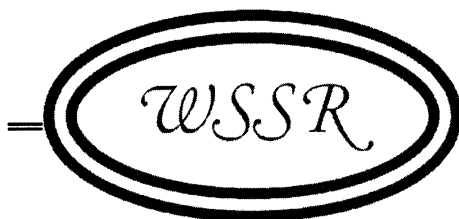


THE SCIOTO SOCIETY, INC.

FINANCIAL STATEMENTS

OCTOBER 31, 2022

(With Summarized Totals for 2021)



Whited Seigneur Sams & Rabe, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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THE SCIOTO SOCIETY, INC.
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

February 13, 2023

To the Board of Trustees of
The Scioto Society, Inc.
Chillicothe, Ohio

We have reviewed the accompanying financial statements of The Scioto Society, Inc. (a nonprofit organization) (the Society), which comprise the statement of financial position as of October 31, 2022, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We have previously reviewed the Society's 2021 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated January 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2021, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Respectfully submitted,

Whited Seigneur Sams & Rahe

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

THE SCIOTO SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2022 and 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,340,261	\$ 1,384,025
Inventory	107,145	102,800
Prepaid Expenses	<u>44,795</u>	<u>14,940</u>
TOTAL CURRENT ASSETS	1,492,201	1,501,765
PERMANENT & DEPRECIABLE ASSETS, NET	939,745	805,765
OTHER ASSETS		
Designated Endowment Funds	<u>57,471</u>	<u>68,200</u>
TOTAL OTHER ASSETS	<u>57,471</u>	<u>68,200</u>
TOTAL ASSETS	<u><u>\$ 2,489,417</u></u>	<u><u>\$ 2,375,730</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 44,549	\$ 54,607
Accrued Payroll & Taxes	13,985	13,021
Accrued Property Taxes	6,640	6,640
Accrued Sales Tax	443	781
Accrued Interest Payable	1,313	1,313
Small Business Administration (SBA) Loan Current	<u>3,172</u>	<u>3,086</u>
TOTAL CURRENT LIABILITIES	<u>70,102</u>	<u>79,448</u>
LONG TERM LIABILITIES		
Small Business Administration (SBA) Loan	<u>125,528</u>	<u>126,914</u>
TOTAL LIABILITIES	195,630	206,362
NET ASSETS		
Net assets without donor restrictions	<u>2,293,787</u>	<u>2,169,368</u>
TOTAL NET ASSETS	<u>2,293,787</u>	<u>2,169,368</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,489,417</u></u>	<u><u>\$ 2,375,730</u></u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE SCIOTO SOCIETY, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED OCTOBER 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES, GAINS AND OTHER SUPPORT		
Sales		
Tickets	\$ 949,584	\$ 1,014,715
Haunted Mountain, Concerts & Events	123,798	210,408
Retail Sales	322,976	312,307
Tours	<u>45,245</u>	<u>39,771</u>
Total Sales	1,441,603	1,577,201
Sponsorship Program Revenue	46,628	32,000
Contributions	615	68,452
Concession Fees	42,818	32,265
Fundraiser	-	15,751
Grants	140,034	893,388
Rain Insurance & Fees	218,427	222,615
PPP Loan Forgiveness	-	244,140
Miscellaneous Income	<u>10,813</u>	<u>53,254</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,900,938	3,139,066
EXPENSES		
Production	839,397	667,898
Theater Operations	464,880	397,047
Retail	<u>112,376</u>	<u>130,756</u>
Total Program Expense	1,416,653	1,195,701
Management & General	<u>348,523</u>	<u>316,879</u>
TOTAL EXPENSES	<u>1,765,176</u>	<u>1,512,580</u>
CHANGE IN NET ASSETS FROM OPERATIONS	135,762	1,626,486
OTHER CHANGES		
Loss on Disposal	(616)	-
Unrealized Gain (Loss) on Endowment Fund	<u>(10,728)</u>	<u>7,634</u>
TOTAL OTHER CHANGES	<u>(11,344)</u>	<u>7,634</u>
CHANGES IN NET ASSET	124,418	1,634,120
NET ASSETS, BEGINNING OF YEAR	<u>2,169,369</u>	<u>535,249</u>
NET ASSETS, END OF YEAR	<u>\$ 2,293,787</u>	<u>\$ 2,169,369</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE SCIOTO SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED OCTOBER 31, 2022

(With Summarized Financial Information for the Year Ended October 31, 2021)

	Theatre		
	Production	Operations	Retail
Wages	\$ 271,928	\$ 100,556	\$ -
Payroll Expenses	21,132	7,077	-
Total Personnel Costs	293,060	107,633	-
Advertising & Promotional	167,430	-	-
Audit & Accounting Fees	-	-	-
Audition	1,926	-	-
Interest/Banking Fees	-	37,895	-
Board of Trustees	-	-	-
Concerts & Events	154,304	-	-
Depreciation	69,689	32,996	-
Employee/Cast Benefit	10,781	-	-
Equine Husbandry	21,667	-	-
Equipment Lease	-	-	-
Fundraising	19,241	-	-
Inventory	-	-	106,102
Grounds & Maintenance	-	94,026	-
Information Technology	-	-	-
Insurance	-	-	-
Miscellaneous	2,731	11,433	-
Postage	-	-	458
Real Estate Tax	-	-	-
Rent	-	-	-
Royalties	46,279	-	-
Seasonal Professional Fees	27,521	-	-
Supplies	24,768	12,750	5,816
Telephone	-	9,355	-
Ticketing Fees	-	95,632	-
Travel & Meetings	-	-	-
Utilities	-	63,160	-
Vehicle	-	-	-
TOTAL	<u>\$ 839,397</u>	<u>\$ 464,880</u>	<u>\$ 112,376</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE SCIOTO SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED OCTOBER 31, 2022

(With Summarized Financial Information for the Year Ended October 31, 2021)

	<u>Total</u>	<u>Management</u>		
	<u>Program</u>	<u>& General</u>	<u>2022</u>	<u>2021</u>
Wages	\$ 372,484	\$ 152,973	\$ 525,457	\$ 443,507
Payroll Expenses	28,209	27,705	55,914	49,346
Total Personnel Costs	400,693	180,678	581,371	492,853
Advertising & Promotional	167,430	-	167,430	82,632
Audit & Accounting Fees	-	13,254	13,254	10,103
Audition	1,926	-	1,926	5,583
Bank/Credit Card Fees	37,895	9,822	47,717	53,769
Board of Trustees	-	1,406	1,406	957
Concerts & Events	154,304	29,437	183,741	177,236
Depreciation	102,685	6,944	109,629	74,575
Employee/Cast Benefit	10,781	-	10,781	11,190
Equine Husbandry	21,667	-	21,667	15,570
Equipment Lease	-	3,736	3,736	4,179
Fundraising	19,241	2,733	21,974	21,822
Inventory	106,102	-	106,102	128,042
Grounds & Maintenance	94,026	131	94,157	79,872
Information Technology	-	16,022	16,022	11,196
Insurance	-	26,744	26,744	27,311
Miscellaneous	14,164	2,023	16,187	16,030
Postage	458	1,191	1,649	2,653
Real Estate Tax	-	6,640	6,640	6,642
Rent	-	-	-	-
Royalties	46,279	-	46,279	49,915
Seasonal Professional Fees	27,521	-	27,521	23,055
Supplies	43,334	9,703	53,037	38,810
Telephone	9,355	4,190	13,545	14,398
Ticketing Fees	95,632	-	95,632	104,716
Travel & Meetings	-	10,570	10,570	7,960
Utilities	63,160	10,236	73,396	51,511
Vehicle	-	13,063	13,063	-
TOTAL	<u>\$ 1,416,653</u>	<u>\$ 348,523</u>	<u>\$ 1,765,176</u>	<u>\$ 1,512,580</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE SCIOTO SOCIETY, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 124,418	\$ 1,634,120
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	109,629	74,575
Unrealized (Gain)/Loss on Investments	10,728	(7,634)
Loss on Disposal	616	-
Change in Operating Assets and Liabilities		
(Increase) Decrease in Inventory	(4,345)	(7,056)
(Increase) Decrease in Prepaid Expenses	(29,855)	124
(Increase) Decrease in Endowment	-	(30,000)
Increase (Decrease) in Accounts Payable & Accrued Expenses	(10,058)	27,201
Increase (Decrease) in Accrued Payroll & Taxes	<u>626</u>	<u>13,196</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	201,759	1,704,526
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant, & Equipment	<u>(244,223)</u>	<u>(182,778)</u>
NET CASH PROVIDED/ (USED) BY INVESTING ACTIVITIES	<u>(244,223)</u>	<u>(182,778)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Line of Credit	-	(305,200)
Proceeds (Payments) from PPP & SBA Loans	<u>(1,300)</u>	<u>(121,100)</u>
NET CASH PROVIDED/ (USED) BY FINANCING ACTIVITIES	<u>(1,300)</u>	<u>(426,300)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(43,764)	1,095,448
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,384,025</u>	<u>288,577</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,340,261</u>	<u>\$ 1,384,025</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 5,570	\$ 9,843

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE SCIOTO SOCIETY, INC.
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Nature of Activities**

The Society promotes the arts primarily through the annual presentation of an outdoor drama depicting the life of the Shawnee Indian leader, Tecumseh. The drama runs from June through August. The Society also maintains an office building outside Chillicothe, Ohio where the administration functions are performed. The Society also hosts other concerts or events utilizing their facilities.

- **Basis of Accounting**

The financial statements of the Society have been prepared in accordance with U.S. generally accepted accounting principles, which now require the Society to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of the Society's management and Board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reports as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Society has no net assets with donor restrictions.

- **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Society considers all highly liquid investments purchased with an initial maturity date of three months or less to be cash equivalents.

- **Account Receivables**

Account receivables are recorded net of allowance for expected losses. The allowance is estimated from historical performance and projection of trends.

- **Inventory**

Inventory of gift shop items and recordings are valued at the lower of cost (FIFO, first-in, first-out) or market.

- **Donated Services**

Donated professional services, supplies, materials, and equipment are recorded as contribution income at their estimated fair market values. Volunteer time is not recorded since the value of this time is not determinable.

THE SCIOTO SOCIETY, INC.
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Property and Depreciation**

Property and equipment are carried at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred.

Depreciation of property and equipment is provided under the estimated useful lives of the respective assets on a straight-line basis as follows:

	<u>Years</u>
Buildings at Sugarloaf	10 - 40
Parking Lots & Access Roads	10 - 40
Office Building	40
Equine	10
Equipment	5 - 12
Properties & Scenery	5 - 12
Costumes	3

• **Revenue Recognition**

In accordance with Topic 606, the Society recognizes revenue when its' customer obtains control of promised goods or services in an amount that reflects the consideration which the Society expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Society determines are within the scope of Topic 606, the Society performs the following 5 steps:

- Identify the contract(s) with a customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract,
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Society promotes the arts. The performance obligation of providing these services is simultaneously received and consumed by the customers; therefore, the revenue is recognized over time as these services are provided. Sales are reported net of all refunds and discounts. The 2020 season was cancelled due to the Coronavirus (COVID-19) pandemic.

The Society recognizes revenue from grants and contracts in accordance with ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Society evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Society applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Society evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Society is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

THE SCIOTO SOCIETY, INC.
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Revenue Recognition (Continued)**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

- **Functional Expenses**

Expenses are charged to each program based upon direct expenditures incurred.

- **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

- **Income Tax**

The Internal Revenue Service has determined that the Society is exempt from federal income taxes under section 509(a)(1) of the Internal Revenue Code as a public charity described in Section 501(c)(3). Accordingly, no provision for federal or state income taxes has been made in the financial statements. All IRS Form 990, *Return of Organization Exempt from Income Tax*, have been filed and are subject to examination by the IRS, generally for three years after they are filed.

- **Advertising Costs**

The Society expenses advertising costs as incurred. Advertising costs was \$167,430 for the year ended October 31, 2022.

- **Date of Management's Review of Subsequent Events**

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through February 13, 2023, the date the financial statements were available to be issued

THE SCIOTO SOCIETY, INC.
NOTES TO THE FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are comprised of the following at October 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Petty Cash	\$ 200	\$ 200
Operating Funds	<u>1,340,061</u>	<u>1,383,825</u>
Total	<u>\$ 1,340,261</u>	<u>\$ 1,384,025</u>

The Society did not have any restricted cash as of October 31, 2022 or 2021.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the balance sheet date, consist of:

Financial assets at year end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,340,261	\$ 1,384,025
Accounts receivable	<u>-</u>	<u>-</u>
Total	<u>\$ 1,340,261</u>	<u>\$ 1,384,025</u>

4. PERMANENT AND DEPRECIABLE ASSETS

Permanent and depreciable property and accumulated depreciation at October 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Buildings	\$ 1,575,983	\$ 1,531,726
Parking Lot & Access Roads	153,966	118,200
Props & Scenery	35,960	35,960
Equipment	213,102	78,278
Horses	3,500	3,500
Vehicles	<u>33,505</u>	<u>10,284</u>
Total Depreciable Assets	2,016,016	1,777,948
Less: Accumulated Depreciation	<u>(1,125,861)</u>	<u>(1,021,773)</u>
Net Depreciable Assets	890,155	756,175
Land	<u>49,590</u>	<u>49,590</u>
Net Permanent & Depreciable Assets	<u>\$ 939,745</u>	<u>\$ 805,765</u>

5. DESIGNATED ENDOWMENT FUNDS

In September 2014, the Society opened the Herbert and Bettie Friedman Tecumseh Endowment Fund with Chillicothe-Ross Community Foundation for endowment purposes with an initial investment of \$10,000. The Foundation manages the funds for a 0.75% annual administration fee and notifies the Society of the amount of funds that can be granted each year. The Scioto Society did not grant variance power to the Chillicothe-Ross Community Foundation. Disbursements from the Endowment Fund are in accordance with the spending policy established by the Board of the Chillicothe-Ross Community Foundation. At October 31, 2022, the Endowment Fund's fair market value was \$57,471, reflecting an decrease of \$10,728 for the year.

THE SCIOTO SOCIETY, INC.
NOTES TO THE FINANCIAL STATEMENTS

6. NOTE PAYABLE – LINE OF CREDIT

The Society has a line of credit with Kingston National Bank, collateralized by all of the real property. Interest is a variable rate based upon the Prime Rate published in the Wall Street Journal plus 0.5 percentage points calculated monthly. Interest is paid monthly and the rate was 8% at October 31, 2022. Maximum credit available is \$380,000 with an outstanding balance of \$0 at October 31, 2022. Maturity of this line of credit is September 15, 2026.

7. PAYROLL PROTECTION PROGRAM LOAN

On May 6, 2020, the Society received loan proceeds in the amount of \$121,100 under the Paycheck Protection Program (“PPP”). The Society received a second PPP loan of \$123,040 on January 28, 2021. Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period.

Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. The Society used PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period. Both loans were forgiven in 2021.

8. SMALL BUSINESS ADMINISTRATION LOAN

On May 22, 2020, the Society received loan proceeds in the amount of \$130,000 to alleviate economic injury caused by the Coronavirus (COVID-19) pandemic. The terms of the loan call for 2.75% interest from the date loan was received and monthly payments of \$556 beginning in May 2021 and continuing for thirty years. The balance of the loan was \$128,700 as of October 31, 2022.

Maturities of long-term debt are reflected as follows for the years ended October 31:

2023	\$	3,172
2024		3,260
2025		3,351
2026		3,445
2027		3,540
Thereafter		<u>111,932</u>
Total	\$	<u><u>128,700</u></u>

9. GROSS PROFIT

The following is a gross profit analysis for the years then ended. Sales are reflected in support and revenue. Cost of sales are included in the theatre expenses.

<u>Retail Sales</u>	<u>2022</u>	<u>2021</u>
Gross Sales	\$ 322,976	\$ 312,307
Less: Cost of Goods Sold	<u>(106,102)</u>	<u>(128,042)</u>
Gross Profit	<u><u>\$ 216,874</u></u>	<u><u>\$ 184,265</u></u>

THE SCIOTO SOCIETY, INC.
NOTES TO THE FINANCIAL STATEMENTS

10. CONCENTRATION OF RISK

The Society maintains cash balances at several financial institutions. Accounts for each institution are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At October 31, 2022 and 2021, the Society had uninsured cash balances of \$251,570 and \$0, respectively.

11. RELATED PARTY TRANSACTIONS

The Society receives commission fees from a business owned by a member of the Board of Trustees. Fees received under this arrangement were \$42,818 and \$32,265 for the years ended October 31, 2022 and 2021, respectively.

12. COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended October 31, 2021, from which the summarized information was derived.

13. CORONAVIRUS (COVID-19) PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The Governor of the State of Ohio declared a state of emergency on March 9, 2020. The Director of the Ohio Department of Health issued a Director's Order prohibiting mass gatherings on March 12, 2020. These two declarations forced the Society to cancel the 2020 season of the showing of Tecumseh! as well as canceling other events previously scheduled. This has significantly negatively impacted the Society's financial condition. The Board and management have taken the following actions to offset the loss in revenues caused by the pandemic:

- Applied for and received an Economic Injury Disaster Loan from the U.S. Small Business Administration in the amount of \$139,900;
- Applied for and received Paycheck Protection Program Loans from the U.S. Small Business Administration in the amounts of \$121,000 and \$123,040;
- Launched a \$100,000 public fundraising campaign and received multiple grants in 2021;
- All capital projects were canceled in 2020 only;
- Marketing contracts were canceled in 2020 only;
- Staff had been laid off or reduced in 2020 but was partially restored back to capacity in 2021; and
- Renegotiated IT contracts for temporary relief without losing services.

All operations opened up for the 2021 season.

THE SCIOTO SOCIETY, INC.
NOTES TO THE FINANCIAL STATEMENTS

14. NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) has adopted the following accounting standard updates (ASU) that will be effective in the coming years. The Society has not early implemented these changes.

Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, will require that lessees record nearly all leases on the balance sheet. Lessors will see some changes too, largely made to align with the revised lessee model and the FASB's new revenue recognition guidance. This ASU is effective for periods beginning after December 31, 2022.