Dear Cherokee Nation Citizen:

We are pleased to present the Cherokee Nation’s very first Popular Annual Financial Report. This report was prepared with you in mind and is part of the Cherokee Nation’s 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 easily readable and understandable. 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 Nation’s financial position based on the detailed financial statements found within our Fiscal Year 2012 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 detail, 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 Nation’s subsidiary component units from the CAFR has been excluded, but contact and general information can be found on page 15.

We would like to thank the 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.

Bill John Baker
Principal Chief
S. Joe Crittenden
Deputy Principal Chief
Lacey A. Horn
Treasurer
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Cherokee Warrior Memorial located at the W.W. Keeler tribal complex in Tahlequah, Oklahoma.
Osiyo!

The Cherokee Nation is a sovereign 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 one of the largest Indian tribes in the United States with more than 317,000 citizens world-wide. More than 120,000 Cherokee Nation citizens reside within the 9,234-square mile, 14-county jurisdiction that covers most of northeastern Oklahoma.

Services we provide include health and human services, education, employment and housing services, economic and infrastructure development and environmental protection.

With more than 8,750 employees, the Cherokee Nation and its subsidiaries together are one of the largest employers in northeastern Oklahoma. The tribe has a widespread positive impact on the Oklahoma economy annually.
MONEY SOURCES AND USES

Where the Money Comes From
2012 Sources

- Operating Grants & Contributions: 61.45%
- Charges for Services and Misc.: 18.3%
- Dividends from Component Units: 12.31%
- Taxes: 5.08%
- Unrestricted Grants & Contributions: 2.53%
- Capital Grants & Contributions: 0.08%
- Unrestricted Investment Earnings: 0.25%

Where the Money Goes
2012 Uses

- Health Services: 56.01%
- Community Services: 15.67%
- Education Services: 12.38%
- Human Services: 8.84%
- Tribal Government: 6.74%
- Interest on Long-Term Debt: 0.36%
The Nation’s assets exceeded its liabilities at the end of the fiscal year 2012 by **$269 million** (net assets).

Of this amount, **$66 million** are unrestricted net assets that may be used to meet the government’s ongoing obligations.

### Financial Highlights

**As of September 30, 2012**

(dollars in thousands)

#### Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$265,232</td>
</tr>
<tr>
<td>Investments</td>
<td>$18,431</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>$24,341</td>
</tr>
<tr>
<td>Inventories</td>
<td>$4,049</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>$2,593</td>
</tr>
<tr>
<td>Other current assets</td>
<td>$9,024</td>
</tr>
<tr>
<td>Restricted cash, cash equivalents and investments</td>
<td>$38,126</td>
</tr>
<tr>
<td>Long-term notes receivable</td>
<td>$15,285</td>
</tr>
<tr>
<td>Other assets</td>
<td>$4,053</td>
</tr>
<tr>
<td>Deferred outflow</td>
<td>$1,557</td>
</tr>
<tr>
<td>Capital assets</td>
<td>$147,142</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$529,833</td>
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#### Liabilities

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$47,837</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>$8,931</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>$1,017</td>
</tr>
<tr>
<td>Deferred grant revenue</td>
<td>$138,194</td>
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<tr>
<td>Notes payable and long-term debt</td>
<td>$52,859</td>
</tr>
<tr>
<td>Capital leases</td>
<td>$130</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>$7,201</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>$4,332</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$260,501</td>
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</table>

#### Net Assets

<table>
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<tr>
<th>Item</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>$102,637</td>
</tr>
<tr>
<td>Restricted net assets</td>
<td>$100,644</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>$66,051</td>
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<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>$269,332</td>
</tr>
</tbody>
</table>

*For additional information, please see notes to basic financial statements in the CAFR at www.cherokee.org*
The net assets increased by $25 million, which is largely attributable to increased dividends received in the General Fund from Component Units during fiscal year 2012.

Revenues
General Revenues:
- Motor fuel tax
- Motor vehicle tax
- Tobacco tax
- Sales tax
- Unrestricted grants and contributions
- Unrestricted investment earnings
- Dividends from component units
- Miscellaneous revenue

Program Revenues:
- Charges for services
- Operating grants
- Capital grants

TOTAL REVENUES

Expenses
Governmental Activities:
- Tribal government
- Health Services
- Education Services
- Human Services
- Community Services
- Interest on long-term debt

TOTAL GOVERNMENTAL ACTIVITIES

Business-type Activities:

TOTAL BUSINESS-TYPE ACTIVITIES

TOTAL EXPENSES

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING

NET ASSETS, ENDING
ORGANIZATIONAL HIGHLIGHTS

**Cherokee Nation Citizens**

- 2010: 304,975
- 2011: 311,252
- 2012: 317,827

**Health Facilities (number of patient visits)**

- 2010: 742,709
- 2011: 838,567
- 2012: 961,936

**Motor Vehicle Tag Dollars to Public Schools (in millions)**

- 2010: 2.6
- 2011: 2.7
- 2012: 3.1

**Roads and Bridges (miles constructed)**

- 2010: 133.15 *
- 2011: 50.95
- 2012: 72.82

**Food Distribution (individuals assisted)**

- 2010: 121,788
- 2011: 104,926
- 2012: 110,394

**Rental Assistance (families served)**

- 2010: 1,549
- 2011: 1,366
- 2012: 1,929

* American Recovery and Reinvestment Act funds used
Cherokee Nation operates one hospital and nine health centers, including the new Vinita Health Center, which opened in fall 2012.
Cherokee Nation operates the largest tribal health care system in the U.S. Among numerous health programs, some services include:

**Medical Health Centers and Hospital**
Nine health centers and one hospital together assisted 961,936 patients in 2012.

**Behavioral Health**
This service aids in mental health, substance abuse and community-based programs promoting mental health.

**Jack Brown Center**
A chemical dependency residential center to aid Indian adolescents.

**Emergency Medical Services**
Cherokee Nation Emergency Medical Services (CNEMS) is a state-licensed paramedic-level ambulance service operated by the Cherokee Nation.

**Cancer Programs**
Education, assistance and screenings are part of the tribe’s Comprehensive Cancer Control Plan.

**Healthy Nation**
Outreach services to schools and communities to promote healthy lifestyles.

**Women, Infants and Children (WIC)**
The program is directed toward pregnant or nursing women, as well as infants and children under five years of age.

Cherokee Nation Health Services (CNHS) was the first tribal health system to achieve accreditation by Det Norske Veritas and has received 18 awards from the Indian Health Service through the Government Performance and Results Act.
Cherokee Nation Education Services works to cultivate the development of skilled and knowledgeable Cherokees through administration of programs that focus resources on serving people of all ages. Programs include:

**Head Start**
Preparing pre-K children for school.

**Immersion School**
Promotes revitalization and use of the Cherokee language through educating children in a cultural environment.

**Sequoyah Schools**
Middle school and high school education for Native American students in grades 7-12.

**College Resources Center**
Scholarships to qualified Native American students attending an accredited college.

**Johnson O’Malley (JOM)**
Co-Partner Program designed to provide supplemental and/or operational support to public schools within Cherokee Nation boundaries.

**Arts Outreach**
Arts programs for schools and community groups.

**Directed Studies Program**
Provides financial aid to higher education students aimed at strengthening the Cherokee Nation government and economy.

**Language Technology**
Technology that promotes and aids use of the Cherokee syllabary to communicate.

**Learn & Serve**
Sub-grants that provide opportunities for K-12 students.

In the past 10 years, Cherokee Nation has distributed $28 million from car tag revenues to local school districts in unrestricted support.
The Cherokee Nation offers many Human Services programs to its citizens and to other Native Americans throughout its tribal jurisdiction. These services range from child care and development to low-income heating and energy assistance. Examples of Human Services programs include:

**Family Assistance**
An array of services that include Food Distribution along with emergency, energy and burial assistance to qualified Native Americans.

**Child Support Services**
Ensures that all parents support their children by using a holistic, cultural approach to child support cases.

**Child Care & Development Center**
Provides quality child development and child care services. Includes training, licensing and educational resources.

**Children, Youth & Family Services**
A fully integrated support system for children and families who need stability and consistency in times of crisis or uncertainty. Services include adoption, foster care, crisis shelter and child protective services.

3,230
CHILDREN SERVED BY CHILD CARE SUBSIDY

1,265
ELDERS-IN-NEED PROGRAM PARTICIPANTS

8,700
CHILDREN AIDED BY CHILD SUPPORT SERVICES

47,582
FAMILIES SERVED THROUGH FOOD DISTRIBUTION
Community Services improves the quality of life for Cherokee families by assisting with housing, roads, water, sanitation and environmental health. Community Services programs include:

**Transit Bus Services**
Provides tribal employees and the general public with low-cost transportation also known as “park-n-ride” transit routes.

**Roads**
Constructs and repairs roads and bridges in the 14-county Cherokee Nation jurisdiction.

**Engineering and Sanitation**
Assists with sanitation facilities for homes and communities.

**Environmental Health**
Helps to ensure that tribal facilities are operated in a safe and sanitary manner, and provides tribal members with services and information to lead environmentally healthy lifestyles.

**Community Organization Training and Technical Assistance**
Facilitates opportunities for partnerships between Cherokee Nation and local communities.

**Community Youth Development**
Assists youth in excelling through group and community action.

**Housing Rehabilitation**
Making homes safe for our citizens. Priority is given to the elderly, disabled and Cherokee Nation families.

<table>
<thead>
<tr>
<th>18,643</th>
<th>TRANSIT SYSTEM PASSENGERS</th>
</tr>
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<tbody>
<tr>
<td>542</td>
<td>CASES ASSISTED FOR COMPLIANCE BY ENVIRONMENTAL PROTECTION</td>
</tr>
<tr>
<td>379</td>
<td>PRIVATELY OWNED HOMES REHABILITATED</td>
</tr>
<tr>
<td>72.8</td>
<td>MILES OF ROADS AND BRIDGES BUILT</td>
</tr>
</tbody>
</table>
Career Services develops and encourages individuals to achieve and maintain work habits and skills that promote employability and self-sufficiency through programs encompassing education, training, rehabilitation and supportive services. Programs include, among others:

**Vocational and Educational Programs**
Assists individuals with their educational and vocational training needs.

**Employment Programs**
Provides employment services that assist individuals in attaining and retaining unsubsidized employment that leads to self-sufficiency.

**Youth Programs**
Educational, vocational, leadership and employment programs for youth, both summer specific and year-round.

**Assessments and Certifications**
Assesses skills and interests, leading to good career choices. GED testing is also provided.

**Programs for Businesses and Employers**
Works with businesses and employers to ensure their workforce needs are met.

Commerce Services is dedicated to helping build the economic security of Cherokee citizens and communities. Education and financial assistance is available to help entrepreneurs achieve their personal and business objectives. Program examples include:

**Self-Sufficiency Programs**
Assists participants in creating financial security through the implementation of a Mortgage Assistance Program, iSave, foreclosure prevention services, homebuyers’ education classes and financial coaching.

**Small Business Assistance Center**
Encourages small business development and entrepreneurship through business financing, government contracting and development services for Cherokee citizens.

**Artist Development**
Develops talents along with business and marketing support to create viable businesses through cultural art.

**Community Tourism**
Build sustainable Cherokee communities and citizens through the creation and expansion of tourism opportunities while promoting and preserving the Cherokee culture and heritage.
Cherokee Nation Businesses
777 W. Cherokee St., Catoosa, OK 74015
918-266-6700 www.cherokeenationbusinesses.com
Cherokee Nation Businesses is a parent company of a diversified portfolio of businesses owned by the Cherokee Nation. Industries included are environmental consulting, gaming, health care, hospitality, manufacturing & distribution, real estate and technology.

Housing Authority of the Cherokee Nation
1500 Hensley Dr., Tahlequah, OK 74464
918-456-5482 www.housing.cherokee.org
The Housing Authority of the Cherokee Nation provides Cherokee citizens with various means of housing assistance. Services include home construction, low-income rental, rental assistance and home insurance.

Cherokee Nation Comprehensive Care Agency
1387 W. 4th St., Tahlequah OK 74464
918-431-5554 www.eldercare.cherokee.org
The Cherokee Nation Comprehensive Care Agency is a community PACE program that enhances the quality of life and autonomy for frail older adults, while enabling them to live in their home and in the community for as long as possible.

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 are home health, outreach and hospice.

Cherokee Nation Waste Management
925 W. Hickory, Stilwell, OK 74960
918-696-8107
Cherokee Nation Waste Management includes a landfill, green technologies and recycling.

Cherokee National Historical Society
P.O. Box 515, Tahlequah, OK 74465
918-456-6007 www.cherokeeheritage.org
The Cherokee National Historical Society dba Cherokee Heritage Center is a 501(c)3 historical society and museum that seeks to preserve the historical culture of the Cherokee people.

Cherokee Nation Foundation
115 E. Delaware, Tahlequah, OK 74464
918-207-0950 www.cherokeenationfoundation.org
The Cherokee Nation Foundation is a 501(c)3 charitable organization that provides higher education assistance to Cherokee students and strives to revitalize the Cherokee language.