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SEQUOYAH FUND STRATEGIC PLAN

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EXECUTIVE SUMMARY

Sequoyah Fund partnered with FUND Consulting to develop a Strategic Plan to guide the organization's strategic growth and development through 2021.

The research conducted, goals identified, and tools created were designed based on the following guiding questions, which were developed through in-depth conversations with Sequoyah Fund and approved by Sequoyah Fund's Executive Director.

- How is the Sequoyah Fund currently positioned? What are its strengths, weaknesses, opportunities, and threats?
- What factors determine the Sequoyah Fund's growth strategy?
- How can the Sequoyah Fund best leverage its CDFI status for growth?

FUND Consulting conducted key informant interviews with Board and staff and collected and analyzed secondary data to complete an environmental scan and SWOT analysis. Findings were then presented at a Sequoyah Fund Board meeting. As a result of the working session, Sequoyah Fund identified four strategic goals in line with its mission statement and vision.

MISSION: The mission of the Sequoyah Fund's is to provide training, technical assistance, and resources to support entrepreneurship, business start up and expansion, and community development for members of the Eastern Band of Cherokee Indians (EBCI) and small businesses located in the Qualla Boundary, located adjacent to the southern end of southwestern North Carolina's Great Smoky Mountains National Park.

VISION: To be the top of mind financial services institution and business services provider in Cherokee with brand recognition throughout the Community. In three years, Sequoyah Fund will be closer to self-sufficiency where capitalization is not an issue.

STRATEGIC GOALS:

- Align Staffing and Infrastructure to Support Growth
- Increase Marketing and Visibility within the Boundary
- Double Portfolio to \$10 million in Three Years
- Support Programming to Meet the Needs and Demands of EBCI Members

In addition, strategies and objectives for meeting these goals were developed and can be found in Chapter 3/Strategic Goals and Chapter 4/Objectives & Action Planning sections of the report.

CHAPTER 1/OVERVIEW OF THE PLANNING PROCESS

In order to gauge the climate of the internal organizational environment and identify influential factors in the external environment, Sequoyah Fund and FUND Consulting engaged in a strategic planning process that consisted of the following elements:

- Environmental Scan
 - Key Informant Interviews with Board members and key staff
 - Peer and Financial analysis
 - Secondary data analysis on the external environment
- Facilitated goal setting session with Board members and key staff
- Facilitated action planning session with key staff
- Creation of strategic planning document with action planning tool

On July 7, 2017, FUND Consulting led a strategic plan kick-off meeting with the Sequoyah Fund. During this meeting, the FUND and Sequoyah Fund teams discussed the organization's goals for growth and development. Based on this discussion, FUND's team developed the following key guiding questions to guide the strategic planning process. These questions were approved by Sequoyah Fund's Executive Director.

- How is the Sequoyah Fund currently positioned? What are its strengths, weaknesses, opportunities, and threats?
- What factors determine the Sequoyah Fund's growth strategy?
- How can the Sequoyah Fund best leverage its CDFI status for growth?

In order to understand the internal and external environment of the organization, the next step in the process was to complete an Environmental Scan. The Environmental Scan included key informant interviews, a financial analysis and the collection of secondary data.

The key informant interview process began with the development of a discussion guide designed to gather further insight about the Sequoyah Fund from Board members and staff. FUND Consulting developed a series of questions, which were approved by the Sequoyah Fund. Sequoyah Fund provided FUND Consulting with a list of 12 stakeholders, comprised of Board members, staff and community stakeholders, to be interviewed. All 12 potential respondents were contacted and offered an opportunity to participate in the strategic planning process. FUND Consulting contacted the potential key informants via email a total of three times and 12 total interviews were completed between September 7 and September 29, 2017. In line with industry standards, all participants interviewed were promised anonymity to ensure candid responses. Key themes from the interviews can be found in Section A/Key Informant Interview Key Themes of Chapter 2/Environmental Scan of this report. The interview discussion guide can be found in Appendix A.

In addition to completing these interviews, FUND Consulting conducted a secondary data analysis to understand the external environment and how it may affect Sequoyah Fund. Key findings from the secondary data analysis can be found in section B/Secondary Data Key Findings of Chapter 2/Environmental Scan below. The detailed data collected and analyzed can be found in Appendices B and C.

FUND Consulting utilized the findings from the Environmental Scan to conduct a SWOT Analysis of the organization, which can be found in the SWOT Analysis section of this report.

FUND Consulting presented the Environmental Scan, key scenarios and preliminary SWOT analysis to Sequoyah Fund staff and Board members at a Board meeting on October 11, 2017. At this session, FUND Consulting worked with staff and Board members to develop strategic goals for the organization. On October 12, 2017, FUND Consulting met with Sequoyah Fund staff to develop strategies and objectives for meeting these goals, identifying the parties who would be responsible for each strategy, and to determine the timeframe for meeting each goal. The results of this session are outlined in the Chapter 3/Strategic Goals and Chapter 4/Objectives & Action Planning sections of the document.

CHAPTER 2/ENVIRONMENTAL SCAN

FUND Consulting conducted an Environmental Scan of the current and anticipated internal and external factors that may impact Sequoyah Fund's future planning efforts. This included conducting key informant interviews with Sequoyah Fund's Board and staff and the integration of complementary findings from the secondary data analysis completed by FUND Consulting. The secondary data analysis incorporated an examination of the Target Market focusing on income, poverty, unemployment, education, small business, housing, and policy trends. The Environmental Scan also entailed an assessment of Sequoyah Fund's competitors and a peer analysis of Sequoyah Fund's financials and loan portfolio performance. The purpose of the Environmental Scan is to fully understand the strengths, weaknesses, opportunities, and threats to the organization.

SECTION A/KEY INFORMANT INTERVIEWS

FUND Consulting analyzed a total of 12 strategic planning key informant interviews conducted with Board, staff and community stakeholders. In addition, FUND Consulting collected further feedback from Board and staff during the Goal Setting and Action Planning working sessions. FUND Consulting's team analyzed the information gathered during the interviews and working sessions, which were incorporated into the SWOT analysis below. The interview discussion guide can be found in Appendix A.

SECTION B/SECONDARY DATA ANALYSIS

Based on Sequoyah Fund's CDFI Fund Certified Target Market of an Other Targeted Population (OTP) of Native Americans which includes enrolled EBCI members and a seven county Investment Area (IA) which includes seven western North Carolina counties of Cherokee, Clay, Graham, Haywood, Jackson, Macon and Swain which are located in the Qualla Boundary area, FUND Consulting conducted a secondary data analysis including the latest data from publicly available sources including: the U.S. Census Bureau; FDIC; Prosperity Now (formerly CFED); and the CDFI Fund.

Key findings from the analysis are included below. The detailed data collected and analyzed can be found in Appendices B and C.

SECONDARY DATA

- The total population within the Target Market increased by 1.6%, which is lower than the state population growth rate of 6.2% and the national population growth rate of 4.1%.
 - The Native American population in the Target Market increased by 2.2% from 2010 to 2015, lower than the state rate (3.2%) and higher than the national (-0.5%) rate.
- The Target Market had a median household income (MHI) of \$38,702 which is lower than the state (\$46,868) and nation (\$53,889).
- The percentage of Target Market individuals living in poverty is growing at much faster rate than the state and nation.
- While the unemployment rate for the Target Market is on par with state and national rates, Graham (8.2%), Swain (5.5%) and Cherokee (5.4%) counties are experiencing unemployment at rates significantly higher than the other counties, state and nation.

- There is a high percentage of the Target Market population without a credit file and credit scores.
- The number of small business loans (\$250k or less) originated in the Target Market decreased by 20.2% from 2010 to 2015.

SECTION C/PEER ANALYSIS

FUND Consulting also conducted a peer analysis in conjunction with the secondary data research. This analysis included a comparison of Sequoyah Fund's financial structure to Opportunity Finance Network (OFN) member CDFI Loan Funds in Sequoyah Fund's Peer Group of Microenterprise Loan Funds with Total Capital of Less Than \$4 Million and an assessment of Sequoyah Fund's performance based on the CDFI Fund's Minimum Prudent Standards (MPS).

The complete set of peer data can be found in Appendix C. Some key points of analysis include:

- Based on its 3-year historic average financials, Sequoyah Fund exceeds each of the CDFI Fund's MPS ratios.
- When compared to its peer group of eight Microenterprise Loan Funds with Total Capital of Less Than \$4 Million, Sequoyah Fund falls below the group average for Total Capital and Operating Revenues, but exceeds the group average for Total Financing Outstanding and Net Assets.

SECTION D/SWOT ANALYSIS

Data from the environmental scan was organized into Strengths, Weaknesses, Opportunities, and Threats, commonly known as a SWOT Analysis. This analysis provides a framework for goal setting by outlining the internal and external factors that affect the organization.

Strengths

- Knowledgeable staff and Board committed to the organization and its mission
- Well established community programs
- REAL program has potential for revenue generation for organization
- Provision of products and services not offered by other organizations in the Qualla Boundary
- Continued support of Cherokee Preservation Foundation
- Rebuilt reputation with partners and funders after crisis
- Exceeds CDFI Fund Minimum Prudent Standard (MPS) Ratios in terms of financial and portfolio performance

Weaknesses

- Limited staff capacity to support marketing and growth
- Location not easily accessible or customer friendly
- Lack of understanding of Sequoyah Fund's products and services among EBCI members which may lead to continued mistrust
- Board lacking the diversity to support potential expansion of lending outside of the Community
- Visibility outside of the Community is limited
- Lending capital constraints limiting the number of loans that can be deployed

Opportunities

- Continued decrease in the number of small business loans deployed in the Target Market
- Increasing African American and Hispanic population in the Target Market in need of financial products services
- Large percentage of Target Market residents without a credit file and credit score
- Providing lease bond financing to meet the need and demand of small business owners
- Servicing mortgages for the Tribal Department of Housing
- Launch of consumer lending and recidivism reduction programs supported by CDFI Fund NACA funding
- Developing a stronger relationship with the Tribal Division of Commerce in order to be more involved with overall economic growth in the Community and to support complementary businesses

Threats

- Slow overall population growth in the Target Market
- High levels of economic distress among Target Market residents as evidenced by low incomes and high poverty
- Access to skilled employees to support Community business growth
- Continued compliance with BIA regulations

CHAPTER 3/STRATEGIC GOALS

The following strategic goals were designed to help Sequoyah Fund manage opportunities and ensure capacity for future growth. Based on the Board and staff key informant interviews, planning sessions, and secondary data analysis, the following strategic goals were developed for Sequoyah Fund. Strategies are listed that provide more specific steps to help Sequoyah Fund reach the overarching goals.

Goal 1: Align Staffing and Infrastructure to Support Growth

Strategy 1: Relocate to a new location that is more accessible and visible to the Community

- Objective 1: Make the case for why the organization needs new space
 - Operational Tactic 1: Highlight programs and demonstrated demand for open space program
- Objective 2: Assess space needs and square footage
- Objective 3: Determine costs for new space that are currently covered by the Tribe
- Objective 4: Identify available space
- Objective 5: Determine costs for relocation and identify resources available to support relocation
 - Operational Tactic 1: Negotiate with Tribe regarding support for the relocation
 - Operational Tactic 2: Determine if the Cherokee Preservation Foundation can provide a discretionary grant for energy efficiency upgrades or other costs
 - Operational Tactic 3: Assess USDA Funding availability to support relocation
- Objective 6: Utilize the relocation in PR efforts to build on messaging that the new location is part of the next phase of Sequoyah Fund
 - Operational Tactic 1: Incorporate messaging into marketing efforts and Marketing Plan

Strategy 2: Determine staffing and board needs for current and new programs and services

- Objective 1: Develop and implement Staffing Plan
- Objective 2: Before new programs launch have an additional loan officer and reception/intake position in place
- Objective 3: Bring on new loan officer/account manager
- Objective 4: Appropriate staff in place to support the Qualla Housing and Housing & Community Development (HCD) loan servicing if that program (after determination of whether or not to take on the program)
 - Operational Tactic 1: Execute agreement with Qualla Housing and HCD to cover the costs of two new positions – Program Staff and Accountant
- Objective 5: Create Board Committees that will provide oversight
 - Operational Tactic 1: Establish an Audit Committee

Strategy 3: Increase Board and Committee Diversity to provide insight into community needs outside of the Boundary

- Objective 1: Continue recruitment of Board members that meet the needs of the organization
 - Operational Tactic 1: Ideal skill sets identified

- Operational Tactic 2: Identify candidates that represent women and youth
- Operational Tactic 3: Identify candidates that represent Graham and Haywood Counties
- Objective 2: Create Committees that will provide an engagement opportunity for stakeholders outside of the Boundary
 - Operational Tactic 1: Establish a Loan Committee that has the power to make decisions with established schedules
 - Operational Tactic 2: Identify other Committees that would support Sequoyah Fund's growth including a loan committee for loans outside of the Boundary

Goal 2: Increase Marketing and Visibility within the Boundary

Strategy 1: Focus marketing efforts on testimonials and success stories

- Objective 1: Develop and Implement a Consistent Marketing Plan that celebrates clients
 - Operational Tactic 1: Establish advertising budget
 - Operational Tactic 2: Identify clients who are champions of the organization
 - Operational Tactic 3: Utilize live video function on Facebook to feature borrowers and clients in real time and white board for pictures of clients that have completed training/closed on loans
 - Operational Tactic 4: Provide cooperative marketing opportunities for clients including having stickers available that identify that they are a Sequoyah Fund funded business
 - Operational Tactic 5: Have a customer appreciation event
 - Operational Tactic 6: Develop road show for banks
- Objective 2: Engage with legislators/tribal council to communicate the impact of the Sequoyah Fund
 - Operational Tactic 1: Provide community based lending data to legislators

Goal 3: Double portfolio to \$10 million in three years

Strategy 1: Research and implement new products and services within the Boundary

- Objective 1: Determine the resources available and parameters for Bond lease financing product
 - Operational Tactic 1: Work with legal to establish requirements
 - Operational Tactic 1: Identify funding to support Bond lease financing including FY18 NACA, Tribe, CPF and Oweesta
- Objective 2: Explore the structure and parameters for credit building loan product
 - Operational Tactic 1: Determine the number of members that access the Tribe's per cap lending program
- Objective 3: Determine the structure and parameters for PEER Program
 - Operational Tactic 1: Review FY17 NACA application program details and work with drug court and health services to identify participants

Strategy 2: **Access grant and debt capital to support current and new products and capital projects in the Community**

- Objective 1: Identify debt capital resources available and the ideal pricing of these funds
- Objective 2: Identify grant capital resources available
 - Operational Tactic 1: Complete a Capitalization Plan

Strategy 3: **Investigate taking over housing lending from HCD and Qualla Housing**

- Objective 1: Determine feasibility of program, costs, staffing needs

Goal 4: Support Programming to Meet the Needs and Demands of EBCI Members

Strategy 1: **Update programming to align with Community needs and staff capacity**

- Objective 1: Update REAL curriculum to incorporate a tech component and Native component
- Objective 2: Assess Authentically Cherokee staffing needs
- Objective 3: Develop Credit Building Loan services
- Objective 4: Better support current borrowers through post-loan technical assistance
 - Operational Tactic 1: Call clients quarterly and visit clients annually
 - Operational Tactic 2: Test mentorship program by having Board members visit current borrowers once a quarter to check in on covenants compliance

Strategy 2: **Identify mission driven programming that generates income and identify funding sources to support such programming**

- Objective 1: Establish a fee structure for financial literacy offered at partner sites
 - Operational Tactic 1: Conversation with Preservation Foundation to determine willingness to fund financial literacy programming

Strategy 3: **Roll out programming regionally**

- Objective 1: Identify the most strategic programs that can be offered regionally through partnerships
 - Operational Tactic 1: Test coffee fundraising program outside of Cherokee
 - Operational Tactic 2: Explore Youth Entrepreneurship Program and Camp being run by other organizations

The following table delineates the strategies and objectives needed to reach the five overarching goals, along with a deadline and responsible party (champion) for each objective.

Goal 1: Align Staffing and Infrastructure to Support Growth

Strategy 1: Relocate to a new location that is more accessible and visible to the Community				
Objective	Champion	Due Date(s)	Metric	Status
1. Make the case to Tribal Government for why the organization needs new space Operational Tactic 1: Highlight programs and demonstrated demand for open space program	Board members – Richie Sneed and Nathan Robinson	03/31/2018	Tribal Government presentation complete	Have discussed with a Tribal Council member who is also a loan client. He is supportive of the relocation.
2. Assess space needs and square footage	Russ Seagle	03/31/2018	Space needs assessment complete	
3. Identify available space	Board members – Richie Sneed and Nathan Robinson	03/31/2018	Spaces identified	
4. Determine costs for relocation and identify resources available to support relocation Operational Tactic 1: Negotiate with Tribe regarding support for the relocation Operational Tactic 2: Determine if the Cherokee Preservation Foundation can provide a discretionary grant for energy efficiency upgrades or other costs	Russ Seagle Board Members and Russ Russ Seagle	03/31/2018 03/31/2018 03/31/2018	Costs determined Negotiations complete Confirmation of support from the Foundation	EBCI has just received an EDA grant to study potential sites. We will benefit from this, but did not participate in the grant because EBCI did not have to match funds.

Operational Tactic 3: Assess USDA Funding availability to support relocation	Hope Huskey and Emily Breedlove	03/31/2018	USDA funding assessment complete	
5. Utilize the relocation in PR efforts to build on messaging that the new location is part of the next phase of Sequoyah Fund	Russ Seagle and Yona Wade	06/30/2018	Messaging updated	

Strategy 2: Determine staffing needs for current and new programs and services				
Objective	Champion	Due Date(s)	Metric	Status
1. Develop and implement Staffing Plan	Russ Seagle	01/30/2018	Staffing Plan developed by end of 2017 and implementation dependent upon portfolio size	
2. Before new programs launch have an additional loan officer and reception/intake position in place	Russ Seagle	TBD – dependent on when new programs launch	Additional loan officer position and reception/intake position filled	
3. Bring on new loan officer/account manager	Russ Seagle	11/30/2017	New loan officer/account manager hired	Complete
4. Appropriate staff in place to support the Qualla Housing and Housing & Community Development (HCD) loan servicing if that program Operational Tactic 1: Execute agreement with Qualla Housing and HCD to cover the costs of two new positions –	Russ Seagle	After determination of whether or not to take on the program	Staff hired Agreement executed	

Program Staff and Accountant				
5. Create Board Committees that will provide oversight Operational Tactic 1: Establish an Audit Committee	Russ Seagle	02/21/2018	Audit Committee created	

Strategy 3: Increase Board and Committee Diversity to provide insight into community needs outside of the Boundary				
Objective	Champion	Due Date(s)	Metric	Status
1. Continue recruitment of Board members that meet the needs of the organization Operational Tactic 1: Ideal skill sets identified Operational Tactic 2: Identify candidates that represent women and youth Operational Tactic 3: Identify candidates that represent Graham and Haywood Counties	Russ Seagle	01/31/2018 01/31/2018 01/31/2018 01/31/2018	New Board members in place Skill sets identified Candidates identified Candidates identified	

<p>2. Create Committees that will provide an engagement opportunity for stakeholders outside of the Boundary</p> <p>Operational Tactic 1: Establish a Loan Committee that has the power to make decisions with established schedules</p> <p>Operational Tactic 2: Identify other Committees that would support Sequoyah Fund's growth including a loan committee for loans outside of the Boundary</p>	New loan officer/account manager	12/31/2018	Financial education incorporated into Community programming	
		02/21/2018	Loan Committee established and active	
		02/21/2018	Additional Committees Identified	

Goal 2: Increase Marketing and Visibility within the Boundary

Strategy 1: Focus marketing efforts on testimonials and success stories

Objective	Champion	Due Date(s)	Metric	Status
<p>1. Develop and Implement a Consistent Marketing Plan that celebrates clients</p> <p>Operational Tactic 1: Establish Advertising Budget</p> <p>Operational Tactic 2: Identify clients who are champions of the organization</p> <p>Operational Tactic 3: Utilize live video function on Facebook to feature borrowers and clients in real time and white board for pictures of clients that have completed training/closed on loans</p>	Hope Huskey and new loan officer/account manager	08/31/2018	Marketing Plan developed and implemented	
		03/31/2018	Advertising Budget created	
		03/31/2018	Champion clients identified	
		Ongoing	Live video and white board utilized in marketing	

Operational Tactic 4: Provide cooperative marketing opportunities for clients including having stickers available that identify that they are a Sequoyah Fund funded business		02/28/2018	Cooperative marketing opportunities in place	
Operational Tactic 5: Have a customer appreciation event		Spring 2018	Customer appreciation event takes place	
Operational Tactic 6: Develop road show for banks	New loan officer/account manager	Spring 2018	Road show developed in conjunction with Southwestern Commission	
2. Engage with legislators/tribal council to communicate the impact of the Sequoyah Fund	Hope Huskey, Yona Wade, new loan officer/account manager	Ongoing	Ongoing engagement with legislators occurs	
Operational Tactic 1: Provide community based lending data to legislators		Quarterly	Lending data provided to legislators	

Goal 3: Double portfolio to \$10 million in three years

Strategy 1: Research and implement new products and services within the Boundary				
Objective	Champion	Due Date(s)	Metric	Status
1. Determine the resources available and parameters for Bond lease financing product	Russ Seagle	02/28/2018	Resources identified	
Operational Tactic 1: Work with legal to establish requirements		02/28/2018	Requirements established with legal	
Operational Tactic 2: Identify funding to support Bond lease financing including FY18 NACA, Tribe, CPF and Oweesta		02/28/2018	Funding identified	

2. Explore the structure and parameters for credit building loan product	Russ Seagle and new loan officer/ account manager	06/30/2019	Credit building loan product structure and policies researched	
Operational Tactic 1: Determine the number of members that access the Tribe's per cap lending program		06/30/2019	Number of members accessing Tribe's per cap lending program identified	
3. Determine the structure and parameters for PEER Program	Russ Seagle	03/31/2018	PEER Program structure and policies established	
Operational Tactic 1: Review FY17 NACA application program details and work with drug court and health services to identify participants		03/31/2018	FY17 NACA application reviewed and participant identification procedures established with drug court and health services	

Strategy 2: Access grant and debt capital to support current and new products and capital projects in the Community

Objective	Champion	Due Date(s)	Metric	Status
1. Identify debt capital resources available and the ideal pricing of these funds	Russ Seagle	03/31/2018	Debt capital resources and pricing identified	
2. Identify grant capital resources available	Russ Seagle and FUND Consulting	Spring 2018	Capitalization Plan complete	
Operational Tactic 1: Complete a Capitalization Plan				

Strategy 3: Investigate taking over housing lending from HCD and Qualla Housing

Objective	Champion	Due Date(s)	Metric	Status
1. Determine feasibility of program, costs, staffing needs	Russ Seagle	03/31/2018	Feasibility analysis complete	

Goal 4: Support Programming to Meet the Needs and Demands of EBCI Members

Strategy 1: Update programming to align with Community needs and staff capacity				
Objective	Champion	Due Date(s)	Metric	Status
1. Update REAL curriculum to incorporate a tech component	Russ Seagle and Tonya Snider	12/31/2020	REAL curriculum updated	
2. Assess Authentically Cherokee staffing needs	Hope Huskey and Emily Breedlove	Spring 2018	Staffing needs assessed and all staff to assist with program operations	
3. Develop Credit Building Loan services	Hope Huskey	06/30/2019	Credit Building Loan services developed	
4. Better support current borrowers through post-loan technical assistance	Hope Huskey	06/30/2018	Comprehensive post-loan technical assistance program implemented	
Operational Tactic 1: Call clients quarterly and visit clients annually	New loan officer/account manager and Sabrina	Ongoing	Clients called quarterly and visited annually	
Operational Tactic 2: Test mentorship program by having Board members visit current borrowers once a quarter to check in on covenants compliance	Board members	06/30/2018 and ongoing	Board members visit current borrowers quarterly	

Strategy 2: Identify mission driven programming that generates income and identify funding sources to support such programming				
Objective	Champion	Due Date(s)	Metric	Status
1. Establish a fee structure for financial literacy offered at partner sites	Russ Seagle	03/31/2018	Fee structure established	Complete
Operational Tactic 1: Conversation with Preservation Foundation to determine willingness to fund financial literacy programming		11/30/2017	Meeting with Preservation Foundation complete	

Strategy 3: Roll out programming regionally				
Objective	Champion	Due Date(s)	Metric	Status
1. Identify the most strategic programs that can be offered regionally through partnerships	Russ Seagle	Spring 2018	Programs identified	
Operational Tactic 1: Test coffee fundraising program outside of Cherokee		Spring 2019	Coffee program tested outside of Cherokee	
Operational Tactic 2: Explore Youth Entrepreneurship Program and Camp being run by other organizations		Spring 2019	Research conducted	

The plan should be monitored by a special committee comprised of Board delegates, Sequoyah Fund's Executive Director and key staff. The committee should meet quarterly to review the plan and determine progress toward goals.

If any given strategy fails to produce a positive impact or the objectives are not met by the anticipated timeline, strategies and objectives will be revised or replaced with new tactics agreed upon by the committee.

Board and Staff Discussion Guide

1. Please describe your role at Sequoyah Fund.
2. In your own words, how would you describe Sequoyah Fund's mission?
3. What is working well at Sequoyah Fund? What are Sequoyah Fund's biggest challenges?
4. What is Sequoyah Fund's market? How do you think Sequoyah Fund is positioned in the market?
 - a. How well does Sequoyah Fund use its CDFI status to improve market positioning?
5. What is going on in your market that you think Sequoyah Fund can take advantage of? Be wary of?
6. What type of impact does Sequoyah Fund have on its market? How do its products and services contribute to community and economic development in the market?
7. Who do you believe are Sequoyah Fund's competitors?
8. How do you think investors, funders, clients, partners, and government agencies view Sequoyah Fund and the services that it provides? What is this perception based on?
9. What factors have most successfully contributed to growth for the organization? What are the potential scenarios for future growth?
10. Where do you see the institution in 5 years? In 10 years?
11. Is there anything else you would like to add?

Community Stakeholders Discussion Guide

1. What is the role of your organization and what communities does it serve?
2. What do you consider the most significant unmet financial need among residents in your community?
3. What do you think are the major obstacles to residents obtaining financing within your community?
What do you think is needed to overcome these obstacles?
4. Do you think residents in your community have the financial knowledge and tools to begin the process of getting a loan?
If not, what would help them be more prepared?
5. What is going on in your market that you think Sequoyah Fund can take advantage of? Be wary of?
6. How would you describe Sequoyah Fund's visibility in the community?
7. How do you think investors, funders, clients, partners and government agencies view Sequoyah Fund and the services that it provides?
8. Do you believe Sequoyah Fund is providing products and services unavailable elsewhere in your community?
 - a. If no, with which organizations do Sequoyah Fund's products and services overlap?
9. Who do you believe are Sequoyah Fund's competitors?
10. Do you have any recommendations for how Sequoyah Fund can serve the community's needs?
11. Is there anything else you would like to add?

APPENDIX B/DETAILED SECONDARY DATA BY ECONOMIC INDICATOR

TARGET MARKET

The Sequoyah Fund's Target Market is comprised of an Other Targeted Population (OTP) of Native Americans which includes enrolled EBCI members and a seven county Investment Area (IA) which includes seven western North Carolina counties of Cherokee, Clay, Graham, Haywood, Jackson, Macon and Swain which are located in the Qualla Boundary area.

Based on Sequoyah Fund's Target Market, FUND Consulting conducted a secondary data analysis using the latest data from publicly available sources: the U.S. Census Bureau; FDIC; Prosperity Now; and the CDFI Fund.

POPULATION

2015 U.S. Census Bureau data shows the following population statistics.

- From 2010 and 2015, the Target Market's total population increased by 1.6%, which is lower than the state population growth rate of 6.2% and the national population growth rate of 4.1%.
- In 2015, the population within the Target Market had four primary racial groups; the first is White 89.8%, second, African American 27.9%, Native Americans 4.6% and Hispanic 4.2%.
- The Native American population in the Target Market increased by 2.2% from 2010 to 2015, lower than the state rate (3.2%) and higher than the national (-0.5%) rate.
 - Macon, Cherokee and Graham Counties experienced the largest increases in their Native American populations from 2010 to 2015.
- The growth rate of the African American population in Target Market (27.9%) exceeds both the state population growth rate (0.6%) and the national population growth rate (0.9%) of African American population from 2010 to 2015.
- The growth rate of the Hispanic population in the Target Market (14.0%) exceeds the state rate (13.2%) and the national growth rate (9.1%) of Hispanic population from 2010 to 2015.

	Total Population		Native American Population			White Population		
	2015 Total Population	% Change (2010-2015)	2015 Total Population	2015 % of Population	% Change (2010-2015)	2015 Total Population	2015 % of Population	% Change (2010-2015)
United States	316515021	4.1%	2569170	0.8%	-0.5%	232943055	73.6%	-0.5%
North Carolina	9845333	6.2%	116143	1.2%	3.2%	6839831	69.5%	-0.2%
Cherokee	27092	-0.8%	501	1.8%	15.3%	25385	93.7%	0.6%
Clay	10656	2.3%	0	0.0%	-100.0%	10419	97.8%	1.3%
Graham	8700	0.0%	660	7.6%	10.6%	7709	88.6%	-2.0%
Haywood	59170	1.0%	191	0.3%	-45.2%	56809	96.0%	0.2%
Jackson	40812	4.3%	3595	8.8%	-3.1%	33999	83.3%	-1.1%
Macon	33919	1.4%	165	0.5%	58.0%	31271	92.2%	-1.4%
Swain	14163	2.2%	3811	26.9%	6.4%	9154	64.6%	-4.8%
Target Market	194512	1.6%	8923	4.6%	2.2%	174746	89.8%	-0.7%

	Total Population		African American Population			Hispanic Population		
	2015 Total Population	% Change (2010-2015)	2015 Total Population	2015 % of Population	% Change (2010-2015)	2015 Total Population	2015 % of Population	% Change (2010-2015)
United States	316515021	4.1%	39908095	12.6%	0.9%	54232205	17.1%	9.1%
North Carolina	9845333	6.2%	2115338	21.5%	0.6%	869908	8.8%	13.2%
Cherokee	27092	-0.8%	438	1.6%	98.9%	767	2.8%	13.6%
Clay	10656	2.3%	56	0.5%	-76.2%	316	3.0%	130.6%
Graham	8700	0.0%	47	0.5%	235.8%	128	1.5%	-22.4%
Haywood	59170	1.0%	539	0.9%	-6.0%	2109	3.6%	14.0%
Jackson	40812	4.3%	1262	3.1%	70.0%	2159	5.3%	16.7%
Macon	33919	1.4%	375	1.1%	-4.4%	2253	6.6%	17.7%
Swain	14163	2.2%	216	1.5%	69.1%	342	2.4%	-32.7%
Target Market	194512	1.6%	2933	1.5%	27.9%	8074	4.2%	14.0%

EDUCATION

2015 U.S. Census Bureau data illustrates that the Target Market's educational attainment levels are lower than state and national levels.

- 83.2% of Native TM residents over the age of 25 had earned at least a high school diploma in 2015; slightly lower than state (85.8%) and national (86.7%) levels.
- 10.5% of Native TM residents over the age of 25 had earned at least a Bachelor's Degree; lower than the state (28.4%) and nation (29.8%) based on U.S. Census data.
- The percentage of Native TM members over 25 with at least a high school diploma (83.2%) is higher than the percentages for Native Americans in the state (74.4%) and the U.S. (79.1%).
- The percentage of Native TM members over 25 with at least a bachelor's degree (10.5%) is lower than the percentage of Native Americans with college degrees in the state (13.1%) and the percentage of Native Americans with college degrees in the U.S. (13.8%).

	% Total Population with HS Diploma (2015)	% Native American Population with HS Diploma	% Total Population with College Degree	% Native American Population with College Degree
United States	86.7	79.1	29.8	13.8
North Carolina	85.8	74.4	28.4	13.1
Cherokee	82.8	80.0	18.6	15.8
Clay	88.2	0.0	21.2	0.0
Graham	78.4	66.4	14.3	4.1
Haywood	86.9	78.2	23.9	16.3
Jackson	88.2	89.6	29.5	12.7
Macon	87.1	90.2	22.5	0.0
Swain	80.6	78.1	15.9	8.5
Target Market	85.9	83.2	22.9	10.5

INCOME & POVERTY

2015 U.S. Census Bureau data shows that the Target Market's median household income (MHI), poverty rate and growth in population living in poverty are considerably lower than the county, state and nation.

- The Target Market had a median household income (MHI) of \$38,702 which is lower than the state (\$46,868) and nation (\$53,889).
- According to U.S. Census data, between 2010 and 2015, the growth in MHI within the Target Market increased 1.2%. Comparatively, the MHI grew 2.8% in North Carolina and 3.8% nationally during the same time period.
- According to U.S. Census data, as of 2015 the total population in the Target Market had a higher poverty rate of 19.9% in comparison to the state rate of 17.4% and national rate of 15.5%.
- Between 2010 and 2015 the number of individuals living in poverty within the Target Market grew at a significantly higher rate of 20.9% in comparison to the state growth rate of 12.3% and the national growth rate of 12.3%.
 - Cherokee and Haywood counties experienced the largest increases in the number of individuals living in poverty from 2010 to 2015.

	Median Household Income (MHI) 2015	% Change MHI (2010- 2015)
United States	53889	3.8%
North Carolina	46868	2.8%
Cherokee	34662	-9.1%
Clay	37076	5.6%
Graham	34805	22.4%
Haywood	42257	2.1%
Jackson	38015	2.2%
Macon	39133	1.3%
Swain	33931	-3.3%
Target Market	38702	1.2%

	Poverty Rate	% Change in Poverty (2010-2015)
United States	15.5%	12.3%
North Carolina	17.4%	12.3%
Cherokee	20.0%	51.5%
Clay	21.1%	-1.4%
Graham	21.9%	12.3%
Haywood	17.2%	39.8%
Jackson	22.0%	7.8%
Macon	19.1%	13.0%
Swain	24.5%	9.4%
Target Market	19.9%	20.9%

UNEMPLOYMENT

According to the U.S. Census Bureau 2015 data, while the unemployment rate for the Target Market is on par with state and national rates, Graham (8.2%), Swain (5.5%) and Cherokee (5.4%) counties are experiencing unemployment at rates significantly higher than the other counties, state and nation.

	Unemployment Rate 2016
United States	4.7
North Carolina	5.1
Cherokee	5.4
Clay	5.2
Graham	8.2
Haywood	4.5
Jackson	5.1
Macon	5.1
Swain	5.5
Target Market	5.1

UNBANKED & UNDERBANKED

According to the Prosperity Now's 2015 profile of unbanked and underbanked populations, there were low rates of unbanked and underbanked households across the Target Market.

	Unbanked	Underbanked	Underbanked & Unbanked
United States	7.7%	20.0%	27.7%
North Carolina	7.7%	20.6%	28.3%
Cherokee	5.6%	20.6%	26.2%
Clay	5.4%	21.2%	26.6%
Graham	6.0%	21.3%	27.3%
Haywood	6.6%	14.9%	21.5%
Jackson	8.0%	16.1%	24.1%
Macon	5.5%	21.5%	27.0%
Swain	8.3%	25.0%	33.3%
Target Market	6.6%	18.4%	25.0%

CREDIT

The New York Federal Reserve Community Credit Research in 2016 showed a high percentage of the Target Market population without a credit file and credit scores.

- The Target Market population without a credit file and credit score is 13.1%, significantly higher than the state (11.9%) and nation (10.5%).
- Jackson (29%), Graham (15%) and Cherokee (14.4%) counties demonstrated the highest rates of individuals without a credit file and credit score.

	Population 18+ without a credit file and credit score	Percent of population 18+ without a credit file and credit score
United States	25497276	10.5%
North Carolina	899785	11.9%
Cherokee	3195	14.4%
Clay	865	10.0%
Graham	1026	15.0%
Haywood	4244	8.8%
Jackson	9776	29.0%
Macon	1625	5.9%
Swain	0	0.0%
Target Market	20731	13.1%

SMALL BUSINESS ENVIRONMENT

According to PolicyMap and based on CRA data, the number of small business loans (\$250k or less) originated in the Target Market decreased by 20.2% from 2010 to 2015. Comparatively, the average amount small business loan originations in the Target Market decreased by 16.9% from \$22,065 in 2010 to \$18,344 in 2015.

- Clay and Graham Counties experienced the largest decrease in the number of small business loans made with rates of 10.6% and 11.0%.
- Haywood and Jackson Counties experienced the highest increase of small business loans made with rates of 30.9% and 30.1%.

	Amount of small business loans made in 2015 (in thousands)	Avg Amount of small business loans made in 2015	% Increase Number 2010 -2015	% Increase in Avg Amount 2010 – 2015
United States	111067555	19642	39.7%	-5.6%
North Carolina	7594561	46961	48.5%	13.3%
Cherokee	5445	14329	9.5%	-38.8%
Clay	1366	10841	-10.6%	-23.2%
Graham	4054	26497	-11.0%	-8.4%
Haywood	16155	20738	30.9%	-6.3%
Jackson	10720	19526	30.1%	-18.0%
Macon	9614	17107	12.2%	-12.6%
Swain	3258	15514	79.5%	-27.9%
Target Market	50612	18344	20.2%	-16.9%

POLICY

North Carolina ranks low on all measures of supportive policy, as indicated by the 2017 Prosperity Now Assets & Opportunities Scorecard State Profile for Arizona.

- North Carolina ranks 43rd out of all 50 states and the District of Columbia overall when all 61 issue areas and measures are compared.
- North Carolina ranks 34th out of 51 for its Financial Assets and Income policies, adopting nine out of the 20 policies Prosperity Now measures in this area. The state does not authorize state funding for individual development accounts, does not have an effective state tax rate for bottom 20% earners lower than top 1% of earners and does not regulate paid tax preparers.
- North Carolina ranks 48th out of 51 for its Business and Jobs policies, adopting one out of the 10 policies Prosperity Now measures for this area. The state does not use federal CDBG funding to support low-income entrepreneurs, does not cover all classes of workers in its state minimum wage requirements, does not provide adequate unemployment benefits, and does not require paid leave policies or expanded FMLA.
- North Carolina ranks 33rd out of 51 for its Housing and Homeownership policies, adopting seven of the 12 policies that Prosperity Now measures. The state does not offer direct lending programs to first-time homebuyers, does not require third-party reviews of foreclosures, and does not offer Section 8 protections for renters.

APPENDIX C/DETAILED PEER & FINANCIAL ANALYSIS

CDFI FUND MPS RATIOS

While the CDFI Fund has moved away from using the defined Minimum Prudent Standard (MPS) ratios to assess CDFI portfolio health as of the 2017 CDFI Program funding round, these ratios are still utilized across the CDFI industry. As such, FUND recommends that Sequoyah Fund continue to use MPS ratios as a way of ensuring the organization remains in line with industry standards.

The following table provides a comparison of Sequoyah Fund's MPS ratios to the CDFI Fund's MPS ratios for CDFI loan funds. Based on its 3-year historic average financials, Sequoyah Fund exceeds each of the CDFI Fund's MPS ratios.

Financial Metric/ Loan Portfolio Quality	Sequoyah Fund (3-year historic average)	CDFI Fund MPS
Deployment Ratio	199.00%	≥50%
Net Asset Ratio	82.00%	≥20%
Net Income	\$94,963	\$0
Self-sufficiency Ratio	49.00%	≥40% for non-profits
Operating Liquidity Ratio	1438.00%	≥100%
Current Ratio	2178.00%	≥125%
Weighted PAR	10.52%	≤12% (Microlender)
Annual Net Loan Loss Ratio	5.24%	≤9% (Microlender)
Loan Loss Reserve Ratio	136.00%	.5*PAR90+<LLR>1.5PAR90+

OFN SIDE BY SIDE

Each year, OFN releases the *Side by Side* report which includes peer group analyses by sector for member institutions. In the most recent report, released in 2017 with 2016 data, Sequoyah Fund's peer group is comprised of eight Microenterprise Loan Funds with Total Capital of Less Than \$4 Million. When compared to its peer group using 2016 data, Sequoyah Fund falls below the group average for Total Capital and Operating Revenues, but exceeds the group average for Total Financing Outstanding and Net Assets.

Financial Metric	Sequoyah Fund	Microenterprise Loan Funds with Total Capital of Less Than \$4 Million
Total Capital	\$570,000	\$1,962,649
Total Financing Outstanding	\$4,055,507	\$1,081,341
Net Assets	\$5,682,543	\$1,327,073
Operating Revenues	\$293,477	\$963,967
Operating Expenses	\$845,695	\$882,246