Homes~Health~Hope

Popular Annual Financial Report for the fiscal year ended September 30, 2013
Dear Cherokee Nation Citizen:

We are pleased to present the Cherokee Nation’s second Popular Annual Financial Report. This report was prepared for you and is part of our continuing effort to keep you better informed. Many of you have asked for financial information and highlights of the Cherokee Nation in a format that is easy to read and understand. In this report, you will find brief descriptive information about the Cherokee Nation and its service departments and programs.

The information in this report summarizes the Cherokee Nation’s financial position based on the detailed financial statements found within our Fiscal Year 2013 Comprehensive Annual Financial Report (CAFR). The financial statements were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by an independent accounting firm. Cherokee Nation received an unqualified, or clean, audit opinion. For additional information and details, please visit www.cherokee.org to view the current year’s CAFR.

The balances presented in this report are for the general government and are presented in an unaudited, non-GAAP format. Financial information on the Cherokee Nation’s subsidiary component units from the CAFR has been excluded, but contact and general information can be found on page 14.

We deeply appreciate and thank the Cherokee Nation’s professional staff in Financial Resources and Communications for their time and talent in preparing this report.

Thank you for taking the time to read this report. It is our honor and privilege to serve you.
The Cherokee Nation is a sovereign Indian nation. Upon settling in Indian Territory (present day Oklahoma) after the Indian Removal Act, the Cherokee people established a new government in what is now the city of Tahlequah, Oklahoma. A constitution was adopted in September of 1839, 68 years prior to Oklahoma’s statehood.

Today, the Cherokee Nation is the largest tribe in the United States with more than 300,000 citizens worldwide. More than 120,000 Cherokee Nation citizens reside within the 9,234-square mile, 14-county tribal jurisdiction that covers most of northeastern Oklahoma.

The services we provide include health and human services, education, employment, housing, economic and infrastructure development and environmental protection. With more than 9,000 employees, Cherokee Nation and its subsidiaries are one of the largest employers in northeastern Oklahoma. The tribe has a widespread positive impact on the Oklahoma economy.

About Us

Where the Money Comes From

- Restricted Grants & Donations: 55%
- Charges for Services: 18%
- Increase in Equity: 10%
- Dividends: 1%
- Taxes: 15%
- Unrestricted Grants & Donations: 2%
- Capital Grants & Contributions: 1%

Where the Money Goes

- Health Services: 56%
- Community Services: 16%
- Education Services: 13%
- Human Services: 9%
- Tribal Government: 6%

Capital Projects in 2013

Many capital projects in the Cherokee Nation were underway in 2013. Focusing on providing care for Cherokees young and old, we invested $12.2 million dollars into state-of-the-art facilities so that our citizens can have better and easier access to services.

1.7 m
4.3 m
4.6 m
.5 m

Cherokee Nation’s fiscal year begins on Oct. 1 and ends Sept. 30 the following year.
Sequestration: How It Affected Us

The 2013 federal sequestration averaged a 5.09% negative impact on certain Cherokee Nation federal funding sources. Of the $8 million total sequestration, the largest reduction impacted our health care programs. Cherokee Nation was able to maintain services and jobs by budgeting proactively and creatively, and implementing cost containment measures.

Financial Highlights

For additional information, please see notes to basic financial statements in the CAFR at www.cherokee.org

**Net Position**

Change in GAAP effect* 3,626

Change in last five years 9,485

**Net Position** 159,538

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues - Expenses = Net Position</th>
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<tbody>
<tr>
<td>2010</td>
<td>$421.5m</td>
</tr>
<tr>
<td>2011</td>
<td>$433.8m</td>
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*Note: Cherokee Nation implemented four financial accounting and reporting standards issued by GASB effective October 1, 2012. This resulted in changes to assets and net position.

Statement of Activities

Functions/Programs

**TOTAL**

General revenues:

- Motor fuel tax: $7.6m
- Motor vehicle tax: $9.4m
- Tobacco tax: $3.6m
- Sales tax: $3.3m
- Unrestricted grants and contributions: $12.4m
- Unrestricted investment earnings: $85
- Dividends from Component Units: $44.1m
- Investments in Component Units: $5.3m

**TOTAL GENERAL REVENUES**: $139.8m

Program revenues:

- Services: $87.0m
- Operating Grants: $277.3m
- Capital Grants: $5.0m

**TOTAL PROGRAM REVENUES**: $369.3m

**TOTAL GENERAL REVENUES AND TRANSFERS**: $509.2m

Governmental activities:

- Tribal government: $28.0m
- Health services: $256.4m
- Education services: $57.0m
- Human services: $40.7m
- Community services: $72.3m
- Interest on long-term debt: $1.4m
- Total governmental activities: $456.4m

**TOTAL EXPENSES**: $457.3m

**CHANGE IN NET POSITION**: $1.8m

Net Position beginning: $269.3m

Cumulative effect of GAAP change*: $550.5m

Net Position beginning, restated: $859.9m

**NET POSITION ENDING**: $907.6m

For the year ended September 30, 2013

(dollars in thousands)

Financial Highlights

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For the year ended September 30, 2013

(dollars in thousands)

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**TOTAL ASSETS**: $1,164,214

**LIABILITIES**

- Accounts payable and accrued liabilities: $12,902
- Accrued liabilities: $35,847
- Other current liabilities: $10,569
- Unearned revenue: $1,164
- Notes payable and long-term debt: $45,699
- Compensation advances: $6,553
- Derivative (instrument-rate swap): $484
- Other noncurrent liabilities: $2,841

**TOTAL LIABILITIES**: $256,456

**Net Position**

- Invested in capital assets, net of related debt: $123,574
- Restricted net position*: $746,311
- Unrestricted net position: $37,773

**TOTAL NET POSITION**: $897,658

**For the year ended September 30, 2013**

(dollars in thousands)
Cherokee Nation places importance on Cherokees having access to safe, functional, and affordable homes and utilities. Cherokee Nation and its subsidiary, the Housing Authority of the Cherokee Nation, operate several programs to promote this goal.

**Housing Rehabilitation**
This program’s purpose is to make existing homes safe and accessible for our citizens. Priority is given to the elderly, disabled, and Cherokee Nation families. In FY2013, 809 privately-owned homes were rehabilitated.

**Engineering and Sanitation**
Cherokee Nation assists applicants and communities with safe water for new or existing homes. The program installed 79,352 feet of waterline impacting 779 homes in FY2013.

**Low Income Home Energy Assistance Program**
Cherokee Nation’s LIHEAP helped 2,884 low-income households with their utilities in FY2013.

**Mortgage Assistance Program**
The Mortgage Assistance Program (MAP) enabled 123 families to buy a home in FY2013. MAP funding was increased from $15,000 per household to $25,000 per household in 2013, allowing first-time home buyers to make a larger down payment.

**Homes**

- **2,572** Elders-in-Need Assisted with Utility Payments
- **487** Home Buyer Education Students
- **238** Families Subsidized in Title VI Homes
- **170** Foster Homes for Cherokee Children

**Housing Authority of the Cherokee Nation**
The Housing Authority of the Cherokee Nation (HACN) is dedicated to helping Cherokees with their housing needs. Beginning in FY2013, the HACN resumed building homes for the first time in many years. In 2013, the HACN completed 40 homes and had an additional 40 homes in the construction process. Homes built by the HACN are safe, energy efficient, and affordable.
Health and wellness are a top priority for our administration. The Cherokee Nation is determined to set the standard for stellar health care. The Cherokee Nation’s $100 million health care capital improvement plan demonstrates our dedication to creating a world-class health care system and making health care more accessible.

**Health Centers and Hospital**

Cherokee Nation operates an integrated health care system comprised of nine health centers and one hospital. In FY2013, these facilities had more than one million patient visits.

**Women, Infants and Children (WIC)**

The WIC program serves women who are pregnant, postpartum or breastfeeding, along with infants and children under the age of five. WIC offices are located inside the 14-county tribal jurisdiction and provided services to 88,000 participants in FY2013.

**Behavioral Health**

Cherokee Nation Behavioral Health offers mental health, substance abuse and community-based programs promoting well-being. More than 13,000 individuals were assisted in FY2013.

**Jack Brown Regional Treatment Center**

The Jack Brown Center is an in-patient treatment facility for Native American youth struggling with substance abuse. The center treated 75 patients in FY2013.

**Health Visits by Type of Care**

- Pharmacy: 435k
- Primary: 345k
- Dental: 61k
- Optometry: 25k
- Behavioral Health: 13k
- Other Visits: 195k

**Health Visits by Location**

- Amo Salina Health Center: 96k
- Bartlesville Health Center: 123k
- Ga-Du-Gi Health Center: 46k
- Mankiller Health Center: 106k
- Redbird Smith Health Center: 114k
- Sam Hider Health Center: 81k
- Three Rivers Health Center: 168k
- Vinita Health Center: 53k
- Will Rogers Health Center: 51k
- W.W. Hastings Health Center: 317k

= 1+ MILLION

Patient visits in FY2013
Through job creation, record scholarship awards and other initiatives, the Cherokee Nation continues to bring hope to tribal citizens by offering them resources to create a better life for themselves and their families.

Family Assistance
The mission of the Family Assistance Department is to help individuals and families access services or resources promoting personal and family unity as well as economic and social stability. Cherokee Nation’s Food Distribution centers served 109,579 citizens in FY2013.

Early Childhood Unit
The Early Childhood Unit is comprised of Head Start, a classroom-based environment, and Early Head Start for younger children from six weeks to three years old. Cherokee Nation’s Early Childhood Unit enrolled 1,090 children in FY2013.

Elder Care Advocacy
The Cherokee Nation advocates for its elderly Cherokee citizens who are unable to do so themselves. Cherokee Nation championed 279 elders in FY2013.

Child Care & Development Center
Cherokee Nation’s two child development centers enrolled 141 children. The Cherokee Nation also has contracts with 546 home child care providers. In FY2013, 1,407 children were served through child care subsidies.

Small Business Assistance Center
The SBAC loan program was established to assist small business owners starting a new business or expanding an existing one. In FY2013, Cherokee Nation funded 28 business loans totaling $1.5 million.

Talking Leaves Job Corps (TLJC)
One of only two Indian-emphasis centers in the United States, TLJC is an award-winning educational and career technical training program. TLJC helps eligible youth improve their quality of life through training and in FY2013 served 262 participants.

Fact: Each year the tribe allocates 38 percent of tax revenue from the sale of tribal car tags to help schools in the 14-county tribal jurisdiction. In FY2013, $3.4 million in unrestricted funds were distributed to 91 school districts.
Cherokee Nation Businesses
777 W Cherokee St., Catoosa, OK 74015
918-256-6071 • www.cherokeenationbusinesses.com
Cherokee Nation Businesses is the parent company of a diversified portfolio of businesses owned by the Cherokee Nation. Industries include environmental consulting, gaming, health care, hospitality, manufacturing & distribution, real estate and technology.

Cherokee Nation Comprehensive Care Agency
1387 W. 4th St., Tahlequah, OK 74464
918-456-4007 • www.eldercare.cherokee.org
The Cherokee Nation Comprehensive Care Agency is a community PACE program that enhances the quality of life and autonomy for elders, while enabling them to live in their homes and communities for as long as possible.

Cherokee Nation Waste Management
925 W. Hickory, Stilwell, OK 74960
918-696-5084
Cherokee Nation Waste Management includes a landfill, green technologies and recycling.

Cherokee Nation Home Health Services
1630 N. Cedar, Tahlequah, OK 74464
888-281-6910 • www.cnhhs.org
Cherokee Nation Home Health Services is a tribally incorporated not-for-profit home health care agency that is Medicare and Medicaid certified to provide state-licensed home health care. Services provided include home health, outreach and hospice.

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