

INVESTING

in the OGLALA LAKOTA OYATE

TABLE OF CONTENTS

Executive Directors Message	1
Feature Client Story	3
Building Native Industry Institute	4
Lakota Federal Credit Union	6
Regional & National Partnerships	6
Community Impact Data	7
Financial Statement	8

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.

EXECUTIVE DIRECTOR'S MESSAGE

Investing is more than a numbers game. It's about creating opportunity.

Over the past few years, Lakota Funds has produced new and innovative products that have increased access to capital and supported asset building for the Oglala Lakota Oyate (People). In recent years we have hit record numbers in lending and program delivery and are very proud of our team for these achievements. With these accomplishments under our belt and other new product developments underway, we took the time in 2014 to focus on building our internal capacity.

We believe that in order to continue to be a leader in the national Native community development financial institution (CDFI) field and best serve our people locally, we must continually invest in building the expertise of our staff and board members, streamlining our systems, and improving upon our policies. All of these activities translate into a more fulfilling customer experience and ultimately greater community impact. If we, as a team, become better at what we do, then that projects on the Pine Ridge Reservation in the way of job creation, businesses established, assets accumulated, and a better quality of life for our people.

With support from the Citi Foundation, our staff completed training to build skills in engaging potential investors and to develop expertise in marketing our products to local businesses. Also as part of this initiative, Lakota Funds has developed tools to analyze and identify ways to mitigate risk. In addition, several staff members underwent training to improve their skills as business educators as part of our Building Native Industry Institute project funded by the Administration for Native Americans. These are all critical steps that will continue to support improved performance of our organization.

Another highlight of 2014 has been the continued development and delivery of the Building Native Industry Institute. Our staff has invested countless hours into building new internal infrastructure for a truly innovative training model that will support our organizational sustainability. This year we also launched the Building Native Art program to support the development and growth of Native art businesses. Some of Lakota Funds' earliest clients were artists, so this project is, in a sense, bringing us back to our roots.

With these new developments, we look forward to continuing to invest in the Oglala Lakota Oyate in 2015 and beyond.

Sincerely,



Tawney Brunsch
Executive Director





SCATTER THEIR OWN

Spreading culture, art, and entrepreneurship through music of their own.

Scotti Clifford and Juliana Brown-Eyes Clifford, the husband and wife duo behind the rock band Scatter Their Own, are well on their way to musical success. Although they have multiple offers from well-known record labels and invitations to play at famed shows, such as the South by Southwest music festival, this couple remains grounded in their Lakota culture and values. Lyrically, Scatter Their Own pays tribute to the concepts and philosophy of their Lakota culture while fusing Alternative Rock and Blues into what they like to call Alter-Native Rock and Roll.

The band pays tribute to their Native American ancestry by carrying the name, Scatter Their Own. Historically the translated English phrase, “To scatter one’s own,” was attached to the Oglala Lakota people in efforts to relocate and take attention away from their spiritual homelands. But like most situations of the era, the interpretation of the word Oglala was incorrect. The true meaning of Oglala is “Take me back home,” which refers to the stolen Black Hills of South Dakota. As an act of reclaiming their identity, Scatter Their Own has taken their name to raise awareness about issues and relationships close to their hearts. They flipped the phrase upside down and now use it to their benefit, positively scattering their perspectives, love, beauty, and art across the world.

From Rockyford on the Pine Ridge Reservation, Scotti and Juliana have used local resources to bring their mu-

sic business to the next level. Starting in January 2014, they each participated in Lakota Funds’ matched savings program where they received \$3 for every \$1 they contributed to a savings account. In the end, they used a grand total of \$11,520 to buy equipment for their band and to record their album. That has proven to be a worthwhile investment. With two albums under their

often tours with their children, who also join them on stage at times.

Scotti relates this nomadic lifestyle to the traditional ways of the buffalo hunt. The Lakota used to follow the buffalo, but he follows the music. As a modern day Lakota family who views movement as sacred, they have no difficulty packing up their belongings and

“Our music isn’t traditional, but our lyrics are cultural. The themes of our songs are universal. When you really look at it, you come to find out we’re so much more alike than we are different...” – Scotti Clifford, Scatter Their Own

belt, Scatter Their Own has a growing national following. Their unique sound has grown a fan base of over 6,000 followers on Facebook and contributed to nearly 22,000 YouTube views of their *Taste the Time* video.

Most recently, Scatter Their Own obtained a small business loan from Lakota Funds to purchase a van that they rely on to get them to shows. The group has toured up and down the west coast from Seattle to Los Angeles, throughout the Southwest and Midwest, and has even done shows on the East Coast and in Canada. With the help of their trusty tour wagon, they are scattering their own music to all nations in all directions. The couple

guitars in order to follow the buffalo.

Juliana was delivered by her grandmother in a car that was on the way to the hospital. Her grandmother says that is why she is always travelling.

Scotti and Juliana continue to hone their art business skills by participating in Lakota Funds’ Building Native Art program. Through this program they are participating in trainings that address issues like business planning and utilizing web-based tools to grow a business.



BUILDING NATIVE INDUSTRY INSTITUTE

Increasing access to business education opportunities.

Out of a need to grow local infrastructure to support Native entrepreneurs in acquiring business expertise necessary to create, maintain, and expand private sector businesses on the Pine Ridge Reservation, Lakota Funds began developing the Building Native Industry Institute in late 2013 with funding support from the Administration for Native Americans. As a multi-year initiative, the Building Native Industry Institute has been a major investment by Lakota Funds, not only into our local entrepreneurs, but also into our internal capacity and organizational sustainability. While the focus of this project has been to increase access to business education opportunities for Native entrepreneurs, Lakota Funds has also used it as an opportunity to explore possibilities for generating revenue to support our operations.

The majority of our program staff has completed training to build their skills as business educators, which translates to higher quality trainings for our clients.

The Building Native Industry Institute offers short courses to support Native-owned business creation or expansion. The trainings are specifically designed to meet unique circumstances and opportunities available in Indian Country. The goal of the Building Native Industry Institute is to:

Develop a sustainable, community relevant, flexible, and easily accessible business training system to increase entrepreneurial expertise of potential and existing Native business owners, resulting in an increased number of Native-owned community-based businesses operating on the Pine Ridge Reservation.

Throughout 2014 Lakota Funds worked with various professionals and industry experts to develop and deliver six professional quality courses designed to help Native entrepreneurs successfully start, grow, manage, finance, and market a business. The delivery of these courses – and others we are currently working on – is supported through a total of 11 public ac-

cess points hosted at various locations throughout the reservation by Oglala Lakota College, Mazaska Owescaso Otipi Financial, and the Tribal Employment Rights Office.

COURSE OPTIONS

The Building Native Industry Institute provides flexibility to Native entrepreneurs by offering two kinds of courses – classroom and distance learning. For example, course participants have the option to attend a live course at our training center in a traditional group setting with an instructor on site. As an alternative option, participants could choose to attend via live webinar at any of our public access points or anywhere else an internet connection is available. In addition, all classes are recorded and archived on the Building Native Industry Institute Online Learning Center that entrepreneurs could access at any point in the future.

ONLINE LEARNING CENTER

Launched in 2014, the Building Native Industry Institute Online Learning Center enables entrepreneurs to

6 business education courses developed by professionals and industry experts, delivered live, and produced as online courses

119 staff **INCREASED CAPACITY** as business educators
119 individuals completed training and **INCREASED BUSINESS SKILLS**, positioning them for **GREATER** entrepreneurial success

up to **24%** knowledge **INCREASE** after completing a Building Native Industry Institute course

2014 PROGRAM HIGHLIGHTS

access a variety of business education courses, complete with videos and downloadable worksheets, while overcoming common challenges, such as distance and time restraints, regularly related to accessing business education in rural areas. This online platform houses an abundance of virtual trainings designed to help improve skills in the areas of starting, growing, running, managing finances for, and marketing a business. Courses can be completed from any location that is equipped with an internet connection and at the desired pace of each student. Each course also incorporates a pre- and post-test so that entrepreneurs can gauge how they have improved their skills in the course matter.

By developing the Building Native Industry Institute Online Learning Center, Lakota Funds has also set in place critical infrastructure necessary for generating earned income. The learning center platform has a fee for service functionality built in that Lakota Funds plans to activate in the coming years. The potential reach of the

Online Learning Center extends far beyond our regular service area as the courses are applicable to Native entrepreneurs in rural areas throughout the nation. Lakota Funds is proud of this truly revolutionary achievement and is eager to release this training product in broader markets.

INCREASING COMMUNITY IMPACT

In addition, the impact and reach of the Building Native Industry Institute project has been greatly increased through the support of several regional partners who have broadcast announcements on this valuable educational resource through their various communication channels. Those regional partners are: Four Bands Community Fund, Great Plains Native Asset Building Coalition, Hunkpati Investments, Lakota Federal Credit Union, South Dakota Center for Enterprise Opportunity, and South Dakota Indian Business Alliance. Notices distributed by these regional partners have increased attendance at our live trainings and generated a significant

amount of traffic to the Building Native Industry Institute Online Learning Center.

ASSESSMENTS

All participants who complete a Building Native Industry Institute course, whether in a classroom setting or via a distance learning platform, take a pre-test and a post-test. This enables Lakota Funds to gauge participants' starting knowledge base, and to calculate an increase in knowledge. We have found that participants increase their knowledge level up to 24% by taking a course.

RESULTS

By the end of the first three years of implementing the Building Native Industry Institute course, Lakota Funds will have delivered at least 26 business education classes to 625 participants. As a result, 60 new businesses will be established on the Pine Ridge Reservation.

LAKOTA FEDERAL CREDIT UNION

Providing tools to help our people build brighter financial futures.

As 2014 came to a close, the Lakota Federal Credit Union and its Board of Directors celebrated another major milestone in the young credit union's development – certification from the U.S. Department of Treasury as a community development financial institution (CDFI). The certification, officially granted on December 18, 2014 after a lengthy application and intensive review process, verifies that the Lakota Federal Credit Union has met several requirements, including: having a primary mission of promoting community development, predominantly serving and maintaining accountability to an eligible target market (the Pine Ridge Reservation), being a financing entity, providing development services, and being neither a government entity nor controlled by a government entity.

The Lakota Federal Credit Union's new certification will allow it to access larger amounts of funding from the U.S.

Treasury's CDFI Fund. Now that it is certified, it can apply for up to \$1 million in financial assistance annually. Prior to certification, the maximum application amount was limited to \$150,000. Larger amounts of funding will not only support the credit union's operating costs, but it will increase its ability to provide its members with greater access to loan capital.

The notice of certification came shortly after the Lakota Federal Credit Union celebrated its second anniversary in November 2014. By 2014 year-end the credit union had built its membership base to 1,856 and more than doubled its loan portfolio and assets from the previous year. As of December 31, 2014 the credit union had approved over \$2 million in loans, and had \$3.5 million in assets.



REGIONAL & NATIONAL PARTNERSHIPS

Increasing economic sustainability through collaboration.

Over the years, Lakota Funds has formed alliances with key partner organizations for greater impact in achieving its mission of creating opportunities through access to capital and asset building programs. With the formation of the Great Plains Native Asset Building Coalition in 2010, Lakota Funds became one of the leading organizations at the head of a new trend in the Native community and economic development field – **collaboration**.

Building on that strategy, Lakota Funds has been a leading organization in launching and developing the South Dakota Native Homeownership Coalition, a collaborative group of

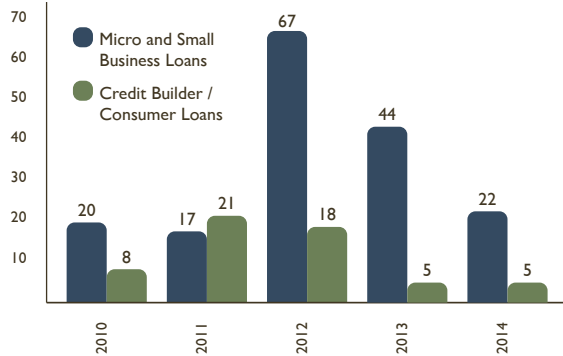
key agencies dedicated to increasing homeownership opportunities for Native Americans. In just one year, the Coalition has facilitated a tremendous information exchange between stakeholders to make headway towards its mission.

In addition, Lakota Funds has participated in collaborative efforts through its involvement with the South Dakota Indian Business Alliance, a diverse group of community partners committed to growing Indian business. Lakota Funds is also an active member of the Native CDFI Network, a national voice and advocate that strengthens and promotes Native community development financial institutions.

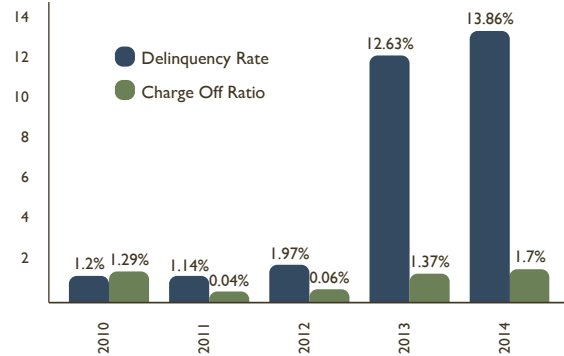
COMMUNITY IMPACT DATA

Investing is more than a numbers game. It's about creating opportunity.

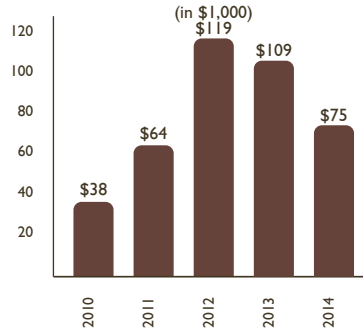
NUMBER OF LOANS APPROVED



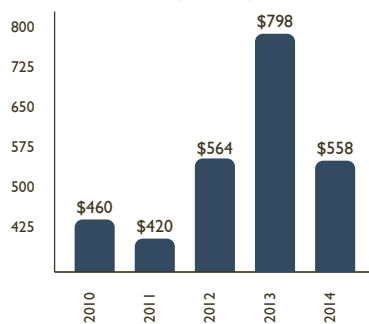
DELINQUENCY & CHARGE OFF



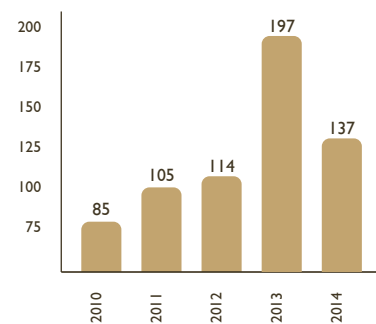
IDA CASH OUTS



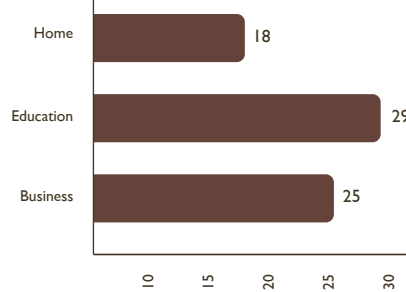
MICRO & SMALL BUSINESS LOANS APPROVED



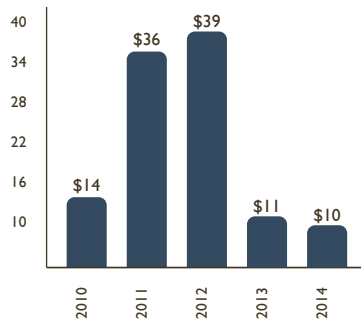
JOBS CREATED/RETAINED



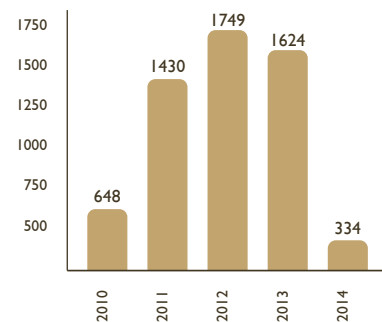
IDA ASSET PURCHASES (2010-2014)



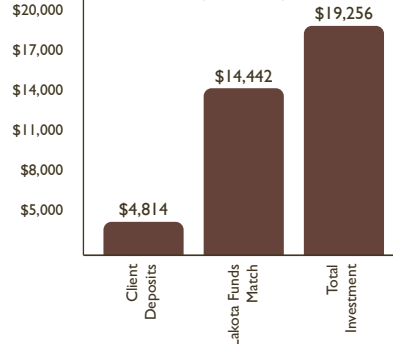
CREDIT BUILDER/CONSUMER LOANS APPROVED



TRAINING DELIVERED (to # of people)



CDA CUMULATIVE INVESTMENTS (2011-2014)



UNAUDITED STATEMENT OF FINANCIAL POSITION

ASSETS	2014	2013
Current Assets		
Checking/Savings		
Lending Accounts	2,279,637	1,644,324
Operating Accounts	754,429	792,105
Total Checking/Savings	3,034,067	2,436,429
Accounts Receivable		
Accounts Receivable	87,919	9,760
Total Accounts Receivable	87,919	9,760
Other Current Assets		
Due to Loan Account from LTC	(71,252)	(75,081)
Certificates of Deposit	248,160	250,539
Loan Receivable - Loan Acct.	1,368,860	1,337,741
Loan Receivable - TLF	71,556	75,081
Loan Loss Reserves	(393,842)	(308,465)
Acct Receivable - Miscellaneous	2,284	3,010
Accrued Interest Receivable	7,679	10,139
Prepaid Expense & Insurance	39,321	39,321
Total Other Current Assets	1,272,767	1,332,286
Total Current Assets	4,394,752	3,778,475
Fixed Assets		
Infrastructure - Roads/Sewer	646,437	646,437
Bldgs/Improvements	1,502,106	1,502,106
Equipment/Furnishings	96,100	96,100
PPE - Accumulated Depreciation	(1,033,287)	(1,033,287)
Total Fixed Assets	1,211,356	1,211,356
Other Assets		
Investment NANF	(67,774)	(67,774)
Investment in Land	12,020	12,020
Due From Ltd Partnerships	367,372	320,081
Loan Receivable - Ltd Partnership	892,474	573,266
Asset Impairment Allowance	(824,460)	(893,347)
Total Other Assets	379,632	-55,754
TOTAL ASSETS	5,985,740	4,934,077
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	6,278	41,307
Total Accounts Payable	6,278	41,307
Other Current Liabilities		
Deferred Pass Through Revenue	148,719	0
Accrued Vacation Payable	13,167	13,167
Prepaid Rental Income	0	306
Accounts Payable, TLF, Inc.	(20,000)	0
Accounts Payable - Ltd. Partnerships	(3,552)	0
Customer Deposits	1,616	1,616
Payroll Liabilities	143	165
Note Payable - Northwest Area	0	60,500
Accrued Interest Payable	28,423	28,423
Total Other Current Liabilities	168,516	104,177
Total Current Liabilities	174,793	145,484
Long-Term Liabilities		
Notes Payable/IRP Loans	372,756	372,756
Notes Payable/RMAP Loans	240,369	322,205
Notes Payable/Investors	1,291,528	1,263,556
Notes Payable/Rural Development	54,411	54,411
Total Long-Term Liabilities	1,959,063	2,012,928
Total Liabilities	2,133,856	2,158,412
Equity		
Retained Earnings	834,503	1,253,102
Net Assets	1,854,196	1,395,258
Temporarily Restricted Net Assets	545,904	545,904
Net Income	617,281	(418,600)
Total Equity	3,851,884	2,775,665
TOTAL LIABILITIES & EQUITY	5,985,740	4,934,077

A complete 2013 audit is available upon request. A complete 2014 will be available upon request by May 2015.

Lakota Funds is rated by AERIS, a third party assessment and rating system for Community Development Financial Institutions to document organizational performance and financial strength.

For more information, visit
www.aerisinsight.com.



WOPILA TANKA

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

Citi Foundation

Clover Charitable

First Nations Development Institute

First Peoples Fund

Golden West

Health & Human Services, Administration for Children & Families

HRK Foundation

Native American Development Corporation

South Dakota Governor's Office of Economic Development

Thunder Valley Community Development Corporation

USDA Rural Development

US Department of Housing and Urban Development

US Department of Treasury's CDFI Fund

Walton Family Foundation

OUR TEAM

STAFF

Tawney Brunsch
Executive Director

LaVonne Randall
Financial Manager

Darrel Twiss
Housing/Facility Manager

Tony Taylor
Success Coach/Loan Officer

Kadem Fisher
Success Coach/Loan Officer

Yolanda Garcia-Clifford
Success Coach/Loan Officer

Douglas Patton Jr.
Business Success Coach/Youth Involvement Specialist

Corinn Amiotte
Training Specialist

Inez Spencer
Receptionist/Project Assistant

Marlen Featherman
Custodial and Maintenance Specialist

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Red Dawn Foster
Vice Chair

Wilma Standing Bear
Secretary

Brian Kirk
Treasurer

Warren Cross
Member

Dona Leavens
Loan Committee Member



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