

COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

Group: Financial Resources **Month/Year of Report:** April 2012
Treasurer: Lacey Horn **Phone:** 207-3902 **E-mail:** lacey-horn@cherokee.org

I. Budget Highlights – through March

- a.) Financial Resources – 47% spent
- b.) Treasurer – 23% spent
- c.) IIM – 49% spent
- d.) Acquisition Management – 43% spent
- e.) Records Management – 36% spent
- f.) Support Services – 49% spent
- g.) Office of Historical Records – 35% spent
- h.) Employee Performance Incentive – 96% spent

II. Program Highlights

a.) Balanced Scorecard Measures

- 1. Complete FY11 Audit - 100% complete
- 2. Obtain Unqualified Audit Opinion – 100% complete
- 3. No Reportable Conditions on Single Audit – 0% complete
- 4. Obtain GFOA Award for FY10 CAFR – 100% complete
- 5. Reports Completed & Submitted by Due Dates – 100% Complete for reports due by 03/31/12

b.) Accomplishments

- 1. April 11 - Travel Training on the Concur System
- 2. Began FY 2013 Comprehensive Budget Cycle
- 3. Attended Lawson/Inforum 2012 Conference
- 4. Completed ARRA quarterly reporting
- 5. Received program carryover proposals for evaluation by April 13

c.) Future Plans/New Initiatives

- 1. FY11 Single Audit continues
- 2. Travel training on Concur System – May 21 and June 7
- 3. FY13 Comprehensive Budgets due May 18

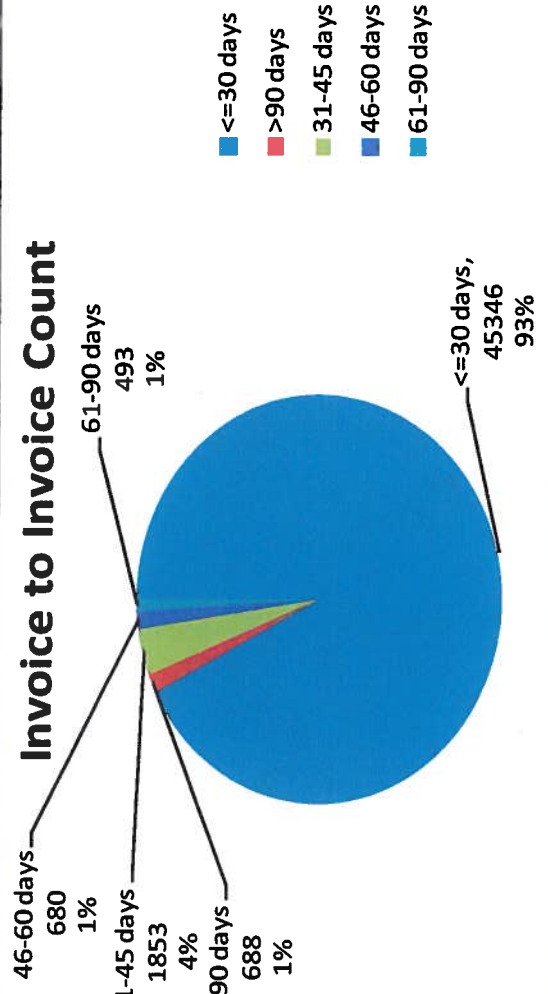
COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

Cherokee Nation Acquisition Management Year-To-Date Report Over \$5,000 Transactions October 1, 2011 through September 30, 2012		% of sub-total - TERO vendor submitted Bid
Award to TERO Vendor	\$ 8,533,925.97	84.50%
Award to non-TERO Vendor	\$ 1,564,922.13	15.50%
Sub-total bids with a TERO vendor participating	\$ 10,098,848.10	100.0%
Bid - no bids submitted by TERO Vendors	\$ 2,734,910.92	
October 2011 through March of 2012		

Values

Row Labels	Count of APP-INVOICE	Sum of APP-TRAN-PMT-AMT-6
<=30 days	45,346	53,913,158.43
>90 days	688	1,634,531.79
31-45 days	1,853	8,503,412.67
46-60 days	688	3,083,891.14
61-90 days	493	2,007,954.86
Grand Total	49,060	69,142,948.89

Invoice to Invoice Count





CHEROKEE NATION™
Businesses

Executive and Finance Report
Consolidated Financial Information
March 2012

Cherokee Nation Businesses

Executive and Finance Report

March 2012

Budget Highlights

- March consolidated net income was \$12.7 million, 21.6% favorable to budget of \$10.5 million.
- Consolidated YTD net income was \$48.8 million, 12.7% favorable to budget of \$43.2 million.
- CNE generated record net income of \$14.5 million, \$2.8 million favorable to budget. (Gaming revenue is up 9.5% from 2011)
- Government contracting entities continue to see slower revenue trends associated with Federal budget constraints and delays in task order start dates.

Capital Expenditures

- March YTD capital expenditures were \$26.1 million for all entities.
 - CNB: \$1.1 million – Deltek Government accounting software and facility improvements
 - CNE: \$21.4 million – Ongoing construction at Catoosa, Ramona, and Ft. Gibson
 - CNI: \$187,000 – Warehouse Management System and machining equipment
 - CPM: \$3.2 million – Acquisition of the Mid-America building in Pryor and Interchange facility improvements
 - MOB: \$244,000 – Vehicle purchases and facility improvements

Financing

- CNB has no outstanding borrowings as of March 31, 2012.

Cherokee Nation Entertainment

Executive and Finance Report

March 2012

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actuals</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$48,049	\$45,214	\$2,835	6%
	YTD -	\$255,306	\$246,015	\$9,291	4%
• Operating Expenses	Month -	\$29,028	\$28,999	(\$29)	0%
	YTD -	\$169,779	\$170,352	\$573	0%
• Net Income	Month -	\$14,475	\$11,648	\$2,828	24%
	YTD -	\$61,647	\$51,124	\$10,524	21%

Operating Highlights

- The favorable net income variance of \$2.8 million was driven by record revenue of \$48.0 million.
- March total revenue was \$2.6 million above the previous record set in February 2012.
- YTD net income of \$61.6 million increased \$16.0 million, or 35.8%, compared to the prior year.
- Roland's closest competitor, the Choctaw Casino in Pocola, is expanding their gaming floor to 2,500 games, also adding an event center and a hotel.
- The Kialegee Tribal Town has begun efforts to build a casino in Broken Arrow, OK near the Catoosa facility.
- Catoosa construction continues on the new hotel tower and gaming floor in the section of the roof-collapse.
- Ft. Gibson and Ramona permanent structure construction continues with an estimated completion date of late 2012.
- Will Rogers Downs will host a 2012 Spring Thoroughbred Meet, running from March 5th through May 19th.
- The renovated Catoosa buffet re-opened on April 25th.

Capital Expenditure Highlights

- Catoosa Casino 3 Rebuild - \$8.6 million
- Ramona Casino - \$4.0 million
- Ft. Gibson Casino - \$2.9 million
- Catoosa Buffet Renovations - \$1.1 million
- Jay Laundry Facility - \$1.0 million

Cherokee Nation Industries

Executive and Finance Report

March 2012

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actuals</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$5,732	\$8,316	(\$2,584)	-31%
	YTD -	\$31,418	\$44,574	(\$13,155)	-30%
• Operating Expenses	Month -	\$6,336	\$8,318	\$1,981	24%
	YTD -	\$34,717	\$45,139	\$10,422	23%
• Net Income	Month -	(\$604)	(\$1)	(\$603)	-45585%
	YTD -	(\$3,298)	(\$565)	(\$2,733)	-484%

Operating Highlights

- Lower net income was driven by reduced revenue and higher expense levels in Manufacturing and Distribution Services.
- March revenue declined \$3.4 million from the prior year.
- Military Services monthly revenue increased \$1.3 million compared to prior year due to a ramp up in activity.
- Total operating expenses of \$6.3 million was \$944,000 less than budget. The decrease in expense is associated with lower revenues. Corporate overhead resulted in a reduction of \$115,000.
- Operating expenses as a percent of revenue were unfavorable to budget due to inability to flex manpower with demand.
- Management is focused on increasing revenues through increased sales efforts as well as reducing expenses.

Technology Portfolio

Executive and Finance Report

March 2012

Budget Highlights

<i>thousands (000's)</i>	<u>Period</u>	<u>Actuals</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$5,932	\$6,664	(\$732)	-11%
	YTD -	\$33,201	\$35,931	(\$2,730)	-8%
• Operating Expenses	Month -	\$1,605	\$1,862	\$258	14%
	YTD -	\$10,009	\$10,047	\$37	0%
• Net Income	Month -	\$366	\$482	(\$116)	-24%
	YTD -	\$1,188	\$2,594	(\$1,407)	-54%

Operating Highlights

- CSG and CNT revenue of \$3.2 million was unfavorable to prior year by \$166,000. The unfavorable budget variance is attributable to lower than anticipated contract awards associated with continued delays at federal customer contracting offices.
- CNGS and CNTS generated \$2.6 million of revenue, which was an increased daily rate for March compared to recent months. The increased revenue is due to the placement of 15 new billable positions within its current contracts.
- CSG began work on recently renewed contracts with National Oceanic and Atmospheric Administration (NOAA) in March. The renewal of these contracts will enable CSG to perform at current or increased revenue levels with NOAA for the next 5 years.
- CNTS is completing a short term, \$1.4 million award with the United States Coast Guard. The contract is expected to be completed by early summer.
- Beginning in April, Cherokee Nation Assurance will become part of the Healthcare Portfolio, joining Cherokee Medical Staffing and Cherokee Nation Healthcare Services.
- Management has increased the amount of outstanding proposals to drive additional volume to offset the margin impact and continue to grow the overall profitability of the 5 technology companies. The IT Portfolio currently has more than 20 outstanding proposals awaiting decision among various potential customers.

Other Diversified Businesses

Executive and Finance Report

March 2012

Budget Highlights

Net Income by Entity

<i>thousands (000's)</i>	<u>Period</u>	<u>Actuals</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Cherokee Nation	Month -	(\$50)	\$14	(\$64)	-461%
Security & Defense	YTD -	(\$205)	\$83	(\$287)	-347%
• Cherokee Nation	Month -	(\$48)	(\$27)	(\$21)	-78%
Construction Services	YTD -	(\$241)	\$91	(\$332)	-365%
• Mobility Plus	Month -	(\$26)	\$60	(\$86)	-144%
	YTD -	(\$805)	\$357	(\$1,162)	-325%
• Aerospace Products S.E.	Month -	\$15	\$48	(\$33)	-69%
(75% owned)	YTD -	\$75	\$286	(\$211)	-74%
• Cherokee CRC	Month -	\$38	\$71	(\$33)	-46%
(51% owned)	YTD -	\$37	\$432	(\$395)	-91%

Operating Highlights

- **CNSD** net loss is attributable to timing delays in new contract startup. The Letterkenny subcontract under Tiburon began April 9th. This subcontract will create an additional 18 fulltime positions which will increase revenue by approximately \$90,000 per month.
- **CNCS** was recently awarded a \$5.7 million delivery order contract to design and repair Facility 722 at Dover Air Force Base (AFB), Delaware, as well as a \$1.1 million delivery order to demolish and install HVAC systems and extend fire protection systems. March revenue includes \$174,000 for design work related to these recently awarded contracts.
- **Mobility Plus** net loss was generated by higher operating expenses driven by increased employee cost and an allowance for bad debt. The bad debt allowance relates to the identification of bills that were duplicated during the transition of billing systems. This month's allowance was \$72,000.
- **APSE** continues to work with Boeing on the details of the 345 Kitting Program. Boeing initially planned the delivery of the first 14 kits totaling \$6.0 million in July 2012. APSE now estimates delivery to occur later in the 3rd quarter. General sales revenues have begun to increase slightly as the recently awarded M7 contract has become fully operational, supporting parts sales in 3 hangar locations in the San Antonio area.
- **CCRC** March revenue approximated budget in all divisions and was only slightly under total budget. The Government is now starting to release work and it is anticipated that the company will recognize more normal billings for the rest of the fiscal year.

Group: Career Services-
Employment **Month/Year of Report:** April, 2012

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

Activity	March	YTD	Goal	% of Goal
GED Completions	33	179	250	72%
Training Completions	49	283	450	63%
Employment Completions	2	21	300	7%
Unsubsidized Placement	78	413	500	83%
Retention	47	207	200	104%
Job Readiness Training	15	146	500	29%
WorkKey Credentialing	70	246	500	49%
Job Bank	19	102	1,000	10%
Indian Owned Businesses	15	152	100	152%
Major Cherokee Employers	0	0	50	0%
Job Fairs	6	15	15	100%
Community Service	11	38	50	76%

Balanced Scorecard measures for the previous month will be available the 15th of each month.

b. Accomplishments

1. Jon Overacker presented a workshop on TERO at NINAETC April 22-27, 2012.
2. Eleven Day Work Training participants entered employment, eight with Cherokee Nation.

3. Eight NAHASDA Day Work Training participants entered employment, six with Cherokee Nation.

Initiatives

1. Staff will prepare and submit a request for extension of the NEG-OJT program.
2. Staff will complete SYEP applications and selections will begin.

Group: Commerce

Month/Year of Report: April 2012

Director: Anna Knight

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

Budget Highlights None

Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2012 Goal	Year to Date Achievement Notes/Comments
Investment in Economy	Loan Dollars	\$1,000,000	Commercial: \$270,585.29 <i>Approved Loans Pending Closing</i> <ul style="list-style-type: none">• Retail \$300,000 <i>Pending approval</i> <ul style="list-style-type: none">• Retail \$300,000• Wrecker service \$150,000• Youth Ag \$25,000 Consumer: \$347,382.30
Investment in Economy	Tourism Dollars a) Community Tourism b) Tourism Business Development c) Art Center	a) \$25,000 b) \$100,000 c) \$50,000	a) \$1,500 (artist loan) b) \$106,800 (financing tourism related businesses) c) \$23,151 (income to artists/communities)
Job Creation	# Small Business Jobs Created/Maintained Percentage Cherokee (or Cherokee Family) Employed	100 100%	43 72%
Effective Business Training	# Attendees and % Indicating usefulness	1,500/95%	1,261 / 100%
CN Holiday	1. % Increase Sponsorships 2. % Increase in Community Games Participation/Holiday Cultural Events	a) 5% b) 5%	a) 23% increase over 2010 b) Community Games - Adult participation down by 10% and child participation up 15%; Holiday Cultural Events – Adult and child participation up 10%

b. Notable accomplishments

1. **Commercial Loans Closed –YTD – Bunch-Service (2 jobs); Muskogee-plumbing (2 jobs); Hulbert-Ag loan (2 jobs); Briggs- salvage (16 jobs); Westville-Ag loan (3 jobs); Tahlequah-Mechanic (1 job), artist loan (1 job); Grove-Convenience Store (6 jobs); Sallisaw-retail/tanning (10 jobs).**
2. **Collateral for Commercial Loans Closed – None for this reporting period.**
3. **Charged Off Loans – Commercial: Monthly/YTD Total – 0, Consumer: Monthly/YTD Total – 0**
4. **Commerce participated in the Tahlequah Business Fair and ICTC Vendor Fair servicing 200 individuals at Tahlequah and 50 at ICTC, for **250 total participants.****
5. **Arts Center has received 140 visitors (including working artists using the center) since October 2011.**
6. **Finalizing business/operational plans for art retail space in the old Cort Mall in downtown Tahlequah. This space will provide affordable retail space with shared sales area/staff and shared marketing. It is anticipated artists graduating from the incubator program (receiving entrepreneurial assistance) will transition to this space.**

7. Submitted **USDA/EDA Jobs Accelerator Grant Application in partnership** with Northeast Oklahoma Rural Alliance and Sustainable Green Country in order to facilitate community based jobs in the food sector.

c. Future plans/new initiatives

1. **E-Commerce website for Arts Center Gallery** to increase market opportunities for Cherokee artists.
2. **Kitchen Incubator** for Cherokee farmers and food producers to earn supplemental income by preparing/packaging local foods for sale. **Creation of Food Sector entrepreneurial development and loan programs.**
3. **Subcontractor workshop series** to build capacity and bidding expertise of TERO vendors.
4. **Northeast Oklahoma Regional Summit** to be held at NSU in Tahlequah on October 30 and 31.

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

▪ IRP:	\$378,175.00	▪ ICDBG Adult:	\$127,318.37
▪ Commercial:	\$519,061.12	▪ ICDBG Youth:	\$68,940.39
▪ CDFI:	\$603,420.98	▪ Consumer Lending:	\$138,356.13

* Bank statements for March are not yet available.

*ICDBG Adult bank account balance will shift to Commercial account once all grant closing procedures are completed.

Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
May 9	Claremore RSU Innovation Ctr	11:30 am to 1:00 pm	Lunch & Learn – TBD
May 15	Claremore NTC	9:00 am to 1:00 pm	Social Media Bootcamp
May 22 (tentative)	Tulsa, Native American Business Enterprise Center	Undetermined	SBA 8a, Hubzone, and Woman Owned Businesses
June 13	Bartlesville, Tri-County Tech Strategy Center	8:30 am to 12:00 pm	E-Commerce – using the web in your business, paypal and online stores
June 27	Muskogee, Indian Capital Technology Center Room 100	8:30 am to 5:00 pm	Using Quickbooks, hosted by REI with \$165 fee
August 29	Claremore, RSU Innovation Center	8:00 am to 5:00 pm	Using Quickbooks, hosted by REI with \$165 fee
September 12	Claremore, CN One Stop Bid Center Red Room Confirmed	8:30 am to 12:00 pm	Minority Procurement – Tribal, Woman- owned, Central Contractor Registration, Oklahoma Bid Assistance Network
September 13	Bartlesville, Tri-County Tech Strategy Center	8:00 am to 5:00 pm	Using Quickbooks, hosted by REI with \$165 fee
October 24	Muskogee Civic Center	1:00 pm to 3:30 pm	Preparing Local Foods for Resale
October 30 – 31	Tahlequah – NSU	All Day	Northeastern Oklahoma Regional Summit
November 1	Catoosa Hard Rock	All Day	CN Indian Owned Business Fair
November 7	Bartlesville, Tri-County Tech Strategy Center	PM TBD	Tax Strategies for Businesses



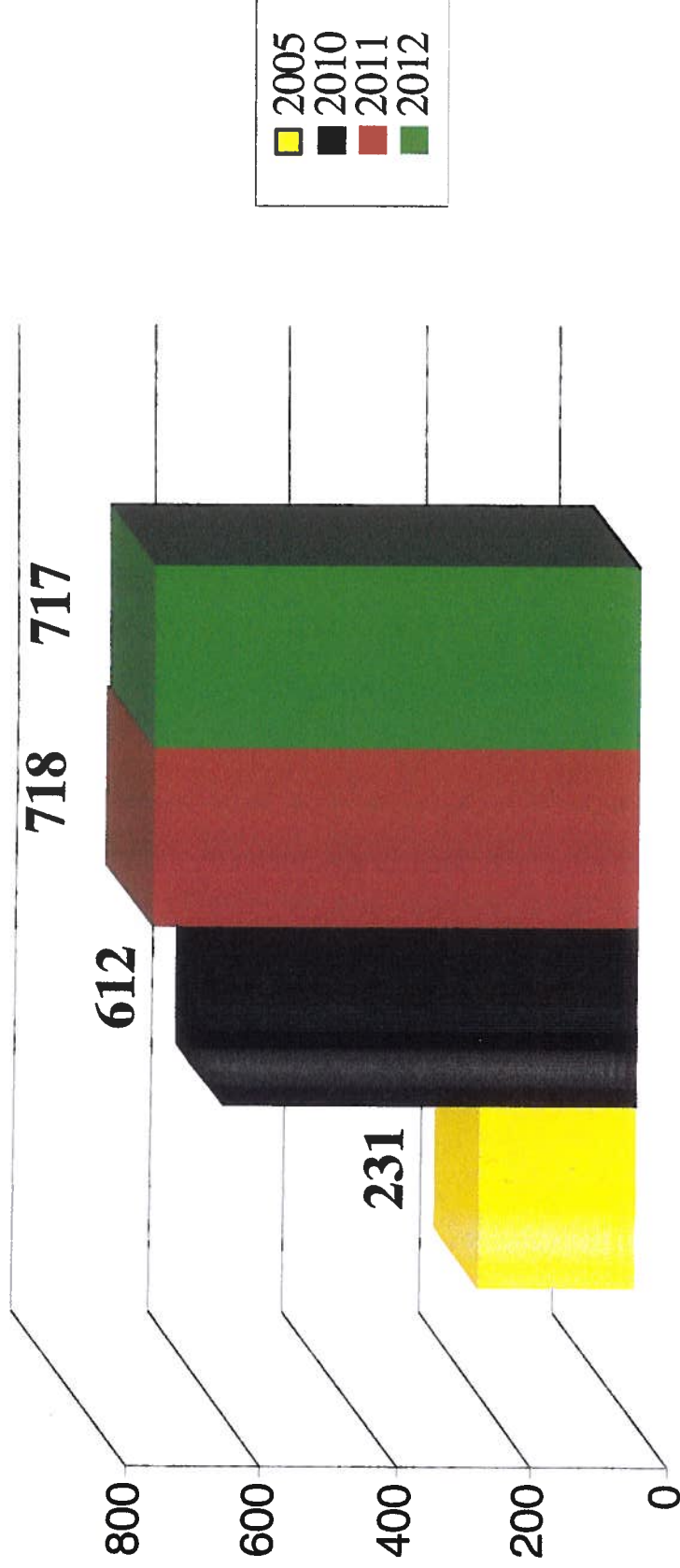
CERTIFIED INDIAN OWNED BUSINESS REPORT

2nd Quarter 2012

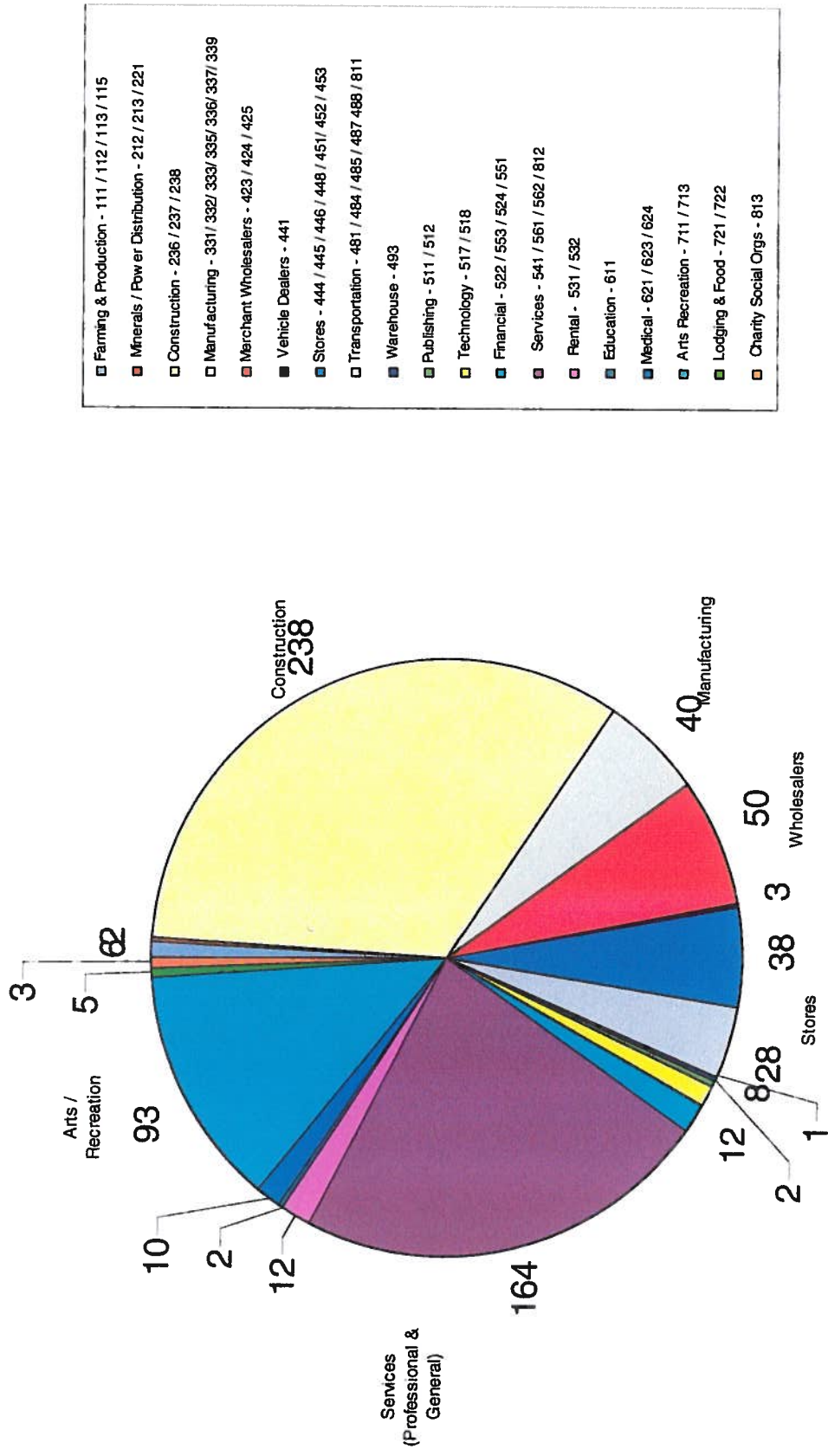
March FY 2012 Quarterly Report

Increased Number of Certified Indian Owned Businesses

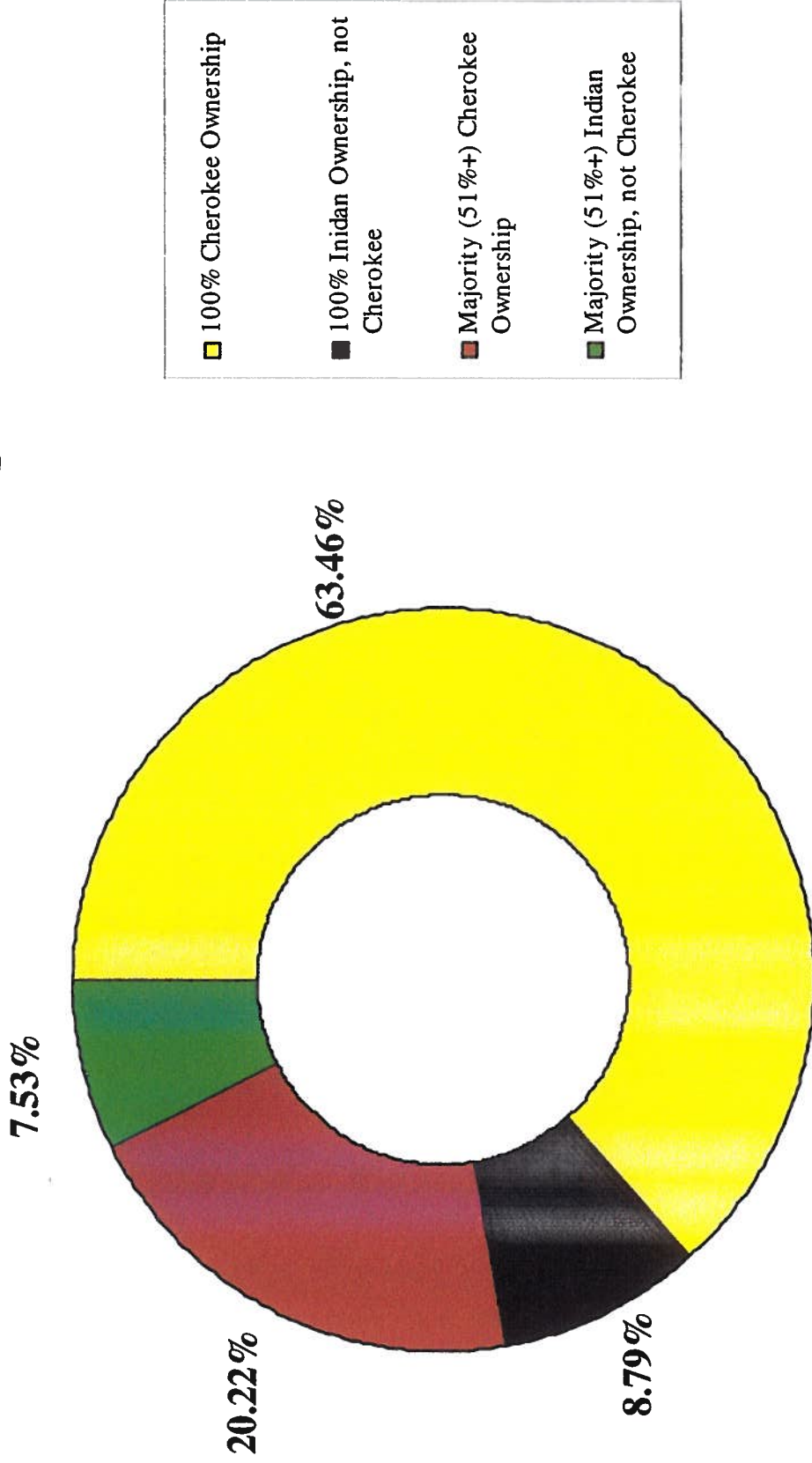
Number of Certified Indian Owned Businesses



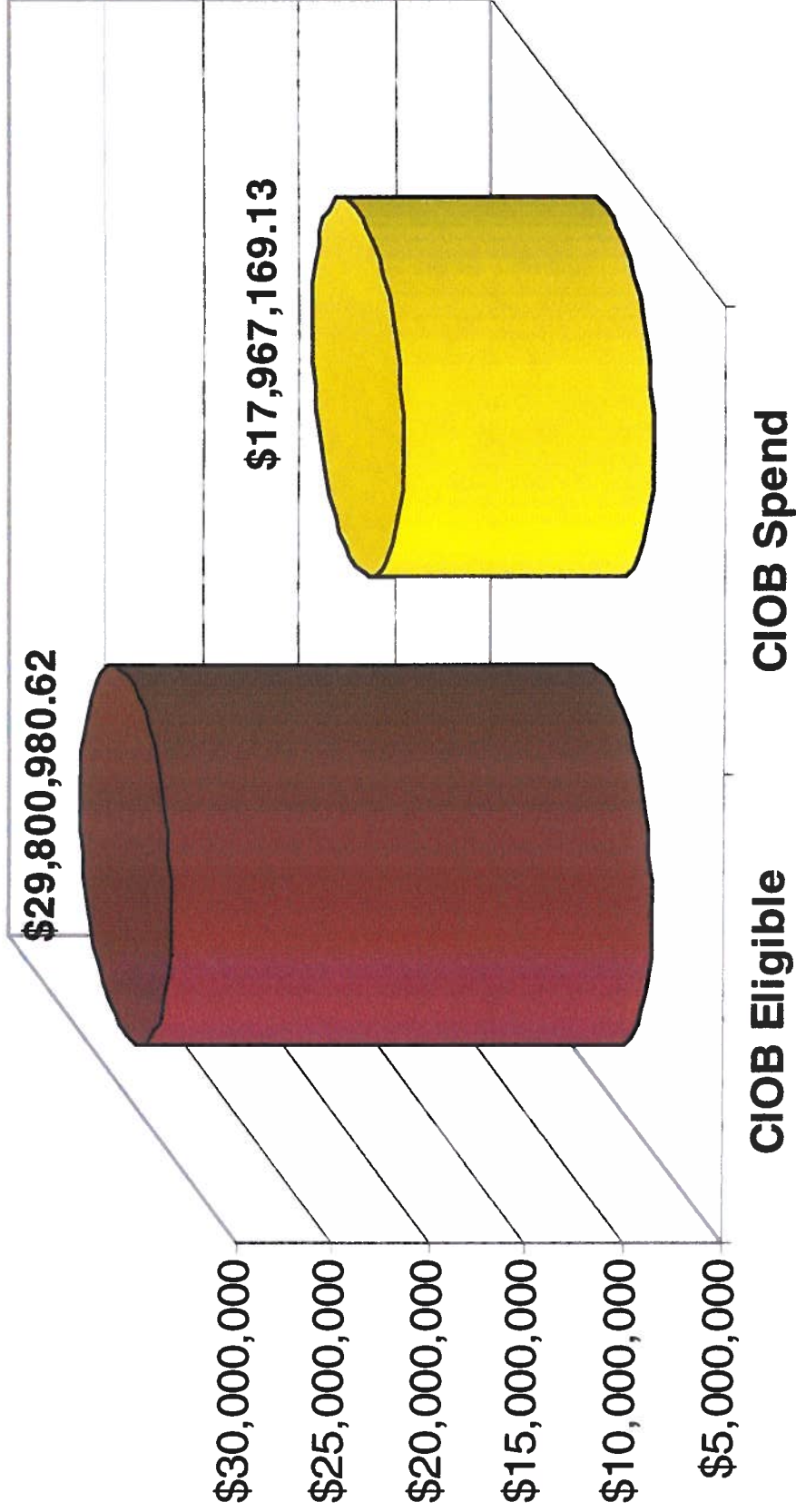
CIOB by Industry



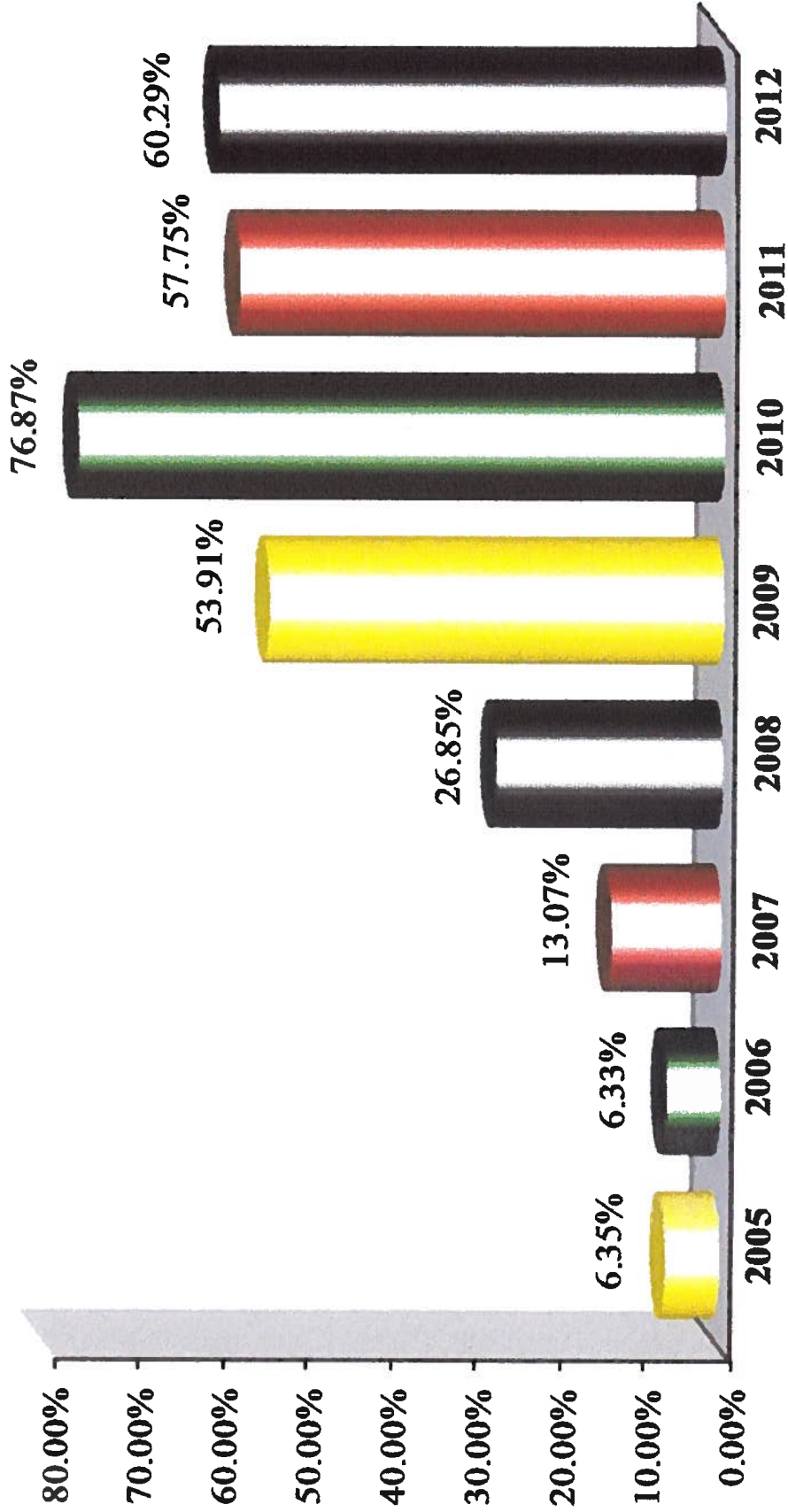
Certified Indian Owned Businesses Ownership



60.29 Percent of Eligible Purchases were Awarded to CIOB

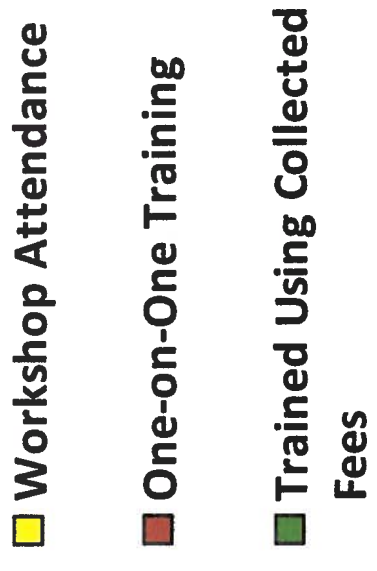


**Total Procurement Dollars
Awarded to Certified Indian Owned
Businesses in 2012 - \$17,967,169.13**

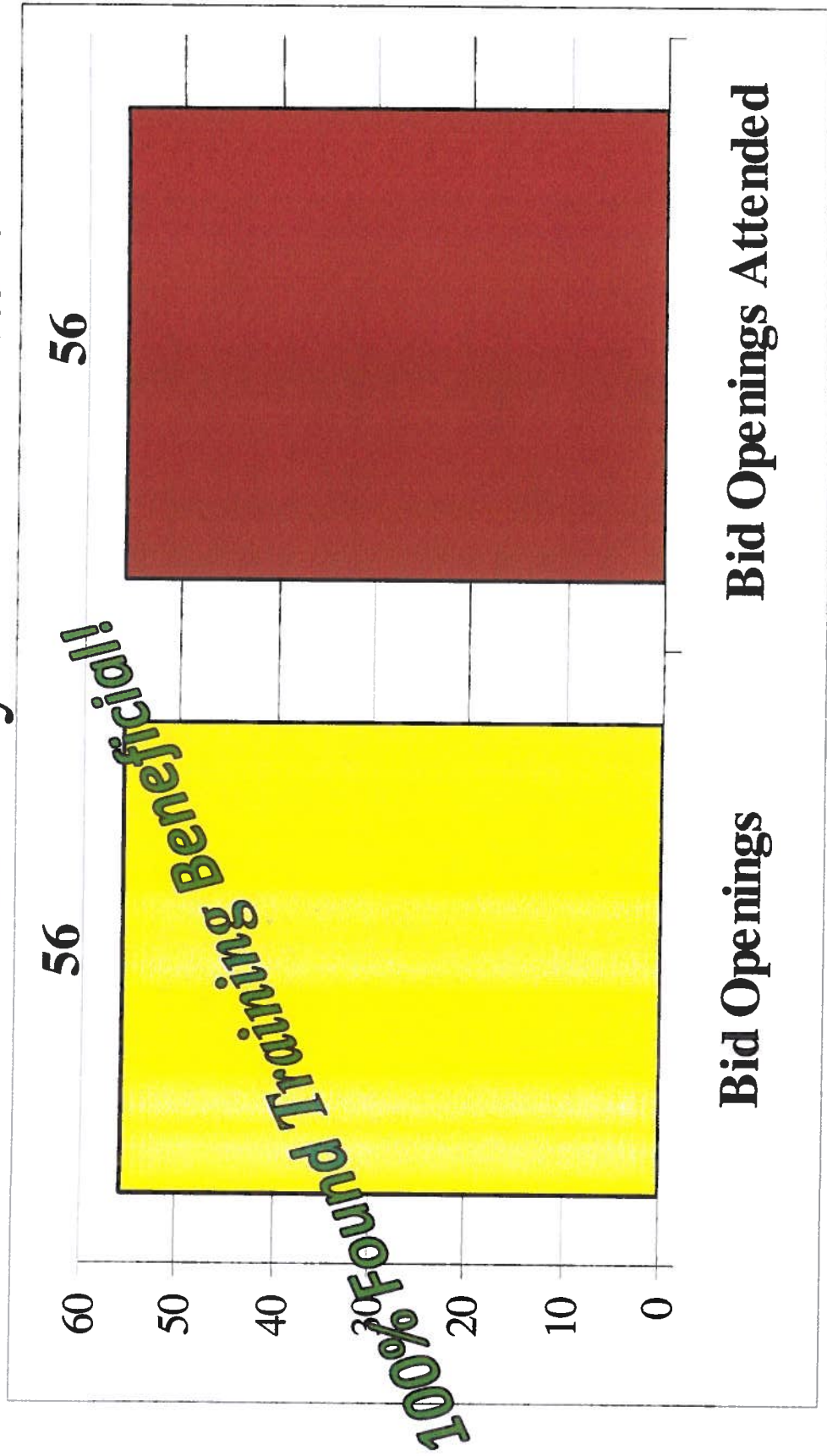


416 Indian Business Owners have Received Business Training

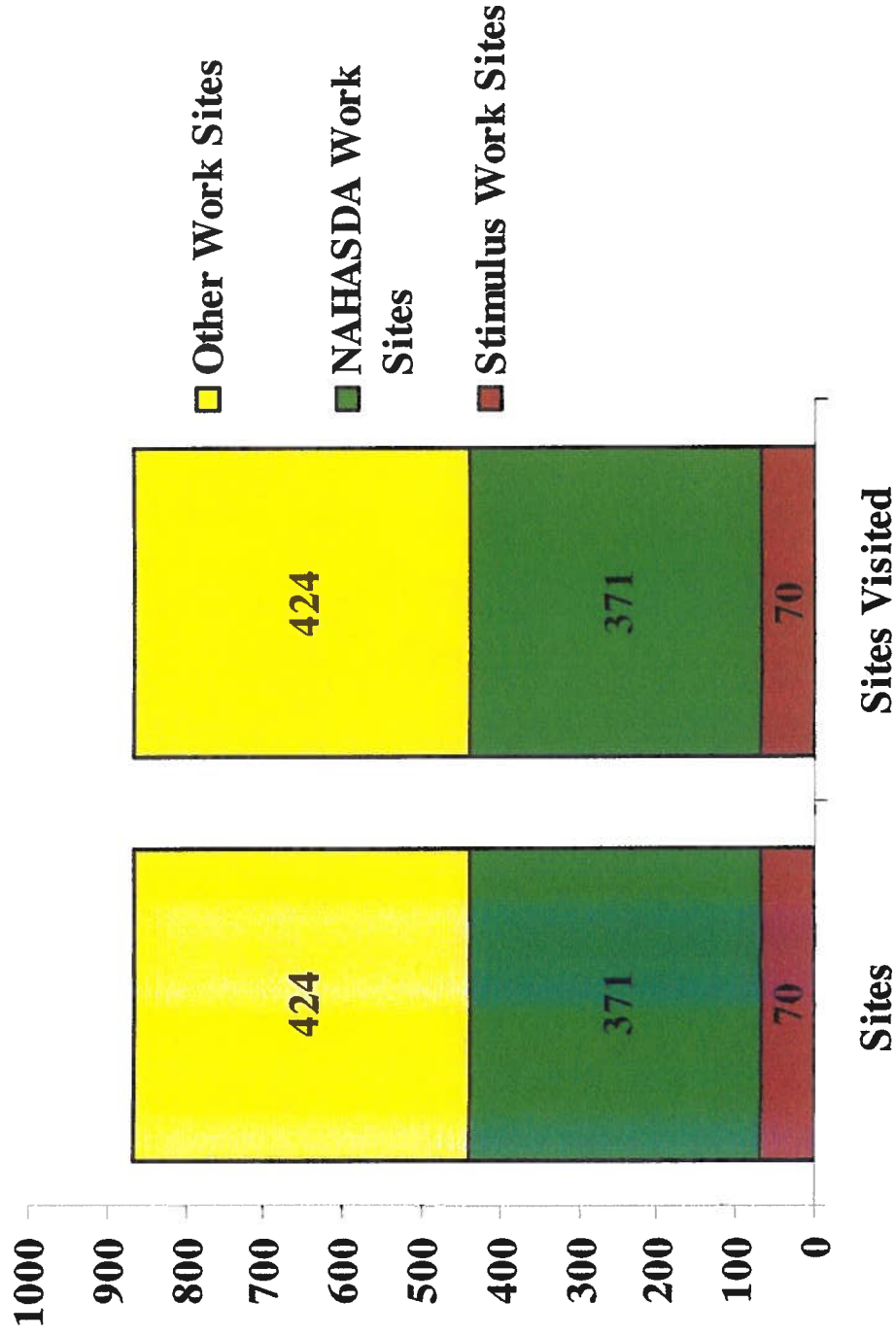
100% Found Training Beneficial!



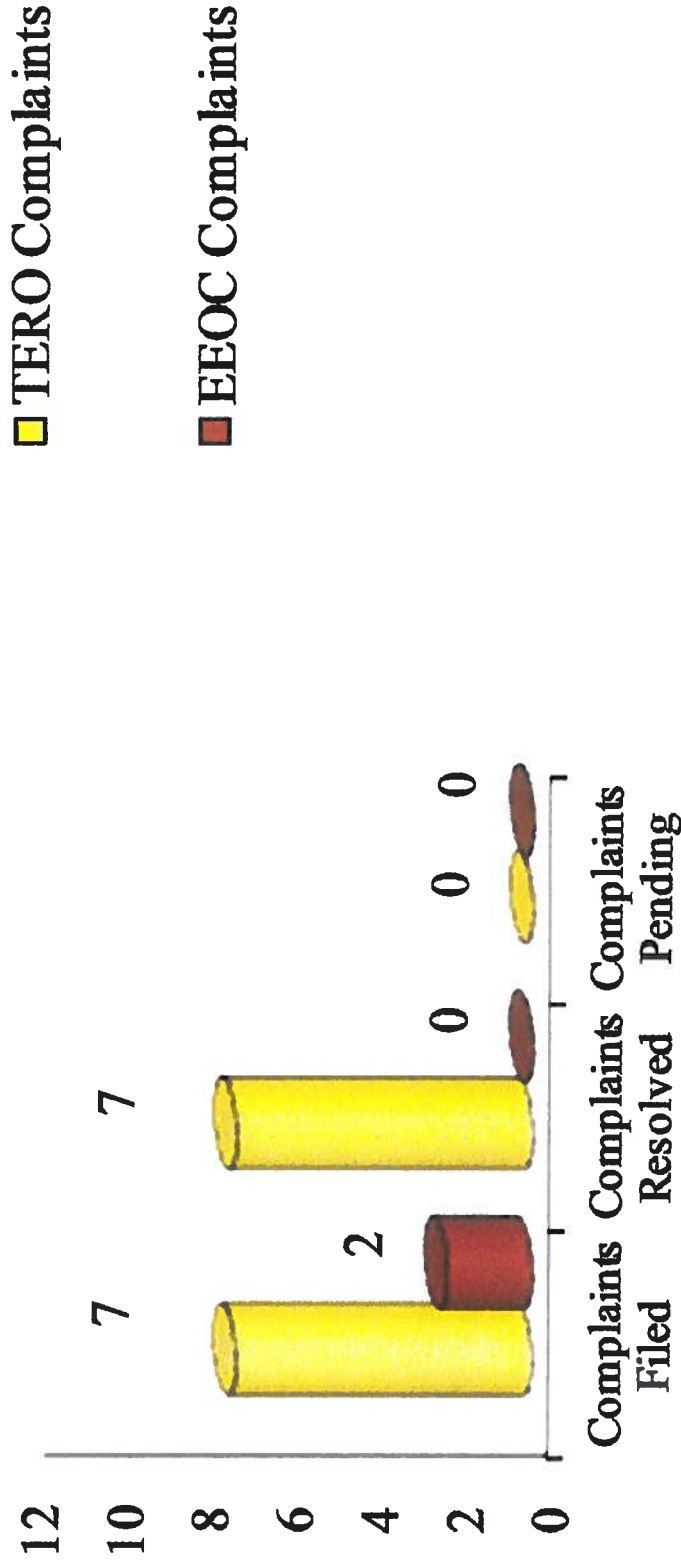
100% of Bid Openings Were Monitored by TERO Staff



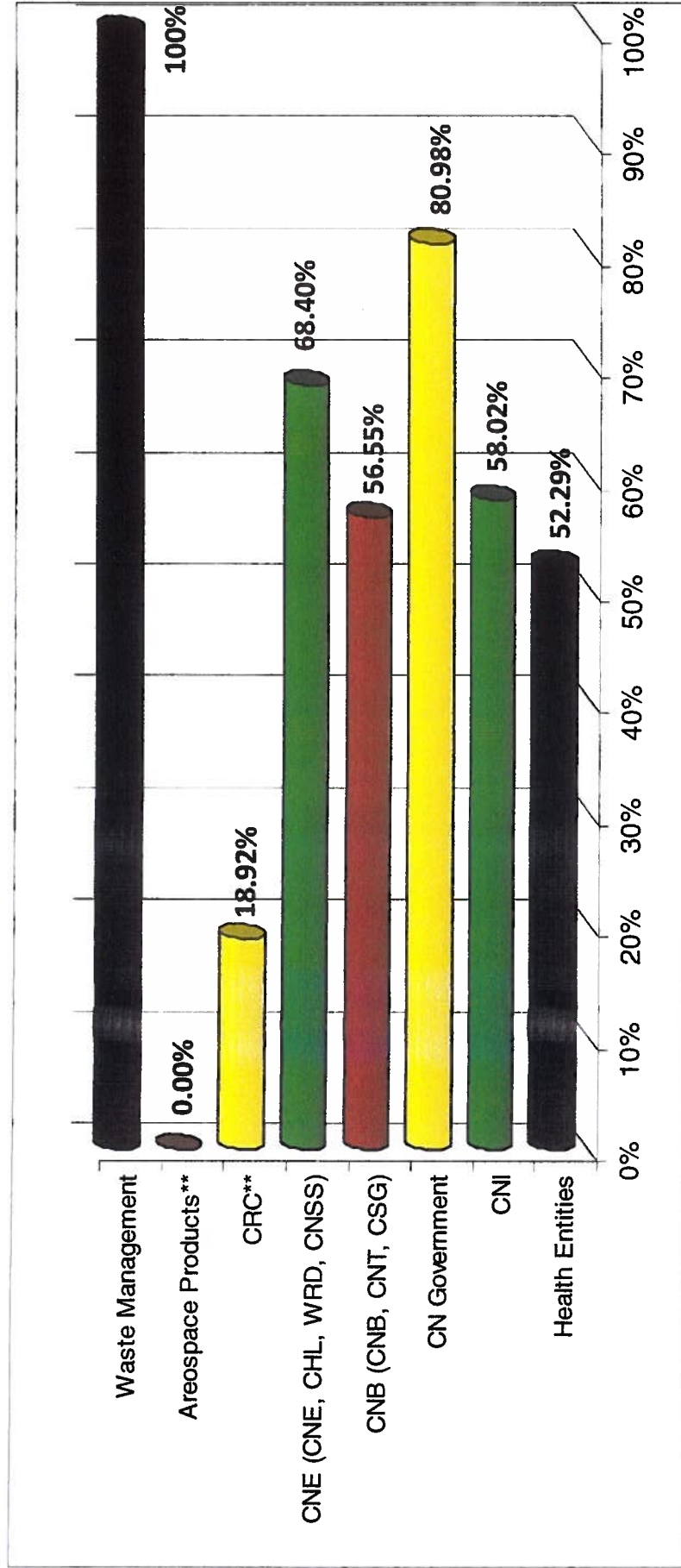
100% of Work Sites Were Monitored



Complaint Resolution



71.63 Percent of all Cherokee Nation Employees are Cherokee Nation Citizens



Initiatives

- **TERO certified CIOB Marketing Plan** to engage other state and tribal entities in accepting CN certification as a minority certification, thereby adding more value to CN certification
- **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

Initiatives

- **CIOB Teaming Program** to increase competitiveness of CIOB on larger contracting opportunities. This program will aid smaller CIOB to find potential teaming partners and work together to jointly bid on projects or subcontract for each other.
- www.cherokeetero.com website – this site lists Certified Indian Owned Businesses for public reference, markets CIOB through internet searches, and provides CIOB opportunity for webpage development - *Revised*

One Stop Business Center Calendar

Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
May 9	Claremore RSU Innovation Ctr	11:30 am to 1:00 pm	Lunch & Learn – TBD
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