

Report on Audits of Financial Statements of  
Riverbanks Society

A Component Unit of Richland-Lexington  
Riverbanks Park District

*June 30, 2014 and 2013*

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## Independent Auditor's Report

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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, 2014 and 2013, 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, 2014 and 2013, 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 28, 2015

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

	2014	2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,727,091	\$ 2,121,346
Pledges receivable	30,750	14,667
Prepaid expenses	11,952	9,328
Due from Richland-Lexington Riverbanks Park District	169,072	95,940
Total current assets	2,938,865	2,241,281
Non-current assets:		
Pledges receivable, non-current	25,000	6,166
Total assets	\$ 2,963,865	\$ 2,247,447
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 6,208	\$ 2,560
Accrued expenses	8,736	9,057
Unearned revenue	55,600	2,500
Total current liabilities	70,544	14,117
Non-current liabilities:		
Compensated absences, net of current portion	1,203	514
Total liabilities	71,747	14,631
<b>Net assets</b>		
Unrestricted:		
Designated by management for gift shop construction	1,500,000	-
Undesignated	1,339,858	2,194,185
Temporarily restricted	52,260	38,631
Total net assets	2,892,118	2,232,816
Total liabilities and net assets	\$ 2,963,865	\$ 2,247,447

*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,

	2014	2013
<b>Unrestricted net assets</b>		
Public support, revenue and reclassifications:		
Membership dues	\$ 3,052,156	\$ 2,889,687
Contributions	272,413	283,010
Interest	862	916
Miscellaneous income	3,696	4,615
Net assets released from restrictions	150,390	83,442
Total public support, revenue and reclassifications	3,479,517	3,261,670
Expenses and losses:		
Program expenses		
Support to Richland-Lexington Riverbanks Park District	1,742,332	1,622,595
Grants and donations	285,811	183,725
Member services	541,135	533,013
Total programs	2,569,278	2,339,333
Administration	82,085	79,912
Fund raising	182,481	164,615
Total expenses	2,833,844	2,583,860
<b>Increase in unrestricted net assets</b>	<b>645,673</b>	<b>677,810</b>
<b>Temporarily restricted net assets</b>		
Contributions	164,019	97,188
Net assets released from restrictions	(150,390)	(83,442)
<b>Increase in temporarily restricted net assets</b>	<b>13,629</b>	<b>13,746</b>
Increase in net assets	659,302	691,556
Net assets, beginning of year	2,232,816	1,541,260
Net assets, end of year	\$ 2,892,118	\$ 2,232,816

*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,

	2014	2013
Operating activities:		
Increase in net assets	\$ 659,302	\$ 691,556
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	-	20,450
Other assets	-	1,169
Pledges receivable	(34,917)	(14,499)
Prepaid expenses	(2,624)	3,963
Accounts payable	3,648	(1,182)
Accrued expenses	(321)	2,465
Unearned revenue	53,100	(2,000)
Compensated absences	689	(2,932)
Due from/to Richland-Lexington Riverbanks Park District	(73,132)	72,759
Net cash provided by operating activities	605,745	771,749
Increase in cash and cash equivalents	605,745	771,749
Cash and cash equivalents, beginning of year	2,121,346	1,349,597
Cash and cash equivalents, end of year	\$ 2,727,091	\$ 2,121,346

*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.

**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, 2014, 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, 2014:

Federal	2011 - 2014
South Carolina	2011 - 2014

**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. Cash and Cash Equivalents**

Cash and cash equivalents consist of the following:

	2014	2013
Repurchase agreements/Investment in Cash Reserves	\$ -	\$ 209,058
Cash on deposit	2,727,091	1,912,288
Totals	\$ 2,727,091	\$ 2,121,346

At June 30, 2013, all cash was fully insured by FDIC and the Federal Reserve. At June 30, 2014 all cash was fully insured by FDIC.

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

**Note 3. 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, 2014 and 2013 are unconditional and are valued as follows:

	<u>2014</u>	<u>2013</u>
Receivable - due in one year or less	\$ 30,750	\$ 14,667
Receivable - due in one to five years, net	<u>25,000</u>	<u>6,166</u>
Total pledges receivable	<u>\$ 55,750</u>	<u>\$ 20,833</u>

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

**Note 4. Property and Equipment**

The following is a summary of property and equipment as of June 30:

	<u>2014</u>	<u>2013</u>
Computer software	\$ 122,702	\$ 122,702
Less: accumulated depreciation	<u>(122,702)</u>	<u>(122,702)</u>
Totals	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was approximately \$0 and \$20,450, respectively.

**Note 5. Temporarily Restricted Net Assets**

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

	<u>2014</u>	<u>2013</u>
New exhibits or conservation efforts	\$ 52,260	\$ 38,631
	<u>\$ 52,260</u>	<u>\$ 38,631</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or restrictions in total amounts of \$150,390 and \$83,442 during 2014 and 2013, respectively.

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

**Note 6. 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, 2014 and 2013, the Society's contributions to the District were as follows:

	<u>2014</u>	<u>2013</u>
District's general fund		
Special support – loan principal & interest	\$ 174,012	\$ 180,265
Operating support	1,100,000	1,000,000
Explorer pass differential	<u>468,320</u>	<u>442,330</u>
Totals	<u>\$ 1,742,332</u>	<u>\$ 1,622,595</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 not covered by rental fees from the Rivermont property that is leased. Approximately \$174,000 and \$180,000 in loan costs associated with this loan were paid by the Society in years ended June 30, 2014 and 2013, respectively. These payments will continue until the maturity of the note. At June 30, 2014, the balance due on the loan was approximately \$1,903,000 which is due in monthly equal installments of \$17,235 through September 2016 and a balloon payment of \$1,650,391.

At June 30, 2014 and 2013, the Society had the following expenditures and contributions due from the District:

	<u>2014</u>	<u>2013</u>
District's general fund	<u>\$ 169,072</u>	<u>\$ 95,940</u>

**Note 7. Subsequent Events**

The Society has evaluated all events subsequent to the balance sheet date of June 30, 2014 through the date these financial statements were available to be issued, January 28, 2015, in accordance with ASC topic 855, Subsequent Events. Management has determined there are no subsequent events that require disclosure under ASC topic 855.