

COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

Group: Financial Resources **Month/Year of Report:** January 2011

Group Leader: Callie Catcher **Phone:** 207-3902 **E-mail:** callie-catcher@cherokee.org

I. Budget Highlights – through December

- a.) Financial Resources – 22% spent
- b.) Treasurer – 39% spent
- c.) IIM – 25% spent
- d.) Acquisition Management – 22% spent
- e.) Records Management – 16% spent
- f.) Support Services – 26% spent
- g.) Office of Historical Records – 21% spent

II. Program Highlights

a.) Balanced Scorecard Measures

- 1. Complete FY10 Audit - 0% complete
- 2. Obtain Unqualified Audit Opinion – 0% complete
- 3. No Reportable Conditions on Single Audit – 0% complete
- 4. Implementation of SAS 112 audit requirements – 0% complete
- 5. Obtain GFOA Award for FY09 CAFR – 100% complete
- 6. Reports Completed & Submitted by Due Dates – 100% Complete for reports due by 01/31/10.

b.) Accomplishments

- 1. January 10 – Begin Lawson Budgeting & Planning Implementation process
- 2. January 11 & 18 – Lawson Navigation/GL/AC training
- 3. January 17 – Auditors on site to begin FY10 Audit process

c.) Future Plans/New Initiatives

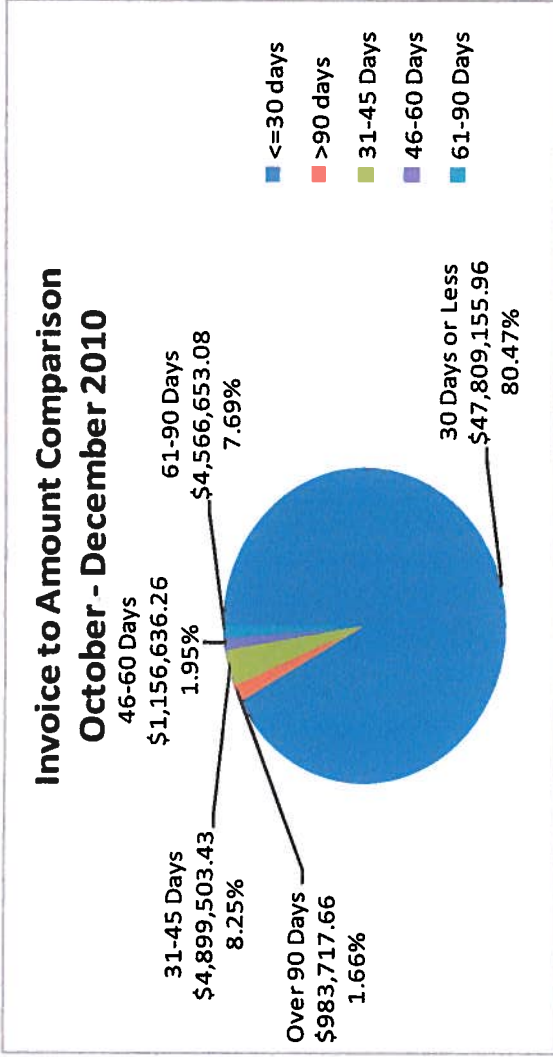
- 1. February – Continue Lawson Budgeting & Planning Implementation process
- 2. February – Continue FY10 Audit process

COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

Cherokee Nation Acquisition Management Year-To-Date Report Over \$5,000 Transactions October 1, 2010 through December 31, 2010		% of sub-total - TERO vendor submitted Bid
Award to TERO Vendor	\$ 18,134,021.32	80.77%
Award to non-TERO Vendor	\$ 4,316,193.12	19.23%
Sub-total bids with a TERO vendor participating	\$ 22,450,214.44	100.0%
Bid - no bids submitted by TERO Vendors	\$ 2,284,033.90	

COUNCIL OF THE CHEROKEE NATION
 EXECUTIVE & FINANCE COMMITTEE REPORT

Row Labels	APP-INVOICE-2	APP-TRAN-PMT-AMT-5
<=30 days	40,592	\$ 47,809,155.96
31-45 Days	1,663	\$ 4,899,503.43
46-60 Days	539	\$ 1,156,636.26
61-90 Days	574	\$ 4,566,653.08
>90 days	730	\$ 983,717.66
Grand Total	44,098	\$ 59,415,666.39



Month/Year of Report: December 2010

Group: CNB

Group Leader: David Stewart

Phone: 384-7878

I. Budget Highlights

- a. December consolidated monthly net income for all entities of \$6.0 million compared to budget of \$4.6 million.
- b. FY11 Year-to-date Consolidated Cap ex is \$10.3 million for all entities.

II. Operating Highlights

- a. Outstanding debt on the BOA Loan Facility for all entities as of January 31, 2011 was \$24.0 million. Bonding and letters of credit as of January 31, 2011 totaled \$4.6 million. Current available unused capacity on the BOA Loan Facility is \$87 million.

Month/Year of Report: December 2010

Group: CNE

Group Leader: David Stewart

Phone: 384-7878

I. Budget Highlights - December 2010 results

- a. Total CNE revenue of \$38.8 million in December improved 10.7%, compared to prior year and was 3.1% above budget.
 - i. All CNE properties drove higher revenue in December 2010 compared to December 2009:
 1. West Siloam Springs: +14.8%
 2. Tahlequah/Fort Gibson: +7.7%
 3. Roland/Sallisaw: +8.6%
 4. Catoosa: +1.8%
 5. Will Rogers Downs: +4.0%
 6. Ramona (Not open in 2009)
- b. Operating expense for the month was \$28.9 million, which was slightly favorable to budget by \$28,000. CNE continues to focus on reducing operating costs throughout the company in order to improve profitability.
- c. CNE December net income totaled \$6.9 million, compared to \$4.9 million in December FY09. Net income was 20.9% above CNE's budget of \$5.7 million

II. Operating Highlights – As of January 17, 2011

- a. Expansions
 - i. Catoosa –The Joint has Vince Gill scheduled to perform January 22nd. A new marketing campaign was implemented to inform the public of the completed road construction on 193rd Street. The indoor air quality project began in December and is expected to be complete by mid-April.
 - ii. West Siloam Springs – The hotel has been full on recent weekends and drove an overall occupancy of 59.9% during December and trending at 57.1% for December. The property has added a high limit slot area as of November 12th and is scheduled to open a high limit table games room on New Year's Eve. Renovation is underway for a poker room with an anticipated completion date of February 2, 2011.
 - iii. Roland – Construction on I-40 from Roland to the Arkansas state line began in late November and is anticipated to be complete at the end of 2011.
 - iv. Ramona – The property continues to outperform initial forecasts.
- b. Employment
 - i. CNE employs 3,484 people as of December 31, 2010
 1. Catoosa (including corporate staff): 1,679
 2. West Siloam Springs: 824
 3. Tahlequah/Fort Gibson: 215
 4. Roland/Sallisaw: 456
 5. Will Rogers Downs: 214
 6. Ramona: 96
 - ii. 45.1% Cherokee citizen employment
 - iii. 57.7% Cherokee employment
 - iv. 68.6% Native American employment
- c. Future Plans/New Initiatives
 - i. Continue to manage expansion progress.
 - ii. Continue to enforce tighter hiring controls and expense reduction measures to gain efficiencies

I. Budget Highlights

- a. Net loss for December 2010 was (\$352,000), which is \$5,000 better than budget. The favorable budget variance is mainly due to a positive variance in Manufacturing of \$113,000, Distribution Services of \$33,000, and Corporate Overhead of \$25,000 which is offset by an unfavorable variance in Professional Services of \$90,000 and Military Logistics of \$56,000. December's net loss was unfavorable to prior year by \$479,000 mainly due to a profit reduction in Manufacturing of \$170,000, Construction of \$111,000, and \$47,000 in Professional Services associated with expired contracts that have yet to be replaced. Additionally, Corporate Overhead expense increased by \$120,000 mainly due to an increase in CNB Shared Service allocation of \$48,000, accrual of incentive compensation amounting to \$42,000 and increased audit fees of \$15,000 due to timing.
- b. CNI's revenue totaled \$7.0 million in December 2010, which was \$347,000 above budget. The variance is primarily due to increased revenue of \$660,000 associated with AT&T product in Distribution Services and an increase of \$171,000 in Manufacturing which is partially offset by \$618,000 decline in Professional Services as projected new contracts have not yet been secured. The unfavorable variance of \$689,000 compared to prior year is due to a reduction in Professional Services of \$716,000 as some contracts have expired and projected new contracts have not yet been secured, a decrease in Construction of \$586,000 and a decrease in Manufacturing of \$435,000 due to a reduction in demand partially offset by an increase of \$733,000 in Distribution Services due to stronger demand of AT&T product and an increase in Military Logistics of \$316,000.
- c. Total operating expenses for December 2010 were \$7.3 million compared to a budget of \$6.9 million. The increase in expense is due to increased revenues as total operating expenses compared to budget is (103.6% vs. 103.7%). Operating expenses compared to prior year were lower by \$248,000 due to reduced revenues less an increase in expense as a percent of revenue.

II. Operating Highlights

- a. Employment
 - i. 68.6% Cherokee citizen employment
 - ii. 77.3% Native American employment
- b. Highlights
 - i. Manufacturing accepted 8(a) contract for additional C2 rewire program
 - ii. \$11.0 million increase in Military Logistics' contract
 - iii. Distribution Services anticipates continued growth with AT&T in 2011

Month/Year of Report: December 2010

Group: IT Portfolio

Group Leader: Steven Bilby

Phone: 384-7897

I. Budget Highlights

- a. December revenue of \$3.4M was 4.0% ahead of November and 26.3% ahead of budget
 - i. CSG began work on a new contract with the Internal Revenue Services, which drove \$60k revenue in December
 - ii. CNT hired additional billable staff for its Department of Labor contract, which drove \$339k in revenue, exceeding prior month by \$50k. All other CSG and CNT federal contracts are fully operational and reported revenue similar to prior months.
 - iii. CNTS revenue of \$310k in December exceeded budget and prior month as a result of strong hardware sales
- b. December net income totaled \$286k, compared to \$235k in the prior month and ahead of a budgeted \$161k. Higher than forecasted COGS and operating expenses were attributable to increased revenue in December compared to budget.

II. Operating Highlights

- a. Current Month
 - i. Completed first month of work on a new IRS contract
 - ii. Added billable staff to Department of Labor contract
 - iii. Continued work on all other existing contracts
 - iv. Current contract backlog approximately \$80M
 - v. Focused on maintaining a high contract renewal percentage
 - vi. 7.3% Cherokee citizens and 10.9% Native American out of 285 total employees
- b. Future Plans/New Initiatives
 - i. Continue to strategically grow revenue by leveraging:
 1. Several new partner relationships developed in the DC area
 2. Advantages of the SBA 8(a) programs
 3. Cherokee Nation's reputation, network/affiliates, financial strength and current IT infrastructure
 4. Aggressive marketing of Federal 4th Qtr opportunities
 5. Expanded sales and proposal writing core
 6. Strategic acquisition opportunities

Month/Year of Report: December 2010

Group: Other Companies

Group Leader: Philip Reedy

Phone: 384-5907

I. Budget Highlights

- a. CNSS had revenue of \$85,000 due to the shared service agreement with CNE. Operating expenses exceeded budget due to attending a major conference, and employee costs exceed budget due to hiring budgeted employee earlier than projected.
- b. APSE's December 2010 net income was \$9,000. This is below budget of \$96,000. YTD net income was \$19,000 for December 2010. This is (\$272,000) under budget.
- c. CCRC net income was \$22,000 in December, 2010. This was approximately equal to December 2009 and (\$61,000) less than budget of \$83,000. Although employee expenses and operating expenses remain below budget, lower than budgeted revenue contributed to below budget performance.

II. Operating Highlights

- a. CNSS continues to move closer to completing an acquisition.
- b. APSE revenue remains below budget primarily due to a slower than expected increase in parts sales to Boeing under the San Antonio contract and lower general sales than budgeted.
- c. CCRC was successful in having eight Dover AFB construction projects worth \$4.5 million issued to CNCS while CCRC had a \$3.3 million Dover AFB project issued. Revenue was below budget due to a 100% decline in the anticipated Gulf work (now completely ceased) which was partially offset by greater than estimated construction revenue being generated during the period.

Group: Career Services-
Employment Month/Year of Report: January, 2011

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	December	YTD	Goal	% of Goal
GED Completions	21	90	250	36%
Training Completions	25	111	450	25%
Employment Completions	3	39	300	13%
Unsubsidized Placement	71	218	500	44%
Retention	24	77	200	39%
Job Readiness Training	0	23	500	5%
WorkKey Credentialing	1	154	500	31%
Job Bank	105	426	1,000	43%
Indian Owned Businesses	5	101	100	101%
Major Cherokee Employers	0	0	50	0%
Job Fairs	1	2	15	13%
Community Service	8	21	50	42%

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

b. Accomplishments

1. Eleven NAHASDA Day Training participants entered unsubsidized employment, eight of these within Cherokee Nation.
2. Fourteen Tribal Day Training participants entered unsubsidized employment, 11 of these within Cherokee Nation.

Initiatives

1. Work Keys testing and Life Skills class are being planned for next month for all Day Training participants.
2. Staff are preparing for the SYEP application process, which is scheduled to begin in March.

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

Month/Year of Report: February 2010

Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2010 Goal	Year to Date Achievement Notes/Comments
Effective Business Workshop Training	# Certified Indian-Owned Business Attendees and % indicating usefulness	500/100%	127/100%
Increase Certified Indian-Owned Business Procurement Awards	% Certified Indian-Owned Business Procurement Awards	75%	78.60% Business Entities eligible procurement \$'s awarded to Certified Indian Owned vendors <ul style="list-style-type: none"> • CNE - Unavailable (no reporting for fiscal year 2011) • CN Government 80.77% • Health Entities 93.02% • CNI 48.94%
Increase Cherokee Citizens employed	% Cherokee Citizens (verified)	Entity CNE - CNB - CN - 82.9% Health - CNI - CRC - Aerospace -	Business Entities <ul style="list-style-type: none"> • CNE (CNE, CHL, WRD, CNSS) 47.07% • CNB (CNB, CNT, CSG) 31.55% • CN Government 71.98% (does not include IPAMOA) • Health Entities 50.39% • CNI 68.47% (does not include service contract employees) • CRC (not wholly owned by CN) 18.92% • Aerospace 0%
Increase Indian-Owned Business Certifications	# Newly Certified Indian-Owned Businesses	80	35
Effective One on One Training for Certified Indian Owned-Businesses	# of businesses receiving assistance/% finding useful	300/95%	72/100%
Certified Indian-Owned Business Receiving Financial Assistance	% Certified Indian-Owned Business Loans in Portfolio	75%	15.30%
Effective Usage of Fees Collected	# Trained	100	21
Effective Monitor of Work Sites – Construction and Housing	# Monitoring Visits	90%	100% - 470 sites monitored
Effective Monitor of Bid Openings	# and % Bid Openings Attended	100%	13 bid openings attended
Effective Resolution of Complaints – TERO and EEOC	% Complaints Resolved	100%	TERO: 2 complaints filed; 2 resolved EEOC: 1 complaint filed; 1 resolved

b. Notable accomplishments:

1. **Three of the four SBA Oklahoma Business Champions of the Year were TERO Certified Indian-owned Businesses!** Delaware Resource Group (Phil Busey) was Business of the Year; York Electronic Systems (Jennifer Jezek) was Family-owned Business of the Year; and Cherokee Data Solutions (Pamela Huddleston-Bickford) was Minority Business of the Year
2. Created **Certified Indian-owned Business website**, to provide exposure for CIOB on the internet and to maintain an up to date listing of certified businesses. Website will be unveiled soon.

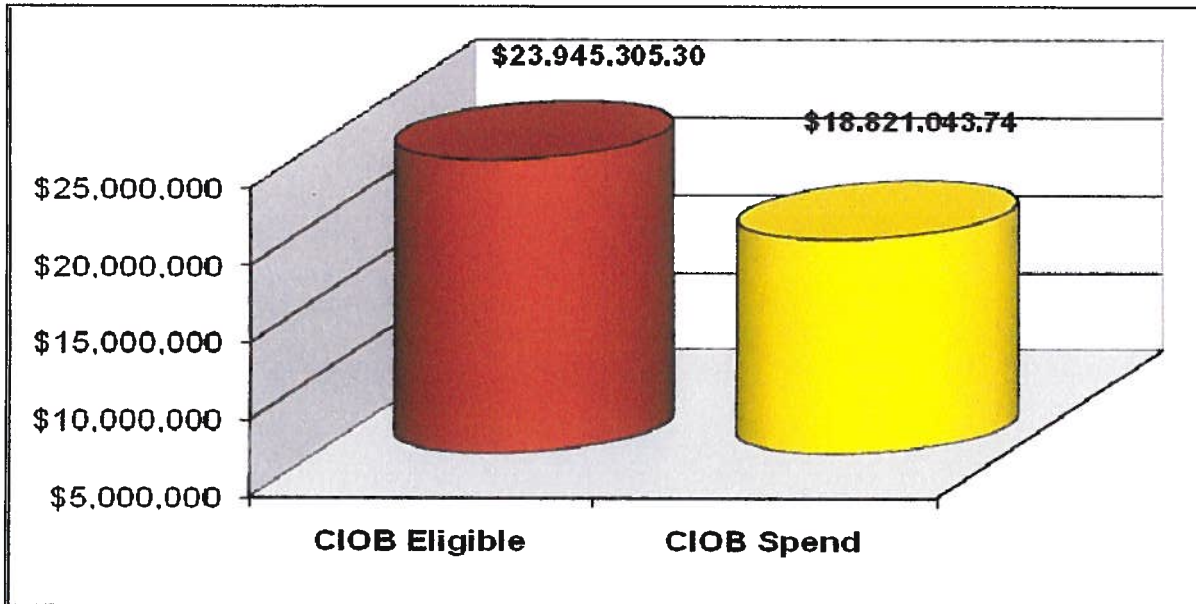
3. Certified Indian-owned Business Vendor Fair was held on November 9, 2010 at Hard Rock Casino. Over **120 vendors and 400 participants** attended the Vendor Fair.

c. Future plans/new initiatives:

1. Cherokee **citizen employment goals** set by business entities.
2. **Electronic notification to all CIOB when a procurement opportunity they qualify for posts** from CN Government. Notification will be through email and text messaging.
3. Comprehensive certification program to aid Certified Indian Owned Businesses with **other city, state, and federal minority certifications.**
4. **CIOB benefits brochure** highlighting the benefits of becoming a certified Indian-owned business, including a listing of all other area governments and purchasers that accept CN certification without the business applying for additional minority certifications.

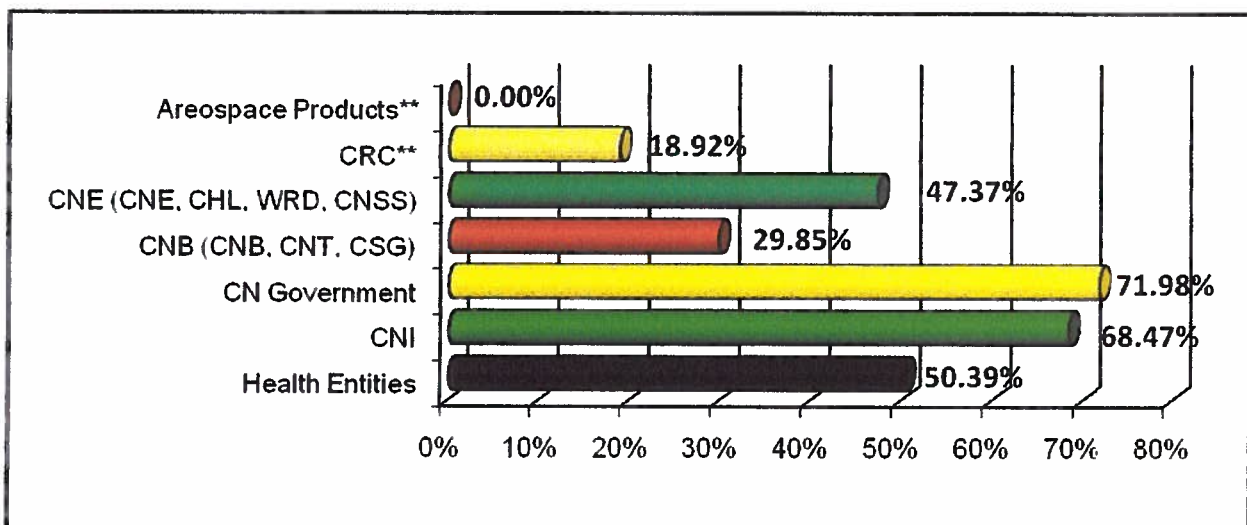
Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
February 10 - March 3	Claremore Housing Office	Indianpreneurship Class	5:30pm-7:30pm every Thursday
15-Feb	Indian Capital Tech. Center - Sallisaw	CNEDTA Workshop	11am to 12pm
16-Feb	Senior Housing Center	CNEDTA Workshop	11am to 12pm
17-Feb	Bartlesville Vo-Tech	Entrepreneur 101	8:30am-12pm
17-Feb	Indian Capital Tech. Center - Muskogee	ICTC Business Fair	All Day
February 20 and 27	Tahlequah Osiyo Room	Indianpreneurship Class	9:00am-5:00pm
22-Feb	Bartlesville Housing Office	CNEDTA Workshop	10am-11am
24-Feb	Collinsville Housing Office	CNEDTA Workshop	10am-11am
24-Feb	Nowata Regency Bank Community Room	CNEDTA Workshop	1pm-2pm
2-Mar	RSU - Claremore	Quickbooks Training	8:30am
3-Mar	Indian Capital Technology Center - Muskogee	Entrepreneur 101	8:30am
8-Mar	Claremore Housing Office	How to do Business with CN	6pm
8-Mar	Stilwell Vo-Tech	HubZone 8(a)	
11-Mar	Indian Capital Tech. Center - Sallisaw	HubZone 8(a)	
15-Mar	Tahlequah Osiyo Room	How to do Business with CN	6pm

78.60% of CIOB Eligible Procurement Opportunities were awarded to CIOBs



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

57.76% of Employees are registered Cherokee Nation Citizens



**Companies majority, not wholly, owned

Group: Commerce

Month/Year of Report: February 2010

Group Leader: Anna Knight

Phone: 453-5532

Email: aknight@cherokee.org

Budget Highlights

None

Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2011 Goal	Year to Date Achievement Notes/Comments
Investment in Economy	Loan Dollars	\$1,000,000	Commercial: \$184,587.00 <i>Approved Loans Pending Closing</i> <ul style="list-style-type: none">• None Pending <i>Pending approval</i> <ul style="list-style-type: none">• None Pending Consumer: \$166,951.00
Investment in Economy	Tourism Dollars		
	a) Community Tourism	a) \$50,000	a) \$6,500 (income to artists/communities through tourism activities)
	b) Tourism Business Development	b) \$100,000	b) \$0 (financing tourism related businesses)
Job Creation	# Small Business Jobs Created/Maintained	100	23
	Percentage Cherokee (or Cherokee Family) Employed	90%	100%
Effective Business Training	# Attendees and % Indicating usefulness	500/95%	387/100%
CN Holiday	1.% Increase Sponsorships	a) 5%	a) TBD
	2.% Increase in Community Games Participation/Holiday Cultural Events	b) 5%	b) TBD

b. Notable accomplishments

1. **Commercial Loans Closed –YTD – Tahlequah - Restaurant (2 jobs), Construction (4 jobs); Vian – Construction (1 job); Kansas – Construction (2 jobs); Sallisaw - Salon (8 jobs); Peggs - Construction (4 jobs);**
2. **Charged Off Loans – Commercial: Monthly Total – 0/\$0.00, Year to Date Total – 0/\$0.00 Consumer: Monthly Total – 0/\$0.00, Year to Date Total –0/\$0.00**
3. Collaborating with local partners to complete an **ODOC Work Ready Community certification** process for CN rural counties – anticipated completion date 2011. The area has met the high school graduation rates, which is the hurdle we were most concerned about.
4. **Bridge to Success Business Mentorship Program** 4 initial mentors have been selected and trained. Initial mentees will be selected from new or struggling SBAC loan clients.
5. The Small Business Assistance Center has hosted or co-hosted events with **618 people** in attendance.

c. Future plans/new initiatives

1. **Market Place Entrepreneur Program** to increase competitiveness of Cherokee owned market place businesses and create strategy to increase market place opportunities (including e-commerce)

2. We are currently working on a grant application for the **Cherokee Creativity Center** (artist incubator). Center will include affordable artist space, shared equipment, gallery space, retail sales, entrepreneurship classes, and art classes.
3. **Silversmithing classes** began in the Cherokee Creativity Center in January 2011 with 6 day-workers participating. These classes will provide the day-workers with a marketable skill to enter into the workforce.

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

▪ IRP:	\$178,357.58	▪ ICDBG Adult:	\$386,167.53
▪ Commercial:	\$294,307.19	▪ ICDBG Youth:	\$157,074.47
▪ CDFI:	\$590,307.19	▪ Consumer Lending:	\$225,076.60

* Bank statements for January are not yet available.

Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
February 10 - March 3	Claremore Housing Office	Indianpreneurship Class	5:30pm-7:30pm every Thursday
February 15	Indian Capital Tech. Center - Sallisaw	CNEDTA Workshop	11am to 12pm
February 16	Senior Housing Center	CNEDTA Workshop	11am to 12pm
February 17	Bartlesville Vo-Tech	Entrepreneur 101	8:30am-12pm
February 17	Indian Capital Tech. Center - Muskogee	ICTC Business Fair	All Day
February 20 and 27	Tahlequah Osiyo Room	Indianpreneurship Class	9:00am-5:00pm
February 22	Bartlesville Housing Office	CNEDTA Workshop	10am-11am
February 24	Collinsville Housing Office	CNEDTA Workshop	10am-11am
February 24	Nowata Regency Bank Community Room	CNEDTA Workshop	1pm-2pm
March 2	RSU - Claremore	Quickbooks Training	8:30am
March 3	Indian Capital Technology Center - Muskogee	Entrepreneur 101	8:30am
March 8	Claremore Housing Office	How to do Business with CN	6pm
March 8	Stilwell Vo-Tech	HubZone 8(a)	
March 11	Indian Capital Tech. Center - Sallisaw	HubZone 8(a)	
March 15	Tahlequah Osiyo Room	How to do Business with CN	6pm