

COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

Group: Financial Resources

Month/Year of Report: November 2013

Treasurer: Lacey Horn

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I. Budget Highlights – through October

- a.) Financial Resources – 9% spent
- b.) Treasurer – 6% spent
- c.) IIM – 9% spent
- d.) Acquisition Management – 13% spent
- e.) Records Management – 9% spent
- f.) Support Services – 10% spent
- g.) Employee Performance Incentive – 0% spent

II. Program Highlights

a.) Balanced Scorecard Measures

- 1. Complete FY13 Audit - 0% complete
- 2. Obtain Unqualified Audit Opinion – 0% complete
- 3. No Material Weaknesses on Single Audit – 0% complete
- 4. Obtain GFOA Award for FY12 CAFR – 0% complete
- 5. Reports Completed & Submitted by Due Dates – 100% Complete for reports due by 10/31/13

b.) Accomplishments

- 1. Finance is closing FY 2013

c.) Future Plans/New Initiatives

- 1. FY 2013 Year end continues



CHEROKEE NATION™
Businesses

Executive and Finance Report
Consolidated Financial Information
October 2013

Cherokee Nation Businesses

Executive and Finance Report

October 2013

Budget Highlights

- October 2013 CNB consolidated net income of \$8.3 million was 51.9% favorable to a budget of \$5.5 million.
- CNE EBITDA of \$14.7 million was \$2.5 million above budget, which was driven by higher revenue of \$2.2 million. Operating expense was \$358,000 favorable to budget.
- CNI EBITDA loss of \$305,000 was \$310,000 favorable to budget due to higher than budgeted profitability in the Manufacturing and Distribution Services Divisions.
- Mobility Plus experienced an EBITDA loss of \$125,000 compared to budgeted EBITDA loss of \$90,000. Higher than budgeted COGS was influenced by lower margins related to an unrealized budgeted sales mix.
- Construction Services EBITDA of \$62,000 was \$11,000 unfavorable to budget. This was due to lower than anticipated activity on contract wins awarded in September.
- The Technology Portfolio EBITDA of \$297,000 was \$443,000 below budget primarily due to the shutdown of the federal government from October 1st – October 16th.
- Healthcare Services EBITDA loss of \$17,000 was consistent with budget.
- Security and Defense EBITDA of \$21,000 was \$86,000 favorable to a budgeted EBITDA loss of \$65,000. The budget contained startup costs associated with a planned agreement that has yet to materialize.

Capital Expenditures

October YTD capital expenditures were \$3.5 million for all entities.

- CNE: \$1.8 million – Expansion related costs for Tahlequah, South Coffeyville, and Catoosa. LED light conversions. Cage Remodel at Catoosa. Install of Micros Symphony (F&B System).
- CPM: \$873,000 – Health clinic construction / expansion.
- CNB: \$672,000 – IGT Advantage Enterprise upgrade.
- CNCS: \$87,000 – Purchase new vehicles.
- CNI: \$66,000 – Relocate Mazak laser from Kellyville to Pryor.

Financing

- CNB has no outstanding borrowings as of October 31, 2013.

Cherokee Nation Entertainment

Executive and Finance Report

October 2013

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$46,576	\$44,403	\$2,174	5%
• Operating Expenses	Month -	\$31,855	\$32,213	(\$358)	-1%
• EBITDA	Month -	\$14,721	\$12,189	\$2,532	21%

Operating Highlights

- CNE EBITDA of \$14.7 million in October was \$2.5 million favorable to budget.
- Total revenue of \$46.6 million was \$2.2 million favorable to budget due to higher gaming revenue.
- Total operating expense of \$31.9 million was \$358,000 favorable to budget
- The Choctaw casino in Pocola expanded its gaming floor from 1,400 to 2,500 games and added a 130 room hotel tower.
- The Osage Nation has started construction on a replacement casino in Skiatook that will house 300 games, an entertainment venue, and a 33 room hotel. It is expected to open in December 2013.
- The Creek Casino in Tulsa is planning a \$335 million expansion including a 500 room hotel tower, new casino and restaurant, pool bar, theater and event center, with an expected completion date of early 2015.
- The United Keetoowah Band of Cherokees (UKB) casino has been ordered to cease operations as of August 31, 2013.

Capital Expenditure Highlights

- Expansion related costs for Tahlequah, South Coffeyville, and Catoosa – \$1.8 million
- Install of Micros Symphony (F&B System) - \$323,000
- LED light conversions - \$143,000
- eGame purchases - \$133,000
- Cage remodel at Catoosa - \$115,000

Cherokee Nation Industries

Executive and Finance Report

October 2013

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$6,034	\$5,365	\$669	12%
• Operating Expenses	Month -	\$6,339	\$5,980	\$359	6%
• EBITDA	Month -	(\$305)	(\$614)	\$310	102%

Operating Highlights

- EBITDA loss was \$305,000 compared to a budgeted EBITDA loss of \$614,000.
- CNI's revenue totaled \$6.0 million, which was \$669,000 favorable to budget. This was driven by higher than anticipated demand in the Manufacturing and Distribution Services divisions.
- Total operating expenses of \$6.3 million exceeded budget by \$359,000 due to higher cost of goods sold.

Technology Portfolio

Executive and Finance Report

October 2013

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$8,218	\$9,146	(\$928)	-10%
• Operating Expenses	Month -	\$7,921	\$8,405	(\$484)	-6%
• EBITDA	Month -	\$297	\$741	(\$443)	-60%

Operating Highlights

- The IT Portfolio generated revenue of \$8.2 million compared a budget of \$9.1 million.
- October EBITDA was \$297,000 compared to budgeted EBITDA of \$741,000. This was primarily driven by the shutdown of the federal government from October 1st – October 16th.
- CSG and CNT revenue of \$1.9 million was unfavorable to prior year by \$1.3 million and below budget by \$983,000. The variance was attributable to the previously mentioned government shutdown.
- CNGS, CNTS, and CNMC revenue of \$6.1 million was \$1.2 million favorable to prior year; however it was \$33,000 unfavorable to budget. The unfavorable budget variance was due to the previously mentioned government shutdown

Other Diversified Businesses

Executive and Finance Report

October 2013

EBITDA Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• CNSD	Month -	\$21	(\$65)	\$86	-132%
• CNCS	Month -	\$62	\$73	(\$11)	-15%
• Mobility Plus	Month -	(\$125)	(\$90)	(\$35)	38%
• CMS / CNHS	Month -	(\$17)	(\$17)	(\$0)	2%
• Aerospace Products S.E.	Month -	\$53	\$43	\$10	-19%
• CCRC	Month -	\$134	\$161	(\$29)	-17%

Operating Highlights

- **CNSD** EBITDA of \$21,000 was favorable to a budgeted EBITDA loss of \$65,000.
- **CNCS** EBITDA of \$62,000 was \$11,000 unfavorable to a budget of \$73,000. The unfavorable variance was due to lower than expected activity on contracts awarded in September.
- **Mobility Plus** resulted in an EBITDA loss of \$125,000 compared to budgeted EBITDA loss of \$90,000. The budget variance was primarily the result of higher COGS.
- **CMS / CNHS** resulted in an EBITDA loss of \$17,000 which was consistent to budget.
- **APSE** EBITDA of \$53,000 was \$10,000 favorable to budget due to higher revenue.
- **CCRC** EBITDA of \$134,000 was \$29,000 unfavorable to a budget of \$161,000. The unfavorable variance was due to higher than anticipated COGS.

Group: Career Services- Executive and Finance Month/Year of Report: October, 2013

Group Leader: Diane Kelley Phone: 453-5628 Email: dkelley@cherokee.org

I. Budget Highlights – Please refer to Monthly Financial Report

None

II. Program Highlights

a. Balanced Scorecard Measures

	<i>September</i>	<i>YTD</i>	<i>Goal</i>	<i>% of Goal</i>
<i>GED Completions</i> – includes individuals completing and receiving a GED or High School Diploma from Talking Leaves Job Corps and Career Literacy.	26	380	250	152%
<i>Training Completions</i> – includes individuals receiving a nationally-recognized certification, credential, or degree while enrolled in one of 11 different vocational training programs.	52	734	450	163.1%
<i>Employment Completions</i> – includes individuals who completed a Work Experience or TERO OJT assignment.	94	476	300	158.7%
<i>Unsubsidized Placement</i> – includes all individuals who entered unsubsidized employment (they got a job!) while enrolled in one of 15 different programs, both employment and vocational.	90	1,115	500	223%
<i>Retention</i> – includes individuals who were retained in their unsubsidized employment through assistance from a Career Services Program.	27	364	200	182%
<i>Job Readiness Training</i> – includes individuals who completed the Life/Employment Skills Training.	27	329	500	65.8%
<i>WorkKey Credentialing</i> – includes individuals who received a bronze, silver, gold, or platinum WorkKeys credential.	35	414	500	82.8%

<i>Job Bank</i> – includes the number of new individuals entering the TERO Job Bank.	19	290	1,000	29%
<i>Indian Owned Businesses</i> – includes the number of businesses newly certified as an Indian Owned Business.	6	121	100	121%
<i>Job Fairs</i> – includes the number of Job Fairs held by Career Services.	0	14	15	93.3%
<i>Community Service Projects</i> – this is the number of Community Service Projects completed by youth, both through the Summer Youth Employment Program and Talking Leaves Job Corps.	2	51	50	124%

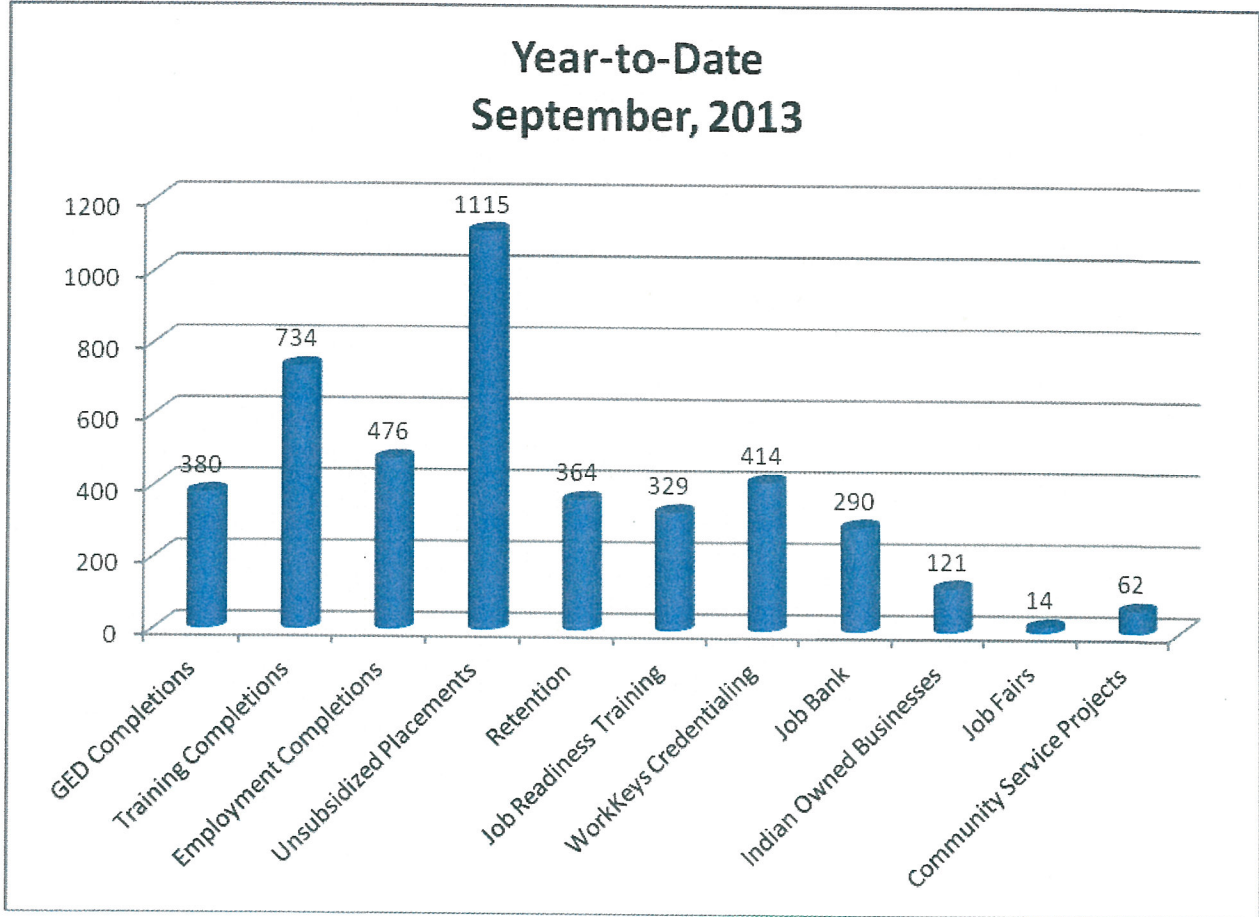
b. Accomplishments

1. The Surgery Technology program had a 100% completion rate for the latest group of students. The national average is 67%.
2. Talking Leaves Job Corps' Culinary program catered the Miss Cherokee Pageant for the Cherokee Nation Holiday and also assisted with the Cherokee Nation Appreciation event.
3. The TLJC Electrical Wiring students continue to volunteer with the Habitat for Humanity by working on the inside of the homes for the needy.
4. The Certified Nursing Assistant program along with the Certified Clinical Medical Assistants class volunteered with the Oklahoma Blood Institute assisting with a Blood Drive.
5. The Oklahoma Blood Institute held an event in Tulsa Oklahoma and awarded Talking Leaves Job Corps the Education Award for the service to the Oklahoma Blood Institute.
6. Talking Leaves Job Corps' established three new Work Based Learning sites – W.W. Hastings Hospital, Stilwell Nursing Home and Muskogee Bone and Joint.
7. Vocational Rehabilitation Counselor Teresa Chuculate was nominated and selected for the Tahlequah Leadership Program, Class 16.

c. Initiatives

1. Talking Leaves Job Corps' students are gathering plastic and aluminum products to contribute to the Dream Machine Recycling program on a weekly basis.
2. NACTEP is working to begin having Child Care Associates students that live in the Stilwell area be able to use the Stilwell CDC as part of their training and to help them save on commuting.

- Cherokee Nation Career Services is hosting the National PL 102-477 Training and Technical Assistance Conference at the Hard Rock, October 28 – November 1, 2013.



Group: Commerce

Month/Year of Report: November 2013

Director: Anna Knight

Phone: 453-5532 Email: aknight@cherokee.org

Budget Highlights None

Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2014 Goal	Year to Date Achievement Notes/Comments
Investment in Economy	Loan Dollars	\$1,500,000	Commercial: \$107,154.69 <i>Approved Loans Pending Closing</i> Consumer: \$130,684.62 (110 loans)
Investment in Economy	Tourism Dollars		
	a) Community Tourism & Business Development	a) \$125,000	a) \$0.00 (<i>all loans to artist & tourism</i>)
	b) Tourism Business Income	b) \$50,000	b) \$13,281.00 (<i>income to artists/communities</i>)
Job Creation	a) # Small Business Jobs Created/Maintained	a) 150	a) 14 (12 Cherokee)
	b) Percentage Cherokee (or Cherokee Family) Employed	b) 100%	b) 86%
Effective Business Training	# Attendees and % Indicating usefulness	1,500/100%	674 / 100%
Cherokee Nation Holiday	a) % Increase Sponsorships	a) 10%	a) 13%
	b) % Increase in Community Games Participation/Holiday Cultural Events	b) 5%	b) 5%

b. Notable accomplishments

1. **Commercial Loans Closed –YTD – Commercial Loans Closed –YTD – *Sallisaw*-Manufacturing (8); *Vian*-Ag Loan (1) *Vian*-Ag Loan (1); *Tahlequah*-Cell Phones (1), *Catoosa*-Automotive Repair (3).**

2. **Collateral for Commercial Loans Closed in March 2013 –**

Community	Loan Purpose	Project Costs	Loan Amount	Collateral Discounted Value	Owner Equity	Jobs
Sallisaw	Expansion	\$53,000	\$52,697.79	Accounts Receivable=\$69,656.75	0%	8
Vian	Expansion	\$4,000	\$3,500	Livestock=\$4,000	12%	1
Tahlequah	Start-up	\$1,500	\$1,000	Inventory=\$10,000	43%	1
Vian	Expansion	\$1,000	\$1,000	Farm Equipment=\$2,000	0%	1
Catoosa	Start-up	\$60,000	\$50,000	2 nd RE Mortgage & Equipment=\$165,912	17%	3

3. **Charged Off Loans – Commercial: YTD Total – \$0.00, Tribal: YTD Total – \$0.00, Employee: YTD Total - \$0.00.**

4. **Cherokee Nation Certified Indian Owned Business Fair had 500 attendees** with over 130 vendors, resource partners, and outside procurement agencies.

5. **Northeast Oklahoma Regional Alliance (NORA) Regional Summit was held October 8th** and was a great success. Approximately **300 community leaders** from throughout the Cherokee Nation

attended this event and received timely information on growing our regional economy. All feedback was very positive and planning underway for the 6th annual regional summit to be held in October 2014.

c. Future plans/new initiatives

- Working with the Bradford Exchange to test the market for a **Cherokee coin series**. Still in discussion stages. Anticipated outcomes of this project are a revenue stream for the Cherokee Arts Center and income for local Cherokee artists.
- Opening Kawi Café in the old Cort Mall building in Tahlequah in the next four months. This will be an **experiential entrepreneurial training center** funded by ANA. This is a joint project between Commerce and Career Services.
- Seeking funds to increase capacity in **consumer loan programs**.
- **Entrepreneurship Competitions:**
 - a. **Youth Entrepreneur Day** will be scheduled for Tahlequah and we are working with Rogers State University Innovation Center to coordinate a second day in the northern counties to encourage more widespread competition.
 - b. **Entrepreneurship Competition** for adults is being designed and will run from January through April 2014. We will be seeking vendor sponsorship for this event and anticipate cash prizes to start or expand a business.

Lending \$'s Available (pending and approved/pending applications not considered)

▪ IRP:	\$558,413.81	▪ CDFI:	\$0.00
▪ Commercial:	\$218,253.27	▪ Consumer Lending:	\$137,735.35

Based on October bank statements

Note: we have received award notifications for \$400,000 in micro lending funds and \$1,250,000 in small business funds, which have not yet been deposited or drawn down from the funders.

Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
December 3		8 am to 12 pm	Multiple Rate Payroll using QuickBooks
December 5		11:30 am to 1 pm	Manufacturers' Listening Session with OK Labor Commission
December 10	Muskogee ICTC	10 am to 3 pm	Small Business Strategic Financial Management
December 11	Muskogee ICTC	10 am to 3 pm	Government Contracting Boot Camp
December 11-12		9 am to 3:30 pm	Government Contracting Boot Camp

Group: Certified Indian Owned Businesses (Career and Commerce Services)

Month/Year of Report: November 2013

Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2014 Goal	Year to Date Achievement Notes/Comments
Effective Business Workshop Training	# Certified Indian-Owned Business Attendees and % indicating usefulness	300/100%	15 /100%
Increase Certified Indian-Owned Business Procurement Awards	% Certified Indian-Owned Business Procurement Awards	80%	80.79% Business Entities eligible procurement \$'s awarded to Certified Indian Owned vendors <ul style="list-style-type: none"> • CNE – 73.93% • CN Government - 87.12% • Health Entities – 100% • CNI – 12.65% • Waste Management - 0%
Increase Cherokee Citizens employed	% Cherokee Citizens (verified)	Entity CNE – CNB - CN – 82.9% Health - CNI – CRC – Aerospace -	Business Entities - 76.30% <ul style="list-style-type: none"> • CNE (CNE, CHL, WRD, CNSS) 74.97% • CNB (CNB, CNT, CSG) 70.76% (does not include service contract employees) • CN Government 81.53% (does not include IPA/MOA) • Health Entities 47.09% • CNI 81.88% (does not include service contract employees) • CRC 18.92% (not wholly owned by CN) • Aerospace 0% (not wholly owned by CN) • Waste Management 100%
Increase Indian-Owned Business Certifications	# Newly Certified Indian-Owned Businesses	150	8
Effective One on One Training for Certified Indian Owned-Businesses	# of businesses receiving assistance/% finding useful	200/95%	27 /100%
Certified Indian-Owned Business Receiving Financial Assistance	% Certified Indian-Owned Business Loans in Portfolio	85%	0.00% - based on \$'s loaned 0.00% - based on number of loans made
Effective Usage of Fees Collected	# Trained	100	0
Effective Monitor of Work Sites – Construction and Housing	# Monitoring Visits	90%	100% 228 sites monitored
Effective Monitor of Bid Openings	# and % Bid Openings Attended	100%	100% - 3
Effective Resolution of Complaints – TERO and EEOC	% Complaints Resolved	100%	TERO: 0 complaints filed; 0 resolved, 0 pending EEOC: 0 complaint filed; 0 resolved, 0 pending

b. Notable accomplishments:

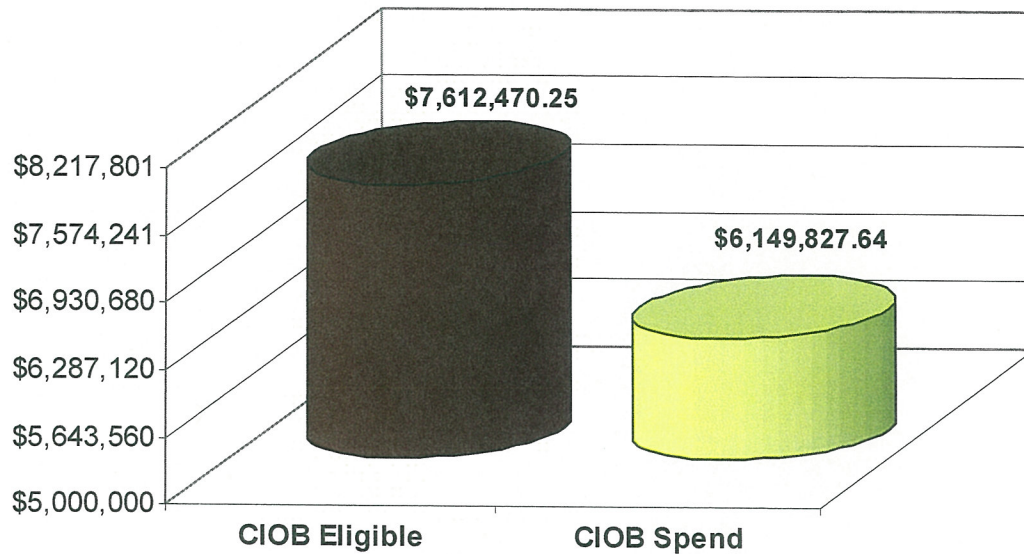
1. Cherokee Nation **Certified Indian Owned Business Fair had 500 attendees** with over 130 vendors, resource partners, and outside procurement agencies.

c. Future plans/new initiatives:

1. Partner with Education Services and Rogers State University to hold **Youth Entrepreneurship Day in the northern counties** of the Cherokee Nation.
2. TERO will continue to hold more training with CN businesses on the **new TERO law**.
3. **Electronic notification to TERO certified Indian-owned businesses** when a procurement opportunity they qualify for posts on www.cherokeebids.org. Notification will be through email and text messaging. The first step in coding vendors has been complete and Information Systems is working on the notification. Training for departments and testing should be completed this summer with full implementation before the end of the fiscal year.

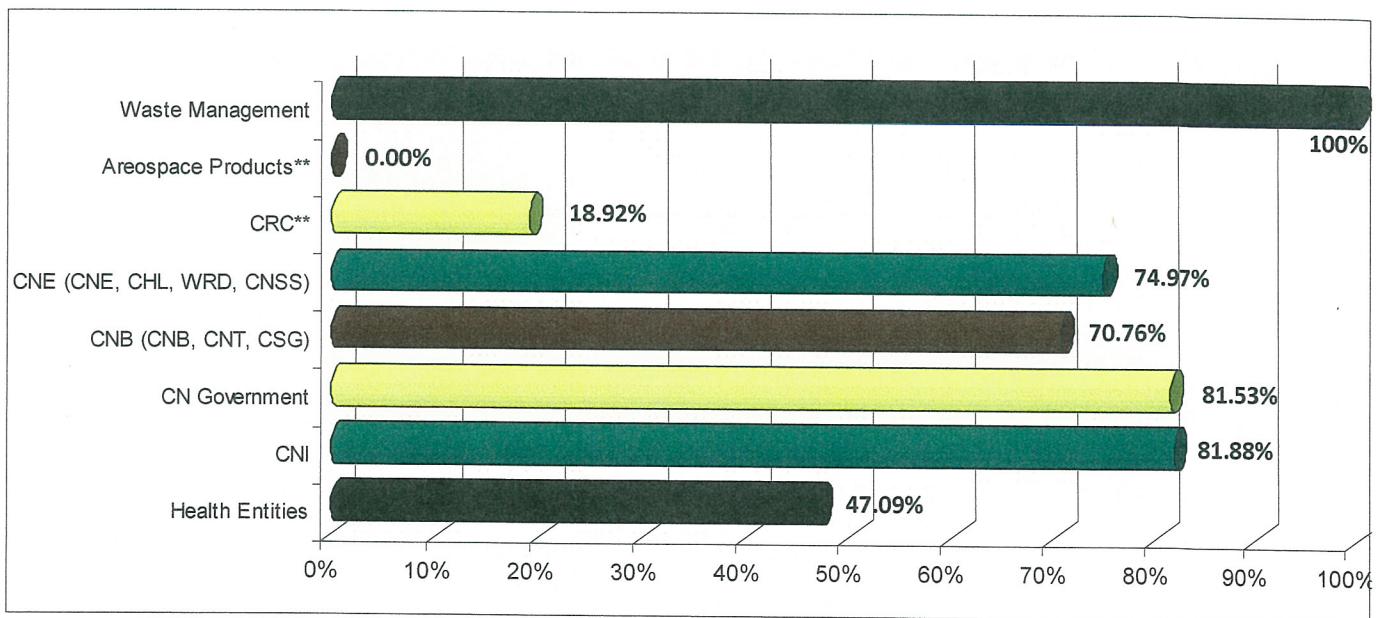
Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
December 3		8 am to 12 pm	Multiple Rate Payroll using QuickBooks
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December 10	Muskogee ICTC	10 am to 3 pm	Small Business Strategic Financial Management
December 11	Muskogee ICTC	10 am to 3 pm	Government Contracting Boot Camp
December 11-12		9 am to 3:30 pm	Government Contracting Boot Camp

80.79% of CIOB Eligible Procurement Opportunities were awarded to CIOBs



**Includes CN Government, CNE, CNI, and Health Entities

76.30% of Employees are registered Cherokee Nation Citizens



**Companies majority, not wholly, owned