

*THE* **ALLIANCE**  
SOUTH DAKOTA MILITARY HERITAGE ALLIANCE



## Executive Director Annual Report to BODs

# 2021

**South Dakota Military Heritage Alliance, Inc.**  
**Operational component the South Dakota Veterans Alliance, Inc.**

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*the* **ALLIANCE**  
South Dakota Military Heritage Alliance, Inc.

♦ A Place for Freedom ♦ A Place to Remember ♦ A Place for All  
**CELEBRATING AMERICA AND THOSE WHO SERVED**

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## SOUTH DAKOTA MILITARY HERITAGE ALLIANCE

### List of Needs:

1. Museum: \$2,000,000 est. (\$1m matching funds needed)
2. Annual Fund Appeal: \$300,000 for non-profit operations
3. Family Activity Obstacle Course Center: \$300,000 est.
4. Outdoor Marquee Replacement: \$157,000
5. Family Event Space: \$25,000 est. (rework front of warehouse to family space)
6. Facility Wayfinding Signage: Theater, new educational resource room, gun range, Club Lobo, meeting rooms, etc. - \$15,000
7. Donor Wall: \$7,500
8. Limousine Wrap: \$5,500
9. Piano(s) For Club Lobo: \$4,000
10. Gun Range Lane Sponsor: \$500 per lane/year (14 spots available)
11. Gun Range VIP Lounge Member: \$1,500/yr (100 members)

In 2021, we have received more than \$2,800,000 in fulfillment of original pledges and cash donations that will be used to help reduce the debt of the building(s) and property and fund new operations/services within the Alliance. But there is more work to be done, more veterans to reach, and more active military members to thank.

# TO OUR ALLIES

## Strategic Highlights

The South Dakota Military Heritage Alliance, Inc. was started in October of 2018 as a vision for creating a “first-of-a-kind” collaborative environment for veterans, active military members and the civilian community. In November of 2019, the Alliance purchased the former Badlands Pawn land, buildings, fixtures and nearly all its personal property. The Alliance was ready for a grand opening celebration in March of 2020 but, because of the concerns associated with the COVID-19 virus, the decision was made to postpone the event indefinitely.

The uniqueness of this facility has afforded the Alliance the opportunity to create a world-class environment for military and veteran support organizations and services, but also for the entertainment and recreation of the public. The attributes of the facility for fulfilling this mission make it a financially self-sustaining community asset.

For the past 2 years the Alliance team has been busy crafting this new destination and getting this amazing facility ready for members of the public to enjoy what we are calling the “*ALLIANCE EXPERIENCE*”, while preserving 100% of the net proceeds to support our veteran and military organizations.

## 2022 Marketing Message: CELEBRATING AMERICA AND THOSE WHO SERVED

We strongly believe that we have yet to see what would be called “normal”. The learning curve of a completely new concept, the challenges of COVID19, interrelations dynamics, and the most recent supply chain/staffing/inflation/lack of ammo situations have painted a picture that has been unanticipated. Yet, we are seeing “Proof of Concept” throughout the Alliance.

Some of the past year highlights, include:

- Strategic Planning Process
- Stability in Accounting Procedures
- First Annual Fund Campaign
- Groundwork laid for Capital Campaign “22
- Management Improvements
- Miles/Lisa Beacom Concert Series
- Additional Spaces: Theater, Library, meeting space, Armory Build-out
- Acquisition of the new Heritage Museum Building - on campus
- Cost Controls
- Concerts and Event Center starting to ramp up toward expectation

## 2021 – “A Success”

Before we can all declare 2021 (and perhaps even 2020) a success or not, we must determine how we are going to measure or define what our success is. Although most start businesses for monetary gain, this is not always the case. Wealth is not the only way of achieving success. Many experts struggle to find a common definition of success; however, they commonly say:

- Have you made a difference? ✓ The Alliance has created awareness and documented assistance.
- Are you profitable? ✓ The financials for both the C3 and C7 are in the black.
- Has the business grown? ✓ Revenue is up, and the average key metrics growth was 947% in 2021
- Are you sustainable? ✓ Being a non-profit is hard work. We are not self-sustaining, but with our allies we are making forward progress.
- Is there daily joy and fulfillment in the work and beyond? ✓ As Mayor Tenhaken said, “working at the Alliance is a call to service.”

- Ability to navigate around market conditions? ✓ COVID – Inter-dependencies – Supply Shortage – Labor Shortage – Ammo Shortage
- Well-executed vision and goals? ✓ The Alliance has stayed true to course while learning and adjusting as needed.
- Customer satisfaction and market position? ✓ Over 11,000 members, over 100,000 customers in 2021, 5-star reviews on Google, 6,000 followers on Facebook, and monthly impressions over 140,000
- Having expert and efficient front-line employees? ✓ Most all management staff has multiple years of experience at what they do as well as the certifications they need.
- Offering unique competencies? ✓ Count the “wows” during a tour. The record from a single person is 18.

I’d say the Alliance is a success. If I need to grade the success of 2021, I’d rank it around an A- level. We’re not perfect, but we’re getting grades high enough to keep moving forward as a national model.

### Financial Highlights

In short, 2 years in, and we are in the black financially. This is nothing short of miraculous. Few will comprehend the effort and energy it has taken over the past years – not from any one individual or team, but a community of like-minded individuals and business.

	<u>Original PROFORMA</u>	<u>2020</u>	<u>2021</u>
Office Space Rental	\$93,000	\$24,000	\$111,624
Facilities Rental	\$18,000	\$1,500	\$205,212
Gun Range	\$688,000	\$142,000	\$260,335
Event Center	\$1,600,000	\$5,500	\$109,360
Donations	\$431,000	\$577,700	\$2,594,172
Grill/Club Lobo	\$156,000	\$161,000	\$359,864
Other Income:	\$0	\$0	\$285,346

Operating the Alliance is a costly venture. We need to average roughly \$250/hour to cover overhead, maintenance, cost of good, and labor. Examples: Excel Energy at \$12,000/mo., indoor Daktronics display at \$50/day, event licensing at \$30,000/yr. Current staffing includes Executive Director, Admin. Assistant, 5 managers, 1 assistant manager, and a constantly revolving door with cooks, servicers, and bartenders.

Funding for the Alliance has been coming in streaks. The original pledges are being honored as promised for which we are very thankful. The pledges are the backbone for the purchase of the building(s) and property. We have also been gifted by several very generous donors. A common theme from them is, “these are the guys who fought to protect and serve us; now it’s time we return the favor” and “it’s the right thing to do”.

We are reminded that all gifts are just that (a gift), and while not equal in amount, but equal in sacrifice.

### Operating Highlights - “Proof of Concept”.

You’ll see in the highlights below, there are several line-listed areas where the Alliance can blow the trumpets and beat the drums with pride. But we’re not done yet. As proof of our support to the Mil/Vet and community at large, the Alliance provide over \$187,000 in free space use to various groups.

In 2021, we saw: (blue are 2020 numbers for reference)

- 4,650 Members (5,700) over 11,00 total members
- 440 Meetings (175)
- 25 Classes/Training (30)
- 14 Weddings (2)
- 11 Funerals (6)
- 18 Retirements (9)
- 153 Private Events (45)
- 140 Other Events (22)
- 63 Community Gatherings (20)
- 6 Military Events (10)
- Range: Shooters 9,154 (4,656), Classes 128 (85), Special Events 108 (19)
- Served 38,587 customers in the Grill/Club (21,695)

## Looking Ahead – Creating a “Brand”

Our effort is remaking the landscape of the military and veteran relationship with our civilian community. The Alliance is becoming a national model for military, veteran, and civilian relations. It all starts with the unique facility remarkably equipped to provide a world-class venue:

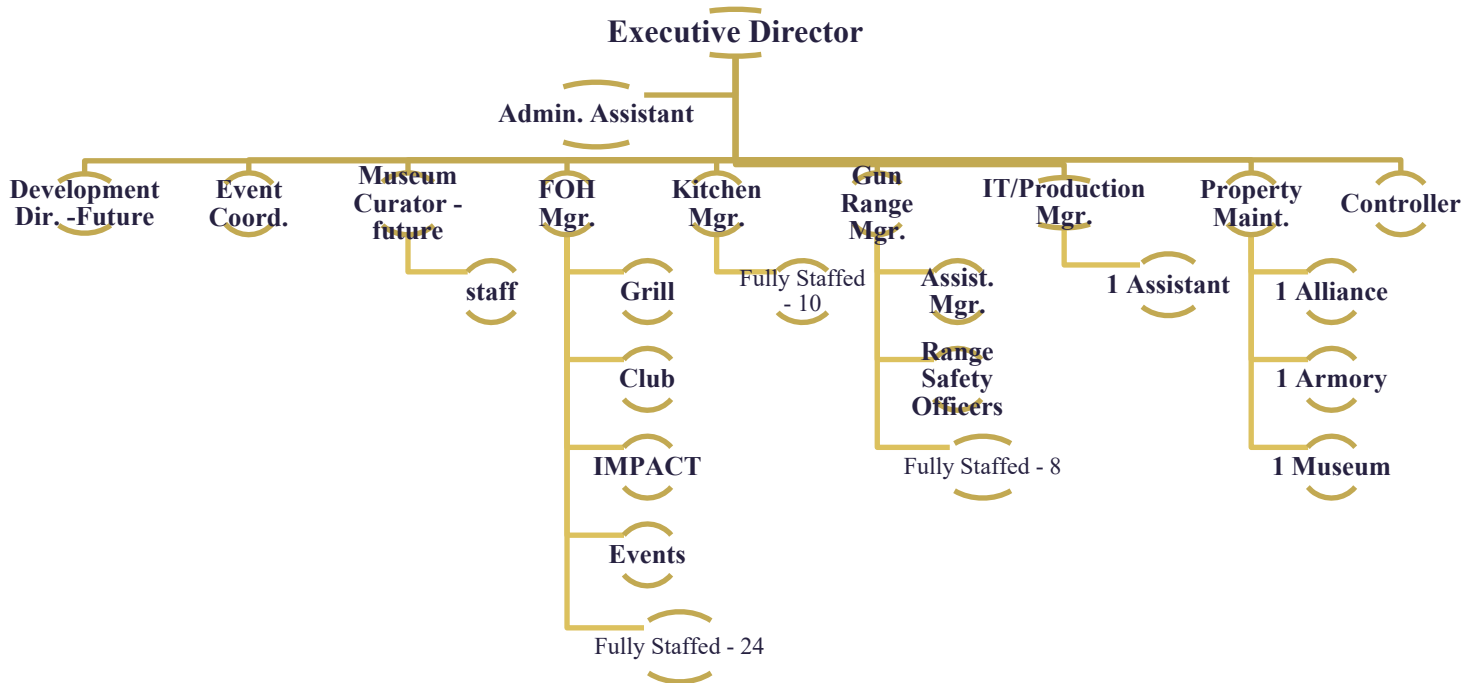
But the Alliance is more than a building. The Alliance is quickly becoming a “**brand**” with a unique product, a promise, and a personality. From field trips for our thousands of local school kids, to military training events, to community patriotic celebrations, to reigniting our most historic and iconic veteran groups and traditions, the opportunities are very real. What may be most important, however, is preserving for future generations the stories of service, valor, honor, and sacrifice of so many from our own families, neighborhoods, city, and state.

**Brian Phelps,**  
**Executive Director**  
**December 31, 2021**

The management Staff was asked for their input regarding 2021. Specifically, 3 items. The Good – Bad – and Ugly. Here are some of the comments from the Staff.

- Watching the staff come together to make things happen – truly a ‘one team-one fight’ concept.
- Developed a good team and learned to give up “control” of some things and let my team help.
- We are getting smoother and more efficient all over the building. I am proud of our core staff and managers who make this possible. A lot of heart in soul in these people and we put it out there!
- I am very proud of the Alliance for which it stands and has become from all the persistence and hard work it took to get where it is today.
- Increase in customer count and how December was our best month to date.
- The day I was here, and a USMC Combat Veteran walked in and was looking for help after contemplating suicide.
- The feeling that we can move mountains and do awesome things.
- The difficult challenges we have had to evolve around into developing the Alliance.
- Working through the extreme emotions both High and Low was both rewarding and strenuous.

## Alliance Org Chart



### Full-time Staff:

Executive Director – Brian Phelps  
Admin. Assistant – Rachel Vanderzee  
Front of House Manager – Amy Harris

Kitchen Manager – Steve Harris  
Gun Range Manager – Matt Kopecky  
Assist. Range Manager – Nik Vantine

IT/Production Mgr. – Michael Glascock  
Property Maintenance – Stu Simpson  
Controller – Lisa Blankers

### Part-time:

Range Associates - 4  
Cooks - 6

Servers - 10  
Event Coordinator - 1

Security (Air base but on payroll) - 9

## FINANCIAL SUMMARY

We are now through 2 years of operation. We have learned a lot; good, bad, and ugly. We have seen the “proof of concept” in operations, while gaining a better understanding of the financial sustainability of the Alliance. The original ProForma was built on knowledge at the time of purchase. Obviously, the Alliance “model” has been evolved. The original pledges are continuing to come in as scheduled.

### Statement of Financial Position

The non-profit world is challenging (period). To date, we’ve been able to fund the Alliance thru our own revenue centers, some private gifts, and some COVID relief funds (state and federal). Do we need more money – of course we do. We are currently working thru a major capital campaign and defining the “needs” for the next few years. While not a final list, these are some of the highlights

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**CELEBRATING AMERICA AND THOSE WHO SERVED**

**Museum:**

- Building/Land
- Renovation
- Design
- Handicap Accessible
- HVAC
- Exterior
- Museum Marquee/Signs
- Internal and External signage

**Main Campus Needs:**

- Main Marquee
- Other capital items (10-year horizon)
- Existing buildings improvements
- Existing Debt
- Endowment
- Range Improvements
- Repair Wood Decking
- Tech/Event Expenditures
- Warehouse Buildout for family space

Over the past couple of years, we’ve been blessed by those who believe in the mission and those who continue to celebrate America and those who served. While the Alliance’s internal funding sources (range, grill, club, coffee, events, etc.) continue to handle the day-to-day operations; the very generous donors are truly making a difference.

We sincerely thank all who have helped financially in the past and anxiously await to see what the future holds for the Alliance. Our future isn’t written as we are traveling roads uncharted.

*“Do not go where the path may lead;  
 go instead where there is no path and leave a trail.”*

**Pledge/Donations Funding Received in 2021:**

**Pledge for Building Purchase:** \$290,000 received

**Museum:** \$2 million received - purchased building \$850,000, will be working on Capital Campaign with another \$1,000,000 match gift already received.

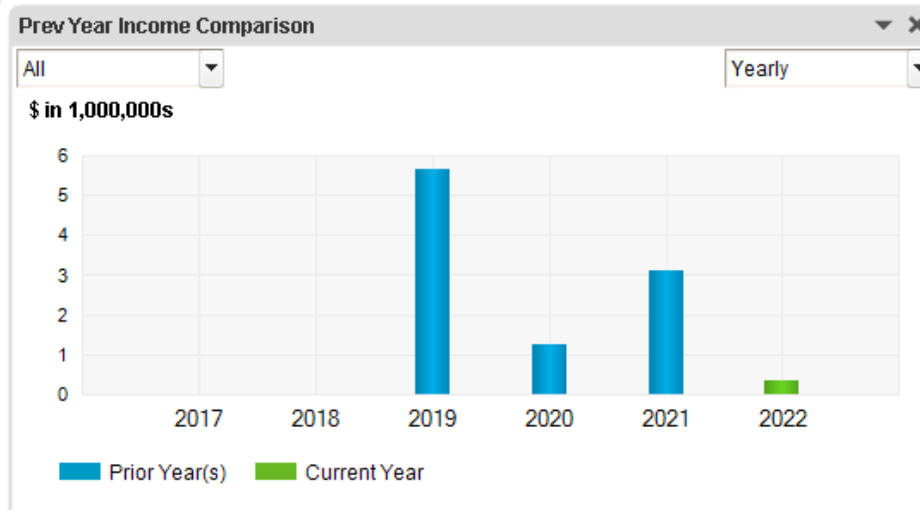
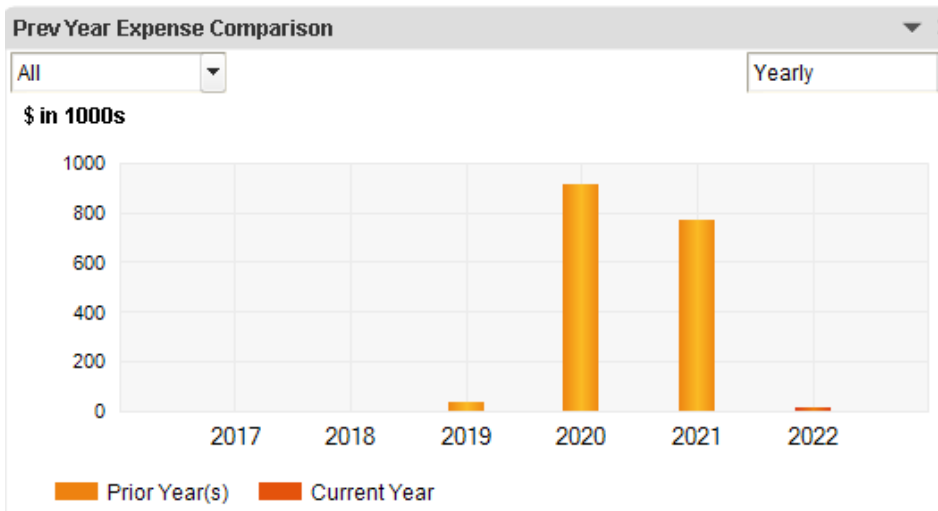
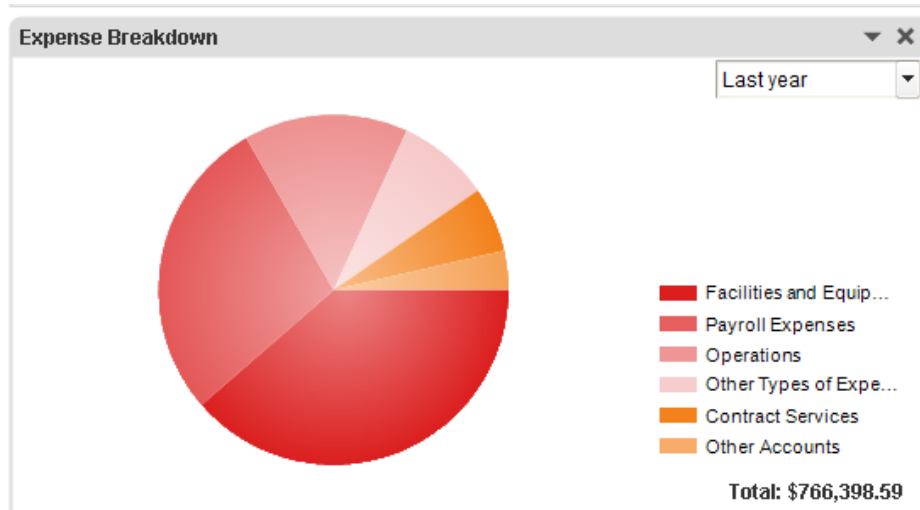
**Non-Profit Donations:** \$450,373 received

**Miles & Lisa Beacom Concert Series:** \$150,000 received

**Gifts Received by Tiers Since 2019:**

>\$1 million – 3 gifts	\$100,000 to \$499,999 – 4	\$5,000 to \$24,999 – 13
\$500,000 to \$999,999 – 2	\$25,000 to \$99,999 – 7	Under \$4,999 - 39

**C3 South Dakota Military Heritage Alliance, Inc.:**



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## South Dakota Military Alliance Balance Sheet Prev Year Comparison

As of December 31, 2021

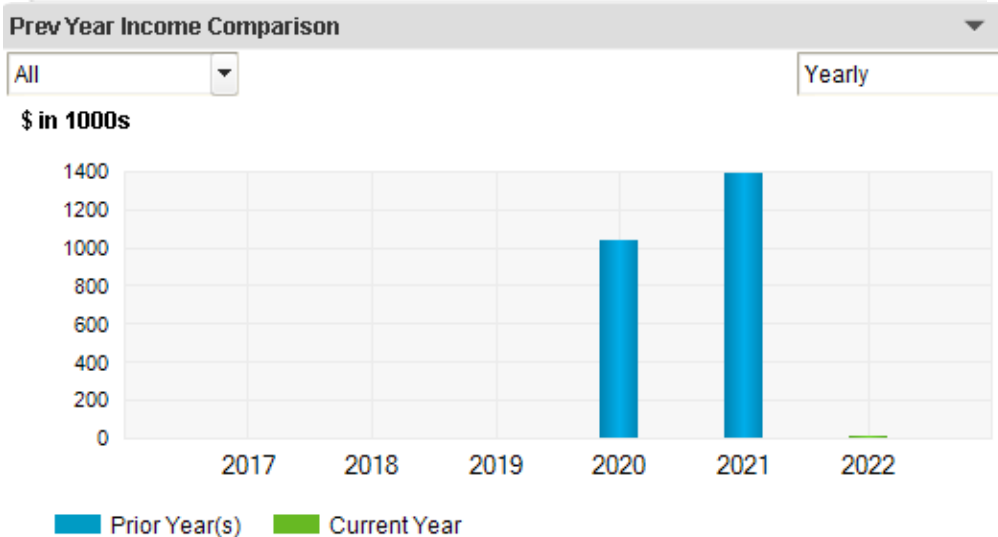
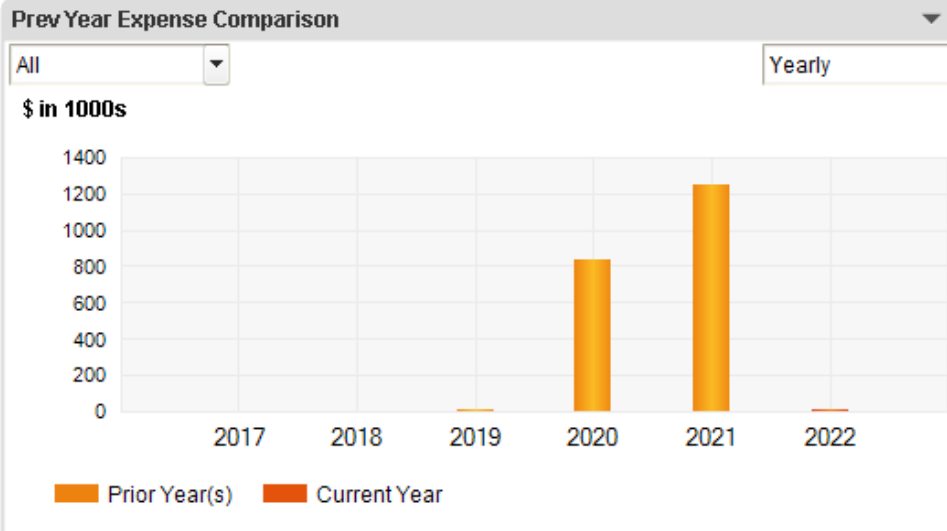
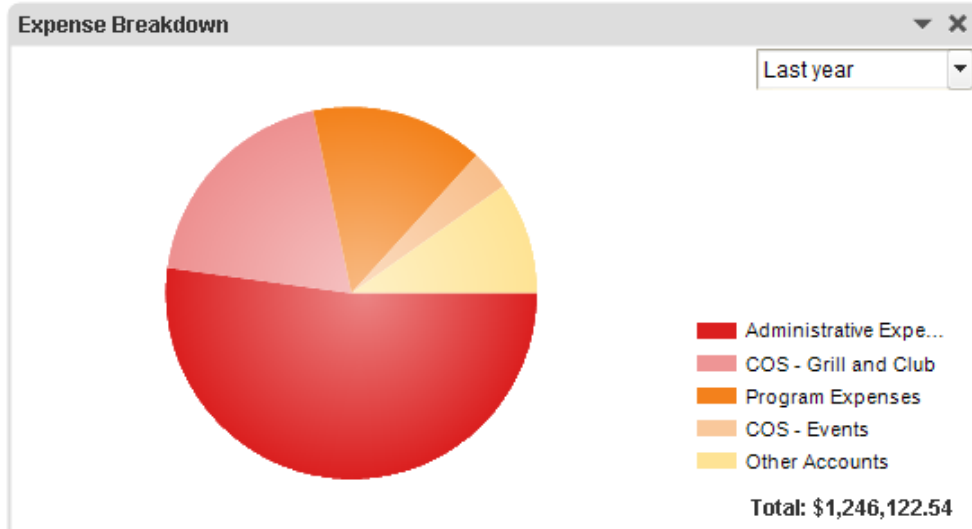
	: Dec 31, 21	: Dec 31, 20	: \$ Change	: % Change
<b>ASSETS</b>				
▶ Current Assets	1,432,634.42	343,423.46	1,089,210.96	317.2%
▶ Fixed Assets	9,817,822.60	8,951,949.00	865,873.60	9.7%
<b>TOTAL ASSETS</b>	<b>11,250,457.02</b>	<b>9,295,372.46</b>	<b>1,955,084.56</b>	<b>21.0%</b>
<b>LIABILITIES &amp; EQUITY</b>				
▶ Liabilities	2,993,326.52	3,364,379.26	-371,052.74	-11.0%
▶ Equity	8,257,130.50	5,930,993.20	2,326,137.30	39.2%
<b>TOTAL LIABILITIES &amp; E...</b>	<b>11,250,457.02</b>	<b>9,295,372.46</b>	<b>1,955,084.56</b>	<b>21.0%</b>

## South Dakota Military Alliance Profit & Loss Prev Year Comparison

January through December 2021

	: Jan - Dec 21	: Jan - Dec 20	: \$ Change	: % Change
<b>Ordinary Income/Expe...</b>				
▶ Income	3,092,535.89	1,262,131.45	1,830,404.44	145.0%
Gross Profit	3,092,535.89	1,262,131.45	1,830,404.44	145.0%
▶ Expense	766,398.59	910,870.55	-144,471.96	-15.9%
Net Ordinary Income	2,326,137.30	351,260.90	1,974,876.40	562.2%
▶ Other Income/Expense	0.00	-1,141.84	1,141.84	100.0%
<b>Net Income</b>	<b>2,326,137.30</b>	<b>350,119.06</b>	<b>1,976,018.24</b>	<b>564.4%</b>

**C7 South Dakota Veterans Alliance:**



**South Dakota Veterans Alliance Inc.**  
**Summary Balance Sheet**  
As of December 31, 2021

	Dec 31, 21
<b>ASSETS</b>	
▶ Current Assets	306,378.77
Fixed Assets	65,921.94
<b>TOTAL ASSETS</b>	<b>372,300.71</b>
<b>LIABILITIES &amp; EQUITY</b>	
▶ Liabilities	36,394.24 ◀
Equity	335,906.47
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>372,300.71</b>

**South Dakota Veterans Alliance Inc.**  
**Profit & Loss Prev Year Comparison**  
January through December 2021

	Jan - Dec 21	Jan - Dec 20	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Program Income	191,857.40	506,859.50	-315,002.10	-62.2%
Events Income	336,632.73	51,288.27	285,344.46	556.4%
Clearing Account	0.00	0.00	0.00	0.0%
Grill and Club	374,084.05	227,398.80	146,685.25	64.5%
Gun Range	286,122.09	222,842.15	63,279.94	28.4%
Hanger Gift Shop	13,810.42	16,137.33	-2,326.91	-14.4%
Miscellaneous Income	12,329.88	12,128.94	200.94	1.7%
<b>Total Income</b>	<b>1,214,836.57</b>	<b>1,036,654.99</b>	<b>178,181.58</b>	<b>17.2%</b>
<b>Cost of Goods Sold</b>				
COS - Events	43,488.60	4,150.43	39,338.17	947.8%
COS - Grill and Club	243,025.11	169,791.51	73,233.60	43.1%
COS - Gun Range	30,094.43	60,386.34	-30,291.91	-50.2%
COS - Hanger	10,105.30	8,154.47	1,950.83	23.9%
COS - Miscellaneous	11,909.73	8,769.93	3,139.80	35.8%
Cost of Events	27,671.95	-53.85	27,725.80	51,487.1%
Cost of Product	0.00	0.00	0.00	0.0%
<b>Total COGS</b>	<b>366,295.12</b>	<b>251,198.83</b>	<b>115,096.29</b>	<b>45.8%</b>
<b>Gross Profit</b>	<b>848,541.45</b>	<b>785,456.16</b>	<b>63,085.29</b>	<b>8.0%</b>
<b>Expense</b>				
Outside Maintenance	203.03	0.00	203.03	100.0%
Program Expenses	187,806.30	0.00	187,806.30	100.0%
Administrative Expenses	650,366.29	528,802.71	121,563.58	23.0%
Fundraising Expenses	6,075.53	4,095.16	1,980.37	48.4%
Machine Money Expenses	0.00	628.46	-628.46	-100.0%
Misc. Building Expenses	0.00	4,374.27	-4,374.27	-100.0%
Business Expenses	3,281.56	233.68	3,047.88	1,304.3%
Facility & Equipment	27,286.24	39,291.21	-12,004.97	-30.6%
Food Delivery Fees	0.00	283.60	-283.60	-100.0%
Misc. Expenses	0.00	2,040.79	-2,040.79	-100.0%
<b>Total Expense</b>	<b>875,018.95</b>	<b>579,749.88</b>	<b>295,269.07</b>	<b>50.9%</b>
<b>Net Ordinary Income</b>	<b>-26,477.50</b>	<b>205,706.28</b>	<b>-232,183.78</b>	<b>-112.9%</b>
<b>Other Income/Expense</b>	<b>163,400.78</b>	<b>-1,296.03</b>	<b>164,696.81</b>	<b>12,707.8%</b>
<b>Net Income</b>	<b>136,923.28</b>	<b>204,410.25</b>	<b>-67,486.97</b>	<b>-33.0%</b>

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**CELEBRATING AMERICA AND THOSE WHO SERVED**

# 2022 BUDGETS

## Statement of Financial Position Looking Forward:

- We must continue to maintain the separation of the non-profit 501(C)(3) and the 501(C)(7) as both entities are governed separately, financed separately, and provide unique/separate functions.
- South Dakota Military Heritage Alliance, Inc.: 501(C)3  
This entity is the non-profit for charitable donations. Businesses and individuals wanting the charitable deduction will choose to support this business.
- South Dakota Veterans Alliance, Inc.: 501(C)7  
The operational partner of the SDMHA, the Veterans Alliance, is modeled to make a profit via individual P&L tracking. Many businesses and individuals who are not attracted to the non-profit charitable donation will be open supporting these businesses. Also, foundations may be opening to operations support.

### South Dakota Military Alliance Profit & Loss Budget Overview January through December 2022

	Jan - Dec 22
<b>Ordinary Income/Expense</b>	
Income	
▶ Direct Public Support	4,337,000.00
▶ Investments	800.00
▶ Other Types of Income	500.00
▶ Rentals	120,048.00
Special Events Sales	45,000.00
<b>Total Income</b>	<b>4,503,348.00</b>
<b>Gross Profit</b>	<b>4,503,348.00</b>
Expense	
▶ Business Expenses	31,670.00
Contract Services	3,960.00
▶ Facilities and Equipment	282,638.00
▶ Operations	163,011.00
▶ Other Types of Expenses	70,108.00
▶ Payroll Expenses	205,100.00
<b>Total Expense</b>	<b>756,487.00</b>
<b>Net Ordinary Income</b>	<b>3,746,861.00</b>
<b>Net Income</b>	<b>3,746,861.00</b>

### South Dakota Veterans Alliance Inc. Profit & Loss Budget Overview January through December 2022

	Jan - Dec 22
<b>Ordinary Income/Expense</b>	
Income	
▶ Program Income	6,500.00
▶ Events Income	647,044.00
▶ Grill and Club	445,676.00
▶ Gun Range	306,396.00
▶ Hanger Gift Shop	12,902.00
▶ Miscellaneous Income	9,910.00
<b>Total Income</b>	<b>1,428,428.00</b>
Cost of Goods Sold	
▶ COS - Events	379,700.00
▶ COS - Grill and Club	249,942.00
▶ COS - Gun Range	10,345.00
▶ COS - Hanger	10,322.00
▶ COS - Miscellaneous	11,800.00
<b>Total COGS</b>	<b>662,109.00</b>
<b>Gross Profit</b>	<b>766,319.00</b>
Expense	
▶ Administrative Expenses	654,662.00
▶ Fundraising Expenses	8,000.00
Business Expenses	2,000.00
▶ Facility & Equipment	11,000.00
<b>Total Expense</b>	<b>675,662.00</b>
<b>Net Ordinary Income</b>	<b>90,657.00</b>
<b>Net Income</b>	<b>90,657.00</b>

CLASS	SOUTH DAKOTA VETERANS ALLIANCE, INC. 2022 PLANS
Memberships	We ended 2021 with nearly 11,000 members. We plan on growing that to 15,000 by the end of 2022.
Video Lottery	We would like to remove the machines in 2022 to make room for other uses.
Patriot Grill/ Club Lobo	Focus on speed, flavor, and profitability – hired Kitchen Manager Develop the brand message and track cost controls while growing customer counts
Range & Armory	With the availability of ammo, will come shooters. We will continue to offer classes and special events. We will continue to work with partners (not competitors) to help create a “unique” range experience.
Event Space	We will continue to book corporate events, private events, and Alliance Events with a goal to have ¾ of the weekends filled with an event.
Leased Offices	Alliance: old security room and Garden Level common area Armory: 4 available spaces
Hangar Gift Shoppe	Currently the space is full. We have 9+ vendors and the inventory is replenished as needed.
Heritage Theater	Promote more for more traffic/use
Heritage Museum	New building is purchased. Planning a capital campaign.
IMPACT Coffee	Fully Functioning. Possibly add outside kiosk in 2022. Added ice cream and donuts.
VIP Suites/Naming	Pricing is set – pending Event Schedule to show value and services offered for the suites.
Family Center	Design is done – should be built very soon
Spiritual Reflection	Done.
Meeting Rooms	7 Meeting Rooms: some events will continue as free or exchange for food/bev purchase. “A Place for All”
Armory	Need to Finish Branding the building with sign interior/exterior

*We are not a team because we work together.  
We are a team because we respect, trust and care for each other.  
Simon Sinek*

*Being part of a team and feeling support from your teammates is one of the best feelings at work. With great team dynamics, decisions, and diverse personalities in place, everyone wins. Great leaders know that the soul of their business is their team, and they must allow and trust their team to produce their very best work; that's why you recruited them in the first place.*

*Leadership is a tremendous responsibility and a privilege because you can positively influence the trajectory of someone's personal and professional life. That's the essence of leadership; helping your people reach their full potential, helping your team maximize their gifts, helping people to become the best version of themselves.*

*Supported teams are successful teams, and leaders are only as successful as their teams.*