if allowable by the LFUCG.
11. **Agreement to Bid Terms:** In submitting this proposal, the Respondent agrees that it has carefully examined the specifications and all provisions relating to the work to be done attached hereto and made part of this proposal. By acceptance of a Contract under this RFP, proposer states that it understands the meaning, intent and requirements of the RFP and agrees to the same. The successful Respondent shall warrant that it is familiar with and understands all provisions herein and shall warrant that it can comply with them. No additional compensation to Respondent shall be authorized for services or expenses reasonably covered under these provisions that the proposer omits from its Proposal.
12. **Cancellation:** If the services to be performed hereunder by the Respondent are not performed in an acceptable manner to the LFUCG, the LFUCG may cancel this contract for cause by providing written notice to the proposer, giving at least thirty (30) days notice of the proposed cancellation and the reasons for same. During that time period, the proposer may seek to bring the performance of services hereunder to a level that is acceptable to the LFUCG, and the LFUCG may rescind the cancellation if such action is in its best interest.

**A. Termination for Cause**

- (1) LFUCG may terminate a contract because of the contractor's failure to perform its contractual duties
- (2) If a contractor is determined to be in default, LFUCG shall notify the contractor of the determination in writing, and may include a specified date by which the contractor shall cure the identified deficiencies. LFUCG may proceed with termination if the contractor fails to cure the deficiencies within the specified time.
- (3) A default in performance by a contractor for which a contract may be terminated shall include, but shall not necessarily be limited to:
  - (a) Failure to perform the contract according to its terms, conditions and specifications;
  - (b) Failure to make delivery within the time specified or according

- to a delivery schedule fixed by the contract;
- (c) Late payment or nonpayment of bills for labor, materials, supplies, or equipment furnished in connection with a contract for construction services as evidenced by mechanics' liens filed pursuant to the provisions of KRS Chapter 376, or letters of indebtedness received from creditors by the purchasing agency;
  - (d) Failure to diligently advance the work under a contract for construction services;
  - (e) The filing of a bankruptcy petition by or against the contractor; or
  - (f) Actions that endanger the health, safety or welfare of the LFUCG or its citizens.

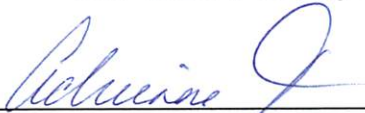
#### B. At Will Termination

Notwithstanding the above provisions, the LFUCG may terminate this contract at will in accordance with the law upon providing thirty (30) days written notice of that intent, Payment for services or goods received prior to termination shall be made by the LFUCG provided these goods or services were provided in a manner acceptable to the LFUCG. Payment for those goods and services shall not be unreasonably withheld.

13. **Assignment of Contract:** The contractor shall not assign or subcontract any portion of the Contract without the express written consent of LFUCG. Any purported assignment or subcontract in violation hereof shall be void. It is expressly acknowledged that LFUCG shall never be required or obligated to consent to any request for assignment or subcontract; and further that such refusal to consent can be for any or no reason, fully within the sole discretion of LFUCG.
14. **No Waiver:** No failure or delay by LFUCG in exercising any right, remedy, power or privilege hereunder, nor any single or partial exercise thereof, nor the exercise of any other right, remedy, power or privilege shall operate as a waiver hereof or thereof. No failure or delay by LFUCG in exercising any right, remedy, power or privilege under or in respect of this Contract shall affect the rights, remedies, powers or privileges of LFUCG hereunder or shall operate as a waiver thereof.
15. **Authority to do Business:** The Respondent must be a duly organized and authorized to do business under the laws of Kentucky. Respondent must be in good standing and have full legal capacity to provide the services specified under this Contract. The Respondent must have all necessary right and lawful authority to enter into this Contract for the full term hereof and that proper corporate or other action has been duly taken authorizing the Respondent to enter into this Contract. The Respondent will provide LFUCG with a copy of a corporate resolution authorizing this action and a letter from an attorney confirming that the proposer is authorized to do business in the State of Kentucky if requested. All proposals must

be signed by a duly authorized officer, agent or employee of the Respondent.

16. **Governing Law:** This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. In the event of any proceedings regarding this Contract, the Parties agree that the venue shall be the Fayette County Circuit Court or the U.S. District Court for the Eastern District of Kentucky, Lexington Division. All parties expressly consent to personal jurisdiction and venue in such Court for the limited and sole purpose of proceedings relating to this Contract or any rights or obligations arising thereunder. Service of process may be accomplished by following the procedures prescribed by law.
17. **Ability to Meet Obligations:** Respondent affirmatively states that there are no actions, suits or proceedings of any kind pending against Respondent or, to the knowledge of the Respondent, threatened against the Respondent before or by any court, governmental body or agency or other tribunal or authority which would, if adversely determined, have a materially adverse effect on the authority or ability of Respondent to perform its obligations under this Contract, or which question the legality, validity or enforceability hereof or thereof.
18. Contractor understands and agrees that its employees, agents, or subcontractors are not employees of LFUCG for any purpose whatsoever. Contractor is an independent contractor at all times during the performance of the services specified.
19. If any term or provision of this Contract shall be found to be illegal or unenforceable, the remainder of the contract shall remain in full force and such term or provision shall be deemed stricken.
20. Contractor [or Vendor or Vendor's Employees] will not appropriate or make use of the Lexington-Fayette Urban County Government (LFUCG) name or any of its trade or service marks or property (including but not limited to any logo or seal), in any promotion, endorsement, advertisement, testimonial or similar use without the prior written consent of the government. If such consent is granted LFUCG reserves the unilateral right, in its sole discretion, to immediately terminate and revoke such use for any reason whatsoever. Contractor agrees that it shall cease and desist from any unauthorized use immediately upon being notified by LFUCG.

  
\_\_\_\_\_  
Signature

5-22-23  
\_\_\_\_\_  
Date

## Exhibit A – Financial Statement

*TRADE SECRETS: AmeriNat considers this information to be proprietary and confidential information, which shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed - in whole or part - for any purpose other than to evaluate this offer/proposal.*

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](http://CLAconnect.com)

**AMERINATIONAL COMMUNITY SERVICES, LLC  
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
AmeriNational Community Services, LLC  
Albert Lea, Minnesota

### Report on the Audit of the Consolidated Financial Statements

#### **Opinion**

We have audited the accompanying consolidated financial statements of AmeriNational Community Services, LLC, which comprise the consolidated statements of financial condition as of December 31, 2022 and 2021, and the related consolidated statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AmeriNational Community Services, LLC as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of AmeriNational Community Services, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AmeriNational Community Services, LLC's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AmeriNational Community Services, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AmeriNational Community Services, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
March 29, 2023



**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2022 AND 2021**

|  | 2022          | 2021          |
|--|---------------|---------------|
| <b>ASSETS</b>                          |               |               |
| Cash and Cash Equivalents              | \$ 1,752,227  | \$ 3,173,830  |
| Investments                            | 10,000,000    | -             |
| Accounts Receivable, Net               | 3,318,512     | 1,565,068     |
| Premises and Equipment, Net            | 3,271,751     | 3,573,822     |
| Accrued Fee Income                     | 5,688,551     | 2,227,613     |
| Right-of-Use Asset                     | 773,341       | -             |
| Other Assets                           | 1,271,835     | 3,438,295     |
| Mortgage Servicing Rights              | 37,091,500    | 35,626,000    |
|  | \$ 63,167,717 | \$ 49,604,628 |
| <b>LIABILITIES AND MEMBERS' EQUITY</b> |               |               |
| <b>LIABILITIES</b>                     |               |               |
| Borrowed Funds                         | \$ 9,560,690  | \$ 7,712,661  |
| Accrued Expenses and Other Liabilities | 7,697,447     | 4,485,060     |
| Total Liabilities                      | 17,258,137    | 12,197,721    |
| <b>MEMBERS' EQUITY</b>                 |               |               |
| Class A Membership Units               | 35,000        | 35,000        |
| Additional Paid-In Capital             | 4,427,257     | 4,427,257     |
| Retained Earnings                      | 41,447,323    | 32,944,650    |
| Total Members' Equity                  | 45,909,580    | 37,406,907    |
| Total Liabilities and Members' Equity  | \$ 63,167,717 | \$ 49,604,628 |

See accompanying Notes to Consolidated Financial Statements.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

|  | 2022          | 2021          |
|--|---------------|---------------|
| <b>INCOME</b>                                  |               |               |
| Servicing and Other Income:                    |               |               |
| Servicing                                      | \$ 20,560,194 | \$ 27,606,941 |
| Late Fees                                      | 584,978       | 715,896       |
| Fees and Service Charges                       | 107,236       | 227,987       |
| Loan Processing and Underwriting               | 11,946,640    | 3,321,769     |
| Monitoring                                     | 1,742,018     | 1,937,701     |
| Rental Income                                  | 14,993        | 1,363         |
| Other  | 18,033        | 1,984,888     |
| Total Servicing and Other Income               | 34,974,092    | 35,796,545    |
| Interest Income:                               |               |               |
| Securities and Interest-Bearing Deposits       | 232,811       | 227,631       |
| Fair Value Change in Mortgage Servicing Rights | 1,467,500     | 415,000       |
| Total Income                                   | 36,674,403    | 36,439,176    |
| <b>EXPENSES</b>                                |               |               |
| Salary and Employee Expense                    | 18,425,435    | 14,625,721    |
| Occupancy and Equipment                        | 2,683,140     | 2,075,282     |
| Data Processing                                | 1,261,289     | 486,286       |
| Management Fees                                | 75,000        | 75,000        |
| Professional Fees                              | 230,644       | 268,562       |
| Interest Expense                               | 159,802       | 165,520       |
| Other  | 5,173,684     | 5,182,648     |
| Total Expenses                                 | 28,008,994    | 22,879,019    |
| <b>INCOME BEFORE INCOME TAXES</b>              | 8,665,409     | 13,560,157    |
| <b>INCOME TAX EXPENSE</b>                      | 162,736       | 205,915       |
| <b>NET INCOME</b>                              | \$ 8,502,673  | \$ 13,354,242 |

See accompanying Notes to Consolidated Financial Statements.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

|                                    | <u>Membership<br/>Units<br/>Class A</u> | <u>Additional<br/>Paid-In<br/>Capital</u> | <u>Retained<br/>Earnings</u> | <u>Total</u>         |
|------------------------------------|---|---|------------------------------|----------------------|
| <b>BALANCE - DECEMBER 31, 2020</b> | \$ 35,000                               | \$ 4,427,257                              | \$ 34,590,408                | \$ 39,052,665        |
| Distributions                      | -                                       | -   | (15,000,000)                 | (15,000,000)         |
| Net Income                         | -                                       | -   | 13,354,242                   | 13,354,242           |
| <b>BALANCE - DECEMBER 31, 2021</b> | 35,000                                  | 4,427,257                                 | 32,944,650                   | 37,406,907           |
| Net Income                         | -                                       | -   | 8,502,673                    | 8,502,673            |
| <b>BALANCE - DECEMBER 31, 2022</b> | <u>\$ 35,000</u>                        | <u>\$ 4,427,257</u>                       | <u>\$ 41,447,323</u>         | <u>\$ 45,909,580</u> |

See accompanying Notes to Consolidated Financial Statements.

**AMERINATIONAL COMMUNITY SERVICES, LLC  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

|  | 2022         | 2021          |
|--|--------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |               |
| Net Income   | \$ 8,502,673 | \$ 13,354,242 |
| Adjustments to Reconcile Net Income to<br>Net Cash Provided by Operating Activities: |              |               |
| Depreciation and Amortization  | 763,227      | 376,377       |
| Loss on Disposal of Assets   | 1,867        | 43,162        |
| Forgiveness of Payroll Protection Program Loan                                       | -            | (1,964,000)   |
| Fair Value Change in Mortgage Servicing Rights                                       | (1,467,500)  | (415,000)     |
| (Increase) Decrease in Assets:   |              |               |
| Accounts Receivable  | (1,753,444)  | 33,517        |
| Accrued Fee Income   | (3,460,938)  | 1,393,884     |
| Other Assets   | 1,034,622    | (101,762)     |
| Increase (Decrease) in Liabilities:  |              |               |
| Accrued Expenses and Other Liabilities   | 3,212,387    | (48,123)      |
| Net Cash Provided by Operating Activities  | 6,832,894    | 12,672,297    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |               |
| Purchase of Trust Preferred Securities   | (10,000,000) | -             |
| Purchases of Premises and Equipment  | (102,526)    | (579,374)     |
| Net Cash Used by Investing Activities  | (10,102,526) | (579,374)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |              |               |
| Advances on Lines of Credit, Net   | -            | 500,000       |
| Paydown on Term Borrowings   | (2,151,971)  | (487,339)     |
| Advances on Term Borrowings  | 4,000,000    | -             |
| Distributions Paid to Owners   | -            | (15,000,000)  |
| Net Cash Provided (Used) by Financing Activities                                     | 1,848,029    | (14,987,339)  |
| <b>NET DECREASE IN CASH</b>  | (1,421,603)  | (2,894,416)   |
| Cash and Cash Equivalents - Beginning of Year  | 3,173,830    | 6,068,246     |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                                       | \$ 1,752,227 | \$ 3,173,830  |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>                             |              |               |
| Cash Paid for Interest   | \$ 159,802   | \$ 165,520    |
| Recognition of Right of Use Asset and Lease Liability, at Adoption                   | \$ 1,131,838 | \$ -          |

See accompanying Notes to Consolidated Financial Statements.

**AMERINATIONAL COMMUNITY SERVICES, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

AmeriNational Community Services, LLC dba: AmeriNat, (the Company) is a limited liability company (LLC) operating under Chapter 322C of the Minnesota Statutes.

The Company provides loan servicing and other various fee-based financial and compliance services.

**Principles of Consolidation**

The consolidated financial statements include the accounts of AmeriNational Community Services, LLC (the Company) and its wholly owned subsidiary, AmeriNat Loan Services, Inc., a loan servicing company that provides services to accounts in California. All significant intercompany accounts and transactions have been eliminated. This subsidiary entity was dissolved during the year ended December 31, 2022.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term include the valuation of mortgage servicing rights and the determination of the allowance for uncollectible accounts.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks.

**Investments**

The Company has invested in trust preferred securities of a community bank holding company on November 15, 2022.

Because these shares are not traded and there is no readily determinable market value for them, they are, as a practical expedient, recorded as cost, less impairment (if any), plus or minus price changes from observable market transactions. Both cash and stock dividends are reported as income.

**Accounts Receivable, Net**

The Company uses the allowance method to account for uncollectible accounts receivable. The allowance is sufficient to cover both current and anticipated future losses. Uncollectible amounts are charged against the allowance account. Management estimated an allowance of \$364,575 and \$67,104 based upon prior experience with customers and analysis of individual accounts at December 31, 2022 and 2021, respectively.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable, Net (Continued)**

The Company offers most customers net 30-day terms. In special situations, the Company may offer extended terms or discounts to selected customers. Accounts are considered past due when invoices become 30 days past terms. Fees from clients are received either via deduction from investor remittances or through payment of invoices.

**Premises and Equipment, Net**

Land is carried at cost. Other premises and equipment are carried at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method based principally on the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred and major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations. The estimated useful lives are as follows:

|                         |               |
|-------------------------|---------------|
| Land                    |               |
| Building Improvements   | 10 Years      |
| Buildings               | 40 Years      |
| Furniture and Equipment | 3 to 10 Years |
| Software                | 3 to 10 Years |

**Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. This standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. As such, a ROU asset and liability of \$1,131,838 was recorded as of January 1, 2022.

The Company determines if an arrangement is a lease at inception. Operating leases are included in other assets and accrued expenses and other liabilities in the statements of financial position.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Servicing Rights**

Servicing assets are recognized as separate assets when rights are acquired through purchases or when new contracts to service loans are entered into. Capitalized servicing rights are recorded at fair value, with changes in fair value reported into income during the year in which they occur.

**Advertising Costs**

Advertising costs are expensed as incurred.

**Revenue Recognition**

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. The Company has elected to use the following optional exemptions that are permitted under ASC 606, which have been applied consistently to all contracts within all reporting periods presented:

- The Company recognizes the incremental cost of obtaining a nonservicing contract as an expense, when incurred.
- For performance obligations satisfied over time, if the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date, the Company will generally recognize revenue in the amount to which the Company has a right to invoice.
- The Company does not generally disclose information about its remaining performance obligations for those performance obligations that have an original expected duration of one year or less, or where the Company recognizes revenue in the amount to which the Company has a right to invoice.

ASC 606 does not apply to revenue associated with financial instruments or the servicing of financial assets. The components of Revenue that are accounted for under ASC 606 are summarized as follows:

**Fees and Service Charges**

Fees and Service Charges are generated through contracts for services including set-up fees and other charges. Revenue is recognized upon billing after completion of contracted services, at which time the performance obligation has been completed.

**Loan Processing and Underwriting**

Loan processing and underwriting fee revenue is revenue from loan underwriting and draw processing on behalf of contracted lenders. Billing is generated before completion of contracted services and recognized as the performance obligation is completed.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

**Monitoring**

Contracts for monitoring services include financial and compliance monitoring, wage compliance, and assessment administration. Revenue is recognized upon billing as contracted services are completed.

The company has entered into long-term revenue contracts with customers as part of their primary operations. Accrued contract assets are \$5,688,551 and \$2,227,613 as of December 31, 2022 and 2021, respectively, and included in Accrued Fee Income on the Consolidated Statements of Financial Condition.

**Income Taxes**

The Company is not a tax paying entity for federal income tax purposes; however, the Company is subject to state franchise fees or income taxes.

The Company has evaluated its tax positions and determined that it has no uncertain tax positions as of December 31, 2022 or 2021.

**Fair Value Measurements**

The Company categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Company may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.



**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Company adopted the policy to value certain financial instruments at fair value.

**New Accounting Pronouncements**

In June 2016, the FASB approved ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. In November 2018, the FASB approved ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*. The main objective of the ASUs is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASUs replace the incurred loss impairment methodology in current accounting principles generally accepted in the United States of America with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In November 2019, the FASB approved ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*. The main objective of this ASU was to delay the effective date for the referenced standards. Based upon the new effective dates instituted by ASU 2019-10, ASU 2016-13 is effective for the Company for the fiscal year and all interim periods beginning after December 15, 2022. Early adoption is permitted for the fiscal year beginning after December 15, 2018, including interim periods within this fiscal year. The Company is had determined that the implementation of ASU 2006-13 will not have a significant impact of ASU 2016-13 on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate, or LIBOR, or another reference rate expected to be discontinued, if certain criteria are met. The standard was elective and provided optional expedients and exceptions for applying GAAP to contracts, hedging relationships, or other transactions that reference LIBOR, or another reference rate expected to be discontinued. The amendments in the update were effective for all entities between March 12, 2020 and December 31, 2022.

The Company adopted ASU 2020-04 on January 1, 2022. The adoption did not have a material impact on the Company's consolidated financial statements. In December 2022, The FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. This ASU extends the period of time preparers can utilize the reference rate reform relief guidance provided by ASU 2020-04. This ASU, which was effective upon issuance, defers the sunset date of this prior guidance from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief guidance in Topic 848. The adoption of ASU 2022-06 did not have a material impact on the Company's consolidated financial statements.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Event/Risks and Uncertainties Financial Statement Disclosures**

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 29, 2023, the date the consolidated financial statements were available to be issued.

**NOTE 2 PREMISES AND EQUIPMENT, NET**

Components of premises and equipment consist of the following at December 31:

|                                | 2022                | 2021                |
|--------------------------------|---------------------|---------------------|
| Land                           | \$ 928,971          | \$ 928,971          |
| Building Improvements          | 115,342             | 105,569             |
| Buildings                      | 1,843,511           | 1,843,511           |
| Furniture and Equipment        | 1,740,160           | 1,655,572           |
| Software                       | 568,194             | 560,194             |
| Total                          | 5,196,178           | 5,093,817           |
| Less: Accumulated Depreciation | (1,924,427)         | (1,519,995)         |
| Premises and Equipment, Net    | <u>\$ 3,271,751</u> | <u>\$ 3,573,822</u> |

**NOTE 3 LOANS SERVICED FOR OTHERS**

Loans serviced for others are not included in the accompanying consolidated statements of financial condition as these loans are originated and owned by others. The unpaid principal balance of loans serviced for others was approximately \$9,004,112,000 and \$10,963,841,000 at December 31, 2022 and 2021, respectively.

**NOTE 4 FUNDS MANAGED FOR OTHERS**

The Company manages funds on behalf of their borrowers and clients which are also not included on the accompanying consolidated statements of financial condition. At December 31, 2022 and 2021, these deposits totaled approximately \$142,412,000 and \$156,630,000, respectively.

**NOTE 5 BORROWED FUNDS**

At December 31, 2022 and 2021, the Company had an available line of credit of \$1,000,000 with Bell Bank. The interest rates are determined on the date the borrowing occurs. The line of credit expires in December 2023.

On December 29, 2020, the Company entered into a Term Loan Agreement with Bell Bank. The interest rate applied on the borrowing is 2.75% with the note maturing December 31, 2027.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 5 BORROWED FUNDS (CONTINUED)**

The line of credit and term loan agreement with Bell Bank are secured by substantially all assets and earnings of the company.

At December 31, 2021, the Company had a short term note of \$1,650,000 with OSP, LLC, its parent company. The interest rate applied on the borrowing is 2.75%. Interest only payments were made monthly. There note was paid off during the year ending December 31, 2021.

At December 31, 2022, the Company has a term note of \$4,000,000 with an affiliate, American Deposit Management, LLC (ADM). The interest rate applied on the borrowing is 2.75% with the note maturing December 31, 2024.

Borrowed funds consisted of the following at December 31:

| <u>Description</u>   | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| Promissory note from Bell Bank at variable interest rate of 30-day of London Interbank Offered Rate (LIBOR*) plus 1.75%, floor of 2.75% and cap of 3.25% maturing December 31, 2027. | \$ 4,560,690        | \$ 5,062,661        |
| Line of credit from Bell Bank, rate (LIBOR*) plus 1.75%, floor of 2.75% and a cap of 3.25%. Maturing December 31, 2027.  | 1,000,000           | 1,000,000           |
| OSP, LP, Interest Only, rate 3.25%   | -                   | 1,650,000           |
| Promissory note from ADM, at variable interest rate of 30-day of London Interbank Offered Rate (LIBOR*) plus 1.75%, floor of 2.75% and a cap of 3.25% maturing December 31, 2024.    | <u>4,000,000</u>    | <u>-</u>            |
| Total  | <u>\$ 9,560,690</u> | <u>\$ 7,712,661</u> |

Maturities of borrowed funds are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u>       |
|---------------------------------|---------------------|
| 2023                            | \$ 516,147          |
| 2024                            | 4,530,411           |
| 2025                            | 545,703             |
| 2026                            | 561,115             |
| 2027                            | 1,576,961           |
| Thereafter                      | <u>1,830,353</u>    |
| Total                           | <u>\$ 9,560,690</u> |

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 6 LEASES**

The Company leases office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements generally require the Company to pay real estate taxes.

The following table summarizes other information related to the Company's operating leases for the year ending December 31, 2022:

|   | 2022       |
|---|------------|
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities: |            |
| Operating Cash Flows from Operating Leases:                             | \$ 364,766 |
| Weighted-Average Remaining Lease Term - Operating Leases, in Years      | 2.18       |
| Weighted-Average Discount Rate - Operating Leases                       | 3.25%      |

A maturity analysis of annual discounted cash flows for lease liabilities as of December 31, 2022, is as follows:

| Year Ending December 31,     | Operating Lease |
|------------------------------|-----------------|
| 2023                         | \$ 345,672      |
| 2024                         | 273,211         |
| 2025                         | 132,423         |
| 2026                         | 73,866          |
| 2027                         | 11,683          |
| Total Lease Payments         | 836,855         |
| Less: Present Value Discount | (63,514)        |
| Lease Liability              | \$ 773,341      |

Total rent expense for the years ended December 31, 2022 and 2021 amounted to \$679,028 and \$446,257, respectively.

**NOTE 7 401(K) PLAN**

The Company has a 401(k) plan for its employees. A participant may elect to make pre-tax contributions up to the maximum amount allowed by the Internal Revenue Service. The Company made matching contributions of approximately \$326,000 and \$306,000 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 8 RELATED PARTY TRANSACTIONS**

The Company paid OSP, LLC, an owner of the Company, a management fee which amounted to \$75,000 for the years ended December 31, 2022 and 2021. This fee is for various services OSP, LLC provides to the Company.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 9 NET WORTH AND LIQUIDITY REQUIREMENTS**

The Company is subject to minimum net worth and liquidity requirements imposed by the Federal Housing Administration regulatory mandates. Failure to meet minimum net worth and liquidity requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

As of December 31, 2022 and 2021, the Company met the net worth requirements to which it is subject. In addition, at December 31, 2022 and 2021, the Company met the liquidity requirements to which it is subject and no events have occurred since the calculation dates that would affect the Company's calculations.

As of December 31, 2022 and 2021, the Company's actual adjusted net worth compared to FHA net worth requirements are as follows:

|                   | Actual<br>Adjusted<br>Net Worth | FHA<br>Net Worth<br>Requirement |
|-------------------|---------------------------------|---------------------------------|
| December 31, 2022 | <u>\$ 44,666,350</u>            | <u>\$ 2,061,079</u>             |
| December 31, 2021 | <u>\$ 37,406,907</u>            | <u>\$ 2,188,517</u>             |

As of December 31, 2022 and 2021, the Company's liquidity compared to FHA requirements is as follows:

|                   | Total<br>Liquid Assets | FHA Liquidity<br>Requirement |
|-------------------|------------------------|------------------------------|
| December 31, 2022 | <u>\$ 1,752,227</u>    | <u>\$ 412,216</u>            |
| December 31, 2021 | <u>\$ 3,173,830</u>    | <u>\$ 437,703</u>            |

**NOTE 10 FINANCIAL STATEMENT INSTRUMENTS WITH OFF-BALANCE SHEET RISK**

In the normal course of business, the Company has outstanding commitments and contingent liabilities, such as standby letters of credit and surety bonds, which are not included in the accompanying consolidated financial statements. Standby letters of credit are conditional commitments issued by Bell Bank to guarantee the performance of the company to third parties. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. Surety bonds are issued through Hanover and Westport Insurance. Substantially all assets and earnings of the Company are pledged as collateral on the letters of credit and surety bonds. As part of the of the consolidated lending agreement, which includes the term note and line of credit, substantially all assets and earnings of the company are pledged as collateral on the letters of credit.

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 10 FINANCIAL STATEMENT INSTRUMENTS WITH OFF-BALANCE SHEET RISK  
(CONTINUED)**

The following off-balance sheet commitments are as follows:

|                   | <u>2022</u>  | <u>2021</u>  |
|-------------------|--------------|--------------|
| Letters of Credit | \$ 1,450,000 | \$ 1,450,000 |
| Surety Bonds      | 5,840,000    | 5,910,000    |

The Company was not required to perform on any financial guarantees and did not incur any losses on its commitments during the years ended December 31, 2022 and 2021.

**NOTE 11 LEGAL CONTINGENCIES**

The Company may be subject to claims and lawsuits which may arise in the ordinary course of business. It is the opinion of management, if such claims are made, that the disposition or ultimate resolution of the claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company.

**NOTE 12 MAJOR CUSTOMERS**

During the years ended December 31, 2022 and 2021, 70% and 62% of the Company's revenues excluding fair value changes in mortgage servicing rights were from ten customers, respectively.

**NOTE 13 FAIR VALUE**

**Recurring Basis**

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Company measures fair value refer to Note 1. The following tables present the balances of the assets and liabilities measured at fair value on a recurring basis:

| <u>December 31, 2022</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u>       | <u>Total</u>         |
|--------------------------|----------------|----------------|----------------------|----------------------|
| Assets:                  |                |                |                      |                      |
| Servicing Rights         | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 37,091,500</u> | <u>\$ 37,091,500</u> |
| Liabilities:             |                |                |                      |                      |
| Servicing Obligations    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 85,000</u>     | <u>\$ 85,000</u>     |
| <u>December 31, 2021</u> |                |                |                      |                      |
| Assets:                  |                |                |                      |                      |
| Servicing Rights         | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 35,626,000</u> | <u>\$ 35,626,000</u> |
| Liabilities:             |                |                |                      |                      |
| Servicing Obligations    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 87,000</u>     | <u>\$ 87,000</u>     |

**AMERINATIONAL COMMUNITY SERVICES, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2020**

**NOTE 13 FAIR VALUE (CONTINUED)**

**Recurring Basis (Continued)**

The following tables present changes in assets and liabilities measured at fair value using Level 3 inputs on a recurring basis for the years ended December 31:

|  | 2022          | 2021          |
|--|---------------|---------------|
| Servicing Asset:   |               |               |
| Balance at January 1   | \$ 35,626,000 | \$ 35,206,000 |
| Total Losses (Realized or Unrealized) for the<br>Year Included in: |               |               |
| Net Income   | (9,495,500)   | (13,492,000)  |
| Assumption of Servicing Assets                                     | 10,961,000    | 13,912,000    |
| Balance at December 31   | \$ 37,091,500 | \$ 35,626,000 |
| <br>Servicing Liability:   |               |               |
| Balance at January 1   | \$ 87,000     | \$ 82,000     |
| Total Gains (Realized or Unrealized) for the<br>Year Included in:  |               |               |
| Net Income   | (2,000)       | -             |
| Assumption of Servicing Liabilities                                | -             | 5,000         |
| Balance at December 31   | \$ 85,000     | \$ 87,000     |

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy.

**Servicing Rights**

Servicing rights, both assets and liabilities, are valued using a discounted cash flow methodology, and are classified within Level 3. The Company determines fair value for the servicing rights by projecting future cash flows using prepayment rates and other assumptions. The actual discount rate used at December 31, 2022 and 2021 was 9.87%. Contract periods and the associated cash flow projections were estimated based upon contract terms and renewal histories, which were estimated between three and eight years. There is minimal observable market activity for the Company's servicing assets on comparable portfolios, therefore, the determination of fair value requires significant management judgement.



**Global**

INDEPENDENT  
NETWORK MEMBER

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