

Osage Nation

Audit Summary Presentation
Fiscal Year Ending
September 30, 2023
(Presented on August 8, 2024)



redw
Advisors & CPAs

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The information provided herein is for informational purposes only and should not be construed as financial investment, tax, accounting, or legal advice.

Organization & History

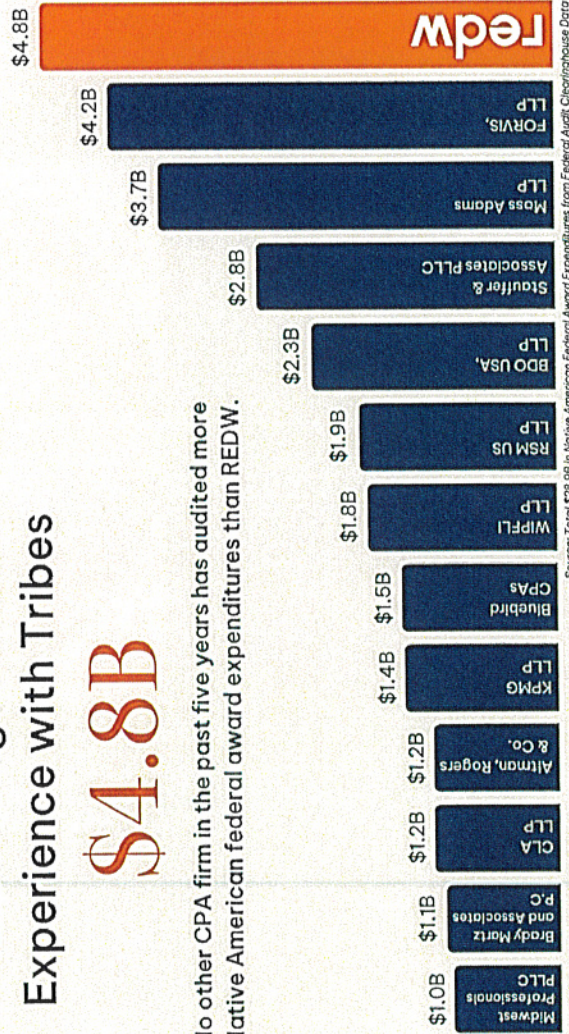
Founded in 1953, REDW LLC is one of the largest CPA and business consulting firms based in the Southwestern U.S.

320 team members in Oklahoma, Arizona, New Mexico and Oregon offices – emphasis on Tribal Government and Enterprise Audits

REDW Single Audit Experience with Tribes

\$4.8B

No other CPA firm in the past five years has audited more Native American federal award expenditures than REDW.

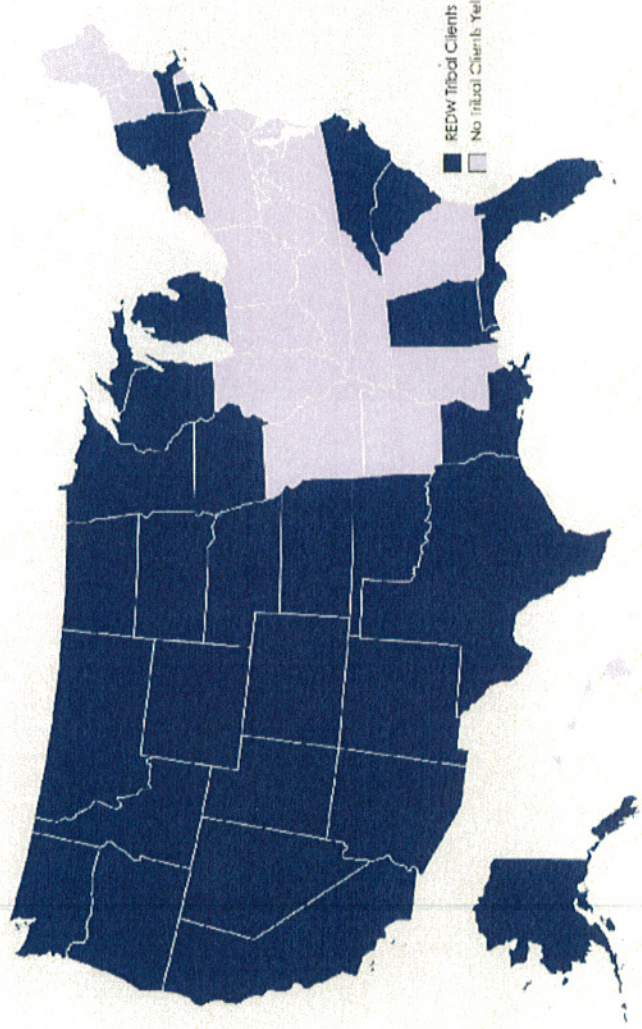


Source: Total \$28.9B in Native American Federal Award Expenditures from Federal Audit Clearinghouse Data

National Tribal Practice Across the Country

REDW National Tribal Practice

We have served more than 200 tribal governments and organizations nationwide.



Engagement Team



MICHAEL DIERLAM CPA



CHRIS TYHURST CPA

Christ Tyhurst,
CPA
Concurring
Principal

Michael A.
Dierlam, CPA
Principal

Mukhtar
AIMukhtar, CPA
Manager

Zara & Lela Ling
Audit
Associates

Required Communications to Those Charged with Governance

Required by our professional standards

To elaborate on significant findings from our audit and follow-up to audit planning communications conducted at the commencement of the audit

Discuss our views on:

- > The Nation's accounting practices and policies
- > Management's judgments and estimates
- > Financial statement disclosures
- > Financial statement findings

Status of Our Audit

Our financial statement audits are completed for the year ended September 30, 2023.

Our audit was conducted in accordance with:

- > U.S. Generally Accepted Auditing Standards
- > Government Auditing Standards

Two Governmental Audit Reports

- > Governmental Programs Department (June 27, 2024)
- > Tribe-Wide Report or General Purpose Report (July 31, 2024)

Stand-Alone Audit Report for Osage, LLC (June 24, 2024)

Osage Nation Casinos were audited by other auditors, whose report was furnished to us

Audit objective: Obtain **reasonable** – not absolute – assurance the financial statements are free from material misstatements, whether due to fraud or error.

Status of Our Audit

We have issued unmodified opinions on the Nation's financial statements, and Osage LLC, for the year-ended September 30, 2023

Scope of work: Substantially the same as discussed in our earlier audit planning communications

All records and information we requested were freely available for our inspection

Cooperation was excellent from management and all levels within the organization

- Timely responses to question and requests
- Solid understanding of financial statement balances and financial statement ratios

Results of Our Audit

Quality of the Nation's Financial Reporting

- The following topics regarding the quality of the Nation's financial reporting will be discussed on subsequent slides:
 - Qualitative aspects of significant accounting policies and practices
 - Our conclusions regarding significant accounting estimates
 - Significant unusual transactions
 - Financial statement presentation
 - New accounting pronouncements
 - Alternative accounting treatments

Results of Our Audit

Accounting Practices and Policies

- > Significant accounting practices and policies are included in Note 1 to the financial statements
 - They are appropriate, comply with GAAP and industry standards, and were consistently applied
- > A summary of recently issued accounting pronouncements is included in Note 1
- > Implementation of GASB 96, *SBITA (Subscription Based IT Arrangements)*
 - \$915,222 in *SBITA Liabilities*
- > New Component Unit
 - Place to Borrow Money
- > There were no other significant changes in accounting policies and practices during the year

Results of Our Audit

Accounting Estimates

- > Significant accounting estimates include:
 - Allowance for doubtful accounts
 - Depreciation and amortization expense
 - Health Claims Liabilities
- > Management made no significant changes to the processes or assumptions used to develop significant accounting estimates during the fiscal year.

Significant or Unusual Transactions

- > The methods used by management to account for this transactions, and related disclosures, are deemed appropriate.
- > Distributions out to other governments, totaling \$866,685

Results of Our Audit

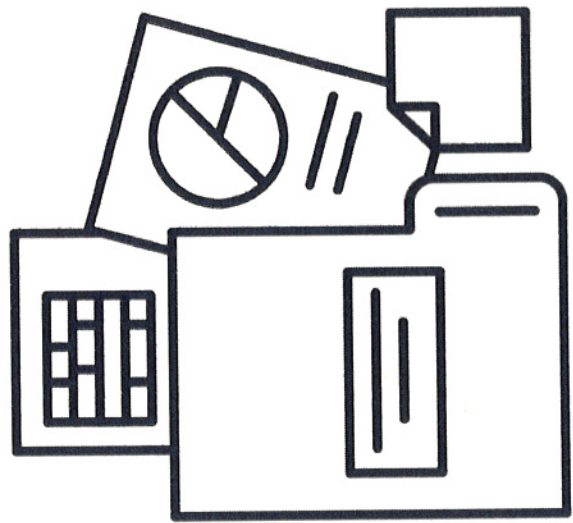
Corrected Misstatements

- > All audit adjustments were provided by management as needed
- > Full listing of adjustments is available

Uncorrected Misstatements

- > None

Internal Controls Over Financial Reporting



FINANCIAL STATEMENTS

Internal Control Over Financial Reporting

Professional standards require us to communicate to you, in writing, the following types of internal control over financial reporting items:

Category	Definition
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of SCAHC's financial statements will not be prevented or detected and corrected on a timely basis.

Internal Control Over Financial Reporting – Osage Nation

No material weaknesses or significant deficiencies reported for the Osage Nation's reports



Internal Controls – Financial Statements – Osage Nation

The following internal control deficiency was identified (reported as a significant deficiency in 2021):

Deficiency	Comments
Timely Reconciliation and Financial Close and Reporting	<p>A good system of internal controls over financial close and reporting requires timely maintenance of the general ledger, and preparation of internal and external financial statements. Significant accounts in the trial balance should be reconciled on a regular basis and adjustments made frequently to ensure accurate financial reporting.</p> <p>Several material adjusting journal entries were communicated by management as necessary at the commencement of the audit, well after year end.</p> <p>In 2021, reported as a Significant Deficiency, and was improved in 2022 and 2023. Lower volume of audit adjustments needed in 2022, with several key areas improved upon in 2022.</p> <p>Timing of report nearing deadline for GPD submission to the Federal Audit Clearinghouse.</p>

Internal Controls – Financial Statements – Osage Nation

The following internal control deficiency was identified:

Deficiency	Comments
General Suggestions Related to Information Technology Safeguards	<p>Auditors held meetings with the Tribe's Information Technology Department and determined the following:</p> <ul style="list-style-type: none">• Several of the Nation's IT security policies have not been implemented to coincide with NIST (National Institute of Standards and Technology) best practices (updated 2016)• The Tribe could benefit from a documented cybersecurity incident response plan• The Nation should consider implementing multi-factor authentication to safeguard user access to critical data• Both suggestions above can assist in safeguarding the Nation's assets and ensure continuity of operations in the event of a disaster, data loss, security breach, or other technology related incident. <p>• <i>Followed up from 2022 communications. At timing of 2023 audit, some updates were underway.</i></p>

Single Audit (Uniform Guidance)

- The following major programs were testing in accordance with OMB Uniform Guidance provisions:

<u>Assistance Listing #</u>	<u>Major Federal Program Name</u>
93.441	Indian Self-Determination
93.563	Child Support Services Research
93.498/93.575	CCDF Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds (ARPA)
11.029	NTIA Tribal Broadband Connectivity

- No Uniform Guidance Single Audit findings reported.

Internal Controls – Financial Statements – Osage, LLC

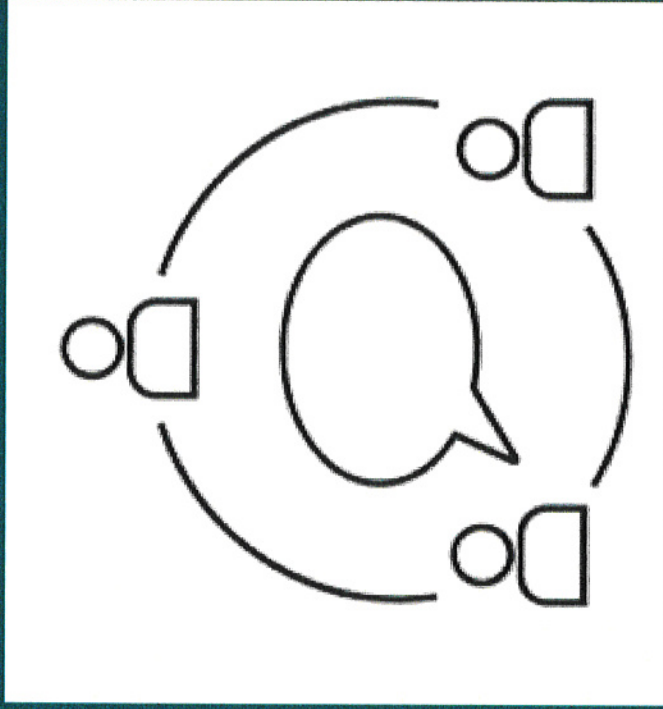
Three Material Weaknesses were reported within the Osage, LLC audit report, and can be found in the audit wrap communications. These Material Weaknesses include:

- > Trial Balance Maintenance and Financial Statement Preparation (GASB & Grant Accounting)
- > Inaccurate Schedule of Expenditures of Federal Awards (Federal Award Finding)

Additional details can be found in the LLC's audit report or audit wrap communications document

Resolved 2022 finding related to IT policies and related controls.

Other Required Communications



Other Required Communications

- No significant changes were made to our planned audit strategy or significant risks identified
- No matters relevant to the audit regarding the Nation's financial reporting that we were made aware of as a result of our inquiries of those charged with governance.
- No specialized skills or knowledge were needed, outside our core engagement team, to perform the audit or evaluate results related to significant risks.

Other Required Communications

Since our earlier audit planning communication meeting, there were no significant changes in:

- The basis for our determination that we can serve as principal auditor.

We are not aware of any consultations about accounting matters, auditing matters, or GAAP application between management and other CPA firms.

Our evaluation of the Nation' ability to continue as a going concern.

Our evaluation of the identification, accounting, and disclosure of related party relationships and transactions.

Other Required Communications

No disagreements with management about matters, whether or not satisfactorily resolved, that could be significant to the Nation's financial statements or our auditor's report.

No significant difficulties we encountered during our audit.

No matters that are difficult or contentious for which auditors consulted outside the engagement team.



Other Required Communications

No other matters significant to the oversight of the Nation's financial reporting process not previously communicated.

Various representations were requested and obtained from management in the form of a written letter. Copy of this letter will be emailed to those charged with governance, if requested.

Our engagement letter describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services.