



Osage Nation

*Basic Financial Statements and
Independent Auditors' Report
September 30, 2023*

redw
Advisors & CPAs

Osage Nation

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Independent Auditor's Report

Principal Chief and Honorable Members of the Osage Nation Congress
Osage Nation
Pawhuska, Oklahoma

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Osage Nation (the "Nation") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Nation's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Nation, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Osage Casinos, which represent 93%, 92%, and 96%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, as of September 30, 2023, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Osage Casinos, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Nation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

REDW LLC

Phoenix, Arizona

July 31, 2024

Management's Discussion and Analysis

Osage Nation

Management's Discussion and Analysis

September 30, 2023

This section of the financial report presents our discussion and analysis of the Osage Nation's (the "Nation") financial performance during the fiscal year that ended September 30, 2023. Please read it in conjunction with the Nation's financial statements, which follow this section.

Financial Highlights

During the 2023 fiscal year, the Nation's total net position excluding discretely presented component units increased by \$94.2 million. Governmental activities increased by \$92.4 million, and business-type activities increased by \$1.9 million. An increase of \$40.6 million to governmental activities equity interest in component units and \$66.9 million in distributions from Osage Casinos were the significant factors leading to this change.

The Nation's total current assets excluding discretely presented component units increased by \$17.2 million during the year. This increase is primarily attributed to an increase in investment income and to an increase in the distributions received from Osage Casinos.

Total revenue for the Nation excluding discretely presented component units equaled \$106.8 million for the year compared to \$94.7 million for the prior year. This increase is primarily due to the Nation reporting an investment income of \$7.5 million for the year compared to \$4.2 million in investment loss in the prior year.

Total expenses for the Nation excluding discretely presented component units equaled \$119.2 million, compared to \$110.5 million in the prior year. The change is mainly attributed to increase in overall price levels due to inflation, which caused increase in wages and benefits and other costs that the Nation incurs in a daily basis as part of its day-to-day activities. These increases are primarily classified as general government and health and human services functional expenditures.

During fiscal year 2023 and 2022, the Nation received \$66.9 million and \$59.7 million, respectively, from the Osage Casinos, a discretely presented component unit of the Nation. This is a significant source of the Nation's discretionary revenue, and it is important to the Nation's financial well-being. This revenue is used at the discretion of the Nation's Congress for a variety of purposes.

Overview Of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Nation's basic financial statements. The basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) combining statements of discretely presented component units, and 4) notes to the financial statements. Detail regarding the basic financial statements follows.

The first two statements, the statement of net position and the statement of activities, are government-wide financial statements that provide both long-term and short-term information about the Nation's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Nation, and its reporting operations, in more detail than the government-wide statements. Fund financial statements include governmental and proprietary fund financial statements.

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The combining statements of discretely presented component units provide detailed information regarding the performance of the Nation's wholly-owned discretely presented component units.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Nation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Nation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Nation is improving or deteriorating.

The statement of activities presents information showing how the Nation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of net position and the statement of activities distinguish between governmental and business-type activities of the Nation, along with the activities of the aggregate discretely presented component units.

Governmental Activities. Most of the Nation's basic services are reported here, such as general government, education, health and human services, public safety, and other activities. These activities are financed partially from federal, state and foundation grants, along with appropriations from the Nation's discretionary income sources. Additional funding comes from rental activity, investment income, and tobacco tax revenue.

Business-Type Activities. Activities from revenue tax are reported in the statements for proprietary funds, along with other nonmajor proprietary fund activity.

Discretely Presented Component Units. Discretely presented component units include several entities, listed below. Discrete presentation entails reporting component unit financial data in a column separate from the financial data of the Nation's primary government. The Nation has the following discretely presented component units:

- Osage Casinos
- Osage, LLC
- Osage Home Health
- Osage Nation Foundation
- Place to Borrow Money

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During fiscal year 2023, the Nation's tribal approved the articles of incorporation for Place to Borrow Money, a discretely presented component unit. The purpose of this new entity is to provide loans and other financial assistance, including without limitation, mortgages, home improvement, auto, personal and business startup, expansion and support loans, and presenting financial education programs to and for members of the Osage Nation and businesses in which one or more such members hold majority ownership.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Nation as a whole. Funds are used to meet legal responsibilities for using certain grants and other money. The Nation uses funds to help it control and manage money for a particular purpose. The two fund types – governmental and proprietary use different accounting approaches.

- **Governmental Funds.** Governmental funds focus on how cash and other financial assets flow in and out and the balances that are left at year-end and are available for spending. Consequently, the governmental funds provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Nation's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on a subsequent page, that explains the relationship (or differences) between the governmental funds and balances reported in the statement of net position and the statement of activities.
- **Proprietary Funds.** When the Nation charges customers for the services it provides – whether to outside customers, members of the Nation or to other units of the Nation – these services are generally reported in proprietary funds, which are reported the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the enterprise funds present the same information as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. We use an internal service fund to report activities related to our self-funded health insurance benefit plan, our indirect cost pool activity, and activities related to internal space use charges.

Financial Analysis of the Nation as a Whole Excluding Discretely Presented Component Units

Net Position. As noted above, net position may serve over time as a useful indicator of a government's financial position. The Nation's combined net position increased by \$94.3 million during the year. Governmental activities net position increased by \$92.4 million and net position of business-type activities increased by \$1.9 million. The increase is an indicator that the Nation is managing revenues and expenditures with strong financial decision-making.

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The Nation's combined net position was \$759.9 million at the end of fiscal year 2023 and \$665.7 million at the end of fiscal year 2022. The components of the Nation's net position are net investment in capital assets of \$243.6 million, restricted net position of \$40.1 million, and unrestricted net position of \$476.1 million. The Nation uses its capital assets to provide services to its members and for economic development; consequently, these assets are not available for future spending.

The table below summarizes the Nation's net position allocated between its governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$ 263,070,457	\$ 247,826,258	\$ 7,133,492	\$ 5,196,406	\$ 270,203,949	\$ 253,022,664
Capital and right-to-use assets	242,609,358	213,386,346	1,006,399	883,799	243,615,757	214,270,145
Lease receivable, net of current	243,432	417,209	-	-	243,432	417,209
Equity interest in component units	<u>386,306,642</u>	<u>345,708,450</u>	<u>-</u>	<u>-</u>	<u>386,306,642</u>	<u>345,708,450</u>
Total assets	<u>892,229,889</u>	<u>807,338,263</u>	<u>8,139,891</u>	<u>6,080,205</u>	<u>900,369,780</u>	<u>813,418,468</u>
Liabilities and Deferred Inflows						
Long-term liabilities, and deferred inflows	2,468,713	1,678,874	86,535	-	2,555,248	1,678,874
Current liabilities	<u>137,555,420</u>	<u>145,835,028</u>	<u>342,950</u>	<u>236,548</u>	<u>137,898,370</u>	<u>146,071,576</u>
Total liabilities and deferred inflows	<u>140,024,133</u>	<u>147,513,902</u>	<u>429,485</u>	<u>236,548</u>	<u>140,453,618</u>	<u>147,750,450</u>
Net Position						
Net investment in capital assets	242,609,358	213,386,346	1,006,399	883,799	243,615,757	214,270,145
Restricted	40,156,750	26,677,264	-	-	40,156,750	26,677,264
Unrestricted	<u>469,439,648</u>	<u>419,760,751</u>	<u>6,704,007</u>	<u>4,959,858</u>	<u>476,143,655</u>	<u>424,720,609</u>
Total net position	<u>\$ 752,205,756</u>	<u>\$ 659,824,361</u>	<u>\$ 7,710,406</u>	<u>\$ 5,843,657</u>	<u>\$ 759,916,162</u>	<u>\$ 665,668,018</u>

Changes in Net Position. Revenues excluding discretely presented component units for the year 2023 totaled \$106.8 million compared with expenses of \$119.2 million. Expenses exceeded revenues by \$12.4 million and \$15.8 million in 2023 and 2022, respectively. Net distributions to and from component units totaled \$66.9 million in 2023, compared to \$59.7 million in 2022. The increase in undistributed equity in component units was \$40.6 million in 2023, compared to \$58.6 million in 2022.

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Management's Discussion and Analysis

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The table below summarizes the Nation's revenues, expenses, and changes in net position allocated between its governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 15,354,188	\$ 13,334,611	\$ 4,264,061	\$ 3,823,862	\$ 19,618,249	\$ 17,158,473
Operating grants and contributions	45,917,820	50,814,144	-	-	45,917,820	50,814,144
Capital grants and contributions	30,417,531	27,184,289	-	-	30,417,531	27,184,289
<i>General revenues</i>						
Rental income	1,005,097	1,102,500	-	-	1,005,097	1,102,500
Investment income (loss)	7,498,289	(4,160,894)	24,392	3,810	7,522,681	(4,157,084)
Tobacco tax revenue	2,293,758	2,569,880	-	-	2,293,758	2,569,880
Total revenues	<u>102,486,683</u>	<u>90,844,530</u>	<u>4,288,453</u>	<u>3,827,672</u>	<u>106,775,136</u>	<u>94,672,202</u>
Expenses						
General government	48,904,193	37,842,876	-	-	48,904,193	37,842,876
Education	11,686,118	11,027,301	-	-	11,686,118	11,027,301
Health and human services	37,093,804	30,526,465	-	-	37,093,804	30,526,465
Community services	3,415,046	6,717,015	-	-	3,415,046	6,717,015
Culture and language	2,774,952	2,291,155	-	-	2,774,952	2,291,155
Environmental management	626,127	226,673	-	-	626,127	226,673
Housing services	2,501,355	2,016,254	-	-	2,501,355	2,016,254
Public safety	3,318,749	3,073,354	-	-	3,318,749	3,073,354
Public works	1,705,858	1,257,108	-	-	1,705,858	1,257,108
Economic development	1,689,214	7,275,961	-	-	1,689,214	7,275,961
Intergovernmental pass-through	-	3,500,000	-	-	-	3,500,000
Revenue tax	-	-	644,796	423,555	644,796	423,555
Other proprietary	-	-	4,808,321	4,298,063	4,808,321	4,298,063
Total expenses	<u>113,715,416</u>	<u>105,754,162</u>	<u>5,453,117</u>	<u>4,721,618</u>	<u>119,168,533</u>	<u>110,475,780</u>
Changes in net position before undistributed equity, transfers, and distributions	(11,228,733)	(14,909,632)	(1,164,664)	(893,946)	(12,393,397)	(15,803,578)
Increase in undistributed equity in component units	40,598,192	58,611,300	-	-	40,598,192	58,611,300
Distributions to local government	(866,685)	(7,634,028)	-	-	(866,685)	(7,634,028)
Distributions from component units, net	66,917,058	59,749,183	-	-	66,917,058	59,749,183
Loss on disposal of capital assets	-	(293,178)	-	-	-	(293,178)
Interest expense	(3,124)	-	(3,900)	-	(7,024)	-
Transfers	(3,035,313)	(2,919,276)	3,035,313	2,919,276	-	-
Change in net position	92,381,395	92,604,369	1,866,749	2,025,330	94,248,144	94,629,699
Net position, beginning of year	659,824,361	567,219,992	5,843,657	3,818,327	665,668,018	571,038,319
Net position, end of year	<u>\$ 752,205,756</u>	<u>\$ 659,824,361</u>	<u>\$ 7,710,406</u>	<u>\$ 5,843,657</u>	<u>\$ 759,916,162</u>	<u>\$ 665,668,018</u>

Financial Analysis of the Nation's Funds

Governmental Fund Highlights

Governmental funds have a combined fund balance of \$122.1 million, an approximate increase of \$21.5 million from the prior fiscal year.

The general fund is the Nation's largest fund and had an increase of approximately \$9.6 million from the prior fiscal year, totaling \$84.0 million. Of this fund balance, \$366 thousand was classified as nonspendable, \$3.1 million as restricted, \$68.8 million as committed, and \$868 thousand as assigned. This left an unassigned fund balance of \$10.9 million.

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The grants and contracts fund records activity from federal, state, and private grant programs. Expenditures in this fund totaled \$81.0 million in 2023, compared to \$80.8 million in 2022. The grants and contracts fund is supported by grant funding, program revenues, and investment income, along with transfers from the general fund. Total grants related revenue in 2023 was \$76.3 million, compared to \$78.0 million in 2022. The biggest cause for the change was related to a decrease in COVID-19 related grant spending, and associated revenues recognized.

Proprietary Fund Highlights

Revenue tax reported operating income of \$2,324,336 in 2023, compared to operating income of \$2,096,409 in 2022.

Capital Asset and Debt Administration

Capital and Right-to-Use Assets

At the end of fiscal year 2023, the Osage Nation, excluding discretely presented component units, reported a total of \$243.6 million in capital and right-to-use assets, net of accumulated depreciation. These capital assets include land, buildings, equipment, automobiles, right-to-use leases, and right-to-use subscription assets. Of these capital assets, \$242.6 million related to governmental activities and \$1.0 million related to business-type activities. Overall, net capital assets increased by \$29.4 million during the year for governmental activities and business-type activities combined. Assets are considered capital assets if they cost at least \$10,000 and have a life of more than one year. Assets acquired with federal funding have a \$5,000 capitalization threshold to comply with federal regulations.

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land	\$ 96,282,684	\$ 93,368,399	\$ 778,100	\$ 778,100
Works of art	1,462,164	1,462,164	-	-
Buildings	96,345,681	95,272,169	75,108	76,193
Equipment and broadband	7,114,649	8,125,519	14,167	29,506
Vehicles	2,695,563	2,821,920	-	-
Right-to-use lease - buildings	71,537	-	-	-
Right-to-use subscription assets	761,611	-	139,024	-
Construction in progress	37,875,469	12,336,175	-	-
Totals	<u>\$ 242,609,358</u>	<u>\$ 213,386,346</u>	<u>\$ 1,006,399</u>	<u>\$ 883,799</u>

Economic Factors and Next Year's Budget

The Nation's Congress approves budget information and considers a variety of factors when doing so. Significant budgeting consideration will involve the planning and use of additional COVID-19 relief funds. The recent public health crisis related to the COVID-19 pandemic has caused economic turmoil to many of the Nation's businesses and component units. The Nation believes it is well positioned to withstand the challenges into the upcoming fiscal year.

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Management's Discussion and Analysis
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Contacting the Nation's Financial Management

This financial report is intended to provide elected officials and citizens of the Nation with a general overview of the Nation's finances. For questions regarding this report, contact the Nation's Treasurer at:

Osage Nation
1071 Grandview Lane
Pawhuska, OK 74056

Financial Statements

Government-Wide Financial Statements

Osage Nation
Statement of Net Position
September 30, 2023

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Assets				
Current assets				
Cash	\$ 127,546,649	\$ 8,751,493	\$ 136,298,142	\$ 79,533,549
Restricted cash	1,746,850	-	1,746,850	-
Investments	120,971,591	404,522	121,376,113	-
Accounts receivable, net	2,748,192	231,598	2,979,790	5,412,071
Internal balances	2,324,709	(2,324,709)	-	-
Due from funding agencies	5,594,071	-	5,594,071	670,232
Inventory	254,872	18,516	273,388	1,881,888
Lease receivable, current	173,439	-	173,439	-
Prepaid expenses and other assets	1,710,084	52,072	1,762,156	3,125,469
Total current assets	<u>263,070,457</u>	<u>7,133,492</u>	<u>270,203,949</u>	<u>90,623,209</u>
Noncurrent assets				
Restricted cash	-	-	-	1,693,436
Notes receivable (from related party)	-	-	-	1,120
Equity interest in component units	386,306,642	-	386,306,642	-
Lease receivable, net of current	243,432	-	243,432	-
Capital and right-to-use assets				
Land and construction in progress, not being depreciated or amortized	135,620,317	778,100	136,398,417	161,688,558
Capital and right-to-use assets, net of depreciation/amortization	106,989,041	228,299	107,217,340	191,960,730
Total noncurrent assets	<u>629,159,432</u>	<u>1,006,399</u>	<u>630,165,831</u>	<u>355,343,844</u>
Total assets	<u>892,229,889</u>	<u>8,139,891</u>	<u>900,369,780</u>	<u>445,967,053</u>
Liabilities				
Current liabilities				
Accounts payable	17,125,350	86,564	17,211,914	10,930,430
Accrued liabilities	2,970,891	202,192	3,173,083	16,064,306
Unearned revenue	117,081,891	-	117,081,891	657,806
Current portion of lease liabilities	14,714	-	14,714	-
Current portion of subscription liabilities	362,574	54,194	416,768	-
Current maturities of long-term debt	-	-	-	1,307,243
Total current liabilities	<u>137,555,420</u>	<u>342,950</u>	<u>137,898,370</u>	<u>28,959,785</u>
Long-term liabilities				
Long-term debt	-	-	-	18,126,344
Compensated absences	1,594,303	-	1,594,303	-
Lease liabilities, net of current portion	57,686	-	57,686	-
Subscription liabilities, net of current portion	411,919	86,535	498,454	-
Total long-term liabilities	<u>2,063,908</u>	<u>86,535</u>	<u>2,150,443</u>	<u>18,126,344</u>
Total liabilities	<u>139,619,328</u>	<u>429,485</u>	<u>140,048,813</u>	<u>47,086,129</u>
Deferred Inflows of Resources				
Deferred inflows - leases	404,805	-	404,805	-
Net Position				
Net investment in capital assets	242,609,358	1,006,399	243,615,757	326,272,467
Restricted for land management	1,746,850	-	1,746,850	-
Restricted for health clinic construction	1,393,687	-	1,393,687	-
Restricted for program services	37,016,213	-	37,016,213	1,693,436
Unrestricted	469,439,648	6,704,007	476,143,655	70,915,021
Total net position	<u>\$ 752,205,756</u>	<u>\$ 7,710,406</u>	<u>\$ 759,916,162</u>	<u>\$ 398,880,924</u>

The accompanying notes are an integral part of these financial statements.

Osage Nation
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 48,904,193	\$ 3,042,562	\$ 19,319,030	\$ 15,981,767	\$ (10,560,834)	\$ -	\$ (10,560,834)	
Education	11,686,118	1,875	5,405,544	-	(6,278,699)	-	(6,278,699)	
Health and human services	37,093,804	12,309,481	16,415,918	1,669,599	(6,698,806)	-	(6,698,806)	
Community services	3,415,046	-	836,521	123,875	(2,454,650)	-	(2,454,650)	
Cultural and languages	2,774,952	-	-	-	(2,774,952)	-	(2,774,952)	
Environmental management	626,127	-	143,469	503,914	21,256	-	21,256	
Housing services	2,501,355	-	1,821,237	-	(680,118)	-	(680,118)	
Public safety	3,318,749	270	428,486	6,295	(2,883,698)	-	(2,883,698)	
Public works	1,705,858	-	1,547,615	12,132,081	11,973,838	-	11,973,838	
Economic development	1,689,214	-	-	-	(1,689,214)	-	(1,689,214)	
Total governmental activities	<u>113,715,416</u>	<u>15,354,188</u>	<u>45,917,820</u>	<u>30,417,531</u>	<u>(22,025,877)</u>	<u>-</u>	<u>(22,025,877)</u>	
Business-type activities								
Tax revenue	644,796	2,969,132	-	-	-	2,324,336	2,324,336	
Other	4,808,321	1,294,929	-	-	-	(3,513,392)	(3,513,392)	
Total business-type activities	<u>5,453,117</u>	<u>4,264,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,189,056)</u>	<u>(1,189,056)</u>	
Total primary government	<u>\$ 119,168,533</u>	<u>\$ 19,618,249</u>	<u>\$ 45,917,820</u>	<u>\$ 30,417,531</u>	<u>(22,025,877)</u>	<u>(1,189,056)</u>	<u>(23,214,933)</u>	
Component units								
Osage Casinos	\$ 182,125,922	\$ 286,249,254	\$ -	\$ -	-	-	-	\$ 104,123,332
Osage, LLC	10,201,159	11,298,012	-	-	-	-	-	1,096,853
Osage Home Health	474,602	394,021	-	-	-	-	-	(80,581)
Osage Nation Foundation	320,834	468,160	-	-	-	-	-	147,326
Total component units	<u>\$ 193,122,517</u>	<u>\$ 298,409,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,286,930</u>
General revenues, transfers, and distributions								
Tobacco tax revenue					2,293,758	-	2,293,758	-
Investment revenue					7,498,289	24,392	7,522,681	1,158,685
Rental income					1,005,097	-	1,005,097	-
Grant revenues					-	-	-	2,963,569
Interest expense					(3,124)	(3,900)	(7,024)	(609,026)
Increase in undistributed equity in component units					40,598,192	-	40,598,192	-
Transfers, net					(3,035,313)	3,035,313	-	-
Loss on disposal of capital assets					-	-	-	(933,967)
Distributions to local government					(866,685)	-	(866,685)	-
Distributions between general government and component units, net					66,917,058	-	66,917,058	(66,917,058)
Total general revenues, transfers, and distributions					<u>114,407,272</u>	<u>3,055,805</u>	<u>117,463,077</u>	<u>(64,337,797)</u>
Change in net position					92,381,395	1,866,749	94,248,144	40,949,133
Net position, beginning of year					659,824,361	5,843,657	665,668,018	357,931,791
Net position, end of year					<u>\$ 752,205,756</u>	<u>\$ 7,710,406</u>	<u>\$ 759,916,162</u>	<u>\$ 398,880,924</u>

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

Governmental Funds

Osage Nation
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Grants and Contracts Fund	Total Governmental Funds
Assets			
Cash	\$ 41,099,692	\$ 84,026,276	\$ 125,125,968
Restricted cash	1,746,850	-	1,746,850
Investments	34,561,040	86,410,551	120,971,591
Accounts receivable, net	1,615,813	965,754	2,581,567
Due from other funds	6,814,409	-	6,814,409
Due from funding agencies	-	5,594,071	5,594,071
Inventory	8,789	246,083	254,872
Lease receivable	416,871	-	416,871
Prepaid expenses and other assets	357,431	848,650	1,206,081
Total assets	\$ 86,620,895	\$ 178,091,385	\$ 264,712,280
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 1,374,958	\$ 15,368,354	\$ 16,743,312
Accrued liabilities	813,738	1,470,084	2,283,822
Unearned grant revenue	-	117,081,891	117,081,891
Due to other funds	-	6,060,110	6,060,110
Total liabilities	2,188,696	139,980,439	142,169,135
Deferred inflows of resources			
Deferred inflows - leases	404,805	-	404,805
Fund balances			
Nonspendable	366,220	1,094,733	1,460,953
Restricted	3,140,537	37,016,213	40,156,750
Committed	68,794,450	-	68,794,450
Assigned	868,300	-	868,300
Unassigned	10,857,887	-	10,857,887
Total fund balances	84,027,394	38,110,946	122,138,340
Total liabilities and fund balances	\$ 86,620,895	\$ 178,091,385	\$ 264,712,280

The accompanying notes are an integral part of these financial statements.

Osage Nation
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
September 30, 2023

Fund balances - governmental funds \$ 122,138,340

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Capital assets	\$ 277,709,664	
Accumulated depreciation	<u>(41,327,785)</u>	
		236,381,879

Certain liabilities reported in the statement of net position are long-term in nature and not due and payable in the current period and, therefore, are not reported in the funds.

Subscription liabilities (excluding internal service fund liabilities)		(139,467)
Lease liabilities		(72,400)
Compensated absences		(1,594,303)

Equity interest in component units are not an available resource and, therefore, are not reported in the funds.		386,306,642
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An internal service fund is used by the Nation to charge the costs of health insurance to individual funds, and other internal service functions; the assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.

		<u>9,185,065</u>
Net position of governmental activities		<u>\$ 752,205,756</u>

The accompanying notes are an integral part of these financial statements.

Osage Nation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	Grants and Contracts Fund	Total Governmental Funds
Revenues			
Grants and contracts revenue	\$ -	\$ 76,335,351	\$ 76,335,351
Tobacco tax revenue	2,293,758	-	2,293,758
Program revenue	2,528,008	12,036,018	14,564,026
Investment income	3,144,862	4,353,427	7,498,289
Rental income	1,005,097	-	1,005,097
Other	788,287	1,875	790,162
Total revenues	<u>9,760,012</u>	<u>92,726,671</u>	<u>102,486,683</u>
Expenditures			
Current			
General government	16,152,659	28,530,674	44,683,333
Education	10,776,895	17,000	10,793,895
Health and human services	16,305,717	17,956,011	34,261,728
Community services	2,346,549	807,766	3,154,315
Cultural and languages	2,563,090	-	2,563,090
Environmental management	467,816	110,505	578,321
Housing services	389,137	1,921,244	2,310,381
Public safety	2,767,741	297,623	3,065,364
Public works	611,239	964,379	1,575,618
Economic development	1,560,245	-	1,560,245
Capital outlay	7,662,633	30,417,531	38,080,164
Debt service			
Principal	7,606	7,086	14,692
Interest	1,210	1,914	3,124
Total expenditures	<u>61,612,537</u>	<u>81,031,733</u>	<u>142,644,270</u>
Revenues over (under) expenditures	<u>(51,852,525)</u>	<u>11,694,938</u>	<u>(40,157,587)</u>
Other Financing Sources (Uses)			
SBITA and lease recognition	147,073	79,486	226,559
Transfers in	2,250,000	3,123,545	5,373,545
Transfers out	(7,016,193)	(2,964,112)	(9,980,305)
Distributions to local governments	(866,685)	-	(866,685)
Distributions to component units	(1,425,000)	-	(1,425,000)
Distributions from component units	68,342,058	-	68,342,058
Total other financing sources (uses), net	<u>61,431,253</u>	<u>238,919</u>	<u>61,670,172</u>
Net change in fund balances	9,578,728	11,933,857	21,512,585
Fund balances, beginning of year	74,448,666	26,177,089	100,625,755
Fund balances, end of year	<u>\$ 84,027,394</u>	<u>\$ 38,110,946</u>	<u>\$ 122,138,340</u>

The accompanying notes are an integral part of these financial statements.

Osage Nation
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2023

Net changes in fund balance - governmental funds \$ 21,512,585

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but they are presented as assets in the statement of net position and depreciated over their estimated economic lives.

In the current period, these amounts are:

Capital outlay	\$ 38,080,164	
Depreciation expense	<u>(9,407,670)</u>	
		28,672,494

The change in the equity interest in component units does not require the use of current financial resources and therefore is not reported in governmental funds. 40,598,192

Internal service funds are used by the Nation to charge the costs of certain activities to the individual funds. The change in net position of internal service funds applicable to governmental activities is reported with governmental activities. 2,302,437

Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. In the current year, this amount, excluding payments made within the internal service fund, consist of:

Long-term debt retirement		14,692
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Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in governmental funds.

Recognition of SBITA and right-to-use asset agreements	\$ (226,559)	
Changes in compensated absences	<u>(492,446)</u>	
		<u>(719,005)</u>

Change in net position of governmental activities **\$ 92,381,395**

Proprietary Funds

Osage Nation
Statement of Net Position
Proprietary Funds
September 30, 2023

	Revenue Tax	Nonmajor Funds	Total	Governmental Activities Internal Service Fund
Assets				
Current assets				
Cash and cash equivalents	\$ 3,058,307	\$ 5,693,186	\$ 8,751,493	\$ 2,420,681
Certificates of deposit	-	404,522	404,522	-
Accounts receivable, net	118,294	113,304	231,598	166,625
Due from other funds	-	-	-	1,570,410
Prepaid expenses and other	2,065	50,007	52,072	504,003
Inventory	18,516	-	18,516	-
Total current assets	<u>3,197,182</u>	<u>6,261,019</u>	<u>9,458,201</u>	<u>4,661,719</u>
Noncurrent assets				
Capital assets, not being depreciated	-	778,100	778,100	2,270,888
Capital and right-to-use assets, being depreciated/amortized, net	143,658	84,641	228,299	3,956,591
Total noncurrent assets	<u>143,658</u>	<u>862,741</u>	<u>1,006,399</u>	<u>6,227,479</u>
Total assets	<u>3,340,840</u>	<u>7,123,760</u>	<u>10,464,600</u>	<u>10,889,198</u>
Liabilities				
Current liabilities				
Accounts payable	646	85,918	86,564	382,038
Accrued payroll and other liabilities	31,278	170,914	202,192	439,656
Health claims payable	-	-	-	247,413
Subscription liabilities	140,729	-	140,729	-
Due to other funds	2,246,166	78,543	2,324,709	635,026
Total liabilities	<u>2,418,819</u>	<u>335,375</u>	<u>2,754,194</u>	<u>1,704,133</u>
Net Position				
Net investment in capital assets	143,658	862,741	1,006,399	6,227,479
Unrestricted	778,363	5,925,644	6,704,007	2,957,586
Total net position	<u>\$ 922,021</u>	<u>\$ 6,788,385</u>	<u>\$ 7,710,406</u>	<u>\$ 9,185,065</u>

The accompanying notes are an integral part of these financial statements.

Osage Nation
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2023

	Revenue Tax	Nonmajor Funds	Total	Governmental Activities Internal Service Fund
Operating Revenues				
Utility income	\$ -	\$ 566,382	\$ 566,382	\$ -
Rental income	-	142,575	142,575	-
Tax revenue	2,843,748	-	2,843,748	-
Intergovernmental	-	37,254	37,254	-
Internal service recoveries	-	-	-	20,038,051
Other revenue	125,384	548,718	674,102	-
Total operating revenues	<u>2,969,132</u>	<u>1,294,929</u>	<u>4,264,061</u>	<u>20,038,051</u>
Operating Expenses				
Cost of merchandise	17,827	575,473	593,300	-
Salaries and benefits	346,195	2,705,087	3,051,282	7,595,015
Contractual and professional services	-	44,791	44,791	2,334,236
Travel and training	8,519	21,283	29,802	236,934
Expendable equipment	31,098	16,487	47,585	-
Repairs and maintenance/occupancy	61,414	275,262	336,676	1,341,258
Claims incurred	-	-	-	5,675,007
Indirect cost	116,846	779,693	896,539	-
Other supplies and expenses	33,933	354,007	387,940	1,389,739
Depreciation	28,964	36,238	65,202	700,002
Total operating expenses	<u>644,796</u>	<u>4,808,321</u>	<u>5,453,117</u>	<u>19,272,191</u>
Operating income (loss)	<u>2,324,336</u>	<u>(3,513,392)</u>	<u>(1,189,056)</u>	<u>765,860</u>
Nonoperating Revenues (Loss)				
Interest expense	(3,900)	-	(3,900)	(34,870)
Interest income	17,212	7,180	24,392	-
Total nonoperating revenue (loss)	<u>13,312</u>	<u>7,180</u>	<u>20,492</u>	<u>(34,870)</u>
Income (loss) before transfers	2,337,648	(3,506,212)	(1,168,564)	730,990
Transfer in (out), net	<u>(1,574,520)</u>	<u>4,609,833</u>	<u>3,035,313</u>	<u>1,571,447</u>
Change in net position	763,128	1,103,621	1,866,749	2,302,437
Net position, beginning of year	158,893	5,684,764	5,843,657	6,882,628
Net position, end of year	<u>\$ 922,021</u>	<u>\$ 6,788,385</u>	<u>\$ 7,710,406</u>	<u>\$ 9,185,065</u>

The accompanying notes are an integral part of these financial statements.

Osage Nation
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

	Revenue Tax	Nonmajor Funds	Total	Governmental Activities Internal Service Fund
Cash flows from operating activities				
Cash received from (paid to) other funds	\$ (362,621)	\$ (102,028)	\$ (464,649)	\$ 17,795,006
Cash received from customers	2,974,907	1,324,533	4,299,440	-
Cash paid to employees	(343,973)	(2,691,241)	(3,035,214)	(7,595,015)
Cash paid to suppliers	(294,703)	(2,080,919)	(2,375,622)	(4,907,144)
Cash paid for claims	-	-	-	(5,776,169)
Net cash provided (used) by operating activities	<u>1,973,610</u>	<u>(3,549,655)</u>	<u>(1,576,045)</u>	<u>(483,322)</u>
Cash flows from investing activities				
Interest received	17,212	7,180	24,392	-
Net cash provided by investing activities	<u>17,212</u>	<u>7,180</u>	<u>24,392</u>	<u>-</u>
Cash flows from noncapital financing activities				
Transfers, net	(1,574,520)	4,609,833	3,035,313	1,571,447
Net cash provided (used) by noncapital financing activities	<u>(1,574,520)</u>	<u>4,609,833</u>	<u>3,035,313</u>	<u>1,571,447</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(5,793)	(15,180)	(20,973)	(986,611)
Interest expense	(3,900)	-	(3,900)	(34,870)
Net cash used by operating activities	<u>(9,693)</u>	<u>(15,180)</u>	<u>(24,873)</u>	<u>(1,021,481)</u>
Net increase in cash	406,609	1,052,178	1,458,787	66,644
Cash, beginning of year	2,651,698	4,641,008	7,292,706	2,354,037
Cash, end of year	<u>\$ 3,058,307</u>	<u>\$ 5,693,186</u>	<u>\$ 8,751,493</u>	<u>\$ 2,420,681</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 2,324,336	\$ (3,513,392)	\$ (1,189,056)	\$ 765,860
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	28,964	36,238	65,202	700,002
Changes in assets and liabilities				
Certificates of deposit	-	(7,180)	(7,180)	-
Accounts receivable	10,060	(3,641)	6,419	(124,433)
Prepaid expenses and deposits	(657)	(13,923)	(14,580)	(224,732)
Inventory	1,691	-	1,691	-
Accounts payable	(4,285)	40,425	36,140	(42,213)
Accrued expenses	2,222	13,846	16,068	248,638
Due to other funds	(362,621)	(102,028)	(464,649)	(2,118,612)
Lease liability	(26,100)	-	(26,100)	371,117
Health claims liability	-	-	-	(58,949)
Net cash provided (used) by operating activities	<u>\$ 1,973,610</u>	<u>\$ (3,549,655)</u>	<u>\$ (1,576,045)</u>	<u>\$ (483,322)</u>
Noncash, capital and related financing activities				
Subscription liabilities	<u>\$ 166,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Component Units

Osage Nation
Balance Sheet
Component Units
September 30, 2023

	Osage Casinos	Osage, LLC	Osage Home Health	Osage Nation Foundation	Place to Borrow Money	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 73,211,775	\$ 4,387,316	\$ 141,160	\$ 793,298	\$ 1,000,000	\$ 79,533,549
Accounts receivable, net	3,997,887	1,061,164	353,020	-	-	5,412,071
Grants receivable, net	-	670,232	-	-	-	670,232
Prepaid expenses and other	2,801,356	315,861	8,252	-	-	3,125,469
Inventory	<u>1,241,898</u>	<u>494,780</u>	<u>5,259</u>	<u>139,951</u>	<u>-</u>	<u>1,881,888</u>
Total current assets	<u>81,252,916</u>	<u>6,929,353</u>	<u>507,691</u>	<u>933,249</u>	<u>1,000,000</u>	<u>90,623,209</u>
Noncurrent assets						
Restricted cash	-	1,693,436	-	-	-	1,693,436
Notes receivable (from related party)	-	1,120	-	-	-	1,120
Capital and right-to-use assets						
Capital assets, not being depreciated	144,292,455	5,696,103	-	11,700,000	-	161,688,558
Capital and right-to-use assets, being depreciated/amortized, net	<u>187,052,132</u>	<u>4,885,061</u>	<u>23,537</u>	<u>-</u>	<u>-</u>	<u>191,960,730</u>
Total noncurrent assets	<u>331,344,587</u>	<u>12,275,720</u>	<u>23,537</u>	<u>11,700,000</u>	<u>-</u>	<u>355,343,844</u>
Total assets	<u>412,597,503</u>	<u>19,205,073</u>	<u>531,228</u>	<u>12,633,249</u>	<u>1,000,000</u>	<u>445,967,053</u>
Liabilities						
Current liabilities						
Accounts payable	9,883,135	1,035,724	11,571	-	-	10,930,430
Accrued liabilities	15,667,651	337,688	-	58,967	-	16,064,306
Unearned revenue	-	242,466	-	-	-	242,466
Unearned grant revenue	-	415,340	-	-	-	415,340
Current maturities of long-term debt	<u>1,230,384</u>	<u>76,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,307,243</u>
Total current liabilities	<u>26,781,170</u>	<u>2,108,077</u>	<u>11,571</u>	<u>58,967</u>	<u>-</u>	<u>28,959,785</u>
Noncurrent liabilities						
Long-term debt, lease obligations, and subscription obligations	<u>18,066,483</u>	<u>59,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,126,344</u>
Total noncurrent liabilities	<u>18,066,483</u>	<u>59,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,126,344</u>
Total liabilities	<u>44,847,653</u>	<u>2,167,938</u>	<u>11,571</u>	<u>58,967</u>	<u>-</u>	<u>47,086,129</u>
Net Position						
Net investment in capital assets	304,104,486	10,444,444	23,537	11,700,000	-	326,272,467
Restricted	-	1,693,436	-	-	-	1,693,436
Unrestricted	<u>63,645,364</u>	<u>4,899,255</u>	<u>496,120</u>	<u>874,282</u>	<u>1,000,000</u>	<u>70,915,021</u>
Total net position	<u>\$ 367,749,850</u>	<u>\$ 17,037,135</u>	<u>\$ 519,657</u>	<u>\$ 12,574,282</u>	<u>\$ 1,000,000</u>	<u>\$ 398,880,924</u>

The accompanying notes are an integral part of these financial statements.

Osage Nation
Statement of Revenues, Expenses, and Changes in Net Position
Component Units
For the Year Ended September 30, 2023

	Osage Casinos	Osage, LLC	Osage Home Health	Osage Nation Foundation	Place to Borrow Money	Total
Operating Revenues						
Gaming revenue	\$ 247,975,450	\$ -	\$ -	\$ -	\$ -	\$ 247,975,450
Merchandise sales	-	-	-	68,578	-	68,578
Food and beverage	14,451,953	-	-	-	-	14,451,953
Charges for goods and services	-	-	390,817	-	-	390,817
Contract and consulting revenue	-	6,701,411	-	276,882	-	6,978,293
Lease income	-	693,183	-	107,700	-	800,883
Other revenue	31,051,263	3,903,418	3,204	15,000	-	34,972,885
Less promotional allowance	(7,229,412)	-	-	-	-	(7,229,412)
Total operating revenues	<u>286,249,254</u>	<u>11,298,012</u>	<u>394,021</u>	<u>468,160</u>	<u>-</u>	<u>298,409,447</u>
Operating Expenses						
Salaries and benefits	65,133,918	968,175	314,172	-	-	66,416,265
Contractual and professional service costs	-	5,802,794	87,644	100,907	-	5,991,345
Costs of ranch services	-	1,888,231	-	18,244	-	1,906,475
Travel and training	-	161,415	15,648	17,248	-	194,311
Marketing and advertising	8,167,997	-	-	-	-	8,167,997
Depreciation and amortization	20,180,343	302,607	-	-	-	20,482,950
Program expense	-	-	-	147,783	-	147,783
Gaming and related	38,410,009	-	-	-	-	38,410,009
General and administrative	17,656,759	1,077,937	57,138	36,652	-	18,828,486
Food and beverage	7,215,410	-	-	-	-	7,215,410
Compact fees	11,277,083	-	-	-	-	11,277,083
Retail	10,630,432	-	-	-	-	10,630,432
Hotel	1,807,880	-	-	-	-	1,807,880
Entertainment	1,646,091	-	-	-	-	1,646,091
Total operating expenses	<u>182,125,922</u>	<u>10,201,159</u>	<u>474,602</u>	<u>320,834</u>	<u>-</u>	<u>193,122,517</u>
Operating income (loss)	<u>104,123,332</u>	<u>1,096,853</u>	<u>(80,581)</u>	<u>147,326</u>	<u>-</u>	<u>105,286,930</u>

The accompanying notes are an integral part of these financial statements.

Osage Nation
Statement of Revenues, Expenses, and Changes in Net Position – continued
Component Units
For the Year Ended September 30, 2023

	Osage Casinos	Osage, LLC	Osage Home Health	Osage Nation Foundation	Place to Borrow Money	Total
Nonoperating Revenue (Expenses)						
Grant revenue	-	2,913,569	-	50,000	-	2,963,569
Loss on disposal of capital assets	(928,760)	(5,207)	-	-	-	(933,967)
Interest income	1,155,665	3,020	-	-	-	1,158,685
Interest expense	(610,098)	(8,179)	-	9,251	-	(609,026)
Total nonoperating revenue (expenses)	(383,193)	2,903,203	-	59,251	-	2,579,261
Income (loss) before contributions	103,740,139	4,000,056	(80,581)	206,577	-	107,866,191
Contributions (Distributions)						
Distributions to the Osage Nation	(67,833,333)	(508,725)	-	-	-	(68,342,058)
Contributions from the Osage Nation	-	425,000	-	-	1,000,000	1,425,000
Change in net position	35,906,806	3,916,331	(80,581)	206,577	1,000,000	40,949,133
Net position, beginning of year	331,843,044	13,120,804	600,238	12,367,705	-	357,931,791
Net position, end of year	<u>\$ 367,749,850</u>	<u>\$ 17,037,135</u>	<u>\$ 519,657</u>	<u>\$ 12,574,282</u>	<u>\$ 1,000,000</u>	<u>\$ 398,880,924</u>

The accompanying notes are an integral part of these financial statements.

Osage Nation
Notes to Financial Statements
September 30, 2023

1) Organization and Summary of Significant Accounting Policies

The Osage Nation (the “Nation”), formerly known as the Osage Tribe of Indians of Oklahoma, is composed of the descendants of persons listed on the 1906 Osage Allotment Roll. There are currently approximately 25,000 tribal members. The Nation is located in Osage County in North Central Oklahoma on 2,200 acres and includes the cities of Hominy, Fairfax and Pawhuska. The main Tribal office is in Pawhuska, Oklahoma.

Effective March 11, 2006, the Nation adopted a new constitution, duly ratified by a vote of the Osage people. On July 1, 2006, the Osage Nation Congress and Executive Officers assumed operational control of the Osage Nation. The governing body of the Nation is vested in three separate branches: Legislative, Executive and Judicial. The Legislative branch consists of 12 representatives elected at large. The Osage Nation Congress’ primary responsibility is to draft the laws for the Nation. The voting members of the Nation hold elections every two years where six of the twelve Osage Nation Congress representatives’ seats are voted on a rotating basis with each representative being elected to a four-year term. The Executive branch provides the executive power of the Nation and consists of a Principal Chief and an Assistant Principal Chief. Principal Chief and Assistant Principal Chief are elected to four-year terms as determined by the voting members of the Nation. The Executive branch includes a Department of the Treasury. The Judicial branch provides the judicial powers of the Nation; these powers are vested in one Supreme Court, a lower Trial Court and such inferior courts as the Osage Nation Congress may ordain and establish.

Pursuant to the Osage Allotment Act of June 28, 1906, the Osage Nation Constitution of 2006 reserves the mineral estate of the Osage Reservation to the Nation. Under this act, the Nation is required to allocate and distribute the revenue from the minerals estate to those who are entitled to receive such mineral royalty income from the mineral estate as provided by federal law. Prior to 2006, the Osage Tribal Council was responsible for the protection and preservation of the mineral estate and ensuring the rights of members of the Nation to income derived from the mineral estate. In 2006, a new constitution was approved, which separated the mineral estate from the tribal government and created a minerals management agency, the Osage Minerals Council, to protect and preserve the mineral estate and ensure the rights of members of the Nation. The Osage Minerals Council consists of Nation members who are entitled to receive mineral royalty income from the mineral estate as provided by federal law. The Osage Minerals Council is recognized by the Nation’s government as an independent agency within the Nation established for the sole purpose of continuing the previous duties of the Osage Tribal Council to administer and develop the mineral estate in accordance with the Osage Allotment Act of June 28, 1906. Pursuant to the Osage Nation Constitution of 2006, the Osage Minerals Council is elected to serve a four-year term by Nation members entitled to receive mineral royalty income.

Osage Nation
Notes to Financial Statements
September 30, 2023

The Osage Minerals Council has no legislative authority for the Nation's government. The administrative costs of the Osage Mineral Council are included in the General Fund in the accompanying financial statements. Funding for these costs comes primarily through an annual allocation from the Bureau of Indian Affairs, which is reported in program income in the General Fund. The distribution of mineral royalty income to entitled mineral royalty income owners is administered by the Bureau of Indian Affairs; these distributions are not received by the Nation and are not reflected in the accompanying financial statements.

Reporting Entity

The accompanying financial statements present all activities of the Nation and its discretely presented component units, which are legally separate organizations for which the Nation is financially accountable.

Governmental Funds

Governmental funds are those through which most governmental functions of the Nation are financed. The Nation reports the following major governmental funds:

- *General Fund.* The general fund is the Nation's primary operating fund. It accounts for all governmental financial resources, except those required to be accounted for in another fund.
- *Grants and Contracts Fund.* The grants and contracts fund accounts for the proceeds of specific revenue sources legally restricted to expenditures for specific purposes. Federal and state intergovernmental contracts and grants are predominantly accounted for in this fund.

Enterprise Funds

Enterprise funds are used to account for certain operations that provide services for a fee. The Nation reports the following enterprise funds:

- *Revenue Tax.* The revenue tax fund accounts for tax receipts for various taxes, including sales, and motor fuel taxes. The fund also reports motor vehicle registrations and vendor licensing fees. These taxes are levied and collected by the Osage Revenue Tax Commission. Effective November 1, 2013, the Nation entered into a tobacco tax compact with the state of Oklahoma. Tobacco tax revenues received under this compact are reported as revenue in the General Fund rather than the Revenue Tax Fund. The operating expenses of the Osage Revenue Tax Commission are also reported in the fund.
- *Nonmajor Enterprise Funds.* The nonmajor enterprise funds are combined in one column titled "Nonmajor Funds." Nonmajor enterprise funds provide water sales, gas sales, daycare facility operations, and a variety of other services.

Internal Service Fund

The Nation uses an internal service fund to account for a self-funded health insurance benefit plan, the Nation's indirect cost pool, and internal space charges.

Osage Nation
Notes to Financial Statements
September 30, 2023

Component Units

Component units are legally separate organizations for which the Nation is financially accountable and/or for which the nature and significance of their relationship with the Nation is such that exclusion would cause the financial statements to be misleading or incomplete.

The Nation is considered to be financially accountable for an organization when either:

1. The Nation appoints a voting majority of the organization's governing body and can impose its will on that organization; or
2. There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Nation.

The Nation has five discretely presented component units: Osage Casinos, Osage, LLC, Osage Home Health, the Osage Nation Foundation, and Place to Borrow Money. Each of these legal entities is considered a component unit because the Osage Nation appoints a voting majority of each board, or because the Osage Nation is financially accountable to the entity.

1. **Osage Casinos (the "Casinos")**. Osage Casinos operates casinos in Tulsa, Sand Springs, Hominy, Pawhuska, Bartlesville, Ponca City and Skiatook, Oklahoma. Osage Casinos also maintains a central office for supporting the operations. The casinos located in Ponca City and Skiatook also began operating hotels and convenience stores in December 2013.
2. **Osage, LLC (the "LLC")**. The LLC is a holding company that owns other businesses established or purchased by Osage, LLC. The Nation is able to exert significant influence over Osage, LLC's activities as a result of its appointment of the Board of Directors by the Principal Chief of the Nation and confirmation by the Nation's Congress.
3. **Osage Home Health**. Osage Home Health operates the home health services for the Nation.
4. **Osage Nation Foundation (the "Foundation")**. The Osage Nation Foundation operates a foundation, the purpose of which is to help preserve and protect the Osage language and culture for the Osage people.
5. **Place to Borrow Money**. Place to Borrow Money is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code of 1986. The purpose of Place to Borrow Money is to provide different types of loan products, including mortgage and business loans, to Osage Nation members.

Basis of Presentation

The Nation's financial statements conform with generally accepted accounting principles (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB statements and interpretations constitute GAAP for governments, including Indian tribes.

Osage Nation
Notes to Financial Statements
September 30, 2023

Basic Financial Statements

The basic financial statements of the Nation include government-wide statements and fund financial statements. The focus is on the Nation as a whole in the government-wide statements, while reporting additional and detailed information about the Nation's major governmental activities in the fund financial statements.

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities display information about the Nation's primary government.

The statement of net position reports the assets and liabilities of the Nation. The net position section of this statement represents the residual amount of assets less their associated liabilities, and is divided into three categories. The first category is the net investment in capital assets, which includes all capital assets, net of accumulated depreciation and amortization, less any debt outstanding associated with the assets. Capital assets cannot readily be sold and converted into cash. The second category is restricted net position, which includes those assets that have a constraint placed on their use. The constraints are either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through ordinances or enabling legislation. The third category is unrestricted net position, and this represents net position that generally can be used for any purpose. However, they are not necessarily in a spendable form, like cash.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Nation's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Nation allocates indirect costs using a negotiated rate applied to the direct cost base of the applicable program. These allocated expenses are removed from the general government function and are added to the applicable program's function on the statement of activities. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided,
- operating grants and contributions, and
- capital grants and contributions.

Governmental activities are financed primarily through sales and excise taxes, federal grants and distributions received from the Osage Casinos. During the year ended September 30, 2023, distributions from the Osage Casinos amounted to \$67,833,333.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Osage Nation
Notes to Financial Statements
September 30, 2023

Fund Financial Statements

The fund financial statements provide information about the Nation's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual method of accounting. Under this method, revenue is recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions in which the Nation gives (or receives) value without directly receiving (or giving) equal value in exchange include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Proprietary fund operating revenue results from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses of proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The Nation considers all revenue reported in the governmental funds to be available if the revenue is collected within 90 days after year-end. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources and uses.

Economic Dependency

The Nation receives a significant portion of its governmental fund type revenues from various grants funded by federal and state governments, which are subject to legislative change.

Cash and Investments

Restricted cash amounts represent funds held on deposit with the U.S. Department of Interior for the purpose of future land management activities.

Short-term investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. In addition, short-term investments are presented in the financial statements in accordance with GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

Osage Nation
Notes to Financial Statements
September 30, 2023

Investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. The Nation may hold investments consisting of U.S. government obligations and short-term interest-bearing investments consisting of certificates of deposit, mutual funds, and other income producing securities. Money market accounts and certificates of deposits are carried at cost because they are not affected by market rate changes. Investment earnings, including interest income, are recorded in the funds which hold the cash and investments. The Nation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the accompanying fund financial statements and are eliminated in the accompanying government-wide financial statements. Interfund transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as transfers.

Accounts Receivable

The Nation records normal business receivables as well as loans to tribal employees and travel advances. All reported amounts are shown net of any allowances. An allowance of \$862,746 has been recorded to allow for estimated uncollectible health clinic billings within the grants and contracts fund.

Lease Receivable and Deferred Inflows of Resources

The Nation, as a lessor, reports a lease receivable and deferred inflows of resources for all leases meeting the requirements of GASB Statement No. 87, *Leases*. The lease receivable is recorded at the present value of the future lease payments. Over the lease term, the Nation recognizes revenues from interest income and the amortization of the deferred inflow of resources. The Nation considers these leases to be fully collectible, accordingly, no allowances for doubtful accounts has been established.

Due From Funding Agencies

Due from funding agencies consist of amounts due for reimbursement of approved expenditures on grants and contracts entered into with various governmental agencies. Receivables of this nature are not collateralized and are considered fully collectible. Amounts received from the federal government for grants and contracts are recognized as revenue when they are expended or obligated.

Osage Nation
Notes to Financial Statements
September 30, 2023

Inventories

Inventories are valued at average cost. Cost is determined using the first-in, first-out (FIFO) average cost method.

Capital and Right-to-Use Assets, Depreciation and Amortization

In the government-wide and proprietary fund financial statements, certain acquisitions are accounted for as capital assets. All capital assets are valued at historical cost, net of accumulated depreciation. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized.

Capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Contributed assets, including those from the federal government, are recorded at estimated fair value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Reservation lands and related resources (such as timber stands and other natural resources) are not capitalized because there is not a historical cost associated with these assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

Asset Category	Capitalization Threshold	Years
Primary Government		
Buildings and improvements	\$ 10,000	25
Furniture, fixtures, and equipment	\$ 10,000	10
Vehicles and mobile equipment	\$ 10,000	5

The Nation utilizes the \$5,000 federal threshold for capital assets acquired through federal grants. The Nation accounts for the impairment of capital assets using the guidance provided in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. GASB Statement No. 42 is a two-step process of identifying potential impairments and testing for impairment. Asset impairment, as defined by GASB Statement No. 42, is a significant, unexpected decline in the service utility of a capital asset. Governments generally hold capital assets because of the services the capital assets provide; consequently, capital asset impairments affect the service utility of the assets. The events or changes in circumstances that lead to impairments are not considered normal and ordinary. At the time the capital asset was acquired, the event or change in circumstances would not have been expected to occur during the useful life of the capital asset. The Nation had no impaired assets at September 30, 2023.

Osage Nation
Notes to Financial Statements
September 30, 2023

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the vendor, plus any capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying asset. The Nation's SBITA capitalization threshold is set at \$25,000.

The Nation, as a lessee, reports a right-to-use asset and lease liability for all leases meeting the requirements of GASB Statement No. 87, *Leases*. The right-to-use asset is initially measured as the lease liability, plus payments made before lease commencement, plus direct costs incurred to place the asset into service, less any incentives received prior to commencement.

Compensated Absences

Employees of the Nation accrue vested paid time off (PTO) at a variable rate based on years of service. It is the Nation's policy to liquidate unpaid PTO leave at September 30 from future sources rather than currently available expendable resources. Accordingly, governmental funds recognize annual leave when it is paid. Compensated absence liability at September 30, 2023, totaled \$1,594,303 for governmental activities. This amount is recorded in the accompanying government-wide statement of net position and is a reconciling item between the government-wide statement of net position and the governmental funds balance sheet. Employees accrue PTO at a rate of 6 hours per pay period for 0-3 years tenure, 8 hours per pay period for 3-10 years tenure, 10 hours per pay period for 10 or more years tenure. Employees can accrue a maximum of 260 hours of personal time off. If an employee reaches the maximum hours, leave will cease to accrue until the balance falls below 260.

Income Taxes

The Nation and its enterprises are exempt from federal and state income taxes based upon its sovereign nation status as a Native American Tribal Government. Accordingly, no provision for income tax expense or liability has been reflected in the accompanying financial statements.

Indirect Costs

Indirect costs represent costs of administration and operation, including accounting costs, which cannot be readily allocated to individual programs. These costs are paid from the indirect cost pool in the General Fund and allocated to applicable programs based on a negotiated indirect cost agreement. A rate of 23.96% was charged to all contributing programs based on total expenditures less items classified as pass-through expenditures.

Osage Nation
Notes to Financial Statements
September 30, 2023

Fund Equity

The financial statements have been presented in accordance with the reporting model required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the Statement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash, such as inventories, prepaid amounts, and long-term notes receivable, or they are legally or contractually required to remain intact. In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- *Restricted.* Fund balances that are restricted for specific purposes stipulated by external parties, constitutional provisions, or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed.* Fund balances that can only be used for the specific purposes determined by a formal action of the Nation's highest level of decision-making authority, the Osage Nation Congress. Commitments may be changed or lifted only by the Nation taking the same formal action that imposed the constraint originally (for example a resolution or ordinance).
- *Assigned.* Fund balances that are intended to be used by the Nation for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Director of Finance, or (b) an appointed body (such as budget or finance committee) or official to which the Congress has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted or committed. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type.
- *Unassigned.* Fund balance of the general fund that is not constrained for any particular purposes. It is also the residual classification for all negative fund balances.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of nonspendable, restricted, committed, assigned, and unassigned.

Osage Nation
Notes to Financial Statements
September 30, 2023

In the government-wide financial statements, net position are classified in the following categories:

- *Net Investment in Capital Assets.* This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
- *Restricted.* This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.
- *Unrestricted.* This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Unearned Grant Revenue

Unearned grant revenue represents amounts that have been received by the programs from the respective funding agencies that have not yet been expended for the intended purposes.

Budgets and Budgetary Accounting

The Nation prepares annual budgets for its funds, but they are not included in these financial statements. Budgetary comparison schedules are not required for the general fund and grants and contracts fund as the budgets are not legally adopted. Budgets for federal and state grant funds are required by the grantor agencies. The budgets for federal and state grants are subject to final approval by the grantor agencies. During the year, budget modifications are made due to changes in funding and needs of the programs. All budget appropriations lapse at year-end.

Equity Interest in Component Units

In accordance with GASB Statement No. 61, *The Financial Reporting Entity; Omnibus an amendment of GASB Statements No. 14 and 34*, governmental activities report equity interests in discretely presented governmental component units in the statement of net position. The Nation’s carrying value of equity interest in its component units as of September 30, 2023, is \$386,306,642. This includes the net position of all discretely presented component units, with the exception of Osage Nation Foundation, in which the Nation has no equity interest.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

New Governmental Accounting Standards Board (GASB) Pronouncements

The GASB has issued several statements which have not yet been implemented by the Nation. The Nation will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The impact of these pronouncements on the Nation’s financial statement has not yet been determined.

Osage Nation
Notes to Financial Statements
September 30, 2023

For the year ended September 30, 2023, the Nation implemented the provisions of GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*. This statement addresses accounting and financial reporting for SBITAs, a type of information technology (IT) arrangement (i.e. software licensing). The statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosures.

2) Cash

The composition of cash and cash equivalents at September 30, 2023, is as follows:

Governmental activities	\$ 129,293,499
Business-type activities	8,751,493
Discretely presented component units	<u>81,226,985</u>
	<u>\$ 219,271,977</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Nation's deposits may not be returned to it. The Nation does not have a deposit policy for custodial credit risk. At September 30, 2023, the carrying amount of the Nation's combined governmental activities and business-type activities cash was \$138,044,992.

Aggregate demand deposit bank balances were \$132,378,577. Of the bank balances, \$808,032 was covered by the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was secured by collateral pledged by the Nation's financial institution.

Component Units

Total cash held by discretely presented component units totaled \$81,226,985 as of September 30, 2023. Of this amount, \$73,211,775 was held by Osage Casinos. Of the Casino's cash balance, \$41,620,969 represents demand deposits. The bank balance of these demand deposits totaled \$44,361,351 as of September 30, 2023, of which \$40,450,862 was insured or collateralized through FDIC, or other assets held in the Casino's name. The remaining bank balance of \$3,910,489 was uncollateralized as of September 30, 2023.

3) Investments

The Nation adopted an investment policy to govern the administration of the Nation's investment portfolio assets. The Nation's portfolio is managed by an external advisor who has full responsibility for investing funds placed with the organization within the parameters of the investment policy approved by the Nation. The criteria for investing

Osage Nation
Notes to Financial Statements
September 30, 2023

must adhere to the order of priority stated in the investment policy: 1) Safety, 2) Liquidity, 3) Yield, and 4) Capital growth.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Nation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investment transactions for the Nation are conducted on a deliver-versus-payment basis. Securities are held by a third-party custodian designated by the treasurer and evidenced by trade confirmation receipts. At September 30, 2023, the balance of securities held by the third-party custodian was \$98,538,866. Certificates of deposits held by financial institutions totaled \$22,837,247.

Concentration of Credit Risk

The Nation's investments are comprised of the following as of September 30, 2023:

	Fair Value	Concentration Percentage
Money market investments	\$ 98,538,866	81.18%
Certificates of deposit	22,837,247	18.82%
Total investments	\$ 121,376,113	100.00%

Fair Value Measurement

The Nation's investments were measured and reported at fair value and are classified according to the following hierarchy:

- Level 1 Investments reflect prices quoted in active markets.
- Level 2 Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based on the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The following table sets forth by level, within the fair value hierarchy, the Nation's assets at fair value as of September 30, 2023:

	Level 1	Level 2	Level 3	Total
Investment type				
Money market investments	\$ -	\$ 98,538,866	\$ -	\$ 98,538,866
Total investments accounted for at fair value	\$ -	\$ 98,538,866	\$ -	98,538,866
Certificates of deposit (excluded from fair value measurement)				22,837,247
Total investments				\$ 121,376,113

Osage Nation
Notes to Financial Statements
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Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes to market interest rates.

The Nation's investment policy limits the maximum effective maturity of any single security to 30 years and provides that the market weighted-average effective maturity of any managed portfolio should be within +/- 25% of the market value weighted-average effective duration of the manager's appropriate index. Securities held in short-term working capital portfolios are limited securities administered under short-term active duration management.

At September 30, 2023, the Nation's investment maturities, for applicable investments, are as follows:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	Greater Than 1
Money market investments	\$ 98,538,866	\$ 98,538,866	\$ -
Certificates of deposit	22,837,247	22,837,247	-
Total investments subject to interest rate risk	<u>\$ 121,376,113</u>	<u>\$ 121,376,113</u>	<u>\$ -</u>

Credit Risk – Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

The Nation's investment policies require that cash and cash equivalents shall consist of money market instruments having a credit quality of "AA" or higher from a national rating agency. The Nation's bond credit concentration is expressed as a percentage of the total market value of the investment portfolio. Equity securities must have a minimum market capitalization of equity of \$500,000,000 and no one company shall represent more than 5.0% of the investment portfolio based on cost. Bonds and convertible bonds are subject to credit rating limits from a nationally recognized credit agency.

At September 30, 2023, the Nation held investments with the following associated credit risk:

Investment Type	Rating	Rating Agency	Investment Balance
Money market investments	AAA-AA	Standard & Poor's	\$ 98,538,866

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the Nation's deposits. As of September 30, 2023, the Nation's investments were not exposed to foreign currency risk.

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4) Due From Funding Agencies

The following amounts are due from the respective funding agencies at September 30, 2023, for grant/contract program reimbursements reported in the governmental funds:

U.S. Department of Health and Human Services	\$ 2,012,119
U.S. Department of the Interior	2,003,369
U.S. Department of Agriculture	1,209,608
U.S. Environmental Protection Agency	196,046
U.S. Department of Justice	126,049
U.S. Department of Housing and Urban Development	34,538
U.S. Department of Education	10,660
U.S. Department of the Treasury	1,682
Total	<u>\$ 5,594,071</u>

5) Lease Receivable and Deferred Inflows of Resources

The Nation has entered into several lease agreements, as the lessor, with various third parties for the use of land and other assets. These leases were determined to be subject to GASB Statement No. 87, *Leases*. As such, the Department is reporting total lease receivables of \$416,871 and a corresponding deferred inflow of resources of \$404,805 in the statement of net position and general fund balance sheet. The lease balances were calculated with an assumed 3% interest rate.

The following is a schedule of total principal and interest payments receivable under the lease agreements as of September 30, 2023.

Year Ending September 30,	Principal	Interest	Total
2024	\$ 173,439	\$ 15,394	\$ 188,833
2025	177,240	10,279	187,519
2026	22,549	5,014	27,563
2027	9,775	1,497	11,272
2028	10,072	878	10,950
Thereafter	<u>23,796</u>	<u>842</u>	<u>24,638</u>
Total	<u>\$ 416,871</u>	<u>\$ 33,904</u>	<u>\$ 450,775</u>

6) Interfund and Transfer Activity

The Nation uses interfund accounts for temporary borrowing between funds. No repayment dates have been established, but borrowings are generally expected to be repaid within the current period.

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Interfund receivables and payables balances at September 30, 2023, are summarized as follows:

	Due To Other Funds	Due From Other Funds
General fund	\$ -	\$ 6,814,409
Grants and contracts fund	6,060,110	-
Internal service	-	1,570,410
Revenue tax	2,246,166	-
Nonmajor proprietary funds	<u>78,543</u>	<u>-</u>
Total	<u>\$ 8,384,819</u>	<u>\$ 8,384,819</u>

Interfund Transfers

Interfund transfers are used when resources of one fund are used to subsidize a portion of operations accounted for in another fund. Interfund transfers for the year ended September 30, 2023, are summarized as follows:

	Transfers From Other Funds	Transfers To Other Funds
General fund	\$ 2,250,000	\$ 7,016,193
Grants and contracts fund	3,123,545	2,964,112
Internal service	1,571,447	-
Revenue tax	675,480	2,250,000
Nonmajor proprietary funds	<u>4,609,833</u>	<u>-</u>
Total	<u>\$ 12,230,305</u>	<u>\$ 12,230,305</u>

The principal purposes of the transfers are to fund programs and to manage cash flow. The General Fund transfers funds as determined by Osage Nation Congress' legislative act to meet cash match requirements or to supplement funding for programs. The Osage Revenue Tax Commission transfers residual income to the General Fund annually. The Osage Revenue Tax Commission for fiscal year 2023 that was transferred to the General Fund was \$2,250,000.

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7) Capital and Right-to-Use Assets

Capital and right-to-use assets activity for the year ended September 30, 2023, for governmental activities, is summarized as follows:

	Governmental Activities				
	Restated Balance at October 1, 2022	Additions	Disposals	Transfers and Reclassifications	Balance at September 30, 2023
Capital assets, not being depreciated					
Land	\$ 93,368,399	\$ 2,914,285	\$ -	\$ -	\$ 96,282,684
Works of art	1,462,164	-	-	-	1,462,164
Construction in progress	12,336,175	31,955,239	-	(6,415,945)	37,875,469
Total capital assets, not being depreciated	<u>107,166,738</u>	<u>34,869,524</u>	<u>-</u>	<u>(6,415,945)</u>	<u>135,620,317</u>
Capital and right-to-use assets, being depreciated/amortized					
Buildings and improvements	127,843,238	527,951	-	6,275,233	134,646,422
Furniture, fixtures and equipment	12,381,708	1,209,043	-	140,712	13,731,463
Broadband infrastructure	100,403	4,610	-	804,109	909,122
Vehicles	6,147,415	1,476,434	-	(804,109)	6,819,740
Right-to-use lease - buildings	-	79,486	-	-	79,486
Right-to-use subscription assets	263,910	899,726	-	-	1,163,636
Total capital and right-to-use assets, being depreciated/amortized	<u>146,736,674</u>	<u>4,197,250</u>	<u>-</u>	<u>6,415,945</u>	<u>157,349,869</u>
Less accumulated depreciation and amortization for					
Buildings and improvements	(32,571,069)	(5,729,672)	-	-	(38,300,741)
Furniture, fixtures and equipment	(4,207,972)	(3,078,432)	-	-	(7,286,404)
Broadband infrastructure	(148,620)	(90,912)	-	-	(239,532)
Vehicles	(3,325,495)	(798,682)	-	-	(4,124,177)
Right-to-use lease - buildings	-	(7,949)	-	-	(7,949)
Right-to-use subscription assets	-	(402,025)	-	-	(402,025)
Total accumulated depreciation and amortization	<u>(40,253,156)</u>	<u>(10,107,672)</u>	<u>-</u>	<u>-</u>	<u>(50,360,828)</u>
Total capital and right-to-use assets, being depreciated/amortized, net	<u>106,483,518</u>	<u>(5,910,422)</u>	<u>-</u>	<u>6,415,945</u>	<u>106,989,041</u>
Total capital and right-to-use assets, net	<u>\$ 213,650,256</u>	<u>\$ 28,959,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,609,358</u>

Due to the implementation of GASB 96, it was necessary to restate the beginning balance to reflect \$263,910 in right-to-use subscription assets.

Depreciation and amortization expense for the year ended September 30, 2023, was charged to governmental functions as follows:

	Governmental Activities
General government	\$ 4,020,861
Education	971,296
Health and human services	3,083,066
Community services	283,843
Cultural and languages	230,641
Environmental management	52,041
Housing services	207,901
Public safety	275,839
Public works	141,782
Economic development	140,400
Internal service fund	700,002
	<u>\$ 10,107,672</u>

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Capital and right-to-use assets activity for the year ended September 30, 2023, for business-type activities, is summarized as follows:

	Business-Type Activities			Balance at September 30, 2023
	Balance at October 1, 2022	Additions	Disposals	
Capital assets, not being depreciated				
Land	\$ 778,100	\$ -	\$ -	\$ 778,100
Total capital assets, not being depreciated	<u>778,100</u>	<u>-</u>	<u>-</u>	<u>778,100</u>
Capital and right-to-use assets, being depreciated/amortized				
Right-to-use subscription assets	-	166,829	-	166,829
Buildings and improvements	1,833,768	15,180	-	1,848,948
Furniture, fixtures and equipment	208,005	5,793	-	213,798
Total capital and right-to-use assets, being depreciated/amortized	<u>2,041,773</u>	<u>187,802</u>	<u>-</u>	<u>2,229,575</u>
Less accumulated depreciation for				
Right-to-use subscription assets	-	(27,805)	-	(27,805)
Buildings and improvements	(1,757,575)	(16,265)	-	(1,773,840)
Furniture, fixtures and equipment	(178,499)	(21,132)	-	(199,631)
Total accumulated depreciation and amortization	<u>(1,936,074)</u>	<u>(65,202)</u>	<u>-</u>	<u>(2,001,276)</u>
Total capital and right-to-use assets, being depreciated/amortized, net	<u>105,699</u>	<u>122,600</u>	<u>-</u>	<u>228,299</u>
Total capital and right-to-use assets, net	<u>\$ 883,799</u>	<u>\$ 122,600</u>	<u>\$ -</u>	<u>\$ 1,006,399</u>

Component Units

Net capital and right-to-use assets held by the discretely presented component units totaled \$353,649,288, as of September 30, 2023. Of this amount, the Casinos held capital and right-to-use assets totaling \$331,344,587. Capital asset activity for the year ended September 30, 2023, for the Casinos, is summarized as follows:

	Osage Casinos			Balance at September 30, 2023
	Balance at October 1, 2022 As Restated	Additions	Disposals and Transfers	
Capital assets, not being depreciated				
Land	\$ 13,935,515	\$ -	\$ -	\$ 13,935,515
Construction in progress	80,969,507	51,149,795	(1,762,362)	130,356,940
Total capital assets, not being depreciated	<u>94,905,022</u>	<u>51,149,795</u>	<u>(1,762,362)</u>	<u>144,292,455</u>
Capital and right-to-use assets, being depreciated/amortized				
Land improvements	13,132,334	95,145	941,158	14,168,637
Buildings and improvements	241,323,039	844,625	(698,866)	241,468,798
Furniture and fixtures	16,928,237	259,523	-	17,187,760
Gaming and other equipment	97,232,564	5,760,021	(1,085,126)	101,907,459
Vehicles	2,262,932	118,839	(46,603)	2,335,168
Right-to-use assets - leases	2,689,680	207,623	(640,438)	2,256,865
Right-to-use assets - subscriptions	2,184,329	426,118	-	2,610,447
Total capital and right-to-use assets, being depreciated/amortized	<u>375,753,115</u>	<u>7,711,894</u>	<u>(1,529,875)</u>	<u>381,935,134</u>
Less accumulated depreciation and amortization for				
Land improvements	(8,797,655)	(731,055)	-	(9,528,710)
Buildings and improvements	(64,682,516)	(9,166,265)	263,234	(73,585,547)
Furniture and fixtures	(11,154,546)	(1,706,376)	-	(12,860,922)
Gaming and other equipment	(89,158,581)	(5,941,033)	1,373,072	(93,726,542)
Vehicles	(1,841,432)	(196,173)	46,603	(1,991,002)
Right-to-use assets - leases	(1,155,914)	(1,498,272)	640,438	(2,013,748)
Right-to-use assets - subscriptions	(235,362)	(941,169)	-	(1,176,531)
Total accumulated depreciation and amortization	<u>(177,026,006)</u>	<u>(20,180,343)</u>	<u>2,323,347</u>	<u>(194,883,002)</u>
Total capital and right-to-use assets, being depreciated/amortized, net	<u>198,727,109</u>	<u>(12,468,449)</u>	<u>793,472</u>	<u>187,052,132</u>
Total capital and right-to-use assets, net	<u>\$ 293,632,131</u>	<u>\$ 38,681,346</u>	<u>\$ (968,890)</u>	<u>\$ 331,344,587</u>

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Due to the implementation of GASB 96, it was necessary to restate the beginning balance to reflect \$2,184,329 in right-to-use subscription assets.

The Nation has approved the construction of a new casino and hotel at Bartlesville for approximately \$84,100,000, and a new casino and hotel at Pawhuska for approximately \$55,900,000. The construction of the expansion began in 2021. The new casino and hotel project at Pawhuska opened in October 2023 and the new casino and hotel project at Bartlesville opened in November 2023.

8) Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2023, were as follows:

	Balance at October 1, 2022			Balance at September 30, 2023	Amounts Due Within One Year
	As Restated	Additions	Deductions		
Governmental activities					
Lease liabilities	\$ -	\$ 79,486	\$ (7,086)	\$ 72,400	\$ 14,714
Subscription liabilities	263,910	1,066,554	(415,242)	915,222	416,768
Compensated absences	1,101,857	1,933,783	(1,441,337)	1,594,303	-
Governmental activities long-term liabilities	<u>\$ 1,365,767</u>	<u>\$ 3,079,823</u>	<u>\$ (1,863,665)</u>	<u>\$ 2,581,925</u>	<u>\$ 431,482</u>

Lease Liabilities

In April of 2023, the Nation entered into a lease agreement with the City of Church of Bartlesville, Inc to lease a building at 1230 Main Street in the city of Pawhuska, Oklahoma. The lease agreement is for 5 years and ends in March of 2028. The future lease payment obligations are outlined below:

Years Ending September 30,	Lease Payment	Interest Payment
2024	\$ 14,714	\$ 3,286
2025	15,467	2,533
2026	16,258	1,742
2027	17,090	910
2028	8,871	130
Total	<u>\$ 72,400</u>	<u>\$ 8,601</u>

Subscription Liabilities

With the implementation of GASB 96, it was required to restate the prior fiscal year ending balance by including the subscription liability of \$263,910.

As of September 30, 2023, the Nation had subscription liabilities totaling \$915,222 related to eight subscription based information technology arrangements (SBITAs), with an estimated interest rate of 5%. These liabilities are scheduled to mature between

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the fiscal years 2025 and 2026. In fiscal year 2023, the Nation made principal payments of \$415,242 and interest payments of \$43,878 on these subscription liabilities.

Future debt-service requirements of the governmental activities and business-type activities' subscription liabilities are as follows:

Years Ending September 30,	Principal	Interest	Totals
2024	\$ 416,768	\$ 35,156	\$ 451,924
2025	366,999	16,588	383,587
2026	<u>131,455</u>	<u>1,926</u>	<u>133,381</u>
Total	<u>\$ 915,222</u>	<u>\$ 53,670</u>	<u>\$ 968,892</u>

Component Units

Osage Casinos

On June 8, 2016, the Casino and the Nation entered into a \$175 million loan agreement (2016 Agreement) for the purpose of (1) the expansion/build project at the Tulsa location (Tulsa project) and (2) the Nation's purchase of the Bluestem Ranch located in Osage County, Oklahoma.

On June 25, 2021, Osage Casinos entered into a loan agreement (2021 Agreement) for the purposes of (1) repay previous debts and (2) general purposes of the Gaming Operations. The 2021 Agreement allows for a \$30,000,000 Term Loan (2021 Term Loan), and a \$90,000,000 Revolving Loan (2021 Revolving Loan).

The 2021 Term Loan requires principal payments of \$1,500,000, due quarterly through maturity. As of September 30, 2023, borrowings outstanding under the 2021 Term Loan was \$0.

The 2021 Revolving Loan is used to provide for the general purposes of the Casino. Borrowings on the 2021 Revolving Loan cannot be used for distributions. As of September 30, 2023 and 2022, borrowings under the 2021 Revolving Loan was \$17,187,500, and \$187,500, respectively.

The 2021 Agreement, which matures on June 25, 2026, is collateralized by substantially all the assets, net receipts, net revenues and rents from the Enterprise. Under the terms of the 2021 Agreement, the Casino is required to comply with certain financial covenants, including a fixed-charge coverage ratio, minimum liquidity ration, and leverage ratio.

Effective May 1, 2023, interest on borrowings under the 2021 Agreement accrue interest at the SOFR 30-day rate, plus a margin based on the leverage ratio as defined by the 2021 Agreement (6.93% at September 30, 2023). In addition, a commitment fee for the unused portion of the 2021 Revolving Loan commitment is payable quarterly. The commitment fee is computed as the product of a margin based on the leverage ratio as defined by the 2021 Agreement (0.20% at September 30, 2023) multiplied by the average daily unused 2021 Revolving Loan for the respective quarter in arrears.

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Leases

The Casino has various lease agreements for land, buildings, and billboards, with payments ranging from \$830 to \$131,735 and expiring from December 2023 through April 2028. Upon adoption of GASB 87, the lease assets and lease obligations were initially recorded at the present value of the future lease payments using an incremental borrowing rate of 1.58% and are being amortized during the effective interest method over the life of the lease.

The following is a summary of changes in the balance of Osage Casinos' long-term debt and lease liabilities for the year ended September 30, 2023:

	Balance at October 1, 2022	Additions	Deductions	Balance at September 30, 2023	Amounts Due Within One Year
2021 Revolving Loan	\$ 187,500	\$ 17,000,000	\$ -	\$ 17,187,500	\$ -
Lease obligations	1,408,804	207,623	(740,187)	876,240	308,455
Subscription obligations	1,854,940	426,118	(1,047,931)	1,233,127	921,929
Component units long-term liabilities	<u>\$ 3,451,244</u>	<u>\$ 17,633,741</u>	<u>\$ (1,788,118)</u>	<u>\$ 19,296,867</u>	<u>\$ 1,230,384</u>

9) Unearned Grant Revenue

The following governmental fund monies received from the respective funding agencies were unspent as of September 30, 2023:

U.S. Department of Treasury	\$ 67,466,044
U.S. Department of Health and Human Services	19,636,809
U.S. Department of Transportation	16,684,490
U.S. Department of the Interior	12,189,399
U.S. Department of Commerce	273,905
U.S. Department of Homeland Security	5,655
U.S. Department of Justice	22,493
State, private, and other funding sources	803,096
Total	<u>\$ 117,081,891</u>

10) Risk Management

The Nation is self-insured up to certain limits for employee group health claims. The Nation has purchased stop-loss insurance, which will reimburse the Nation for individual claims in excess of \$225,000 annually and for aggregate claims with a minimum attachment point of \$11,375,449. The insurance contract runs October 1 through September 30 of the next fiscal year. Operations are charged with the cost of claims reported less stop-loss reimbursement received.

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The claims liability has been estimated based on open claims at September 30, 2023, and is included in accrued liabilities on the statement of net position. The Nation believes that this method of estimating the liability is sufficient to determine the amount of open claims and to provide for claims that have been incurred but not reported (IBNR). This liability includes all open claims for the health plan. A summary of the estimated aggregate liability for claims, including claims incurred but not reported at September 30, 2023 and 2022, is as follows:

	2023	2022
Unpaid claims, beginning of year	\$ 306,362	\$ 402,571
Incurred claims, including IBNR's	3,614,260	4,592,843
Claim payments	(3,673,209)	(4,689,052)
Unpaid claims, end of year	\$ 247,413	\$ 306,362

The Nation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees (i.e., workers' compensation), tort actions and environmental damage. A variety of methods are used to provide insurance for these risks. Commercial insurance policies, transferring all risks of loss except for relatively small deductible amounts, are purchased for property and content damage, tort actions and errors and omissions. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. Given the lack of coverage available, the Nation has no coverage for potential losses due to environmental damages. The amounts of any potential future losses for environmental damages are unknown.

11) Osage Nation Members' Health Benefits

The Nation provides for an annual health benefit for all members. The health benefit provides a maximum of \$500 per year for eligible health care costs for members under age 65 and up to \$1,000 per year for members over age 65. The health benefit plan offers members over 65 an option of either the \$1,000 maximum benefit or a supplemental Medicare policy. The health benefit plan operates on a calendar year and is administered by a third-party administrator. For fiscal year 2023, the expenditures for member benefits were \$13,174,508. The Nation expenses the benefit payments as they are paid to the third-party administrator by the members. The Osage Nation Congress appropriates funds to cover the estimated cost of the health benefit each fiscal year. The unspent balance of the appropriation at September 30, 2023, was \$5,185,377 and is reported as committed fund balance in the General Fund.

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12) Components of Fund Balance

At September 30, 2023, components of fund balance are classified as follows:

	General Fund	Grants and Contracts	Total Governmental Funds
Nonspendable	\$ 366,220	\$ 1,094,733	\$ 1,460,953
Restricted			
Restricted by BIA - Land Management	1,746,850	-	1,746,850
Restricted for health clinic construction	1,393,687	-	1,393,687
Restricted for grant purpose	-	37,016,213	37,016,213
Total restricted	<u>3,140,537</u>	<u>37,016,213</u>	<u>40,156,750</u>
Committed for			
Permanent fund	31,189,275	-	31,189,275
Osage war memorial	103,843	-	103,843
Burial assistance fund revolving	1,222,941	-	1,222,941
Real property purchasing fund revolving	1,074,654	-	1,074,654
Museum revolving	144,990	-	144,990
Grayhorse Village	64,117	-	64,117
Pawhuska Village	973,196	-	973,196
Hominy Village	105,067	-	105,067
Higher education scholarship fund revolving	2,595,160	-	2,595,160
Osage Nation bar association revolving	83,575	-	83,575
Donations fund revolving	2,612,763	-	2,612,763
Health benefit plan revolving	5,185,377	-	5,185,377
Freeman monument fund revolving	10,000	-	10,000
Osage Nation code fund revolving	12,502	-	12,502
Campus master plan revolving	88,329	-	88,329
Regional gathering fund revolving	11,609	-	11,609
Matching grant fund revolving	1,092,699	-	1,092,699
Capital assets and improvement fund revolving	3,588,273	-	3,588,273
Tax relief fund revolving	2,306,521	-	2,306,521
Restricted property re-purchase revolving	1,422,044	-	1,422,044
Osage Nation property improvement fund revolving	638,759	-	638,759
Donor fund	424,166	-	424,166
Minerals council	406,665	-	406,665
Retained revenue fund	13,121,222	-	13,121,222
S-510	316,703	-	316,703
Total committed	<u>68,794,450</u>	<u>-</u>	<u>68,794,450</u>
Assigned			
Property income account revolving	868,300	-	868,300
Unassigned	<u>10,857,887</u>	<u>-</u>	<u>10,857,887</u>
Total fund balances	<u>\$ 84,027,394</u>	<u>\$ 38,110,946</u>	<u>\$ 122,138,340</u>

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The Nation established a Permanent Fund through Legislation (ONCA 12-85), which is accounted for as part of the general fund for financial statement reporting purposes. The Permanent Fund is invested in accordance with the Nation's approved investment policy, and investment earnings are available for general appropriations. The Nation may not borrow, encumber or appropriate funds from the Permanent Fund except for expenditure on direct services for Osage Nation membership.

13) Retirement Plan

Effective March 19, 2010, the Nation entered into the Osage Nation 401(k) plan administered by the Bank of Oklahoma Financial. Effective December 16, 2015, the Nation appointed a successor trustee, custodian and record-keeper for the Osage Nation 401(k) plan, Bank of Oklahoma Financial, NA. The Nation will match up to 5% of each employee's actual compensation. Employee contributions are allowed up to the annual limits as established by the Internal Revenue Service. The employees are 100% vested in the 401(k) plan. Contributions made by the employees to the 401(k) plan for the year ended September 30, 2023, were approximately \$1,306,494. Contributions made by the Nation to the 401(k) plan for the employees for the year ended September 30, 2023, were approximately \$757,250.

The Osage Nation Congress established a separate 401(k) plan for congressional members in 2013, administered by John Hancock. The plan allows for contributions up to the aggregate legal limits established by the Internal Revenue Service and provides for an annual match up to 7.65% of annual compensation. Members of the Osage Nation Congress may participate in the employee 401(k) plan as well as the special Congressional 401(k) plan. Contributions made by congressional members for the year ended September 30, 2023, were approximately \$9,274. Contributions made by the Nation to the Congressional 401(k) plan for the year ended September 30, 2023, were approximately \$10,460.

14) Tobacco Compact

The Nation and the State of Oklahoma entered into a compact for taxation of tobacco products effective November 1, 2013. The compact provides for a compact tax equal to 100% of all applicable state taxes on cigarettes and other tobacco products in effect at the time of sale. The compact further stipulates that the compact tax will be collected by the state directly from the wholesaler and the wholesaler must collect the compact tax directly from the retailers. Under the terms of the compact, the state and the Nation will share the total taxes collected. The initial share to the Nation was 70% of all compact taxes collected, declining to 50% effective January 1, 2017. The compact terminates on December 31, 2023; however, either party may unilaterally terminate the compact without cause by giving the other party 180 days' written notice. During fiscal year 2023, the Nation received \$2,293,758 in revenue under this compact.

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15) Related-Party Transactions and Other Distributions

During 2023, Osage Casinos distributed \$67,833,333 in cash to the Nation.

During 2023, the Nation distributed \$1,000,000 in cash to Place to Borrow Money, a discretely presented component unit of the Nation.

During 2023, the Nation distributed \$425,000 to Osage LLC. In addition, Osage LLC distributed \$508,725 to the Nation.

During 2023, the Nation distributed \$1,291,685 in cash to local governments and other organizations to assist in economic recoveries from the COVID-19 pandemic.

16) Commitments and Contingencies

Federal Grants

In the normal course of operations, the Nation receives grant funds from various federal agencies. The grant programs are subject to audit by the agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The Nation does not believe that any liability for reimbursement which may arise as the result of such audits will be material to the Nation's operations.

Litigation

The Nation is involved in litigation from time-to-time as part of its ongoing operations. As of September 30, 2023, the Nation is not aware of any pending litigation that would result in substantial losses.

Osage Casinos

The Casinos lease certain gaming devices under participation agreements and wide-area progressive agreements, and the terms of these agreements range from one month to three years. These agreements typically require the Casino to pay either a certain percentage of net win from each gaming device or a minimum daily rental fee for each gaming device. Total payments under these agreements was \$38,452,081 for the year ended September 30, 2023.