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# Osage Nation

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*Basic Financial Statements  
and  
Independent Auditors' Report  
September 30, 2021*

**REDW**<sup>LLC</sup>  
CPAs | Advisors

# Osage Nation

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## Independent Auditor's Report

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

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the Nation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Nation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Osage Casinos, which represent 93%, 93%, and 98%, respectively, of the assets, net position, and revenues of the Nation's aggregate discretely presented component units. The financial statements of Osage Casinos 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Nation's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***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, 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  
August 23, 2022

## Management's Discussion and Analysis

# **Osage Nation**

## **Management's Discussion and Analysis**

### **September 30, 2021**

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, 2021. Please read it in conjunction with the Nation's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

During the 2021 fiscal year, the Nation's total net position excluding discretely presented component units increased by \$143.4 million. Governmental activities increased by \$143.7 million, and business-type activities decreased by \$0.3 million. An increase of \$100.9 million to governmental activities equity interest in component units was the most significant factor leading to this change.

The Nation's total current assets excluding discretely presented component units increased by \$112.7 million during the year. A significant factor in this change was the increase in advanced grantor funding from federal agencies.

Total revenue for the Nation excluding discretely presented component units equaled \$116.5 million for the year compared to \$73.0 million for the prior year. Total expenses for the Nation excluding discretely presented component units equaled \$130.3 million, compared to \$92.6 million in the prior year. A significant factor in this change was related to growth in grant funding in relation to the federal COVID-19 funding.

During fiscal year 2021 and 2020, the Nation received \$51.2 million and \$49.0 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.

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

# Osage Nation

## Management's Discussion and Analysis

### September 30, 2021

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 Osage properties and 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 Nation Ranch
- ◆ Osage, LLC
- ◆ Osage Home Health
- ◆ Osage Nation Energy Services
- ◆ Osage Nation Foundation

# Osage Nation

## Management's Discussion and Analysis

### September 30, 2021

#### *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.

#### **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 \$143.4 million during the year. Governmental activities net position increased by \$143.7 million and net position of business-type activities decreased by \$0.3 million. The overall increase is an indicator that the Nation is managing revenues and expenditures with strong financial decision-making.

The Nation's combined net position was \$571.1 million at the end of fiscal year 2021 and \$427.7 million at the end of fiscal year 2020. The components of the Nation's net position are net investment in capital assets of \$188.8 million, restricted net position of \$19.5 million, and unrestricted net position of \$362.8 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.



# Osage Nation

## Management's Discussion and Analysis

### September 30, 2021

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current assets	\$ 273,453,943	\$ 161,074,521	\$ 2,067,131	\$ 1,833,822	\$ 275,521,074	\$ 162,908,343
Capital assets	181,820,238	160,434,028	6,946,996	7,331,792	188,767,234	167,765,820
Equity interest in component units	287,097,150	186,225,520	-	-	287,097,150	186,225,520
Total assets	<u>742,371,331</u>	<u>507,734,069</u>	<u>9,014,127</u>	<u>9,165,614</u>	<u>751,385,458</u>	<u>516,899,683</u>
<b>Liabilities</b>						
Long-term liabilities	1,201,974	2,734,426	-	-	1,201,974	2,734,426
Current and other liabilities	178,501,790	86,060,308	643,375	432,996	179,145,165	86,493,304
Total liabilities	<u>179,703,764</u>	<u>88,794,734</u>	<u>643,375</u>	<u>432,996</u>	<u>180,347,139</u>	<u>89,227,730</u>
<b>Net Position</b>						
Net investment in capital assets	181,820,238	160,434,028	6,946,996	7,331,792	188,767,234	167,765,820
Restricted	19,514,443	13,170,579	-	-	19,514,443	13,170,579
Unrestricted	361,332,886	245,334,728	1,423,756	1,400,826	362,756,642	246,735,554
Total net position	<u>\$ 562,667,567</u>	<u>\$ 418,939,335</u>	<u>\$ 8,370,752</u>	<u>\$ 8,732,618</u>	<u>\$ 571,038,319</u>	<u>\$ 427,671,953</u>

**Changes in Net Position.** Revenues excluding discretely presented component units for the year 2021 totaled \$116.5 million compared with expenses of \$130.4 million. Expenses exceeded revenues by \$13.9 million and \$19.6 million in 2021 and 2020, respectively. Net distributions to and from related parties and gaming totaled \$51.2 million in 2021, compared to \$48.9 million in 2020. The increase in undistributed equity in component units was \$100.9 million in 2021, compared to \$21.5 million in 2020.

# Osage Nation

## Management's Discussion and Analysis

### September 30, 2021

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	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<i>Program revenues</i>						
Charges for services	\$ 10,207,393	\$ 9,331,406	\$ 5,675,942	\$ 4,507,958	\$ 15,883,335	\$ 13,839,364
Operating grants and contributions	74,152,310	36,688,488	-	-	74,152,310	36,688,488
Capital grants and contributions	22,137,177	18,001,324	-	-	22,137,177	18,001,324
<i>General revenues</i>						
Rental income	929,514	572,468	-	-	929,514	572,468
Investment income	528,973	1,071,202	6,056	13,012	535,029	1,084,214
Tax revenue	2,860,166	2,826,953	-	-	2,860,166	2,826,953
Total revenues	<u>110,815,533</u>	<u>68,491,841</u>	<u>5,681,998</u>	<u>4,520,970</u>	<u>116,497,531</u>	<u>73,012,811</u>
<b>Expenses</b>						
General government	67,483,481	27,207,871	-	-	67,483,481	27,207,871
Education	9,748,848	12,771,355	-	-	9,748,848	12,771,355
Health and human services	29,180,554	25,986,060	-	-	29,180,554	25,986,060
Community services	6,948,082	7,520,197	-	-	6,948,082	7,520,197
Culture and language	1,914,042	1,858,699	-	-	1,914,042	1,858,699
Environmental management	1,219,131	1,015,047	-	-	1,219,131	1,015,047
Housing services	1,162,618	1,330,042	-	-	1,162,618	1,330,042
Public safety	2,146,986	2,882,719	-	-	2,146,986	2,882,719
Public works	923,050	1,283,170	-	-	923,050	1,283,170
Economic development	3,557,710	6,011,483	-	-	3,557,710	6,011,483
Osage properties	-	-	2,258,727	1,838,539	2,258,727	1,838,539
Revenue tax	-	-	393,272	341,127	393,272	341,127
Other proprietary	-	-	3,418,031	2,539,937	3,418,031	2,539,937
Total expenses	<u>124,284,502</u>	<u>87,866,643</u>	<u>6,070,030</u>	<u>4,719,603</u>	<u>130,354,532</u>	<u>92,586,246</u>
Changes before undistributed equity, transfers, and distributions	(13,468,969)	(19,374,802)	(388,032)	(198,633)	(13,857,001)	(19,573,435)
Increase in undistributed equity in component units	100,871,630	21,517,240	-	-	100,871,630	21,517,240
Distributions to related parties	-	(211,710)	-	-	-	(211,710)
Distributions to local government	(753,900)	-	-	-	(753,900)	-
Gaming distributions received	51,196,255	48,996,104	-	-	51,196,255	48,996,104
Water proceeds settlement	1,000,180	-	-	-	1,000,180	-
Loss on disposal of capital assets	(186,879)	-	-	-	(186,879)	-
Forgiveness of paycheck protection program loan	5,184,500	-	-	-	5,184,500	-
Bad debt expense	-	-	(88,419)	-	(88,419)	-
Transfers	(114,585)	1,131,451	114,585	(1,131,451)	-	-
Change in net position	143,728,232	52,058,283	(361,866)	(1,330,084)	143,366,366	50,728,199
Net position, beginning of year	418,939,335	366,881,052	8,732,618	10,062,702	427,671,953	376,943,754
Net position, end of year	<u>\$ 562,667,567</u>	<u>\$ 418,939,335</u>	<u>\$ 8,370,752</u>	<u>\$ 8,732,618</u>	<u>\$ 571,038,319</u>	<u>\$ 427,671,953</u>

**Osage Nation**  
**Management's Discussion and Analysis**  
**September 30, 2021**

**FINANCIAL ANALYSIS OF THE NATION'S FUNDS**

*GOVERNMENTAL FUND HIGHLIGHTS*

Governmental funds have a combined fund balance of \$92.3 million, an approximate increase of \$16.0 million from the prior fiscal year.

The general fund is the Nation's largest fund and had an increase of approximately \$9.3 million from the prior fiscal year, totaling \$74.8 million. Of this fund balance, \$270 thousand was classified as nonspendable, \$2.9 million as restricted, \$72.6 million as committed, and \$328 thousand as assigned. This left a deficit unassigned fund balance of \$1.3 million.

The grants and contracts fund records activity from federal, state, and private grant programs. Expenditures in this fund totaled \$97.9 million in 2021, compared to \$55.7 million in 2020. 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 2021 was \$96.3 million, compared to \$54.7 million in 2020.

*PROPRIETARY FUND HIGHLIGHTS*

Osage properties reported an operating loss of \$799,515 in 2021, compared to an operating loss of \$479,191 in 2020.

Revenue tax reported operating income of \$1,883,762 in 2021, compared to operating income of \$1,687,974 in 2020.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*CAPITAL ASSETS*

At the end of fiscal year 2021, the Osage Nation, excluding discretely presented component units, reported a total of \$188.8 million in capital assets, net of accumulated depreciation. These capital assets include land, buildings, equipment, and automobiles. Of these capital assets, \$181.8 million related to governmental activities and \$6.9 million related to business-type activities. Overall, net capital assets increased by \$21.0 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.

**Osage Nation**  
**Management's Discussion and Analysis**  
**September 30, 2021**

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	\$ 83,261,094	\$ 80,027,516	\$ 2,827,020	\$ 2,827,020
Buildings	82,375,072	62,081,269	4,064,936	4,423,909
Equipment	8,225,126	2,879,973	55,040	78,198
Vehicles	1,862,118	766,399	-	2,665
Construction in progress	6,096,828	14,678,871	-	-
Totals	<u>\$ 181,820,238</u>	<u>\$ 160,434,028</u>	<u>\$ 6,946,996</u>	<u>\$ 7,331,792</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.

**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, 2021**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current assets				
Cash	\$ 87,885,983	\$ 4,293,297	\$ 92,179,280	\$ 68,238,782
Restricted cash	1,241,361	-	1,241,361	-
Investments	174,713,891	395,878	175,109,769	-
Accounts receivable, net	1,386,788	407,972	1,794,760	5,384,934
Grants receivable, net	-	-	-	1,504,113
Internal balances	3,289,459	(3,289,459)	-	-
Due from funding agencies	3,722,977	-	3,722,977	-
Inventory	326,478	19,680	346,158	1,468,948
Prepaid expenses and other assets	887,006	239,763	1,126,769	3,163,441
Total current assets	273,453,943	2,067,131	275,521,074	79,760,218
Noncurrent assets				
Restricted cash	-	-	-	214,286
Equity interest in component units	287,097,150	-	287,097,150	-
Capital assets, net of accumulated depreciation	181,820,238	6,946,996	188,767,234	252,740,851
Total noncurrent assets	468,917,388	6,946,996	475,864,384	252,955,137
Total assets	742,371,331	9,014,127	751,385,458	332,715,355
<b>Liabilities</b>				
Current liabilities				
Accounts payable	5,858,918	306,772	6,165,690	6,771,244
Accrued liabilities	3,709,130	336,603	4,045,733	13,298,119
Unearned revenue	168,933,742	-	168,933,742	266,291
Current maturities of long-term debt	-	-	-	6,073,540
Total current liabilities	178,501,790	643,375	179,145,165	26,409,194
Long-term liabilities				
Long-term debt	-	-	-	6,867,728
Compensated absences	1,201,974	-	1,201,974	-
Total long-term liabilities	1,201,974	-	1,201,974	6,867,728
Total liabilities	179,703,764	643,375	180,347,139	33,276,922
<b>Net Position</b>				
Net investment in capital assets	181,820,238	6,946,996	188,767,234	239,799,583
Restricted for land management	1,241,361	-	1,241,361	-
Restricted for program services	18,273,082	-	18,273,082	214,286
Unrestricted	361,332,886	1,423,756	362,756,642	59,424,564
Total net position	\$ 562,667,567	\$ 8,370,752	\$ 571,038,319	\$ 299,438,433

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

# Osage Nation

## Statement of Activities

### For the Year Ended September 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units
					Governmental Activities	Business-Type Activities		
<b>Primary government</b>								
Governmental activities								
General government	\$ 67,483,481	\$ 2,314,296	\$ 45,373,290	\$ 20,939,691	\$ 1,143,796	\$ -	\$ 1,143,796	
Education	9,748,848	-	89,135	-	(9,659,713)	-	(9,659,713)	
Health and human services	29,180,554	7,656,380	16,914,487	593,302	(4,016,385)	-	(4,016,385)	
Community services	6,948,082	236,717	4,820,613	213,050	(1,677,702)	-	(1,677,702)	
Cultural and languages	1,914,042	-	7,332	-	(1,906,710)	-	(1,906,710)	
Environmental management	1,219,131	-	206,529	-	(1,012,602)	-	(1,012,602)	
Housing services	1,162,618	-	1,411,276	-	248,658	-	248,658	
Public safety	2,146,986	-	306,938	17,766	(1,822,282)	-	(1,822,282)	
Public works	923,050	-	5,008,685	373,368	4,459,003	-	4,459,003	
Economic development	3,557,710	-	14,025	-	(3,543,685)	-	(3,543,685)	
Total governmental activities	124,284,502	10,207,393	74,152,310	22,137,177	(17,787,622)	-	(17,787,622)	
Business-type activities								
Property oversight	2,258,727	1,459,212	-	-	-	(799,515)	(799,515)	
Tax revenue	393,272	2,277,034	-	-	-	1,883,762	1,883,762	
Other	3,418,031	1,939,696	-	-	-	(1,478,335)	(1,478,335)	
Total business-type activities	6,070,030	5,675,942	-	-	-	(394,088)	(394,088)	
Total primary government	\$ 130,354,532	\$ 15,883,335	\$ 74,152,310	\$ 22,137,177	(17,787,622)	(394,088)	(18,181,710)	
<b>Component units</b>								
Osage Casinos	\$ 168,802,394	\$ 311,273,585	\$ -	\$ -	-	-	-	\$ 142,471,191
Osage Nation Ranch	2,409,760	2,602,496	-	-	-	-	-	192,736
Osage, LLC	1,144,262	1,287,959	-	-	-	-	-	143,697
Osage Home Health	448,427	510,231	-	-	-	-	-	61,804
Osage Nation Energy Services	2,334,786	2,457,687	-	-	-	-	-	122,901
Osage Nation Foundation	310,602	288,785	-	-	-	-	-	(21,817)
Total component units	\$ 175,450,231	\$ 318,420,743	\$ -	\$ -	-	-	-	142,970,512
General revenues, transfers, and distributions								
Tobacco tax revenue					2,860,166	-	2,860,166	-
Investment revenue					528,973	-	528,973	-
Rental income					929,514	-	929,514	-
Grant revenues					-	-	-	1,536,495
Bad debt expense					-	(88,419)	(88,419)	-
Interest income					-	6,056	6,056	25,209
Interest expense					-	-	-	(1,881,318)
Increase in undistributed equity in component units					100,871,630	-	100,871,630	-
Transfers, net					(114,585)	114,585	-	-
Water settlement proceeds					1,000,180	-	1,000,180	-
Gain (loss) on disposal of capital assets					(186,879)	-	(186,879)	5,226
Recovery of bad debt					-	-	-	85,261
Forgiveness of paycheck protection program loan					5,184,500	-	5,184,500	9,306,976
Distributions to local government					(753,900)	-	(753,900)	-
Distributions from (to) gaming					51,196,255	-	51,196,255	(51,196,255)
Total general revenues, transfers, and distributions					161,515,854	32,222	161,548,076	(42,118,406)
Change in net position					143,728,232	(361,866)	143,366,366	100,852,106
Net position, beginning of year					418,939,335	8,732,618	427,671,953	198,586,327
Net position, end of year					\$ 562,667,567	\$ 8,370,752	\$ 571,038,319	\$ 299,438,433

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



## Fund Financial Statements

## *Governmental Funds*

**Osage Nation**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	General Fund	Grants and Contracts Fund	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 31,473,432	\$ 54,026,722	\$ 85,500,154
Restricted cash	1,241,361	-	1,241,361
Investments	35,896,782	138,817,109	174,713,891
Accounts receivable, net	552,223	834,565	1,386,788
Due from other funds	8,955,450	-	8,955,450
Due from funding agencies	-	3,722,977	3,722,977
Inventory	-	326,478	326,478
Prepaid expenses and other assets	269,886	590,144	860,030
Total assets	<u>\$ 78,389,134</u>	<u>\$ 198,317,995</u>	<u>\$ 276,707,129</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 2,275,117	\$ 3,583,801	\$ 5,858,918
Accrued liabilities	1,313,339	1,976,783	3,290,122
Unearned grant revenue	-	168,933,742	168,933,742
Due to other funds	-	6,289,678	6,289,678
Total liabilities	<u>3,588,456</u>	<u>180,784,004</u>	<u>184,372,460</u>
<b>Fund balances</b>			
Nonspendable	269,886	916,622	1,186,508
Restricted	2,897,074	16,617,369	19,514,443
Committed	72,622,453	-	72,622,453
Assigned	327,947	-	327,947
Unassigned	(1,316,682)	-	(1,316,682)
Total fund balances	<u>74,800,678</u>	<u>17,533,991</u>	<u>92,334,669</u>
Total liabilities and fund balances	<u>\$ 78,389,134</u>	<u>\$ 198,317,995</u>	<u>\$ 276,707,129</u>

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, 2021**

**Fund balances - governmental funds** \$ 92,334,669

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	\$ 209,060,864	
Accumulated depreciation	<u>(27,240,626)</u>	181,820,238

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.

Compensated absences	(1,201,974)
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Equity interest in component units are not an available resource and, therefore, are not reported in the funds.

287,097,150

An internal service fund is used by the Nation to charge the costs of health insurance to individual funds; the assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.

2,617,484

**Net position of governmental activities** **\$ 562,667,567**

**Osage Nation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2021**

	General Fund	Grants and Contracts Fund	Total Governmental Funds
<b>Revenues</b>			
Grants and contracts revenue	\$ -	\$ 96,289,487	\$ 96,289,487
Tobacco tax revenue	2,860,166	-	2,860,166
Program revenue	1,819,008	7,836,338	9,655,346
Indirect cost recovery	8,658,915	-	8,658,915
Investment revenue	162,981	365,992	528,973
Rental income	929,514	-	929,514
Other	552,047	-	552,047
Total revenues	<u>14,982,631</u>	<u>104,491,817</u>	<u>119,474,448</u>
<b>Expenditures</b>			
Current			
General government	20,192,297	49,761,880	69,954,177
Education	10,067,989	35,482	10,103,471
Health and human services	12,047,906	18,193,967	30,241,873
Community services	1,734,108	5,466,675	7,200,783
Cultural and languages	1,982,023	1,417	1,983,440
Environmental management	1,028,014	235,665	1,263,679
Housing services	192,291	1,012,551	1,204,842
Public safety	1,885,293	339,944	2,225,237
Public works	278,043	678,353	956,396
Economic development	3,673,199	14,024	3,687,223
Capital outlay	<u>3,826,731</u>	<u>22,137,177</u>	<u>25,963,908</u>
Total expenditures	<u>56,907,894</u>	<u>97,877,135</u>	<u>154,785,029</u>
Revenues over (under) expenditures	<u>(41,925,263)</u>	<u>6,614,682</u>	<u>(35,310,581)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,900,000	95,781	1,995,781
Transfers out	(2,110,366)	-	(2,110,366)
Water settlement proceeds	1,000,180	-	1,000,180
Distributions to local government	(753,900)	-	(753,900)
Gaming distributions	<u>51,196,255</u>	<u>-</u>	<u>51,196,255</u>
Total other financing sources (uses), net	<u>51,232,169</u>	<u>95,781</u>	<u>51,327,950</u>
Net change in fund balances	9,306,906	6,710,463	16,017,369
Fund balances, beginning of year	<u>65,493,772</u>	<u>10,823,528</u>	<u>76,317,300</u>
Fund balances, end of year	<u>\$ 74,800,678</u>	<u>\$ 17,533,991</u>	<u>\$ 92,334,669</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, 2021**

**Net changes in fund balance - governmental funds** \$ 16,017,369

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	\$ 25,963,908	
Loss on disposal of capital assets	(186,879)	
Depreciation expense	<u>(4,390,819)</u>	21,386,210

Internal service funds are used by the Nation to charge the costs of certain activities to the individual funds. The operating income of internal service funds applicable to governmental activities is reported with governmental activities.

468,631

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.

100,871,630

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.

Forgiveness of Paycheck Protection Program loan	5,184,500	
Changes in compensated absences	<u>(200,108)</u>	

**Change in net position of governmental activities** \$ 143,728,232

## *Proprietary Funds*

**Osage Nation**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2021**

	Enterprise Funds				Governmental Activities
	Osage Properties	Revenue Tax	Nonmajor Funds	Total	Internal Service Fund
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ -	\$ 1,892,897	\$ 2,400,400	\$ 4,293,297	\$ 2,385,829
Certificates of deposit	-	-	395,878	395,878	-
Accounts receivable, net	33,066	119,126	255,780	407,972	-
Prepaid expenses and other	187,543	310	51,910	239,763	26,976
Due from other funds	-	-	-	-	623,687
Inventory	-	19,680	-	19,680	-
Total current assets	<u>220,609</u>	<u>2,032,013</u>	<u>3,103,968</u>	<u>5,356,590</u>	<u>3,036,492</u>
Noncurrent assets					
Capital assets, net	<u>6,048,672</u>	<u>-</u>	<u>898,324</u>	<u>6,946,996</u>	<u>-</u>
Total noncurrent assets	<u>6,048,672</u>	<u>-</u>	<u>898,324</u>	<u>6,946,996</u>	<u>-</u>
Total assets	<u>6,269,281</u>	<u>2,032,013</u>	<u>4,002,292</u>	<u>12,303,586</u>	<u>3,036,492</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	248,736	5,093	52,943	306,772	-
Accrued payroll and other liabilities	76,651	33,776	226,176	336,603	16,437
Health claims payable	-	-	-	-	402,571
Due to other funds	<u>1,391,469</u>	<u>1,833,587</u>	<u>64,403</u>	<u>3,289,459</u>	<u>-</u>
Total liabilities	<u>1,716,856</u>	<u>1,872,456</u>	<u>343,522</u>	<u>3,932,834</u>	<u>419,008</u>
<b>Net Position</b>					
Net investment in capital assets	6,048,672	-	898,324	6,946,996	-
Unrestricted (deficit)	<u>(1,496,247)</u>	<u>159,557</u>	<u>2,760,446</u>	<u>1,423,756</u>	<u>2,617,484</u>
Total net position	<u>\$ 4,552,425</u>	<u>\$ 159,557</u>	<u>\$ 3,658,770</u>	<u>\$ 8,370,752</u>	<u>\$ 2,617,484</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, 2021**

	Enterprise Funds				Governmental Activities
	Osage Properties	Revenue Tax	Nonmajor Funds	Total	Internal Service Fund
<b>Operating Revenues</b>					
Utility income	\$ -	\$ -	\$ 1,255,013	\$ 1,255,013	\$ -
Rental income	1,424,470	-	45,849	1,470,319	-
Tax revenue	-	2,179,520	-	2,179,520	-
Claims cost recovery	-	-	-	-	5,371,125
Daycare Revenue	-	-	512,916	512,916	-
Other revenue	34,742	97,514	125,918	258,174	-
Total operating revenues	<u>1,459,212</u>	<u>2,277,034</u>	<u>1,939,696</u>	<u>5,675,942</u>	<u>5,371,125</u>
<b>Operating Expenses</b>					
Cost of merchandise	-	17,438	1,087,401	1,104,839	-
Salaries and benefits	751,093	260,651	1,344,260	2,356,004	-
Contractual and professional services	96,090	-	46,057	142,147	-
Travel and training	50,520	-	7,474	57,994	-
Expendable equipment	1,901	1,996	11,945	15,842	-
Repairs and maintenance / occupancy	764,830	28,145	203,144	996,119	-
Claims incurred	-	-	-	-	4,902,494
Indirect cost	109,973	61,594	357,090	528,657	-
Other supplies and expenses	145,423	23,448	314,761	483,632	-
Depreciation	<u>338,897</u>	<u>-</u>	<u>45,899</u>	<u>384,796</u>	<u>-</u>
Total operating expenses	<u>2,258,727</u>	<u>393,272</u>	<u>3,418,031</u>	<u>6,070,030</u>	<u>4,902,494</u>
Operating income (loss)	<u>(799,515)</u>	<u>1,883,762</u>	<u>(1,478,335)</u>	<u>(394,088)</u>	<u>468,631</u>
<b>Nonoperating Revenues</b>					
Bad debt expense	-	-	(88,419)	(88,419)	-
Interest income	-	3,423	2,633	6,056	-
Total nonoperating revenue	<u>-</u>	<u>3,423</u>	<u>(85,786)</u>	<u>(82,363)</u>	<u>-</u>
Income (loss) before transfers	(799,515)	1,887,185	(1,564,121)	(476,451)	468,631
Transfer in (out)	-	(1,900,000)	2,014,585	114,585	-
Change in net position	(799,515)	(12,815)	450,464	(361,866)	468,631
Net position, beginning of year	5,351,940	172,372	3,208,306	8,732,618	2,148,853
Net position, end of year	<u>\$ 4,552,425</u>	<u>\$ 159,557</u>	<u>\$ 3,658,770</u>	<u>\$ 8,370,752</u>	<u>\$ 2,617,484</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, 2021**

	Enterprise Funds				Governmental Activities
	Osage Properties	Revenue Tax	Nonmajor Funds	Total	Internal Service Fund
<b>Cash flows from operating activities</b>					
Cash received from (paid to) other funds	\$ 294,001	\$ 394,613	\$ 112,667	\$ 801,281	\$ 4,488,559
Cash received from customers	1,617,789	2,267,614	1,665,252	5,550,655	-
Cash paid to employees	(777,745)	(274,526)	(1,279,870)	(2,332,141)	-
Cash paid to suppliers	(1,134,045)	(128,496)	(2,027,872)	(3,290,413)	-
Cash paid for claims	-	-	-	-	(4,789,011)
Net cash provided (used) by operating activities	-	2,259,205	(1,529,823)	729,382	(300,452)
<b>Cash flows from investing activities</b>					
Interest received	-	3,423	2,633	6,056	-
Net cash provided by investing activities	-	3,423	2,633	6,056	-
<b>Cash flows from noncapital financing activities</b>					
Transfers, net	-	(1,900,000)	2,014,585	114,585	-
Net cash provided (used) by noncapital financing activities	-	(1,900,000)	2,014,585	114,585	-
Net increase (decrease) in cash	-	362,628	487,395	850,023	(300,452)
Cash, beginning of year	-	1,530,269	1,913,005	3,443,274	2,686,281
Cash, end of year	<u>\$ -</u>	<u>\$ 1,892,897</u>	<u>\$ 2,400,400</u>	<u>\$ 4,293,297</u>	<u>\$ 2,385,829</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (799,515)	\$ 1,883,762	\$ (1,478,335)	\$ (394,088)	\$ 468,631
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	338,897	-	45,899	384,796	-
Changes in assets and liabilities					
Certificates of deposit	-	-	(2,632)	(2,632)	-
Accounts receivable	66,919	(9,835)	(324,755)	(267,671)	-
Prepaid expenses and deposits	1,974	-	(8,782)	(6,808)	-
Inventory	-	4,125	-	4,125	-
Due from other funds	-	-	48,264	48,264	(882,566)
Accounts payable	124,376	415	52,943	177,734	(87,147)
Accrued expenses	(26,652)	(13,875)	73,172	32,645	(2,321)
Due to other funds	294,001	394,613	64,403	753,017	-
Health claims liability	-	-	-	-	202,951
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ 2,259,205</u>	<u>\$ (1,529,823)</u>	<u>\$ 729,382</u>	<u>\$ (300,452)</u>

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

*Component Units*

**Osage Nation**  
**Balance Sheet**  
**Component Units**  
**September 30, 2021**

	Osage Casinos	Osage Nation Ranch	Osage, LLC	Osage Home Health	Osage Nation Energy Services	Osage Nation Foundation	Total
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 64,040,816	\$ 1,908,488	\$ 1,380,584	\$ 251,337	\$ 109,551	\$ 548,006	\$ 68,238,782
Accounts receivable, net	4,206,990	-	336,579	358,828	469,337	13,200	5,384,934
Grants receivable, net	-	-	1,504,113	-	-	-	1,504,113
Prepaid expenses and other	3,088,817	44,232	30,392	-	-	-	3,163,441
Inventory	1,330,265	-	-	638	-	138,045	1,468,948
Total current assets	<u>72,666,888</u>	<u>1,952,720</u>	<u>3,251,668</u>	<u>610,803</u>	<u>578,888</u>	<u>699,251</u>	<u>79,760,218</u>
Noncurrent assets							
Restricted cash	-	-	214,286	-	-	-	214,286
Capital assets, net	<u>235,850,996</u>	<u>3,393,857</u>	<u>1,752,944</u>	<u>23,537</u>	<u>19,517</u>	<u>11,700,000</u>	<u>252,740,851</u>
Total noncurrent assets	<u>235,850,996</u>	<u>3,393,857</u>	<u>1,967,230</u>	<u>23,537</u>	<u>19,517</u>	<u>11,700,000</u>	<u>252,955,137</u>
Total assets	<u>\$ 308,517,884</u>	<u>\$ 5,346,577</u>	<u>\$ 5,218,898</u>	<u>\$ 634,340</u>	<u>\$ 598,405</u>	<u>\$ 12,399,251</u>	<u>\$ 332,715,355</u>
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ 5,340,745	\$ 51,569	\$ 979,462	\$ 4,054	\$ 395,414	\$ -	\$ 6,771,244
Accrued liabilities	13,013,368	163,523	23,222	-	40,038	57,968	13,298,119
Unearned revenue	-	236,708	29,583	-	-	-	266,291
Current maturities of long-term debt	<u>6,000,000</u>	<u>-</u>	<u>73,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,073,540</u>
Total current liabilities	<u>24,354,113</u>	<u>451,800</u>	<u>1,105,807</u>	<u>4,054</u>	<u>435,452</u>	<u>57,968</u>	<u>26,409,194</u>
Noncurrent liabilities							
Long-term debt	<u>6,750,000</u>	<u>-</u>	<u>117,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,867,728</u>
Total noncurrent liabilities	<u>6,750,000</u>	<u>-</u>	<u>117,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,867,728</u>
Total liabilities	<u>31,104,113</u>	<u>451,800</u>	<u>1,223,535</u>	<u>4,054</u>	<u>435,452</u>	<u>57,968</u>	<u>33,276,922</u>
<b>Net Position</b>							
Net investment in capital assets	223,100,996	3,393,857	1,561,676	23,537	19,517	11,700,000	239,799,583
Restricted	-	-	214,286	-	-	-	214,286
Unrestricted	<u>54,312,775</u>	<u>1,500,920</u>	<u>2,219,401</u>	<u>606,749</u>	<u>143,436</u>	<u>641,283</u>	<u>59,424,564</u>
Total net position	<u>277,413,771</u>	<u>4,894,777</u>	<u>3,995,363</u>	<u>630,286</u>	<u>162,953</u>	<u>12,341,283</u>	<u>299,438,433</u>
Total liabilities and net position	<u>\$ 308,517,884</u>	<u>\$ 5,346,577</u>	<u>\$ 5,218,898</u>	<u>\$ 634,340</u>	<u>\$ 598,405</u>	<u>\$ 12,399,251</u>	<u>\$ 332,715,355</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, 2021**

	Osage Casinos	Osage Nation Ranch	Osage, LLC	Osage Home Health	Osage Nation Energy Services	Osage Nation Foundation	Total
<b>Operating Revenues</b>							
Gaming revenue	\$ 282,359,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,359,867
Merchandise sales	-	1,783,906	-	-	-	35,121	1,819,027
Food and beverage	11,089,111	-	-	-	-	-	11,089,111
Charges for goods and services	-	-	-	510,231	2,457,687	-	2,967,918
Contract and consulting revenue	-	-	1,168,770	-	-	158,864	1,327,634
Lease income	-	546,552	-	-	-	94,800	641,352
Other revenue	24,121,709	272,038	119,189	-	-	-	24,512,936
Less promotional allowance	(6,297,102)	-	-	-	-	-	(6,297,102)
Total operating revenues	<u>311,273,585</u>	<u>2,602,496</u>	<u>1,287,959</u>	<u>510,231</u>	<u>2,457,687</u>	<u>288,785</u>	<u>318,420,743</u>
<b>Operating Expenses</b>							
Salaries and benefits	56,268,767	302,685	171,557	346,823	292,598	-	57,382,430
Contractual and professional service costs	-	17,566	823,128	96,445	1,942,574	99,597	2,979,310
Cost of goods sold	-	730,504	-	-	62,121	27,016	819,641
Travel and training	-	-	6,197	5,159	3,601	11,690	26,647
Repairs and maintenance	-	271,460	-	-	-	-	271,460
Marketing and advertising	7,717,879	4,645	-	-	-	-	7,722,524
Depreciation and amortization	24,097,444	583,880	13,468	-	4,704	-	24,699,496
Program expense	-	-	-	-	-	126,652	126,652
Gaming and related	38,687,005	-	-	-	-	-	38,687,005
General and administrative	15,169,169	250,865	129,256	-	29,188	45,647	15,624,125
Food and beverage	5,322,429	-	-	-	-	-	5,322,429
Compact fees	12,195,829	-	-	-	-	-	12,195,829
Retail	8,228,962	-	-	-	-	-	8,228,962
Hotel	1,284,577	-	-	-	-	-	1,284,577
Entertainment	224,330	-	-	-	-	-	224,330
Miscellaneous expense	-	23,877	656	-	-	-	24,533
(Gain) loss on disposal of capital assets	(393,997)	224,278	-	-	-	-	(169,719)
Total operating expenses	<u>168,802,394</u>	<u>2,409,760</u>	<u>1,144,262</u>	<u>448,427</u>	<u>2,334,786</u>	<u>310,602</u>	<u>175,450,231</u>
Operating income (loss)	<u>142,471,191</u>	<u>192,736</u>	<u>143,697</u>	<u>61,804</u>	<u>122,901</u>	<u>(21,817)</u>	<u>142,970,512</u>
<b>Nonoperating Revenue (Expenses)</b>							
Grant revenue	-	-	1,536,168	-	-	327	1,536,495
Gain on sale of capital assets	-	-	5,226	-	-	-	5,226
Recovery of bad debt	-	50,508	34,753	-	-	-	85,261
Interest income	23,180	1,732	297	-	-	-	25,209
Interest expense	(1,880,788)	-	-	-	(2,496)	1,966	(1,881,318)
Gain on extinguishment of debt	9,110,100	-	87,500	69,900	39,476	-	9,306,976
Total nonoperating revenues (expenses)	<u>7,252,492</u>	<u>52,240</u>	<u>1,663,944</u>	<u>69,900</u>	<u>36,980</u>	<u>2,293</u>	<u>9,077,849</u>
Contributions to related parties	<u>(51,196,255)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,196,255)</u>
Change in net position	98,527,428	244,976	1,807,641	131,704	159,881	(19,524)	100,852,106
Net position, beginning of year	178,886,343	4,649,801	2,187,722	498,582	3,072	12,360,807	198,586,327
Net position, end of year	<u>\$ 277,413,771</u>	<u>\$ 4,894,777</u>	<u>\$ 3,995,363</u>	<u>\$ 630,286</u>	<u>\$ 162,953</u>	<u>\$ 12,341,283</u>	<u>\$ 299,438,433</u>

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

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**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

# Osage Nation

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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. 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 major enterprise funds:

- ♦ *Osage Properties.* Osage properties provides property management and maintenance services for certain land and properties owned by the Nation. Osage Properties charges a space cost to Osage Nation programs to recover a portion of the costs associated with property management.
- ♦ *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.

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- ♦ *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.

*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 six discretely presented component units: Osage Casinos, Osage Nation Ranch, Osage, LLC, Osage Home Health, Osage Nation Energy Services, and the Osage Nation Foundation. 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.

- ♦ **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.
- ♦ **Osage Nation Ranch, LLC (the “Ranch”).** The Ranch was formed to build and maintain ranching operations on property owned by the Nation and located in Osage County.
- ♦ **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.
- ♦ **Osage Home Health.** Osage Home Health operates the home health services for the Nation.



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- ♦ **Osage Nation Energy Services (ONES).** ONES is an oilfield service business providing products and services to the local and regional pipeline and oilfield industry.
- ♦ **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.

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.

*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, 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.

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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, 2021, distributions from the Osage Casinos amounted to \$51,196,255.

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.

*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.

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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.

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.

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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 \$1,317,082 has been recorded to allow for estimated uncollectible health clinic billings within the grants and contracts fund.

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.

Inventories

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

Capital Assets and Depreciation

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.

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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
<b><i>Primary Government</i></b>		
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, 2021.

**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, 2021, totaled \$1,201,974 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

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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.

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).

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- ♦ *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.

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.

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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, 2021, is \$287,097,150. 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 following GASB pronouncements have been issued, but are not yet effective at September 30, 2021:

- ♦ GASB Statement No. 87, *Leases*
- ♦ GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- ♦ GASB Statement No. 91, *Conduit Debt Obligations*
- ♦ GASB Statement No. 92, *Omnibus 2020*
- ♦ GASB Statement No. 93, *Replacement of Interbank Offered Rates*
- ♦ GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- ♦ GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- ♦ GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*
- ♦ GASB Statement No. 98, *The Annual Comprehensive Financial Report*
- ♦ GASB Statement No. 99, *Omnibus 2022*
- ♦ GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- ♦ GASB Statement No. 101, *Compensated Absences*

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 statements has not yet been determined.



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**2) Cash**

The composition of cash and cash equivalents at September 30, 2021, is as follows:

Governmental activities	\$ 89,127,344
Business-type activities	4,293,297
Discretely presented component units	68,453,068
	<u>\$ 161,873,709</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, 2021, the carrying amount of the Nation's combined governmental activities and business-type activities cash was \$93,420,641. Aggregate demand deposit bank balances were \$96,581,693. Of the bank balances, \$1,000,000 was covered by the Federal Deposit Insurance Corporation (FDIC). Of the remaining balance, \$92,991,476 was secured by collateral pledged by the Nation's financial institution, leaving \$2,590,217 uninsured and uncollateralized.

Component Units

Total cash held by discretely presented component units totaled \$68,453,068 as of September 30, 2021. Of this amount, \$64,040,816 was held by Osage Casinos. Of the Casino's cash balance, \$38,278,043 represents demand deposits. The bank balance of these demand deposits totaled \$39,231,861 as of September 30, 2021, all of which was insured or collateralized through FDIC, or other assets held in the Casino's name.

**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 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

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confirmation receipts. At September 30, 2021, the balance of securities held by the third-party custodian was approximately \$147,767,799. Certificates of deposits held by financial institutions totaled \$26,946,092.

Concentration of Credit Risk

The Nation's investments are comprised of the following as of September 30, 2021:

Governmental Activities	Fair Value	Concentration Percentage
Money market investments	\$ 147,767,799	84.58%
Certificates of deposit	<u>26,946,092</u>	<u>15.42%</u>
Total investments	<u>\$ 174,713,891</u>	<u>100.00%</u>

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, 2021:

Governmental Activities	Level 1	Level 2	Level 3	Total
Investment type				
Money market investments	\$ -	\$ 147,767,799	\$ -	\$ 147,767,799
Total investments accounted for at fair value	<u>\$ -</u>	<u>\$ 147,767,799</u>	<u>\$ -</u>	<u>147,767,799</u>
Certificates of deposit (excluded from fair value measurement)				<u>26,946,092</u>
Total investments				<u>\$ 174,713,891</u>

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.

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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, 2021, the Nation's investment maturities, for applicable investments, are as follows:

Governmental Activities	Fair Value	Investment Maturities (In Years)	
		Less Than 1	Greater Than 1
Money market investments	\$ 147,767,799	\$ 147,767,799	\$ -
Certificates of deposit	26,946,092	26,946,092	-
Total investments subject to interest rate risk	<u>\$ 174,713,891</u>	<u>\$ 174,713,891</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, 2021, 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	\$ 147,767,799

**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, 2021, the Nation's investments were not exposed to foreign currency risk.

**Osage Nation**  
**Notes to Financial Statements**  
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**4) Due From Funding Agencies**

The following amounts are due from the respective funding agencies at September 30, 2021, for grant/contract program reimbursements reported in the governmental funds:

U.S. Department of Health and Human Services	\$ 1,621,647
U.S. Department of the Interior	722,699
U.S. Department of Agriculture	690,064
U.S. Department of Housing and Urban Development	438,401
Environmental Protection Agency	150,255
U.S. Department of Transportation	43,193
U.S. Department of Education	22,203
U.S. Department of Justice	17,808
State, Private, and other funding sources	16,707
Total	<u><u>\$ 3,722,977</u></u>

**5) 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.

Interfund receivables and payables balances at September 30, 2021, are summarized as follows:

	Due To Other Funds	Due From Other Funds
General fund	\$ -	\$ 8,955,450
Grants and contracts fund	6,289,678	-
Internal service	-	623,687
Osage properties	1,391,469	-
Revenue tax	1,833,587	-
Nonmajor proprietary funds	64,403	-
Total	<u><u>\$ 9,579,137</u></u>	<u><u>\$ 9,579,137</u></u>

**Osage Nation**  
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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, 2021, are summarized as follows:

	Transfers From Other Funds	Transfers To Other Funds
General fund	\$ 1,900,000	\$ 2,110,366
Grants and contracts fund	95,781	-
Revenue tax	-	1,900,000
Nonmajor proprietary funds	2,014,585	-
Total	<u>\$ 4,010,366</u>	<u>\$ 4,010,366</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 net residual amount for fiscal year 2021 that was transferred to the General Fund was \$1,900,000.

**Osage Nation**  
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**6) Capital Assets**

Capital asset activity for the year ended September 30, 2021, for governmental activities, is summarized as follows:

	Governmental Activities				
	Balance at October 1, 2020	Additions	Disposals	Transfers	Balance at September 30, 2021
Capital assets, not being depreciated					
Land	\$ 80,027,516	\$ 3,233,578	\$ -	\$ -	\$ 83,261,094
Construction in progress	14,678,871	16,316,019	(78,158)	(24,819,904)	6,096,828
Total capital assets, not being depreciated	94,706,387	19,549,597	(78,158)	(24,819,904)	89,357,922
Capital assets, being depreciated					
Buildings and improvements	80,151,862	1,539,721	(73,231)	22,179,918	103,798,270
Furniture, fixtures and equipment	6,422,425	3,512,039	(1,011,345)	2,639,986	11,563,105
Vehicles	3,810,287	1,362,551	(831,271)	-	4,341,567
Total capital assets, being depreciated	90,384,574	6,414,311	(1,915,847)	24,819,904	119,702,942
Less accumulated depreciation for					
Buildings and improvements	(18,070,593)	(3,352,605)	-	-	(21,423,198)
Furniture, fixtures and equipment	(3,542,452)	(771,382)	975,855	-	(3,337,979)
Vehicles	(3,043,888)	(266,832)	831,271	-	(2,479,449)
Total accumulated depreciation	(24,656,933)	(4,390,819)	1,807,126	-	(27,240,626)
Total capital assets, being depreciated, net	65,727,641	2,023,492	(108,721)	24,819,904	92,462,316
Total capital assets, net	\$ 160,434,028	\$ 21,573,089	\$ (186,879)	\$ -	\$ 181,820,238

Depreciation expense for the year ended September 30, 2021, was charged to governmental functions as follows:

	Governmental Activities
General government	\$ 2,377,189
Health and human services	345,557
Education	1,034,477
Community services	246,325
Economic development	68,058
Public safety	43,030
Cultural and languages	41,274
Housing services	75,961
Public works	32,931
Environmental management	126,017
	<u>\$ 4,390,819</u>

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Capital asset activity for the year ended September 30, 2021, for business-type activities, is summarized as follows:

	Business-Type Activities		
	Balance at October 1, 2020	Additions	Balance at September 30, 2021
Capital assets, not being depreciated			
Land	\$ 2,827,020	\$ -	\$ 2,827,020
Total capital assets, not being depreciated	<u>2,827,020</u>	<u>-</u>	<u>2,827,020</u>
Capital assets, being depreciated			
Buildings and improvements	14,351,629	-	14,351,629
Furniture, fixtures and equipment	678,303	-	678,303
Vehicles	163,485	-	163,485
Total capital assets, being depreciated	<u>15,193,417</u>	<u>-</u>	<u>15,193,417</u>
Less accumulated depreciation for			
Buildings and improvements	(9,927,720)	(358,973)	(10,286,693)
Furniture, fixtures and equipment	(600,105)	(23,158)	(623,263)
Vehicles	(160,820)	(2,665)	(163,485)
Total accumulated depreciation	<u>(10,688,645)</u>	<u>(384,796)</u>	<u>(11,073,441)</u>
Total capital assets, being depreciated, net	<u>4,504,772</u>	<u>(384,796)</u>	<u>4,119,976</u>
Total capital assets, net	<u>\$ 7,331,792</u>	<u>\$ (384,796)</u>	<u>\$ 6,946,996</u>

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**Component Units**

Net capital assets held by the discretely presented component units totaled \$252,740,851, as of September 30, 2021. Of this amount, the Casinos held capital assets totaling \$235,850,996. Capital asset activity for the year ended September 30, 2021, for the Casinos, is summarized as follows:

	Osage Casinos			
	Balance at October 1, 2020	Additions	Disposals and Transfers	Balance at September 30, 2021
Capital assets, not being depreciated				
Land	\$ 11,328,767	\$ 44,423	\$ (29,820)	\$ 11,343,370
Construction in progress	24,867,188	10,028,740	(24,048,886)	10,847,042
Total capital assets, not being depreciated	<u>36,195,955</u>	<u>10,073,163</u>	<u>(24,078,706)</u>	<u>22,190,412</u>
Capital assets, being depreciated				
Land improvements	12,742,569	9,400	380,365	13,132,334
Buildings and improvements	215,506,470	2,186,348	23,582,313	241,275,131
Furniture and fixtures	15,064,949	2,151,681	(550,251)	16,666,379
Gaming and other equipment	98,881,735	3,989,240	(222,388)	102,648,587
Vehicles	2,303,165	115,091	(205,324)	2,212,932
Total capital assets, being depreciated	<u>344,498,888</u>	<u>8,451,760</u>	<u>22,984,715</u>	<u>375,935,363</u>
Less accumulated depreciation for				
Land improvements	(6,142,124)	(1,875,014)	-	(8,017,138)
Buildings and improvements	(43,843,263)	(9,652,973)	-	(53,496,236)
Furniture and fixtures	(7,818,254)	(1,924,090)	388,947	(9,353,397)
Gaming and other equipment	(79,614,112)	(10,426,927)	257,942	(89,783,097)
Vehicles	(1,560,118)	(218,440)	153,647	(1,624,911)
Total accumulated depreciation	<u>(138,977,871)</u>	<u>(24,097,444)</u>	<u>800,536</u>	<u>(162,274,779)</u>
Total capital assets, being depreciated, net	<u>205,521,017</u>	<u>(15,645,684)</u>	<u>23,785,251</u>	<u>213,660,584</u>
Total capital assets, net	<u>\$ 241,716,972</u>	<u>\$ (5,572,521)</u>	<u>\$ (293,455)</u>	<u>\$ 235,850,996</u>

The Nation has approved the construction of a new casino and hotel at Bartlesville for approximately \$77,000,000, and a new casino and hotel at Pawhuska for approximately \$50,000,000. The construction of the expansion began in 2021. The new casino and hotel projects are expected to be completed in December 2022.



**Osage Nation**  
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**7) Long-Term Liabilities**

Changes in compensated absences of the governmental activities for the year ended September 30, 2021, were as follows:

	Balance at October 1, 2020	Additions	Deductions	Balance at September 30, 2021	Amounts Due Within One Year
Governmental activities					
Compensated absences	\$ 1,001,866	\$ 1,201,974	\$ (1,001,866)	\$ 1,201,974	\$ -

In April 2020, the Nation applied for and received a loan under the Paycheck Protection Program in the amount of \$5,184,500. The loan contains stipulations that it will be fully forgiven if the Nation utilizes the funds on qualified costs. The loan is reported as a liability until the Nation is legally released from the debt. At that time, the balance would be reported as an inflow of resources. Any portion of the loans not forgiven must be repaid over an 18-month period, at a fixed interest rate of 1%.

On June 25, 2021, the Nation received notification from the Small Business Administration that its Paycheck Protection Program loan had been forgiven in its entirety as authorized by Section 1106 of the CARES Act.

Changes in the governmental activities paycheck protection program loan for the year ended September 30, 2021, were as follows:

	Balance at October 1, 2020	Additions	Deductions	Balance at September 30, 2021	Amounts Due Within One Year
Governmental activities					
Paycheck Protection Program (PPP) loan	\$ 5,184,500	\$ -	\$ (5,184,500)	\$ -	\$ -

**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.

The 2016 Agreement allows for a \$67 million Term Loan, a \$58 Million Advancing Term Loan, and a \$50 million Revolving Loan.

The Term Loan was used for the purchase of the Bluestem Ranch. Principal payments of \$2,392,857 are due quarterly through September 30, 2018. After September 30, 2018, principal payments of \$1,675,000 are due quarterly through maturity.

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The borrowings on the Term Loan were used to finance the purchase of the Bluestem Ranch rather than the operations of the Casino. Under the 2016 Agreement, the Casino has joint and several liabilities to repay the borrowings on the Term Loan. Giving consideration to its joint and several liability and to how the borrowings under the Term Loan would eventually be repaid, the Casino's management made the determination to record the borrowings under the Term Loan. As of September 30, 2021, the Term Loan had been fully repaid.

The Advancing Term Loan is to be used for the Tulsa project. Advances were allowed through September 30, 2018. Beginning on December 31, 2018, principal payments of \$1,400,000 are due quarterly through maturity. As of September 30, 2021, the Advancing Term Loan had been fully repaid.

The Revolving Loan was used to provide for the general purposes of the Enterprise. Borrowings on the 2016 Revolving Loan could not be used for distributions. As of September 30, 2020, no borrowings were outstanding under the Revolving Loan.

Interest on borrowings under the 2016 Agreement accrued interest at the LIBOR 30-day rate, plus a margin based on the leverage ratio as defined by the 2016 Agreement. In addition, a commitment fee for the unused portion of the Revolving Loan commitment and the Advancing Term Loan was payable quarterly. The commitment fee is computed as the product of a margin based on the leverage ratio as defined by the 2016 Agreement multiplied by the average daily unused Revolving Loan and Advancing Term Loan for the respective quarter in arrears.

The 2016 Agreement was collateralized by substantially all the assets, net receipts, net revenues and rents from the Casino. Under the terms of the 2016 Agreement, the Casino is required to comply with certain financial covenants, including a fixed-charge coverage ratio and leverage ratio.

On June 25, 2021, the Casino 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 \$30,000,000 Term Loan (2021 Term Loan), and a \$90,000,000 Revolving Loan (2021 Revolving Loan). The Casino used the 2021 Agreement to fully repay the outstanding borrowing on the 2016 Agreement, which was scheduled to mature on June 30, 2021.

The 2021 Term Loan requires principal payments of \$1,500,000, due quarterly through maturity. As of September 30, 2021, borrowings under the 2021 Term Loan were \$12,750,000.

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, 2021, no borrowings were outstanding under the 2021 Revolving Loan.

# Osage Nation

## Notes to Financial Statements

### September 30, 2021

The 2021 Agreement, which matures on June 25, 2026, is collateralized by substantially all the assets, net receipts, net revenues and rents from the Casino. 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 ratio, and leverage ratio.

Interest on borrowings under the 2021 Agreement accrue interest at the LIBOR 30-day rate, plus a margin based on the leverage ratio as defined by the 2021 Agreement (1.58% at September 30, 2021). 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, 2021) multiplied by the average daily unused 2021 Revolving Loan for the respective quarter in arrears.

In connection with the suspension of all gaming operations in March 2020, the Casinos applied for and received, on May 8, 2020, loan proceeds totaling \$9,110,100 from a financial institution in connection with the PPP as authorized by the United States Congress under provisions of the recently enacted CARES Act. Proceeds from this loan were used for the retention of employees during the COVID-19 pandemic. The Casino received notice of the forgiveness of the loan from the Small Business Administration (SBA) on June 16, 2021. Proceeds from the loan are recorded as a gain on extinguishment of debt on the statement of revenues, expenses and changes in net position. The PPP loan is subject to an audit by the SBA for up to six years following the date of loan forgiveness, at which time a refund of all or portion of the PPP loan may be required.

The following is a summary of changes in the balance of Osage Casinos' long-term debt for the year ended September 30, 2021:

	Balance at October 1, 2020	Additions	Deductions	Balance at September 30, 2021	Amounts Due Within One Year
2016 Term Loan	\$ 31,764,184	\$ -	\$ (31,764,184)	\$ -	\$ -
2016 Advancing Term Loan	46,400,000	-	(46,400,000)	-	-
2021 Revolving Loan	-	31,914,184	(31,914,184)	-	-
2021 Term Loan	-	30,000,000	(17,250,000)	12,750,000	6,000,000
Paycheck Protection Program Loan	9,110,100	-	(9,110,100)	-	-
Component units long-term liabilities	<u>\$ 87,274,284</u>	<u>\$ 61,914,184</u>	<u>\$ (136,438,468)</u>	<u>\$ 12,750,000</u>	<u>\$ 6,000,000</u>

**Osage Nation**  
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**8) Unearned Grant Revenue**

The following governmental fund monies received from the respective funding agencies were unspent as of September 30, 2021:

U.S. Department of Treasury	\$ 114,411,308
U.S. Department of Health and Human Services	22,070,078
U.S. Department of Transportation	21,536,787
U.S. Department of the Interior	10,623,289
U.S. Department of Agriculture	5,822
Environmental Protection Agency	2,580
U.S. Department of Education	13,720
State, private, and other funding sources	<u>270,158</u>
Total	<u><u>\$ 168,933,742</u></u>

**9) 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, 2021, 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, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Unpaid claims, beginning of year	\$ 199,620	\$ 238,306
Incurred claims, including IBNR's	4,434,262	3,814,023
Claim payments	<u>(4,231,311)</u>	<u>(3,852,709)</u>
Unpaid claims, end of year	<u>\$ 402,571</u>	<u>\$ 199,620</u>

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.

**10) 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 2021, the expenditures for member benefits were \$10,284,344. The Nation expenses the benefit payments as they are paid to the third-party administrator. There is a nominal time lag between receipt of claims by the third-party administrator and payment by the Nation. As a result, no liability is reflected for this program in the accompanying financial statements. 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, 2021, was \$5,953,209 and is reported as committed fund balance in the General Fund.

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**11) Components of Fund Balance**

At September 30, 2021, components of fund balance are classified as follows:

	General Fund	Grants and Contracts	Total Governmental Funds
Nonspendable	\$ 269,886	\$ 916,622	\$ 1,186,508
Restricted			
Restricted by BIA - Land Management	1,241,361	-	1,241,361
Restricted for grant purpose	1,655,713	16,617,369	18,273,082
Total restricted	<u>2,897,074</u>	<u>16,617,369</u>	<u>19,514,443</u>
Committed for			
Permanent fund	32,677,514	-	32,677,514
Osage war memorial	101,980	-	101,980
Burial assistance fund revolving	23,749	-	23,749
Real property purchasing fund revolving	5,971,481	-	5,971,481
Museum revolving	19,559	-	19,559
Education partnership fund revolving	(3,924)	-	(3,924)
Grayhorse Village	124,135	-	124,135
Pawhuska village	925,450	-	925,450
Hominy village	15,819	-	15,819
Higher education scholarship fund revolving	1,275,978	-	1,275,978
Osage Nation bar association revolving	72,375	-	72,375
Donations fund revolving	2,402,753	-	2,402,753
Health benefit plan revolving	5,953,209	-	5,953,209
Freeman monument fund revolving	10,000	-	10,000
Osage Nation code fund revolving	19,334	-	19,334
Campus master plan revolving	88,329	-	88,329
Regional gathering fund revolving	32,956	-	32,956
Matching grant fund revolving	1,080,793	-	1,080,793
Capital assets and improvement fund revolving	8,051,011	-	8,051,011
Tax relief fund revolving	3,242,930	-	3,242,930
Restricted property re-purchase revolving	101,624	-	101,624
Osage Nation property improvement fund revolving	1,943,109	-	1,943,109
Donor fund	450,511	-	450,511
Minerals council	156,096	-	156,096
Retained revenue fund	7,589,050	-	7,589,050
S-510	<u>296,632</u>	<u>-</u>	<u>296,632</u>
Total committed	72,622,453	-	72,622,453
Assigned			
Property income account revolving	327,947	-	327,947
Unassigned	<u>(1,316,682)</u>	<u>-</u>	<u>(1,316,682)</u>
Total fund balances	<u>\$ 74,800,678</u>	<u>\$ 17,533,991</u>	<u>\$ 92,334,669</u>

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The Nation established a Permanent Fund through Legislation (ONCA 12-85). 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.

**12) 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, 2021, were approximately \$643,010. Contributions made by the Nation to the 401(k) plan for the employees for the year ended September 30, 2021, were approximately \$816,031.

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, 2021, were approximately \$27,202. Contributions made by the Nation to the Congressional 401(k) plan for the year ended September 30, 2021, were approximately \$40,381.

**13) 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

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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 2021, the Nation received \$2,860,166 in revenue under this compact.

**14) Related-Party Transactions and Other Distributions**

During 2021, Osage Casinos distributed \$51,196,255 to the Nation. The Nation also distributed \$753,900 to local governments and other organizations to assist in economic recoveries from the COVID-19 pandemic.

**15) 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, 2021, the Nation is not aware of any pending litigation that would result in substantial losses.

COVID-19 Pandemic

The Nation's operations have been, and continue to be impacted by the COVID-19 Pandemic. The evolution of the virus, the extent of its economic impact and the results of steps taken and yet to be taken by governments and businesses are unknown. Governments and businesses may face supply chain disruptions, labor shortages, revenue declines, an increase in bad debts, reduced cash flow, and other financial implications. The significance and the duration of the pandemic's future financial impact on the Nation cannot be reasonably estimated at this time.

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 \$38,366,356 for the year ended September 30, 2021.



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**16) Subsequent Event**

Restructuring of Component Units

On October 1, 2021, two of the Nation's component units, Osage Nation Ranch and Osage Nation Energy Services, were restructured and assigned as entities under the umbrella of Osage, LLC, a component unit of the Nation.