

Independent Auditor's Report on Financial Statements
of Riverbanks Society

A Component Unit of Richland-Lexington
Riverbanks Park District

for the years ended June 30, 2013 and 2012

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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, 2013 and 2012, 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 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, 2013 and 2012, 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
November 26, 2013

Riverbanks Society
(A Component Unit of Richland-Lexington Riverbanks Park District)
Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,121,346	\$ 1,349,597
Unconditional promises to give - restricted	14,667	4,667
Prepaid expenses	9,328	13,291
Due from Richland-Lexington Riverbanks Park District	95,940	168,699
Other assets	-	1,169
Total current assets	2,241,281	1,537,423
Non-current assets:		
Property and equipment, net	-	20,450
Long-term unconditional promises to give - restricted, net	6,166	1,667
Total non-current assets	6,166	22,117
Total assets	\$ 2,247,447	\$ 1,559,540
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 2,560	\$ 3,742
Accrued expenses	9,057	6,592
Unearned revenue	2,500	4,500
Total current liabilities	14,117	14,834
Non-current liabilities:		
Compensated absences, net of current portion	514	3,446
Total liabilities	14,631	18,280
Net assets		
Unrestricted net assets	2,194,185	1,516,375
Temporarily restricted	38,631	24,885
Total net assets	2,232,816	1,541,260
Total liabilities and net assets	\$ 2,247,447	\$ 1,559,540

The accompanying notes are an integral part of these financial 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,

	2013	2012
Unrestricted Net Assets		
Public Support, revenue and reclassifications:		
Membership dues	\$ 2,889,687	\$ 2,646,993
Contributions	283,010	256,037
Interest	916	3,993
Miscellaneous income	4,615	3,200
Net assets released from restrictions	83,442	50,270
Total public support, revenue and reclassifications	3,261,670	2,960,493
Operating expenses:		
Program expenses		
Support to Richland-Lexington Riverbanks Park District	1,622,595	1,772,826
Grants	183,725	149,603
Member services	533,013	542,136
General expenses		
Administration	79,912	80,263
Fund raising	164,615	170,144
Total operating expenses	2,583,860	2,714,972
Increase in unrestricted net assets	677,810	245,521
Temporarily Restricted Net Assets		
Contributions	97,188	46,625
Net assets released from restrictions	(83,442)	(50,270)
Increase (decrease) in temporarily restricted net assets	13,746	(3,645)
Increase in net assets	691,556	241,876
Net assets, beginning of year	1,541,260	1,299,384
Net assets, end of year	\$ 2,232,816	\$ 1,541,260

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

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

	2013	2012
Cash flows provided by operating activities:		
Increase in net assets	\$ 691,556	\$ 241,876
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	20,450	20,450
Other assets	1,169	(547)
Unconditional promises to give - restricted	(14,499)	(1,834)
Prepaid expenses	3,963	(7,613)
Accounts payable	(1,182)	1,624
Accrued expenses	2,465	(14,141)
Unearned revenue	(2,000)	(4,330)
Compensated absences	(2,932)	1,518
Due from/to Richland-Lexington Riverbanks Park District	72,759	(200,496)
Net cash provided by operating activities	771,749	36,507
Increase in cash and cash equivalents	771,749	36,507
Cash and cash equivalents, beginning of year	1,349,597	1,313,090
Cash and cash equivalents, end of year	\$ 2,121,346	\$ 1,349,597

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

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

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, as amended.

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 financial statements of the Society have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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.

Unrestricted - net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted - net assets that represent resources currently available for use, but expendable only for those operating purposes specified by the donor. Resources of this classification originate from contributions and grants received with designations placed thereon by the donor.

Permanently restricted - net assets subject to donor-imposed stipulations that they be retained and invested permanently by the Society.

Advertising Costs - Expenditures for advertising and public relations are charged to expense as incurred. Advertising costs expensed for the years ended June 30, 2013 and 2012 were \$10,628 and \$14,066, respectively.

Use of 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents - Cash and cash equivalents include all monies in banks and highly-liquid investments with original maturity dates of less than three months. The carrying value approximates fair value because of the short maturities of those financial instruments.

Donated Services - The Society recognizes revenue for donated services if they (a) create or enhance nonfinancial assets or require specialized skills, (b) are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers have made significant contributions of their time to the activities of the Society. The value of this contributed time is not reflected in these financial statements since it does not meet the revenue recognition criteria described above.

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.

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, 2013, 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, 2013:

Federal	2010 - 2012
South Carolina	2010 - 2012

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

Note 1. Summary of Significant Accounting Policies (continued)

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.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation. There was no effect to the increase in net assets as a result of this reclassification.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	<u>2013</u>	<u>2012</u>
Repurchase agreements/Investment in Cash Reserves	\$ 209,058	\$ 197,143
Cash on deposit	<u>1,912,288</u>	<u>1,152,454</u>
Totals	<u>\$ 2,121,346</u>	<u>\$ 1,349,597</u>

At June 30, 2012, all cash was fully insured by FDIC and the Federal Reserve. At June 30, 2013 all cash was fully insured by FDIC.

Note 3. Unconditional Promises to Give

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, 2013 and 2012 are unconditional and are valued as follows:

	<u>2013</u>	<u>2012</u>
Receivable - due in one year or less	\$ 14,667	\$ 4,667
Receivable - due in one to five years, net	<u>6,166</u>	<u>1,667</u>
Total unconditional promises to give	<u>\$ 20,833</u>	<u>\$ 6,334</u>

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 the Financial Statements

Note 4. Property and Equipment

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

	<u>2013</u>	<u>2012</u>
Computer software	\$ 122,702	\$ 122,702
Less: accumulated depreciation	<u>(122,702)</u>	<u>(102,252)</u>
Totals	<u>\$ —</u>	<u>\$ 20,450</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was approximately \$20,450 in each year.

Note 5. Temporarily Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
New exhibits or conservation efforts	<u>\$ 38,631</u>	<u>\$ 24,885</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or restrictions in total amounts of \$83,442 and \$50,270 during 2013 and 2012, respectively.

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, 2013 and 2012, the Society's contributions to the District are as follows:

	<u>2013</u>	<u>2012</u>
District's general fund		
Special support – loan principal & interest	\$ 180,265	\$ 217,925
Society support – capital support	—	171,516
Operating support	1,000,000	1,000,000
Explorer pass differential	<u>442,330</u>	<u>383,385</u>
Totals	<u>\$ 1,622,595</u>	<u>\$ 1,772,826</u>

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

Note 6. Related Party Transactions (continued)

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 \$180,000 and \$218,000 in loan costs associated with this loan were paid by the Society in years ended June 30, 2013 and 2012, respectively. These payments will continue until the maturity of the note. At June 30, 2013, the balance due on the loan was \$2,003,341 which is due in monthly equal installments of \$17,235 through September 2016 and a balloon payment of \$1,650,391.

At June 30, 2013 and 2012, the Society had the following expenditures and contributions due from the District:

	2013	2012
District's general fund	\$ (95,940)	\$ (168,699)

Note 7. Subsequent Events

The Society has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2013, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 26, 2013, the date these financial statements were available to be issued, and there were no subsequent events that required disclosure in these financial statements.