



**FOUR
BANDS**
COMMUNITY
FUND, INC.





OUR MISSION

The mission of Four Bands Community Fund is to create economic opportunity by helping people build strong and sustainable small businesses and increase their financial capability to create assets and wealth.

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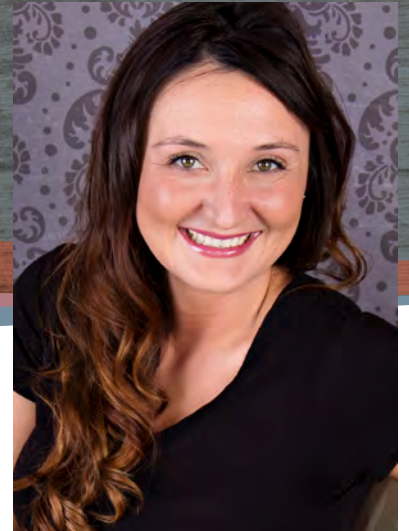
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ACCOMPLISHMENTS-TO-DATE

- Provided 10,087 customers with technical assistance.
- Supported hundreds of individuals in various stages of business development through the deployment of 1,480 loans totaling \$17,479,054.
- Approved 913 credit builder loans so that recipients could achieve an average credit score increase of 85 points within one year.
- Created or retained 921 jobs.
- Graduated 518 individuals from their business training course.
- Increased financial literacy of 904 individuals through training.
- Guided 99 individuals through actionable financial goals with a 91% achievement rate.
- Connected 260 youth entrepreneurs to local internship opportunities, 76% of whom seek post-secondary education.
- Committed \$712,612 so that 485 matched savings program participants could reach a savings goal for homeownership, education, or business.
- Electronically filed 5,443 tax returns to produce a total federal refund of \$11,213,605 to their community.

LEADERSHIP MESSAGE



AFTER SEVERAL YEARS of accelerated growth and programmatic expansion, this year, Four Bands is celebrating a coming home of sorts. This past spring, we completed construction on our new incubator facility. As six local businesses were becoming established in their new homes here, we were also moving our headquarter offices into this space. This has been the first time in many years that our team is functioning in one facility together. The incubator has not only provided opportunity by offering a physical space with modern amenities, it has also literally created a “place to grow” for our Native entrepreneurs here on Cheyenne River. Our incubator program has been designed to nurture fledgling businesses with intensive and customized services that support continued growth into full maturity.

We continue to adapt to market conditions to better serve our community members. An example of nimble reaction was the deployment of Hardship Loans during the federal government shutdown early this year. With over half of our workforce employed by the federal government, many local families were in dire circumstances. As we are writing this report the COVID-19 pandemic is unfolding, and we are developing response strategies to help our clients cope with its financial impacts.

In 2019, we officially launched our mortgage loan product, which has been met with extraordinarily high demand. We work with many of our homeowner clients for over a year, and it is so rewarding to see them achieve their financial goals and be able to provide their families with safe and stable homes. This year 12 families became homeowners, and next year we anticipate even more! Our mortgage lending, along with our agricultural lending, has greatly advanced our rate of loan deployment. This past year, we deployed approximately \$3.2 million in loans – nearly double our total from the previous year. As we prepare to celebrate our 20th anniversary next year, we have a positive outlook.

Sincerely,

Zakota Vogel
Executive Director

BUSINESS LENDING & TRAINING

\$1.7M
TOTAL LOANS
DEPLOYED

60 Jobs
CREATED/RETAINED

32 businesses STARTED OR
EXPANDED

7 graduates FROM CREATE COURSE
PREPARED
TO START A BUSINESS

Loans Deployed by Type

11 small business loans totaling \$1.3M

17 micro loans totaling \$288K

4 lines of credit totaling \$135K

THE PLACE TO GROW

Opened in 2019, after a five-year period of research, development, and fundraising, the Four Bands Business Incubator is designed to support the growth of small businesses, which are an important part of our local economy. Not only do these businesses provide job opportunities, but they also offer a variety of goods and services that would not be available otherwise.

Investments in Incubator Businesses

\$125K invested
IN START-UP COSTS
FOR EQUIPMENT & CONSTRUCTION

\$30K
SUBSIDIES
PROVIDED ANNUALLY
TO OFFSET UTILITY COSTS

207 Hours
**PROFESSIONAL SERVICES DELIVERED
TO SUPPORT CRITICAL
BUSINESS FUNCTIONS**

MEET OUR INCUBATOR TENANTS



Ubetcha Wateca offers the freshest locally-sourced ingredients on their breakfast and lunch menus.



Kelsie Kay's Coffee Depot features a mix of locally made bead work and fresh coffee beverages.



Akiptan is a nonprofit community loan fund specializing in agricultural lending nationwide.



WoLakota is a Native-owned construction company.



Northern Plains Games develops video games made by, about, and for Indigenous people.

CELEBRATING MAJOR MILESTONES

◦ ——— | Shari Ducheneaux Commits to Success | ——— ◦

UBETCHA WATECA is one of the anchor tenants at the Four Bands Business Incubator, providing fresh, home cooked meals at affordable prices to local residents and visitors of the Cheyenne River Sioux Reservation. Many of their ingredients come from a locally-grown garden and beef producer. Prior to moving into their first brick and mortar space, Ubetcha Wateca operated in a food truck for four years.

“It has been quite an experience,” says Shari Ducheneaux, owner of Ubetcha Wateca.

Expanding their operations came with more to manage – regulations, insurance, employees – and it was an adjustment. But, Shari has been fully committed since day one and it has paid off. Ubetcha Wateca now employs three people and has a loyal group of customers that strongly support the local business. Shari believes this is because they know who is cooking and the food has been consistent.

“Every month has gotten better and better. We were expecting a slow-down eventually after the grand opening, but it never happened,” says Shari.

Well into their first year of operations, Shari acknowledges how Four Bands’ investments have impacted the growth of Ubetcha Wateca. As an initial anchor tenant, Shari played an active role in the design and layout of her suite in our incubator facility. We invested approximately \$72,000 in the form of construction costs and equipment into Ubetcha Wateca. In addition to those initial start-up costs, Ubetcha Wateca and all of our incubator tenants receive several benefits, such as lower than market value rates for leases and utilities, as well as reduced costs for a variety of professional services, such as bookkeeping, tax assistance, and marketing.

Our incubator programming was developed out of research done in the early planning phases for this project, which revealed that Cheyenne River businesses required a seven year incubation period to become self-sufficient. The purpose of our incubator programming is to provide on-going and intensive support to a business in its start-up phase so that they will be stronger and more viable in the long-term.

“We would really struggle if we were not in an incubator space. Besides all of my hard work and heart, Four Bands has really, really, really helped us. They understand the importance of small businesses in a community and what we bring to the community,” says Shari.

Shari is grateful for the support from Four Bands, the community, and Ubetcha Wateca’s customers. But her unrelenting dedication, especially in the very early years of her business, cannot be overlooked as a contributing factor to her success. If there wasn’t an easy path, Shari would make one. For example, she used to drive six hours round trip every weekend to Rapid City to purchase food and supplies from a big box store. Now, she has working relationships with food wholesalers. A lot of sacrifices and many hours of hard work were invested into growing Ubetcha Wateca.

“We’re finally at a point where we were not struggling so much. We’re holding it down, and I’m really proud of us that we’re able to do it,” says Shari.

And now, Shari has a desire to help other entrepreneurs. She believes that business owners, especially in a small town can build each other up, even if they are competitors.

“I’m willing to share and I want to share. It’s hard, but you can do it,” says Shari.

○ — | New Homeowners on Cheyenne River | — ○



CONSUMER & MORTGAGE LENDING

Loans Deployed

103 borrowers

UTILIZED A TOTAL OF
\$278,000
TO IMPROVE CREDIT

17 homeowners

INVESTED A TOTAL OF
\$287,000
INTO THEIR HOMES

12 native families

BORROWED A TOTAL OF
\$855,000
TO PURCHASE HOMES

9

USDA 502 Relending Program



Taylor Lawrence is a dental assistant and single mother of two from Eagle Butte, South Dakota. She had been renting a one-bedroom apartment that was in need of repairs and would often be without a working heat source for weeks at a time. She used a 502 Direct Loan from Four Bands Community Fund to purchase a Governor's House and provide a safe and stable home for her family.

IN THE SUMMER OF 2018, USDA Rural Development and two Native community development financial institutions (CDFIs) — Four Bands Community Fund on the Cheyenne River Reservation and Mazaska Owecaso Otipi Financial on the Pine Ridge Reservation — formed the first-of-its-kind partnership to launch the 502 Direct Native CDFI Relending Pilot Program. As a partner in this program, we committed to deploy a total of \$1,000,000, \$800,000 from USDA and \$200,000 from our revolving loan fund.

Approval of funds for deployment began in October 2019, and within two months, we deployed approximately 50% of the loan capital allocated to the pilot program. Through the 502 Direct Native CDFI Relending Pilot Program, the deployment of 502 Direct Loans on tribal lands in South Dakota has increased more than ten-fold.

HOME IS WHERE FAMILY COMES TOGETHER



Justin LaPlante and Julie Yardley stay the path to homeownership.



Increased knowledge paired with credit builder loan and financial coaching results in improved financial standing and achievement of homeownership goals.

JUSTIN LAPLANTE AND JULIA YARDLEY'S

blended family has been living in two separate households for several years, but not by choice. With six children, there just hasn't been a house available on Cheyenne River's rental market that would fit everyone comfortably under one roof. They've been making due, but everything is about to change for the better.

A homeownership class delivered in partnership by Four Bands Community Fund and Cheyenne River Housing Authority opened some doors for the couple. Justin first took the class in 2017, and then Justin and Julie took it together in 2018. From there, they set off on their path towards homeownership, focusing first on preparing financially.

"We were getting all the bills paid up and building up our credit. It was a couple years' process," says Justin.

Justin and Julie utilized Four Bands' programs to establish a solid foundation for homeownership. Collectively, they obtained a credit builder loan, engaged in some financial coaching, and took several classes on finances, credit, and debt.

From there, they dove into the nuts and bolts of the homeownership process – securing a tribal land

lease, obtaining easements, planning utility hook-ups, choosing a home, and getting approved for a mortgage. If that seems overwhelming, Justin says it can be.

He adds, "Four Bands has been really great, giving us that extra push when we thought it wouldn't happen. They'd give us a call and would reassure us."

Justin says it's not like buying a vehicle; it's definitely a more in-depth process. Picking the house was the easiest part. By choosing a manufactured home, they were able to view several model homes and select from various floor plans.

"We were able to walk it, and the kids got to pick out their bedroom and where they're putting their beds," says Justin.

Now that the end is in sight, all of the work has been worth it. Justin and Julie's 2,100 square foot, four-bedroom home is scheduled to be delivered in mid-July. Although their mortgage was approved by Four Bands a month ago, they're continuing to finalize things like electric, propane, gravel, and lumber for their porches.

STATEMENT OF FINANCIAL POSITION

Unaudited Statement as of December 31, 2019

	2019	2018
ASSETS		
Current Assets		
Cash	\$ 2,959,355	\$ 4,238,180
Restricted cash	687,694	1,027,292
Certificates of deposit	140,000	140,000
Accounts receivable	9,613	13,726
Interest receivable	82,247	57,168
Current portion of loans receivable	1,114,891	818,707
Grants receivable	722,426	334,370
Prepaid insurance	4,704	4,500
Prepaid expense	20,727	-
Total Current Assets	\$ 5,741,657	\$ 6,633,943
Capital Assets		
Construction in progress	\$ -	\$ 1,433,690
Property and equipment	73,912	275,657
Buildings	1,997,274	11,245
Less: accumulated depreciation	(163,400)	(181,370)
Total Capital Assets	\$ 1,907,786	\$ 1,539,222
Other Assets		
Loans receivable - long-term (net of current portion)	\$ 5,183,191	\$ 4,231,708
Allowance for loan losses	(561,732)	(548,836)
Investment in LLC/Corp	50,000	50,000
Total Other Assets	\$ 4,671,459	\$ 3,732,872
TOTAL ASSETS	\$ 12,320,901	\$ 11,906,037
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 741	\$ 78,210
Contracts payable	48,150	314,769
Accrued interest payable	7,211	6,512
Accrued leave	15,302	12,767
Accrued payroll taxes and benefits	25,860	22,298
Current portion of long-term liabilities	264,809	128,022
Total Current Liabilities	\$ 362,074	\$ 562,578
Long-Term Liabilities		
Notes payable (net of current maturities)	\$ 2,944,962	\$ 2,543,851
Total Liabilities	\$ 3,307,036	\$ 3,106,429
Net Assets		
Without donor restrictions	\$ 8,326,172	\$ 7,632,316
With donor restrictions	687,694	1,167,292
Total Net Assets	\$ 9,013,866	\$ 8,799,608
TOTAL LIABILITIES AND NET ASSETS	\$ 12,320,901	\$ 11,906,037

Complete audit available upon request.

WOPILA TANKA — THANK YOU

Four Bands would like to express our sincere gratitude to our many supporters. These foundations, investors, and agencies are valued partners in our mission of creating economic opportunities for the individuals, families, and businesses in the communities we serve.

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US Department of Treasury, CDFI Fund

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