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OUR MISSION
Lakota Funds’ mission is to promote economic sustainability on the Pine Ridge Reservation and geographic service area, through business loans, technical assistance, and wealth building education for families and businesses.
MESSAGE FROM OUR
EXECUTIVE DIRECTOR

Although lending is at the core of our mission, the breadth of our work expands far beyond that. As a Native community development financial institution (CDFI), we provide services to support our clients in starting or expanding a business as well as building assets. Our strategy to create sustainable economic change on the Pine Ridge Reservation is a holistic approach that includes creating access to capital, delivering training and assistance, and working in larger scale networks to affect change.

As such, this year’s annual report is dedicated to those connections. Throughout our history, Lakota Funds has consistently “connected the dots” so that the entrepreneurs, families, and communities we serve could meet their goals. Whether we provide a microloan for an art business or free tax preparation services, we are always thinking one step beyond. That translates into a service delivery model that encourages our clients to take one more step — to keep growing, to keep saving, to keep building. No matter what it is, we encourage our clients to keep dreaming. Our part is to connect them with capital, assets, or resources to make those dreams come true.

In 2016, we did just that. Our agricultural loan program is gaining momentum, and we anticipate serving more and more Native American farmers and ranchers in the future. We completed the development of our online learning center so that more entrepreneurs could connect with educational resources. We continued to help our local families build assets with our matched savings program and financial training. And, through several collaborative partnerships, we have created more connections than ever.

Sincerely,

Tawney Brunsch
Executive Director

"No matter what it is, we encourage our clients to keep dreaming."
By utilizing our business lending program, Randy (Oglala Sioux) and Jessica Hamar became the new owners of The Office, a bar, restaurant, and the cornerstone of Oelrichs, South Dakota for over 20 years. Originally from Oelrichs, Jessica is glad to be back to her hometown after living in Chadron, Nebraska for 15 years. She says that their entrepreneurial venture is an investment for their family as well as the community. The Hamars are looking forward to finishing out the rest of their working years in their home town, something that wouldn’t have been possible without the start up capital from Lakota Funds. They say the best thing about being home is getting to raise their children around family.

James Two Crow (Oglala Sioux), a loyal Lakota Funds client since 2002, was the first to tap into our new Farm Service Agency guaranteed loan program. He utilized this agricultural loan product to purchase 20 bred cows, which symbolize the start of his growing cattle operation just east of Kyle on the Pine Ridge Reservation. As a resourceful entrepreneur, this was his fourth loan he secured through Lakota Funds. He began with microloans in the early 2000’s for a wood vending business, which gave him experience in securing capital and successfully repaying loans. By 2014, he advanced his entrepreneurial skills and was able to qualify for a larger equipment loan. James was also an active participant in our Building Native Industry Institute program, in which he completed several trainings and online courses to improve his business skills.
LENDING
TYPES OF LOANS DEPLOYED
In 2016, Lakota Funds deployed 37 loans totaling $690,347. Our portfolio continues to remain strong in business lending. This year, the majority of our loan clients used their proceeds to expand a business. This tells us that, although we serve an economically distressed area, our local business owners are finding success and growing their businesses.

While the majority of our loans (87%) were used to start or expand a business, a small percentage (5%) were used for agricultural operations. Lakota Funds’ certification as a Farm Service Agency guaranteed lender is helping us to expand our suite of lending products and serve more Native American farmers and ranchers. With $145,000 worth of agricultural loans in the pipeline, we see this line of business continuing to grow.

BUSINESS EXPANSION LOANS: 27, $382,988
BUSINESS START-UP LOANS: 5, $300,725
CREDIT BUILDER LOANS: 3, $6,634
AGRICULTURE LOANS: 2, $78,649

BUSINESS TRAINING
This year we successfully completed a three-year initiative in which we developed and launched an online business education center, known as the Building Native Industry Institute. This new development has created a more flexible and accessible training platform to serve Native American entrepreneurs, especially in rural areas.

193 REGISTERED USERS
27 COURSES ONLINE
79 TRAINING PARTICIPANTS
78 JOBS CREATED
SAVING TO BUILD ASSETS & SECURITY

This year, our Individual Development Account program, also known as a matched savings program, provided the capital, incentive, and support necessary to help 10 participants achieve their homeownership, business development, or post-secondary education savings goals.

Program participants make monthly deposits for up to two years, during which time they also complete various trainings to help improve their personal financial skills. The 10 participants that reached their savings goals in 2016 utilized a total of $51,840 to build assets that will help them create a more secure financial future.

INVESTING IN OUR FUTURE GENERATIONS

Our Child Development Program, a unique long-term matched savings program for grade school children, is designed with age-appropriate financial literacy lessons and also focuses on building the family core. Families that participate the maximum term of eight years have the potential to grow a $3,200 savings fund for their children. Our 25 participants have accumulated a total of $37,261 to date.

Since its launch in 2011, our Child Development Account program has been highly successful. The program is always full, and 19 of the participants have remained active since the start.

IMPROVING FINANCIAL CAPABILITY

In 2016, Lakota Funds leveraged a partnership with the Federal Emergency Management Agency (FEMA) to reach a broader audience for our financial literacy trainings. In addition to our regular training delivery, this partnership enabled us to reach families that were living in FEMA homes due to a destructive storm in 2015. The goal of this collaboration was to provide families with the knowledge of how to use their home as an asset by giving them skills to meet their financial goals.
HOMEOWNERSHIP
A PATH TO FREEDOM AND STABILITY

After nearly a five year journey, January Mathis, a member of the Oglala Sioux Tribe, will soon be moving into a home she can call her own. January's home is currently one of seven under construction in Thunder Valley Community Development Corporation’s regenerative community just outside of Porcupine, South Dakota, on the Pine Ridge Reservation. When complete, the community will feature 21 energy efficient homes and meet critical housing needs for local families.

Although, the development will only slightly alleviate the housing shortage on the Reservation. With an estimated 4,000 additional units needed to provide adequate housing for the families on the Pine Ridge Reservation, nonprofit organizations like Thunder Valley and Lakota Funds are key players in providing solutions.

January began her homeownership journey by working with Lakota Funds in 2012. She started out by utilizing a Credit Builder Loan to pay off debt and improve her credit score. During this time she completed various trainings and built her financial skills so she could successfully create and stick to a budget and responsibly use credit.

In the summer of 2015, January enrolled in Lakota Funds’ Individual Development Account (IDA) program to start saving for a down payment on a home. She began making regular deposits into her savings account at the Lakota Federal Credit Union. For every dollar she deposited, Lakota Funds matched her $3. While she was saving, January completed another training to prepare her for successful homeownership. By the end of 2016, January had deposited $1,440 into her IDA, and Lakota Funds provided a match of $4,320. When she signed the papers for her new home, January was able to put $5,760 down!

Due to limited options, January currently lives in low-income rental housing in Pine Ridge, South Dakota, about an hour’s drive away from her place of employment—the Pine Ridge Area Chamber of Commerce in Kyle. She is excited that her new home will only be a 10-15 minute drive to work. But homeownership means more to her than that.

“When I think of my own home, the first thing I think of is freedom,” she says. It also means stability, she adds. January explains that she moved quite a bit when her kids were younger, but this home will be “a place for my kids to call their own.”

“When I think of my own home, the first thing I think of is freedom.”
FREE TAX PREPARATION
In partnership with the Lakota Federal Credit Union, we host an annual Volunteer Income Tax Assistance (VITA) site that provides free income tax preparation to residents of the Pine Ridge Reservation. Our VITA site not only saves individuals and families the cost of commercial tax preparation, but offers alternatives to Refund Anticipation Loans (RALs) and promotes the use of the Earned Income Tax Credit (EITC).

CREDIT UNION
As the lead organization in chartering the Lakota Federal Credit Union, we are proud of their accomplishments. We continue to partner with the credit union to provide essential financial tools to our local residents. Over the past two years we have been collaborating to implement a unique cross-marketing program to ensure our clients and members are maximizing available resources.

2015 TAX SEASON
298
RETURNS PREPARED
$884,225
REFUNDED
$73,010
SAVED IN PREPARATION FEES

CREDIT UNION IMPACT
2,135
MEMBERS
525
LOANS DISBURSED
$2.8M
IN LOANS DISBURSED
$4.5M
IN ASSETS

HOMEOWNERSHIP
As the sponsoring entity of the South Dakota Native Homeownership Coalition, Lakota Funds is playing a key role in creating a clear path to homeownership for Native American families throughout the state. The Coalition has been highly successful in connecting organizations, families, and resources.

STAKEHOLDER FEEDBACK
100%
HAVE DEVELOPED OR ENHANCED PARTNERSHIPS
85%
INCREASED CAPACITY TO SERVE NATIVE CLIENTS AND ORGANIZATIONS
89%
BENEFITED FROM PEER SHARING
53%
ACCESSSED NEW FUNDING SOURCES
## CONDENSED STATEMENT OF FINANCIAL POSITION

**December 31, 2016**

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,436,317</td>
<td>$3,272,582</td>
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<tr>
<td>Certificates of deposit</td>
<td>248,000</td>
<td>248,000</td>
</tr>
<tr>
<td>Other receivables</td>
<td>221,036</td>
<td>190,833</td>
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<tr>
<td>Loan receivable, net</td>
<td>1,274,639</td>
<td>1,121,703</td>
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<td>Fixed assets, net</td>
<td>1,049,700</td>
<td>1,049,700</td>
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<tr>
<td>Other assets</td>
<td>19,816</td>
<td>21,358</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$6,249,508</strong></td>
<td><strong>$5,904,176</strong></td>
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</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable &amp; accrued expenses</td>
<td>$255,020</td>
<td>$246,319</td>
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<tr>
<td>Notes payable</td>
<td>1,993,006</td>
<td>2,032,078</td>
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<tr>
<td>Net Assets</td>
<td>4,001,482</td>
<td>3,625,779</td>
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<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$6,249,508</strong></td>
<td><strong>$5,904,176</strong></td>
</tr>
</tbody>
</table>

*Complete audit available upon request.*

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**WOPILA TANKA**

Lakota Funds would like to thank the following entities for supporting our work.

- Causeway Trust Co.
- Center for Disaster Philanthropy
- Citi Foundation
- Clover Charitable
- First Nations Development Institute
- Golden West
- HRK Foundation
- Stinski Foundation
- Surdna Foundation
- Thunder Valley Community Development Corporation
- US Department of Health and Human Services, Administration for Native Americans
- US Department of Treasury, Community Development Financial Institution Fund
- Walton Family Foundation
OUR TEAM

STAFF
Tawney Brunsch
Executive Director
LaVonne Randall
Financial Manager
Tony Taylor
Success Coach/Loan Officer
Yolanda Garcia-Clifford
Success Coach/Loan Officer
Angela Koenen
Asset Development Specialist
Inez Spencer
Program Assistant

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Red Dawn Foster
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Warren Cross
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Member
Dona Leavens
Loan Committee Member