

2017

ANNUAL
REPORT

The background of the cover is a photograph of a vast landscape. In the foreground, there is a field of tall, dry, yellowish-brown grass. In the middle ground, there is a lush green field. In the background, there are several large, rugged, tan-colored butte formations under a blue sky with white clouds.

STRONGER businesses, families, and communities



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.



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MESSAGE FROM OUR EXECUTIVE DIRECTOR

Lakota Funds' program delivery spans many dimensions of community and economic development on the Pine Ridge Reservation and surrounding areas. Creating access to capital is at the core of our mission, but we know that in order to create sustainable change in our community we must also work to strengthen personal financial capability, invest in our youth, and tap into networks and leverage partnerships to create new and innovative approaches. With stronger businesses, families, and communities we are breaking the cycle of generational poverty.

This year's annual report showcases how our programs are strengthening our businesses, families, and communities. We had a stellar year in lending, deploying over \$1.1 million in loans, which has supported the continued expansion of our local business market. Our agricultural loan program is experiencing stronger demand, and we keep filling our pipeline with more and more requests from Native American farmers and ranchers.

Our homeownership work has been especially rewarding, and this year we have seen some amazing results from our long-term investments. We have taken significant steps in converting the low-income rentals to private homeownership in our Eagle Nest Housing Development. The first home sold just in time for Christmas, and we are working with several more families as they work toward their homeownership goals.

It is wonderful to see the people we work with make new choices and build assets that can be passed down to future generations.

Sincerely,

A handwritten signature in cursive script that reads "Tawney Brunsch".

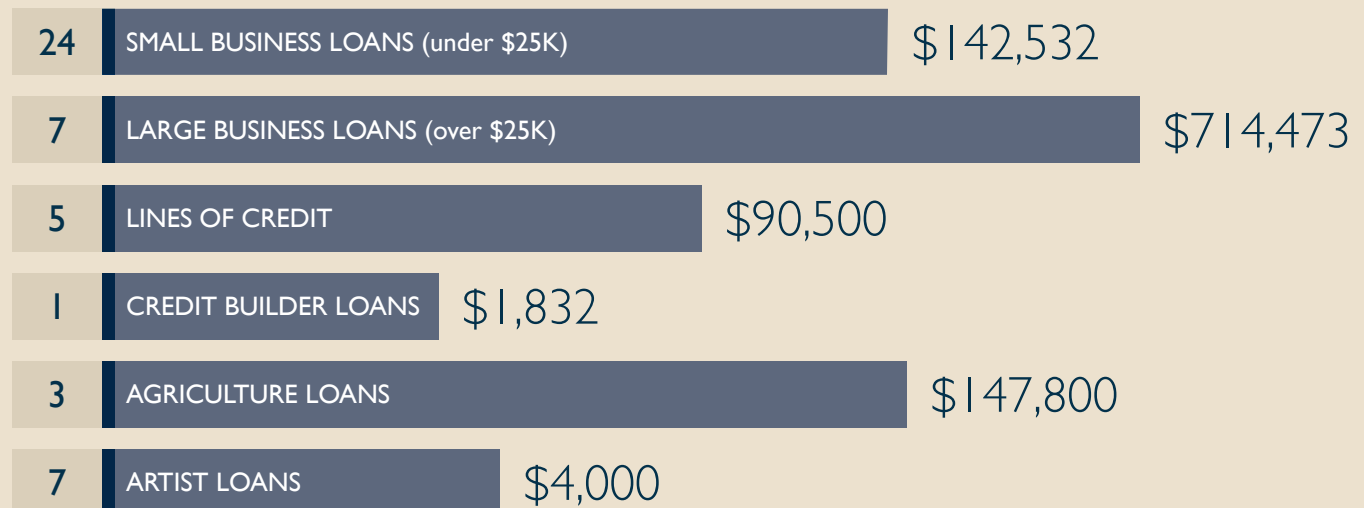
Tawney Brunsch
Executive Director

STRONGER businesses

In 2017, Lakota Funds deployed 47 loans totaling \$1,101,137, and our portfolio is stronger than ever. We continue to work with many of our clients as they expand their operations while supporting start-ups as well. Tapping into the agricultural market has been a success, and we are seeing a stronger demand in that line of business.

LENDING

types of loans deployed



IMPACT

resulting from access to capital and training



INCREASING Native-Owned Agri-Businesses

Although the latest USDA Census of Agriculture shows there are 3,218 agricultural operations on Indian reservations in South Dakota, only 924 – **less than a third** – are actually Native American-owned. Lakota Funds is working to increase that number by supporting Native American farmers and ranchers through our agricultural business program. Native ag-entrepreneurs face greater challenges in accessing capital due to their large working capital needs. But, as a Farm Service Agency guaranteed lender, Lakota Funds is able to meet those needs.



“

The great thing about this is that the Lafferty's are building assets and building an operation that will be passed on for generations.

–Tawney Brunsch, Executive Director

Craig Lafferty (Rosebud Sioux), partner in Lafferty Family LLC, experienced some challenges when he was looking to expand his cattle operation on the Rosebud Reservation. However, doors began to open when he reached out to Lakota Funds. To date, Lafferty Family LLC has utilized two loans from Lakota Funds to grow their Red Angus / Charolais operation to 200 head.

Craig's business partner is his father, Rock Lafferty, who is now retired after a 33-year career at the Bureau of Indian Affairs. Craig's two sons, Taylor (9 years old) and Harper (22 months old), are also involved.

“Ranching has always been in the family. It's in my roots,” says Craig.

He explains that he and his dad are doing all of the hard work now with the intention of passing the business onto his sons.

“But only if they want it,” he says.

As the Director of Radiology at Indian Health Services in Mission, South Dakota – his day job – Craig recognizes the value of education. He stresses the importance of getting an education first to his sons.

“You're not going to be a millionaire in the ranching business – you're just not. For me it's time to spend with my dad and boys out in nature,” Lafferty says. At their operation where everything is done on horseback, he gets lots of time to do just that.

Lafferty feels lucky that “Lakota Funds believed in us enough to take a chance.” He is grateful for the relationship he has with his lender and wants to keep building his operation.

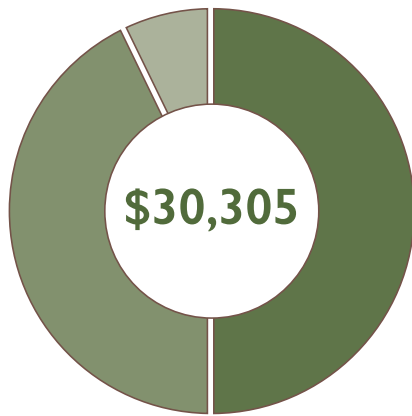
For the moment, he is satisfied that he has “created good memories for my boys that they can pass down to my grandkids.”

STRONGER families

SAVING

to build assets and financial security

This year, our **Individual Development Account** program, also known as a matched savings program, provided the capital, incentive, and support necessary to help 7 participants achieve their homeownership, business development, or post-secondary education savings goals. These 7 participants utilized a total of \$30,305 to build assets that will help them create a more secure financial future.



■ SECONDARY EDUCATION ■ HOMEOWNERSHIP
■ BUSINESS START-UP

INVESTING

in the family core and 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. Our 25 participants have accumulated a total of \$44,976 to date. Seventeen of the participants have been active in the program since our launch in 2011.

BUILDING

homes and our local workforce

This summer, in partnership with the South Dakota Native Homeownership Coalition, Lakota Funds piloted a **Construction Internship Program**, in which Oglala Lakota College Vocational Education students were paired with local contractors to gain on the job experience. All four interns who completed the program were offered permanent employment! With such amazing results, we are planning to continue this program next year.





IMPROVING

financial capability and applying new skills

528 PEOPLE

BUILT FINANCIAL ASSETS

5

STRONGER communities

In 1997 Lakota Funds made history by creating the first Native American, tax credit financed, low-income housing project in America. From 1997 to 1999, thirty single-family homes were constructed to create the Eagle Nest Housing Development just outside of Wanblee, South Dakota. Since then, Eagle Nest has provided families with affordable rental housing in an area with an extreme housing shortage where it is estimated that an additional 4,000 homes are needed to provide adequate housing for residents.

As the tax credit agreements have reached maturity, we have begun working to convert these units from rentals to privately-owned homes. Tenants have the opportunity to purchase their homes, which will create an asset that future generations will benefit from.



6

TRANSFORMING the economic landscape

FREE TAX PREPARATION

In partnership with the Lakota Federal Credit Union, we host an annual Volunteer Income Tax Assistance (VITA) site that 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).

This year, staff prepared **326** returns bringing a total of **\$896,554** in refund dollars back to our community. Of that, **\$402,610** was a result of the EITC.

CREDIT UNION

This year the Lakota Federal Credit Union celebrated its 5-year anniversary, and their branch manager was named a CU Rock Star by the Credit Union National Association. As one of our closest partners, we continue to leverage resources and services with the Lakota Federal Credit Union.

The Credit Union is having a profound impact on our community and its **2,200+** members. It has deployed over **1,800** loans and maintains a current lending portfolio of **\$2.5 million**.

HOMEOWNERSHIP

As the fiscal sponsor for 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. Through this partnership, we have worked to strengthen the home-building field by delivering trainings for inspectors and contractors, and piloting a construction internship program. We are also working with Native veterans as they pursue homeownership. These efforts have been hugely successful in increasing homeownership opportunities.



A NEW HOME for the holidays

This holiday season, Cynthia Plenty Bull and her daughter celebrated in the same house they have lived in for the past six years. But this year, they were able to call it their own. Cynthia was the first tenant in the Eagle Nest Housing Development to make the move to homeownership. For Cynthia, owning her own home means stability.

"When you are a homeowner, you don't have to wonder when it will end or if your lease is going to increase and you won't be able to afford it anymore," she says.

Cynthia began her homeownership journey by contacting Lakota Funds. We referred Cynthia to our partner, Mazaska Owecaso Otipi Financial, a nonprofit loan fund that provides home loan products. Working between our two organizations and her bank over the next five months, Cynthia took all the necessary steps to reach her homeownership goals. She examined the affordability of her home purchase, consolidated debt, and completed a home-buyer preparedness course. Cynthia also rolled several renovations into her mortgage and was able to claim subsidies to offset her down payment and closing costs.

Cynthia closed her loan in October with zero down payment and closing costs, and her monthly payment on her 20-year mortgage is about the same as her rent was. Overall, she couldn't have asked for a smoother transition from renting to owning. Cynthia now owns a 3-bedroom, 2-bathroom home with a new roof and windows, remodeled bathrooms, new flooring and paint, and many more upgrades.

She says that what she likes best about her new home is, "Everything is brand new to me, and everything is the way I like it."

Cynthia explains that her daughter, Tia, was instrumental in the renovations. They chose all of the materials together, and Tia provided input and some great ideas throughout the process.

"It was a really good experience for Tia, because when she grows up and wants to purchase another house she will know the steps," says Cynthia.

“

When you are a homeowner, you don't have to wonder when it will end or if your lease is going to increase and you won't be able to afford it anymore.

—Cynthia Plenty Bull, New Homeowner

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

December 31, 2017

	2017	2016
ASSETS		
Cash and cash equivalents	\$2,906,420	\$3,437,328
Certificates of deposit	250,238	248,000
Other receivables	213,204	195,649
Loan receivable, net	1,692,918	1,274,649
Fixed assets, net	870,926	944,354
Other assets	16,341	16,341
Total Assets	<u>\$5,950,047</u>	<u>\$6,116,321</u>
LIABILITIES AND NET ASSETS		
Accounts payable & accrued expenses	\$13,363	\$23,879
Notes payable	2,189,220	2,386,118
Net Assets	3,747,463	3,706,324
Total Liabilities and Net Assets	<u>\$5,950,047</u>	<u>\$6,116,321</u>

Complete audit available upon request.





WOPILA TANKA

thank you

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

Causeway Trust Co.

Citi Foundation

Clover Charitable

Enterprise Community Partners, Inc.

First Nations Oweesta Corporation

First Peoples Fund

HRK Foundation

South Dakota Community Foundation

Stinski Foundation

Thunder Valley Community Development Corporation

US Department of Treasury, Community Development Financial Institution Fund

Walton Family Foundation

OUR team



Tawney Brunsch
Executive Director



LaVonne Randall
Financial Manager



Tony Taylor
Loan Officer



Yolanda Garcia-Clifford
Loan Officer



Angela Koenen
*Training and Asset Development
Manager*



Inez Spencer
Program Assistant

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Loan Committee Member



PO Box 340 Kyle, SD 57752
(605) 455-2500 tel (605) 455-2585 fax
www.lakotafunds.org