

COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

Group: Financial Resources

Month/Year of Report: May 2013

Treasurer: Lacey Horn

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I. Budget Highlights – through April

- a.) Financial Resources – 50% spent
- b.) Treasurer – 37% spent
- c.) IIM – 62% spent
- d.) Acquisition Management – 51% spent
- e.) Records Management – 46% spent
- f.) Support Services – 57% spent
- g.) Employee Performance Incentive – 50% spent

II. Program Highlights

a.) Balanced Scorecard Measures

- 1. Complete FY12 Audit - 100% complete
- 2. Obtain Unqualified Audit Opinion –100% complete
- 3. No Reportable Conditions on Single Audit –100% complete
- 4. Obtain GFOA Award for FY11 CAFR – 100% complete
- 5. Reports Completed & Submitted by Due Dates – 100% Complete for reports due by 04/30/13

b.) Accomplishments

- 1. Single Audit completed for FY 12
- 2. Staff attended a payroll training with the American Payroll Association May 6 -11
- 3. Support Services staff assisted with disaster support in Oklahoma City from May 30 to June 2

c.) Future Plans/New Initiatives

- 1. FY 2014 Comprehensive Budget process continues

COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

Cherokee Nation Acquisition Management Year-To-Date Report Over \$5,000 Transactions October 1, 2012 through September 30, 2013		% of sub-total - TERO vendor submitted Bid
Award to TERO Vendor	\$ 17,843,744.52	93.01%
Award to non-TERO Vendor	\$ 1,340,124.46	6.99%
Sub-total bids with a TERO vendor participating	\$ 19,183,868.98	100.0%
Bid - no bids submitted by TERO Vendors	\$ 3,026,647.13	
October 1, 2012 through April 30, 2013		



CHEROKEE NATION™
Businesses

Executive and Finance Report
Consolidated Financial Information
April 2013

Cherokee Nation Businesses

Executive and Finance Report

April 2013

Budget Highlights

- April 2013 CNB consolidated net income of \$7.5 million was 22.1% unfavorable to a budget of \$9.6 million.
- CNE net income of \$8.4 million was \$1.2 million lower than budget. Lower than budgeted revenue in addition to higher than budgeted expenses related to increased employee expense as well as costs related to the widening project of Highway 75 near Ramona drove the variance.
- The Technology Portfolio experienced net income of \$421,000, which was 10.2% above budget due to higher than budgeted awarded contracts.
- CNB Parent company net loss of \$952,000 was \$753,000 unfavorable to budget. The budget variance was driven by lower revenue related to a shared service true up, higher than budgeted employee expense, and a one-time YTD expense adjustment.
- Combined, all other entities were \$248,000 below budget.

Capital Expenditures

April YTD capital expenditures were \$48.7 million for all entities.

- CNE: \$51.8 million – Expansion related costs for construction at Catoosa, Ramona, and Ft. Gibson
- CPM: \$5.4 million – Purchase of American Woodmark Building in Tahlequah & Tennant Improvements
- CNB: \$973,000 – Deltek Gov't Accounting Software, IT Equipment
- CNCS: \$67,000 – New Vehicles
- CNI: \$232,000 – Floor Scrubber/Sweeper and maintenance costs
- CNSD: \$46,000 – Cargo Van
- IT Portfolio \$110,000 – Office Furniture for San Antonio Offices & new server

Financing

- CNB has no outstanding borrowings as of April 28, 2013.

Cherokee Nation Entertainment

Executive and Finance Report

April 2013

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$46,257	\$46,720	(\$463)	-1%
• Operating Expenses	Month -	\$33,932	\$32,850	\$1,082	3%
• Net Income	Month -	\$8,425	\$9,609	(\$1,183)	-12%

Operating Highlights

- CNE net income of \$8.4 million in April was \$1.2 million unfavorable to budget.
- Total revenue of \$46.3 million was \$463,000 unfavorable to budget due to higher than budgeted promotional allowances.
- Total operating expense of \$33.9 million was 3.3% unfavorable to budget primarily due to higher gaming related expense as well as costs associated with the Highway 75 construction project near Ramona.
- The new hotel tower at Catoosa is now completely opened.
- Eastern Shawnee opened the Indigo Sky Casino near Seneca, MO November 8, 2012. The Indigo Sky Casino was built and replaced the Bordertown Casino.
- The Choctaw casino in Pocola is expanding its gaming floor from 1,400 to 2,500 games. This could negatively affect gaming activity at the Roland casino.
- The Creek Casino in Tulsa is planning a \$250 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.

Capital Expenditure Highlights

- Catoosa Casino 3 Rebuild - \$22.3 million
- Ramona Casino - \$3.0 million
- Ft. Gibson Casino - \$10.2 million
- Cherokee Springs Golf Course & improvements - \$9.0 million
- S Coffeyville Casino & Land - \$522,000

Cherokee Nation Industries

Executive and Finance Report

April 2013

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$6,279	\$4,647	\$1,632	35%
• Operating Expenses	Month -	\$6,618	\$4,937	\$1,681	34%
• Net Income	Month -	(\$424)	(\$366)	(\$59)	16%

Operating Highlights

- Net loss was \$424,000 compared to a budgeted net loss of \$366,000.
- CNI's revenue totaled \$6.3 million in April 2013 which was \$1.6 million higher than budget.
- Total operating expenses of \$6.6 million was \$1.7 million higher than budget due to higher revenue.
- Management is focused on increasing revenues through increased sales efforts as well as reducing expenses.

Technology Portfolio

Executive and Finance Report

April 2013

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$8,727	\$7,676	\$1,051	14%
• Operating Expenses	Month -	\$8,212	\$7,166	\$1,046	15%
• Net Income	Month -	\$421	\$382	\$39	10%

Operating Highlights

- The IT Portfolio generated revenue of \$8.7 million compared a budget of \$7.7 million.
- April EBITDA was \$515,000 compared to budgeted EBITDA of \$510,000. The April EBITDA margin of 5.9% was lower than the 6.6% budget for the month.
- CSG and CNT revenue of \$3.4 million was favorable to prior year by \$219,000. The variance was attributable to additional contract opportunities being awarded.
- CNGS and CNTS generated \$5.2 million was \$1.3 million favorable to budget. The favorable budget variances are due to higher than anticipated contract volume during FY13.
- CSG submitted a proposal to the U.S. Geological Survey Nation for scientific support services for the earth resources observation and science center. This proposal is valued at \$13 million over 5 years.

Other Diversified Businesses

Executive and Finance Report

April 2013

Net Income Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• CNSD	Month -	\$40	\$119	(\$79)	-67%
• CNCS	Month -	\$22	\$33	(\$11)	-34%
• Mobility Plus	Month -	(\$71)	\$54	(\$125)	-232%
• CMS / CNHS	Month -	\$37	\$10	\$26	252%
• Aerospace Products S.E.	Month -	\$8	(\$3)	\$11	-367%
• CCRC	Month -	\$122	\$102	\$20	20%

Operating Highlights

- **CNSD** net income of \$40,000 was unfavorable to a budgeted net income of \$119,000. EBITDA margin of 2.9% compared to the budget of 5.6% due to decreased activity in CNRW.
- **CNCS** resulted in a net income of \$22,000, which was unfavorable to budgeted net income of \$33,000. The unfavorable variance was due to higher than budgeted overhead employee cost and operating expense.
- **Mobility Plus** resulted in a net loss of \$71,000 compared to budgeted net income of \$54,000. The budget variance was primarily the result of lower than anticipated revenue of \$176,000.
- **CMS / CNHS** resulted in a net income of \$37,000 compared to budget of \$10,000. Higher revenue and better margins contributed to the favorable budget variance.
- **APSE** net income of \$8,000 in April 2013 compared to a budgeted net loss of \$3,000. Net income exceeded budget primarily due to increased sales to M7 Aerospace as well as revenue related to a new contract with GreenPoint Technologies.
- **CCRC** net income of \$122,000 was favorable to a budget of \$102,000. April 2013 revenue was \$2.4 million compared to budget of \$1.3 million. Higher revenue was the result of revenue recognized on the Picatinny construction projects and on the BIA dormitory project.

Group: Career Services-Employment Month/Year of Report: May, 2013

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

I. Budget Highlights – Please refer to Monthly Financial Report

None

II. Program Highlights

a. Balanced Scorecard Measures

	<i>April</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.	22	175	250	70%
<i>Training Completions</i> – includes individuals receiving a nationally-recognized certification, credential, or degree while enrolled in one of 11 different vocational training programs.	50	290	450	64.4%
<i>Employment Completions</i> – includes individuals who completed a Work Experience or TERO OJT assignment.	9	56	300	18.7%
<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.	115	530	500	106%
<i>Retention</i> – includes individuals who were retained in their unsubsidized employment through assistance from a Career Services Program.	28	212	200	106%
<i>Job Readiness Training</i> – includes individuals who completed the Life/Employment Skills Training.	9	131	500	26.2%
<i>WorkKey Credentialing</i> – includes individuals who received a bronze, silver, gold, or platinum WorkKeys credential.	3	198	500	39.6%

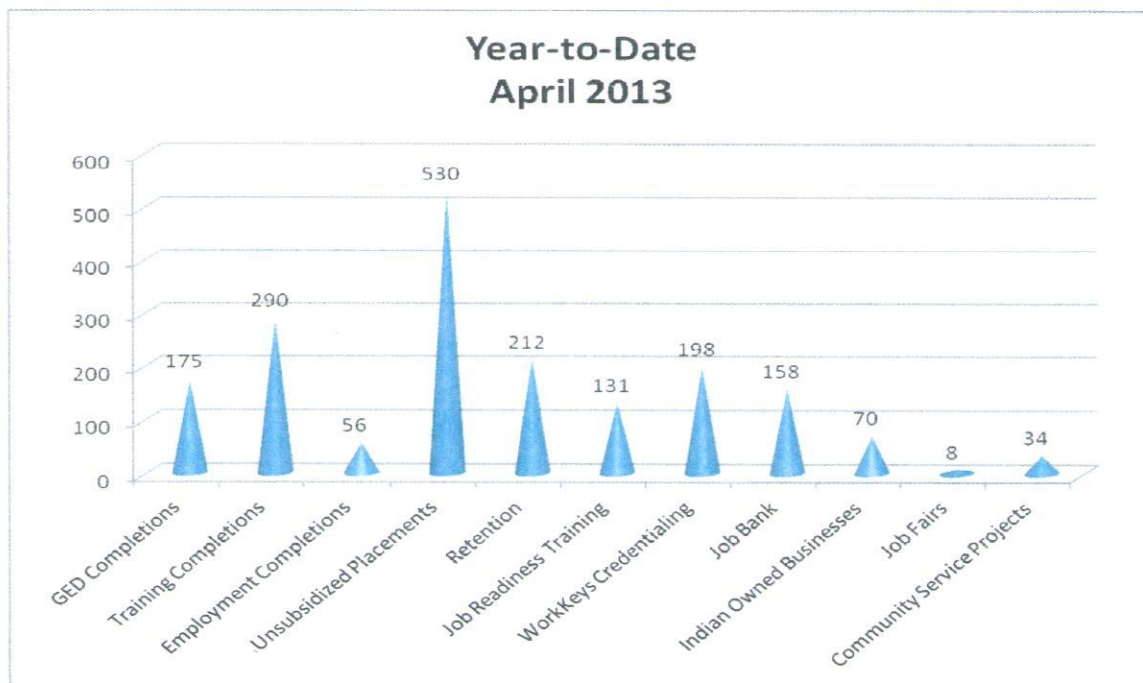
<i>Job Bank</i> – includes the number of new individuals entering the TERO Job Bank.	21	158	1,000	15.8%
<i>Indian Owned Businesses</i> – includes the number of businesses newly certified as an Indian Owned Business.	11	70	100	70%
<i>Job Fairs</i> – includes the number of Job Fairs held by Career Services.	2	8	15	53.3%
<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.	5	34	50	68%

b. Accomplishments

1. The Day Training Program had 18 participants enter unsubsidized employment, three at Cherokee Nation and eight at CNB/CNI.
2. Employment Development (TERO) hosted the One Fire Golf Tournament at Cherokee Springs on May 2, 2013.
3. Employment Development (TERO) hosted the Inter Tribal Golf Tournament at Hard Rock Hotel and Casino on May 6, 2013.

c. Initiatives

1. Staff continue planning meetings for upcoming NCAI Annual Convention.
2. Cherokee Nation TERO is hosting the National TERO Conference June 30 – July 3, 2013 at the Hard Rock Hotel and Casino.



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

Month/Year of Report: May 2013

Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2012 Goal	Year to Date Achievement Notes/Comments
Effective Business Workshop Training	# Certified Indian-Owned Business Attendees and % indicating usefulness	500/100%	27/100%
Increase Certified Indian-Owned Business Procurement Awards	% Certified Indian-Owned Business Procurement Awards	75%	74.00% Business Entities eligible procurement \$'s awarded to Certified Indian Owned vendors <ul style="list-style-type: none"> • CNE – 64.96% • CN Government - 93.01% • Health Entities – 94.33% • CNI – 38.83% • Waste Management - 100%
Increase Cherokee Citizens employed	% Cherokee Citizens (verified)	Entity CNE – CNB - CN – 82.9% Health - CNI – CRC – Aerospace -	Business Entities - 76.22% <ul style="list-style-type: none"> • CNE (CNE, CHL, WRD, CNSS) 75.29% • CNB (CNB, CNT, CSG) 68.36% • CN Government 81.83% (does not include IPA/MOA) • Health Entities 47.48% • CNI 77.25% (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	80	70
Effective One on One Training for Certified Indian Owned-Businesses	# of businesses receiving assistance/% finding useful	300/95%	237/100%
Certified Indian-Owned Business Receiving Financial Assistance	% Certified Indian-Owned Business Loans in Portfolio	85%	23.00% - Dollar Amount Loaned out 26.00% - Number of Loans
Effective Usage of Fees Collected	# Trained	100	38
Effective Monitor of Work Sites – Construction and Housing	# Monitoring Visits	90%	100% - 1,220 sites monitored
Effective Monitor of Bid Openings	# and % Bid Openings Attended	100%	100% - 65
Effective Resolution of Complaints – TERO and EEOC	% Complaints Resolved	100%	TERO: 6 complaints filed; 3 resolved, 3 pending EEOC: 0 complaint filed; 0 resolved, 0 pending

b. Notable accomplishments:

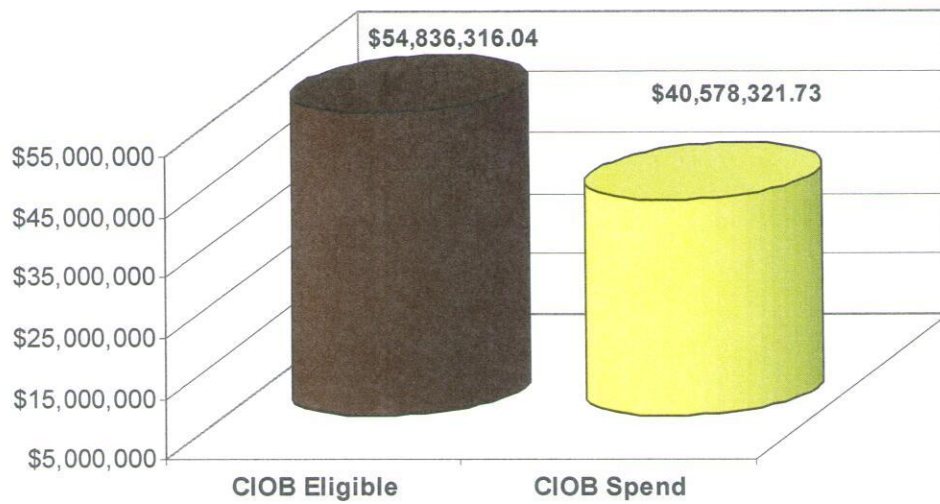
1. TERO completed **22 trainings** for CNE/CNB on the **new TERO law**.

c. Future plans/new initiatives:

1. Partner with Education Services 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. TERO met with Southern Plains Tribes to prepare for hosting the **National TERO Conference** on June 30-July 3rd.
4. **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.

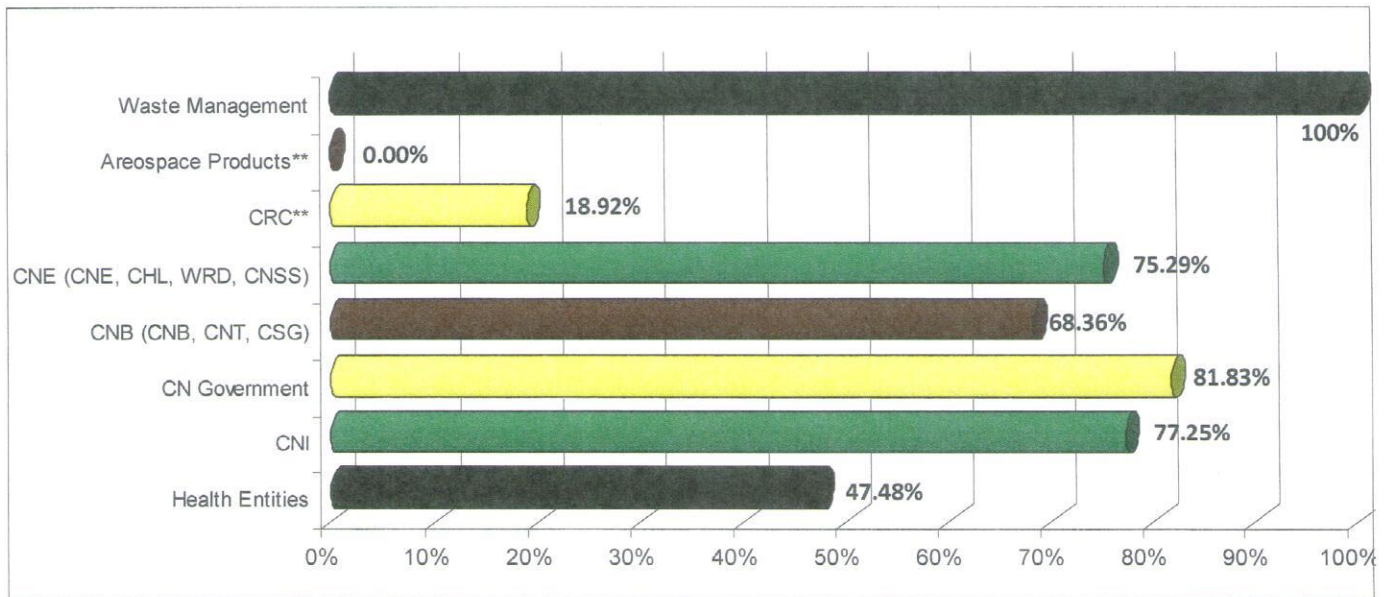
Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
June 6	Tahlequah Osiyo Training Room	6 pm to 8 pm	Indianpreneurship
June 11	Sallisaw Chamber of Commerce	1 pm to 4 pm	Quick Books 101
June 13	Tahlequah Osiyo Training Room	6 pm to 8 pm	Indianpreneurship
June 18	Stilwell ICTC	6 pm to 8 pm	How to do business with Cherokee Nation
June 20	Tahlequah Osiyo Training Room	6 pm to 8 pm	Indianpreneurship
June 27	Tahlequah Osiyo Training Room	6 pm to 8 pm	Indianpreneurship
June 30–July3	National TERO Conference	TBD	TBD

74.00% of CIOB Eligible Procurement Opportunities were awarded to CIOBs



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

76.22% of Employees are registered Cherokee Nation Citizens



**Companies majority, not wholly, owned

Group: Commerce

Month/Year of Report: May 2013

Director: Anna Knight

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

Budget Highlights None
Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2013 Goal	Year to Date Achievement Notes/Comments
Investment in Economy	Loan Dollars	\$1,000,000	Commercial: \$1,356,670.87 <i>**Record High**</i> <i>Approved Loans Pending Closing</i> <ul style="list-style-type: none"> Oil Drilling \$16,000 Consumer: \$491,961.02 (442 loans)
Investment in Economy	Tourism Dollars a) Community Tourism & Business Development b) Tourism Business Income	a) \$125,000 b) \$50,000	a) \$161,247.00 (<i>all loans to artist & tourism</i>) b) \$20,109.50 (<i>income to artists/communities</i>)
Job Creation	a) # Small Business Jobs Created/Maintained b) Percentage Cherokee (or Cherokee Family) Employed	a) 100 b) 100%	a) 140 (107 Cherokee) b) 76%
Effective Business Training	# Attendees and % Indicating usefulness	1,500/100%	2,066 / 100%
CN Holiday	a) % Increase Sponsorships b) % Increase in Community Games Participation/Holiday Cultural Events	a) 5% b) 5%	a) TBD b) TBD

b. Notable accomplishments

- Record high lending activity in the commercial loan account; typically we loan \$1 million annually in commercial loans, creating or sustaining 100+ jobs. We expect to loan approximately \$2 million this year, with requests for funding greatly exceeding this number.
- Commercial Loans Closed –YTD –** *Chewey*-Convenience Store (11); *Fort Gibson*- Trucking (4), *Hulbert*-Construction (5), *Muskogee*-Ag loan (1), Ag loan (1), *Owasso*-Insurance Agency (6), *Rose*- Ag loan (1) *Sallisaw*- Manufacturing (8) *Stillwell*-Daycare (2), Logging (9) Artist (2) *Tahlequah*- Recycling (6), Beauty Salon/Spa (8), Vet clinic (8)*, Restaurant (28), Convenience store (13), Cab company (4), Combining (2) *Tulsa*- Coffee Roaster (2), Landscaping (5), Trucking (11) *Vian*- Ag loan (2).
- Collateral for Commercial Loans Closed in March 2013 –**

Community	Loan Purpose	Project Costs	Loan Amount	Collateral Discounted Value	Owners Equity	Jobs
Chewey	Convenience Store	\$400,000	\$100,000	2 nd RE on property=\$530,000	25%	11

- Charged Off Loans –** Commercial: YTD Total – \$0.00, Consumer: YTD Total – \$0.00
- Cherokee Arts Center Gallery, the Spider Gallery,** has moved into the Cort Mall Building on Main Street. Over 50 artists are represented in this Gallery and visitors have greatly increased since the move.

Future plans/new initiatives

1. Artists as Entrepreneurs:

- a. 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.
- b. Entering into discussions with **Oklahoma Israel Exchange regarding cultural exchange and commercial marketing distribution channels** for Cherokee artists.
- c. Entering discussions with the **Jewish Federation of Tulsa** to discuss marketing distribution channels for Arts Gallery and Cherokee artists.

2. Recruiting Cherokee entrepreneurs to lease three retail spaces in the Cort Mall, one retail space will be used for a Coffee Shop/Bistro and one retail space will likely house traveling art exhibits. One potential lessee is an Art Supply store.

3. 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 under design. We will be seeking vendor sponsorship for this event and anticipate cash prizes to start or expand a business. This event will be held in conjunction with similar events throughout the state in the fall 2013.

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

▪ IRP:	\$575,460.00	▪ CDFI:	\$26,870.00
▪ Commercial:	\$98,068.00	▪ Consumer Lending:	\$348,187.00

Based on March bank statements

Please note in the commercial account we currently have approximately \$700,000 in available commercial funds and receive approximately \$75,000 in monthly payments. As of June 7, we have approximately 1.2 million in pending loan requests, some of which are likely to be approved in the next month. We will not hear back on the CDFI grant request until the fall and we are unsure when we will hear back on the USDA grant request. If this increased need for small business financing continues, we will likely have to reduce maximum loan amounts and prioritize funding.

Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
June 6	Tahlequah Osiyo Training Room	6 pm to 8 pm	Indianpreneurship
June 11	Sallisaw Chamber of Commerce	1 pm to 4 pm	Quick Books 101
June 13	Tahlequah Osiyo Training Room	6 pm to 8 pm	Indianpreneurship
June 18	Stilwell ICTC	6 pm to 8 pm	How to do business with Cherokee Nation
June 20	Tahlequah Osiyo Training Room	6 pm to 8 pm	Indianpreneurship
June 27	Tahlequah Osiyo Training Room	6 pm to 8 pm	Indianpreneurship
June 30–July3	National TERO Conference	TBD	TBD

Cherokee Heritage Center Report – June, 2013

- Ancient Diligwa Opened on June 3rd. Project has been funded and work is in progress. Work delayed due to weather, but now that rain is over is moving along very well.
- Website has had over 30,000 visitors since Sept. 2012 when it was established, with over 125,000 page views.
- Facebook page has 6,120 friends, and each month reaches over 72,500 people.
- Curator Michael Yantz managed presentations for the NSU Symposium on the American Indian.
- The CHC won the Red Bud Merit Award for Temporary Exhibition in Oklahoma for the Female Seminary Exhibit
- Hosted the Trail of Tears Art Show – Sales were up over 9% to \$19,273 over last year. It should be noted that CNB was not a buyer this year.
- The CHC is operating with a staff of 16 compared to 29 in 2010, creating difficulties in achieving day to day and annual goals
- Dr. Charles Foster, who teaches the Cherokee language at the University of Oklahoma has accepted a temporary position to teach Cherokee to staff and visitors at the Adams Corner School house on the CHC Grounds. His position is funded by the Cherokee Heritage Center.
- We have hired 9 (non-staff) villagers with another coming on soon. These seasonal positions are funded by revenue from outreach, genealogy, disbursements from the endowment and unrestricted donations. No Cherokee Nation funds are used to pay these employees.
- The CHC has partnered with Crystal Bridges Museum in Arkansas and the Will Rogers Museum in Claremore. We now have exhibits at both museums.
- Under new leadership, the CHC Board of Trustees are being asked to focus on raising funds for the endowment so that earnings from the endowment fund can provide a greater portion of our funding needs in the future. The endowment is currently valued at about \$800,000.00.
- The quarterly Board of Trustees meeting is scheduled for July and all council and administration members are invited and encouraged to attend.
- Financial Information is available in the monthly reports provided in each councilman's packet.