

Report on Audits of Financial Statements of
Riverbanks Society

A Component Unit of Richland-Lexington
Riverbanks Park District

June 30, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of
Riverbanks Society
Columbia, South Carolina

We have audited the accompanying financial statements of Riverbanks Society (the "Society"), (a Component Unit of Richland-Lexington Riverbanks Park District) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of June 30, 2015 and 2014, and the changes in its activities and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Scott and Company LLC

Columbia, South Carolina
January 20, 2016

Riverbanks Society
(A Component Unit of Richland-Lexington Riverbanks Park District)
Statements of Financial Position
as of June 30,

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,786,599	\$ 2,727,091
Pledges receivable	54,747	30,750
Prepaid expenses	10,420	11,952
Due from Richland-Lexington Riverbanks Park District	242,257	169,072
Total current assets	2,094,023	2,938,865
Non-current assets:		
Pledges receivable, non-current	80,243	25,000
Total assets	\$ 2,174,266	\$ 2,963,865
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 2,641	\$ 6,208
Accrued expenses	8,834	8,736
Unearned revenue	25,000	55,600
Total current liabilities	36,475	70,544
Non-current liabilities:		
Compensated absences, net of current portion	1,030	1,203
Total liabilities	37,505	71,747
Net assets		
Unrestricted:		
Designated by management for gift shop construction	-	1,500,000
Undesignated	1,900,585	1,339,858
Temporarily restricted		
Conservation Support Fund	71,476	52,260
Destination Riverbanks	164,700	-
Total net assets	2,136,761	2,892,118
Total liabilities and net assets	\$ 2,174,266	\$ 2,963,865

The accompanying notes are an integral part of these statements.

Riverbanks Society
(A Component Unit of Richland-Lexington Riverbanks Park District)
Statements of Activities and Changes in Net Assets
for the years ended June 30,

	2015	2014
Unrestricted net assets		
Public support, revenue and reclassifications:		
Membership dues	\$ 3,456,715	\$ 3,052,156
Contributions	301,262	272,413
Interest	340	862
Miscellaneous income	3,250	3,696
Net assets released from restrictions	312,266	150,390
Total public support, revenue and reclassifications	4,073,833	3,479,517
Expenses and losses:		
Program expenses		
Support to Richland-Lexington Riverbanks Park District	3,752,939	1,742,332
Grants and donations	441,105	285,811
Member services	541,612	541,135
Total programs	4,735,656	2,569,278
Administration	88,857	82,085
Fund raising	188,593	182,481
Total expenses	5,013,106	2,833,844
(Decrease) increase in unrestricted net assets	(939,273)	645,673
Temporarily restricted net assets		
Contributions	496,182	164,019
Net assets released from restrictions	(312,266)	(150,390)
Increase in temporarily restricted net assets	183,916	13,629
(Decrease) increase in net assets	(755,357)	659,302
Net assets, beginning of year	2,892,118	2,232,816
Net assets, end of year	\$ 2,136,761	\$ 2,892,118

The accompanying notes are an integral part of these statements.

Riverbanks Society
(A Component Unit of Richland-Lexington Riverbanks Park District)
Statements of Cash Flows
for the years ended June 30,

	2015	2014
Operating activities:		
(Decrease) increase in net assets	\$ (755,357)	\$ 659,302
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Pledges receivable	(79,240)	(34,917)
Prepaid expenses	1,532	(2,624)
Accounts payable	(3,567)	3,648
Accrued expenses	98	(321)
Unearned revenue	(30,600)	53,100
Compensated absences	(173)	689
Due from/to Richland-Lexington Riverbanks Park District	(73,185)	(73,132)
Net cash (used in) provided by operating activities	(940,492)	605,745
(Decrease) increase in cash and cash equivalents	(940,492)	605,745
Cash and cash equivalents, beginning of year	2,727,091	2,121,346
Cash and cash equivalents, end of year	\$ 1,786,599	\$ 2,727,091

The accompanying notes are an integral part of these statements.

Riverbanks Society
(A Component Unit of Richland-Lexington Riverbanks Park District)
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization and Nature of Activities - Riverbanks Society (the "Society") is a South Carolina corporation organized to provide financial support for the Richland-Lexington Riverbanks Park District (the "District") and its activities. The Society is supported primarily through donor contributions. The majority of donations are received from a broad base of citizens of Richland and Lexington Counties, South Carolina. The Society is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Board of the Society is self-perpetuating and fluctuates between 15 and 21 members. Although the District does not control the timing or amount of receipts from the Society, the majority of resources or income thereon that the Society holds and invests is restricted to the activities of the District by the donors. Because these restricted resources held by the Society can only be used by, or for the benefit of, the District, the Society is considered a component unit of the District and is discretely presented in the District's financial statements.

Basis of Accounting - The Society's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation - Financial statement presentation follows the recommendations of the Accounting Standards Codification Topic 958. The Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Advertising Costs - Expenditures for advertising and public relations are charged to expense as incurred.

Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Concentrations of Credit Risk - At June 30, 2015, the Society had cash deposits in excess of federally insured limits (\$250,000) in the approximate amount of \$1,480,000.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Society considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Society generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Society with fund-raising and special projects.

Property and Equipment - Property and equipment expenditures and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful life.

Riverbanks Society
 (A Component Unit of Richland-Lexington Riverbanks Park District)
 Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Income Taxes - The Internal Revenue Service has approved the Society's exemption from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and comparable state law, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Society and recognize a tax liability (or asset) if the Society has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Society, and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Society is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The following years are subject to examination by major tax jurisdictions at June 30, 2015:

Federal	2012 - 2015
South Carolina	2012 - 2015

Restricted and Unrestricted Revenue - Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Note 2. Pledges Receivable

The Society has held various Capital Campaigns to raise money for specific District and Garden construction projects. The promises to give as of June 30, 2015 and 2014 are unconditional and are valued as follows:

	2015	2014
Receivable - due in one year or less	\$ 54,747	\$ 30,750
Receivable - due in one to five years, net	80,243	25,000
Total pledges receivable	\$ 134,990	\$ 55,750

An allowance for doubtful accounts is not considered to be necessary due to the Society's history of collection of promises to give.

Riverbanks Society
(A Component Unit of Richland-Lexington Riverbanks Park District)
Notes to Financial Statements

Note 3. Property and Equipment

During the year ended June 30, 2014, the useful lives of all the Society's property and equipment expired. There were no new depreciable assets acquired during the year ended June 30, 2015.

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30:

	<u>2015</u>	<u>2014</u>
Conservation support fund	\$ 71,476	\$ 52,260
Destination Riverbanks	164,700	-
	<u>\$ 236,176</u>	<u>\$ 52,260</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or restrictions in total amounts of \$312,266 and \$150,390 during 2015 and 2014, respectively.

Note 5. Related Party Transactions

Each year, to fulfill its purpose, the Society provides direct support for the District from its dues and from specific fund-raising campaigns. During the years ended June 30, 2015 and 2014, the Society's contributions to the District were as follows:

	<u>2015</u>	<u>2014</u>
District's general fund		
Special support – loan principal & interest	\$ 199,569	\$ 174,012
Special support - capital	300,000	-
Gift shop construction	1,500,000	-
Operating support	1,200,000	1,100,000
Explorer pass differential	553,370	468,320
Totals	<u>\$ 3,752,939</u>	<u>\$ 1,742,332</u>

The Society does not retain any employees and uses the District's staff to perform services on behalf of the Society. The Society reimburses the District for use of its employees and any other operating expenses, such as postage, printing, and other office related costs. Riverbanks Society is guarantor to a loan executed by the Richland-Lexington Riverbanks Park District with an original amount of \$2,615,000. It is expected that future net income will be used to meet any remaining loan amortization costs. Approximately \$200,000 and \$174,000 in loan costs associated with this loan were paid by the Society in years ended June 30, 2015 and 2014, respectively. These payments will continue until the maturity of the note. At June 30, 2015, the balance due on the loan was approximately \$1,790,000 which is due in monthly equal installments of \$17,235 through September 2016 and a balloon payment of \$1,650,391.

Riverbanks Society
(A Component Unit of Richland-Lexington Riverbanks Park District)
Notes to Financial Statements

Note 5. Related Party Transactions (continued)

At June 30, 2015 and 2014, the Society had the following expenditures and contributions due from the District:

	<u>2015</u>	<u>2014</u>
District's general fund	<u>\$ 242,257</u>	<u>\$ 169,072</u>

Note 6. Subsequent Events

The Society has evaluated all events subsequent to the balance sheet date of June 30, 2015 through the date these financial statements were available to be issued, January 20, 2016, in accordance with ASC topic 855, Subsequent Events. Management has determined there are no subsequent events that require disclosure under ASC topic 855.