Popular Annual Financial Report

For Fiscal Year Ended September 30, 2015

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>About Cherokee Nation</td>
<td>4</td>
</tr>
<tr>
<td>Sources &amp; Uses of Funds</td>
<td>5</td>
</tr>
<tr>
<td>Financial Highlights</td>
<td>6-7</td>
</tr>
<tr>
<td>Homes</td>
<td>8-9</td>
</tr>
<tr>
<td>Health</td>
<td>10-11</td>
</tr>
<tr>
<td>Hope</td>
<td>12-13</td>
</tr>
<tr>
<td>Component Units</td>
<td>14</td>
</tr>
<tr>
<td>Directory</td>
<td>15</td>
</tr>
</tbody>
</table>
Dear Cherokee Nation Citizen,

We are pleased to present the Cherokee Nation’s fourth 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 financial and statistical information about the Cherokee Nation and its service departments and programs, specifically those serving our mission to the Cherokee people: “Homes, Health and Hope.”

The information in this report summarizes the Cherokee Nation’s financial position based on the detailed financial statements found within our Fiscal Year 2015 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 unmodified, 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. Cherokee Nation’s subsidiary component units 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 tribal government. 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 on September 6, 1839, 68 years prior to Oklahoma’s statehood.

Today, the Cherokee Nation is the largest tribe in the United States with nearly 325,000 citizens worldwide. More than 124,000 Cherokee Nation citizens reside within the 14-county tribal jurisdictional service area 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 approximately 10,000 employees, Cherokee Nation and its subsidiary component units are, collectively, one of the largest employers in northeastern Oklahoma. The tribe has a $1.55 billion impact on the Oklahoma economy.
Capital Projects in 2015

In FY2015, Cherokee Nation invested $18.7 million into infrastructure upgrades such as the W.W. Keeler Complex in Tahlequah so that our citizens can have better and easier access to services. In FY2015, $5.5 million was expended on this project.

In 2015, Cherokee Nation Health Services, the largest tribally-managed health care system in the U.S., was awarded an Indian Health Services joint venture construction project to build a 450,000+ square foot facility in Tahlequah. Once completed, IHS will provide in excess of $80 million per year for staffing and operations of the new facility. Planning and design of the facility is underway in FY2016.

*Right: Cherokee Nation W.W. Keeler Complex construction in Tahlequah.*
Statement of Net Position

**Assets**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$243,467,000</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>$20,505,000</td>
</tr>
<tr>
<td>Due from Component Units **</td>
<td>$1,249,000</td>
</tr>
<tr>
<td>Inventories</td>
<td>$4,227,000</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>$2,825,000</td>
</tr>
<tr>
<td>Other current assets</td>
<td>$9,340,000</td>
</tr>
<tr>
<td>Restricted cash, cash equivalents and investments</td>
<td>$43,200,000</td>
</tr>
<tr>
<td>Long-term notes receivable</td>
<td>$10,387,000</td>
</tr>
<tr>
<td>Other assets</td>
<td>$65,000</td>
</tr>
<tr>
<td>Equity interests in Component Units **</td>
<td>$726,366,000</td>
</tr>
<tr>
<td>Capital assets, non depreciable</td>
<td>$21,226,000</td>
</tr>
<tr>
<td>Capital assets, depreciable, net</td>
<td>$183,515,000</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$1,294,142,000</td>
</tr>
</tbody>
</table>

**Deferred Outflows of Resources**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td>$867,000</td>
</tr>
</tbody>
</table>

**Liabilities**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$15,588,000</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>$35,141,000</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>$11,977,000</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>$137,582,000</td>
</tr>
<tr>
<td>Notes payable and long-term debt</td>
<td>$35,125,000</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>$7,366,000</td>
</tr>
<tr>
<td>Derivative instrument - rate swap</td>
<td>$867,000</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>$3,007,000</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$246,653,000</td>
</tr>
</tbody>
</table>

**Net Position**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>$176,048,000</td>
</tr>
<tr>
<td>Restricted</td>
<td>$822,453,000</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$49,855,000</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td>$1,048,356,000</td>
</tr>
</tbody>
</table>

**Awards and Credit Rating**

For the 14th consecutive year, Cherokee Nation received the Certificate of Achievement for Excellence in Financial Reporting; the Outstanding Achievement in Popular Annual Financial Reporting award for the third consecutive year; and the Distiguished Budget Presentation award for the first year. These awards are the highest honors given to governments for extraordinary financial reporting and budgeting by the Government Finance Officers Association.

In FY2015 the Cherokee Nation’s BBB bond rating by Fitch Ratings, Inc. was reaffirmed. Fitch stated the Cherokee Nation’s rating was affirmed based on several key drivers, including strong gaming performance and stable health care operations.

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

**Functions/Programs**

General revenues:
- Motor fuel tax: $8,008,000
- Motor vehicle tax: $13,638,000
- Tobacco tax: $14,217,000
- Sales tax: $3,654,000
- Unrestricted grants and contributions: $12,740,000
- Unrestricted investment earnings: $533,000
- Dividends from Component Units **: $45,448,000
- Increase in equity in Component Units **: $31,749,000
- Litigation settlement: $1,839,000
- Miscellaneous revenue: $6,552,000

**Total general revenues:** $138,378,000

Program revenues:
- Charges for services: $109,320,000
- Operating grants and contributions: $296,053,000
- Capital grants and contributions: $36,954,000

**Total program revenues:** $442,327,000

**TOTAL REVENUES AND TRANSFERS:** $580,705,000

Governmental activities:
- Tribal government: $27,535,000
- Health services: $300,161,000
- Education services: $65,059,000
- Human services: $42,996,000
- Community services: $88,552,000
- Interest on long-term debt: $1,140,000

**Total governmental activities:** $300,161,000

**TOTAL EXPENSES:** $993,817,000

**CHANGE IN NET POSITION:** $54,539,000

Net Position - beginning: $993,817,000

**NET POSITION - ENDING:** $1,048,356,000

**For the year ended September 30, 2015**

**Change in Net Position**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenses</th>
<th>Change in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$462.2m</td>
<td>$437.3m</td>
<td>$24.9m</td>
</tr>
<tr>
<td>2013</td>
<td>$509.2m</td>
<td>$457.3m</td>
<td>$51.9m</td>
</tr>
<tr>
<td>2014</td>
<td>$564.8m</td>
<td>$478.6m</td>
<td>$86.2m</td>
</tr>
<tr>
<td>2015</td>
<td>$580.7m</td>
<td>$526.2m</td>
<td>$54.5m</td>
</tr>
</tbody>
</table>

**For additional information, please see notes to basic financial statements in the CAFR at www.cherokee.org**
Among Cherokee Nation’s top priorities is for Cherokees to have safe, functional and affordable homes and utilities. Cherokee Nation and its subsidiary component unit, the Housing Authority of the Cherokee Nation, operate several housing programs.

- **3,611** LIHEAP Recipients - Low Income Households assisted with utility payments
- **610** Homes renovated for handicap accessibility and/or emergency repairs
- **2,673** Families served through rental assistance totaling $3.8M
- **156** First time buyers acquired a new home through the mortgage assistance program totaling $3.7M
**Elder Assistance = $1.1m**
30,412 Meals served at nutrition sites
10,737 Warm meals delivered to homes
2,633 Elders In Need utility payments

**Housing = $26.1m**
356 New homes in progress
18 Replacement homes constructed
158 New homes built

71.77 miles of road and bridge development

**Environmental Health = $5.9m**
273 New sanitation installations
370 Well and septic tank repairs
414 Indoor pollutant testing

**Food Distribution Recipients**

- Families (59,339 served in FY2015)
- Individuals (133,190 served in FY2015)
Health and wellness are a top priority for our administration. The Cherokee Nation is determined to set the standard for exceptional health care. The Cherokee Nation’s $100 million health care capital improvement plan demonstrates our dedication to creating a world-class health care system that is more accessible.

3,243
WOMEN SCREENED THROUGH CANCER PREVENTION PROGRAMS IN FY2015

12,346
DIABETES PATIENTS RECEIVED MEDICAL EQUIPMENT AND SUPPLIES IN FY2015

5,543
CALLS RESPONDED TO BY CHEROKEE NATION EMS IN FY2015

100
YOUTH TREATED AT CHEROKEE NATION’S JACK BROWN SUBSTANCE ABUSE CENTER IN FY2015
**Health Accreditations in 2015**

Cherokee Nation is one of only five tribes in Oklahoma to have an accredited Institutional Review board for the health and welfare of Native Americans in our care.

Cherokee Nation is one of the first tribes to receive a five-year accreditation from the Commission of Accreditation of Allied Health Programs for teaching paramedics to the highest national standards.

In 2015, Cherokee Nation W.W. Hastings Hospital was officially designated a “baby-friendly” hospital by the national accrediting agency Baby-Friendly USA.

---

**Patient Visits by Type**

- **Primary provider**: 381,953
- **Dental**: 74,604
- **Behavioral Health**: 11,254
- **Optometry**: 30,695
- **Pharmacy**: 480,390
- **Other visits***: 108,127

*Other visits include public health nursing, WIC, education, dietary and lab.

---

**Patient Visits by Location**

- AMO Health Center - Salina: 93,819
- Cooweescoowee Health Center - Ochelata: 23,382
- Ga-du-gi Health Center - Tahlequah: 4,652
- Redbird Smith Health Center - Sallisaw: 110,624
- Sam Hider Health Center - Jay: 77,614
- Three Rivers Health Center - Muskogee: 164,026
- Vinita Health Center - Vinita: 86,022
- Will Rogers Health Center - Nowata: 53,074
- Wilma P. Mankiller Health Center - Stilwell: 113,172
- W.W. Hastings Hospital - Tahlequah: 360,638

**TOTAL**: 1,087,023

---

**WIC Program**

- 83,633 WIC Recipients
- 2,786 Breastfeeding women assisted
- $5.2M Food vouchers distributed
Through prioritizing 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.

In 2015, Cherokee Nation exercised its sovereignty and signed a compact with the state of Oklahoma that allows every Cherokee Nation citizen over the age of 16 to receive an annual hunting and fishing license and hunting tags free of charge.

- **$4.9M**: Court-Ordered Child Support Dollars collected and distributed to custodial parents or guardians
- **671**: Participants received a nationally-recognized degree, certificate or credential from our job training programs
- **30**: Job fairs conducted in FY2015
- **332**: Participants enrolled in Talking Leaves Job Corps educational and career training program
Investing in the Future

In 2015, Cherokee Nation was awarded $6.5 million from the U.S. Department of Labor to invest in the tribe’s job training programs, and is the only tribe in the country to receive the funding.

24 Businesses received small business loans

188 Jobs created from small business loans

Our Schools’ Enrollment

182 Cherokee Nation Headstart students

104 Cherokee Immersion Charter School Pre-K - 8 students

366 Sequoyah High School students

Contributions to Our Communities = $2.6M

Contributions to Our Public Schools

In FY2015, Cherokee Nation contributed a record $4.3 million in unrestricted funds to 128 school districts.

Scholarship Funding

4,645 Undergraduate and graduate scholarships awarded in FY2015
Cherokee Nation Businesses
777 W. Cherokee St., Catoosa, OK 74015
918-384-7474 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
918-453-5554 www.eldercare.cherokee.org
The Cherokee Nation Comprehensive Care Agency is a community PACE program that enhances the quality of life and autonomy for 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
918-696-5490
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.

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, insurance, mortgage and rental assistance, college housing assistance, senior housing and low-income rental housing.

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 culture, art and history 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 preserve the Cherokee language.

Cherokee Health Partners
1400 E. Downing St., Tahlequah, OK 74464
918-453-2140
Cherokee Health Partners is a partnership with Tahlequah City Hospital that provides state-of-the-art medical imaging services.
Cherokee Nation Directory
Main: 918-453-5000 / 800-256-0671 • Fax: 918-458-6219

Administration
918-453-5618

Career Services
918-453-5555

Cherokee FIRST Information Center
918-207-3936

Commerce/Small Business Assistance
918-453-5534

Communications/PR/Web
918-453-5541

Community Services
918-207-3879

Education Services
918-453-5341

Financial Resources
918-453-5402

Health Services
918-453-5657

Human Services
918-453-5422

Human Resources
918-453-5292

Main Operator
918-207-3865

Marshal Service
918-207-3800

Tax Commission (Car Tags)
918-453-5100

Tribal Council
918-207-3900 or 800-995-9465

Tribal Registration (Enrollment)
918-458-6980

Veterans Office
918-453-5695