

REPORT ON AUDITS OF FINANCIAL STATEMENTS OF  
RIVERBANKS SOCIETY

A COMPONENT UNIT OF RICHLAND-LEXINGTON  
RIVERBANKS PARK DISTRICT

AS OF AND FOR THE YEARS ENDED  
JUNE 30, 2016 AND 2015

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## Independent Auditor's Report

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The Board of Directors  
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), a nonprofit organization, which comprise the statements of financial position as of June 30, 2016 and 2015, 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 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 judgments, 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 the 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 Riverbanks Society as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United State of America

*Scott and Company LLC*

Columbia, South Carolina  
December 15, 2016

RIVERBANKS SOCIETY  
(A COMPONENT UNIT OF RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT)

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30,

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,739,340	\$ 1,786,599
Sponsorships receivable	1,000	-
Pledges receivable	938,964	54,747
Prepaid expenses	18,640	10,420
Due from Richland-Lexington Riverbanks Park District	-	242,257
Total current assets	2,697,944	2,094,023
Non-current assets:		
Pledges receivable, non-current	446,448	80,243
Total assets	\$ 3,144,392	\$ 2,174,266
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued payroll	\$ 15,010	\$ 9,424
Accrued compensated absences - current portion	1,868	2,051
Unearned revenue	165,500	25,000
Due to Richland-Lexington Riverbanks Park District	104,152	-
Total current liabilities	286,530	36,475
Non-current liabilities:		
Accrued compensated absences - long term	1,585	1,030
Total liabilities	288,115	37,505
<b>Net assets</b>		
Unrestricted:		
Undesignated	2,802,755	1,900,585
Temporarily restricted:		
Conservation Support Fund	53,522	71,476
Destination Riverbanks	-	164,700
Total net assets	2,856,277	2,136,761
Total liabilities and net assets	\$ 3,144,392	\$ 2,174,266

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,

	2016	2015
<b>Unrestricted net assets</b>		
Public support, revenue and reclassifications:		
Membership dues	\$ 4,221,276	\$ 3,456,715
Contributions	240,198	301,262
Interest	98	340
Miscellaneous income	3,430	3,250
Net assets released from restrictions	2,900,827	312,266
Total public support, revenue and reclassifications	7,365,829	4,073,833
<b>Expenses and losses</b>		
Program expenses:		
Support to Richland-Lexington Riverbanks Park District	2,459,917	3,752,939
Grants and donations	3,043,588	441,105
Member services	603,567	541,612
Total programs expenses	6,107,072	4,735,656
Administration	122,956	88,857
Fundraising	233,631	188,593
Total expenses and losses	6,463,659	5,013,106
Increase (decrease) in unrestricted net assets	902,170	(939,273)
<b>Temporarily restricted net assets</b>		
Contributions	2,718,173	496,182
Net assets released from restrictions	(2,900,827)	(312,266)
(Decrease) increase in temporarily restricted net assets	(182,654)	183,916
Increase (decrease) in net assets	719,516	(755,357)
Net assets, beginning of year	2,136,761	2,892,118
Net assets, end of year	\$ 2,856,277	\$ 2,136,761

The accompanying notes are an integral part of these statements.

RIVERBANKS SOCIETY  
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STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

<b>Reconciliation of increase (decrease) in net assets</b>	<u>2016</u>	<u>2015</u>
<b>to cash used in operating activities:</b>		
Increase (decrease) in net assets	\$ 719,516	\$ (755,357)
Effects of changes in operating assets and liabilities:		
Sponsorships receivable	(1,000)	-
Pledges receivable	(1,250,422)	(79,240)
Prepaid expenses	(8,220)	1,532
Accounts payable	5,586	(3,123)
Unearned revenue	140,500	(30,600)
Compensated absences	372	(519)
Due to/from Richland-Lexington Riverbanks Park District	346,409	(73,185)
Net cash used in operating activities	<u>(47,259)</u>	<u>(940,492)</u>
Decrease in cash and cash equivalents	(47,259)	(940,492)
Cash and cash equivalents, beginning of year	<u>1,786,599</u>	<u>2,727,091</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,739,340</u></u>	<u><u>\$ 1,786,599</u></u>

The accompanying notes are an integral part of these statements.

RIVERBANKS SOCIETY  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**Note 1. Summary of Significant Accounting Policies**

**Organization and Nature of Activities** - The 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 is undesignated and 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 ("ASC") 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. Total fundraising advertising was \$20,052 for the year ended June 30, 2016 and \$14,636 for the year ended June 30, 2015.

**Estimates** - Management may use 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** – The Society had certain donors whose pledges receivable balances individually represented 10% or more of the Society's total pledges receivable as of June 30, 2016. At June 30, 2016, two donors accounted for 62% of pledges receivable.

**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. At June 30, 2016, the Society had cash deposits in excess of federally insured limits of \$243,877.



RIVERBANKS SOCIETY  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**Note 1. Summary of Significant Accounting Policies (continued)**

**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.

**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, 2016, 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, 2016:

Federal	2014 - 2016
South Carolina	2014 - 2016

**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 construction projects, thus causing a large increase in pledges receivable for the year. The promises to gives as of June 30 are unconditional and are valued as follows:

	2016	2015
Receivable - due in one year or less	\$ 938,964	\$ 54,747
Receivable - due in one to five years	446,448	80,243
Total pledges receivable	\$ 1,385,412	\$ 134,990

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**Note 2. Pledges Receivable (continued)**

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

**Note 3. Temporarily Restricted Net Assets**

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

	2016	2015
Conservation support fund	\$ 53,512	\$ 71,476
Destination Riverbanks	-	164,700
Totals	\$ 53,512	\$ 236,176

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or restrictions in total amounts of \$2,900,827 and \$312,266 during 2016 and 2015, respectively.

**Note 4. Related Party Transactions**

Each year, to fulfill its purpose, the Society provides direct support for the District from its dues and from specific fundraising campaigns. During the years ended June 30, the Society's contributions to the District are as follows:

	2016	2015
District's general fund		
Special support – loan principal & interest	\$ 206,819	\$ 199,569
Special support – capital	63,388	300,000
Gift shop construction	-	1,500,000
Operating support	1,500,000	1,200,000
Explorer pass differential	689,710	553,370
Totals	\$ 2,459,917	\$ 3,752,939

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. The Society is guarantor to a loan executed by the 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 \$206,000 and \$200,000 in loan costs associated with this loan were paid by the Society in years ended June 30, 2016 and 2015, respectively. These payments will continue until the maturity of the note. At June 30, 2016, the balance due on the loan was \$1,673,626 which is due in monthly equal installments of \$17,235 through 2027.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**Note 4. Related Party Transactions (continued)**

At June 30, the Society had the following expenditures and contributions due (to)/from the District:

	<u>2016</u>	<u>2015</u>
Due (to) from District's general fund	<u>\$ (104,152)</u>	<u>\$ 242,257</u>

**Note 5. Subsequent Event**

The Society has evaluated all events subsequent to the balance sheet date of June 30, 2016 through the date these financial statements were available to be issued, December 15, 2016, in accordance with ASC 855, Subsequent Events. The Society Board approved at the November board meeting to expend up to \$1,700,000 of the Society's undesignated fund balance for capital improvements and significant repairs and maintenance needs of the District as defined and prioritized by the senior staff of the District.