

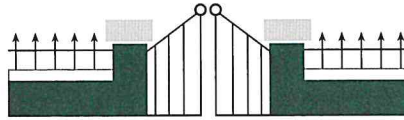
**REPORT ON AUDITS OF FINANCIAL  
STATEMENTS OF RIVER SOCIETY**

**A COMPONENT UNIT OF RICHLAND-LEXINGTON  
RIVERBANKS PARK DISTRICT**

**AS OF AND FOR THE YEARS ENDED  
JUNE 30, 2018 AND 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Riverbanks Society

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Riverbanks Society (the "Society") (a component unit of Richland-Lexington Riverbanks Park District), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year 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.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 Riverbanks Society at June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### OTHER MATTER

The financial statements of Riverbanks Society for the year ended June 30, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on November 27, 2017.

*The Holla Group, P.A.*

Columbia, South Carolina  
November 28, 2018

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

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30,

	2018	2017
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,417,341	\$ 2,386,999
Prepaid expenses	6,942	20,183
Pledges receivable	207,750	193,907
Due from Richland-Lexington Riverbanks Park District	50,948	29,922
Total current assets	3,682,981	2,631,011
Non-current assets		
Pledges receivable	95,583	268,150
Total assets	\$ 3,778,564	\$ 2,899,161
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 29,940	\$ 18,010
Unearned revenue	-	50
Pledges payable	10,000	10,000
Total current liabilities	39,940	28,060
Non-current liabilities:		
Pledges payable	-	10,000
Total liabilities	39,940	38,060
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	3,492,637	2,705,334
Temporarily restricted:		
Satch Krantz Conservation Fund	63,148	40,905
Donor-Imposed Restrictions	166,754	100,000
Laura Smith Memorial Fund	16,085	14,862
Total net assets	3,738,624	2,861,101
Total liabilities and net assets	\$ 3,778,564	\$ 2,899,161

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,

	2018	2017
<b>UNRESTRICTED NET ASSETS</b>		
Public support, revenue and reclassifications		
Membership dues	\$ 5,029,375	\$ 4,973,241
Contributions	377,926	747,282
Investment earnings	4,629	393
Miscellaneous income	3,221	4,650
Net assets released from restrictions	201,605	511,623
Total public support, revenue and reclassifications	5,616,756	6,237,189
<b>EXPENSES</b>		
Program activities		
Support to Richland-Lexington Riverbanks Park District	3,335,314	4,464,113
Grants and donations	445,574	856,374
Member services	649,615	636,665
Total programs activities	4,430,503	5,957,152
Supporting services		
Administration	151,264	140,467
Fundraising	247,686	236,991
Total supporting services	398,950	377,458
Total expenses	4,829,453	6,334,610
Increase (decrease) in unrestricted net assets	787,303	(97,421)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	291,825	613,868
Net assets released from restrictions	(201,605)	(511,623)
Increase in temporarily restricted net assets	90,220	102,245
Increase in net assets	877,523	4,824
Net assets, beginning of year	2,861,101	2,856,277
Net assets, end of year	\$ 3,738,624	\$ 2,861,101

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,

<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS</b>	<u>2018</u>	<u>2017</u>
<b>TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 877,523	\$ 4,824
Effects of changes in operating assets and liabilities:		
Prepaid expenses	13,241	(1,543)
Sponsorships receivable	-	1,000
Pledges receivable	158,724	923,355
Accounts payable and accrued liabilities	11,930	(453)
Unearned revenue	(50)	(165,450)
Pledges payable	(10,000)	20,000
Due to/from Richland-Lexington Riverbanks Park District	<u>(21,026)</u>	<u>(134,074)</u>
Net cash provided by operating activities	<u>1,030,342</u>	<u>647,659</u>
Increase in cash and cash equivalents	1,030,342	647,659
Cash and cash equivalents, beginning of year	<u>2,386,999</u>	<u>1,739,340</u>
Cash and cash equivalents, end of year	<u>\$ 3,417,341</u>	<u>\$ 2,386,999</u>

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  
JUNE 30, 2018 AND 2017

**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 District is a governmental entity that owns and operates a public zoo and botanical garden for the citizens of South Carolina. The Society is supported primarily through donor contributions received from a broad base of citizens of Richland and Lexington Counties. 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 for 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, payable and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. 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. The Society does not have any permanently restricted net assets.

Net assets for the Society are recorded in two categories:

**Unrestricted** – Unrestricted net assets consist of contributions that are available for use in carrying out the purpose of the Society.

**Temporarily restricted** – Temporarily restricted net assets represent those amounts that are donor restricted with respect to purpose or time. When a donor restriction expires or is accomplished, 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.



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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The amounts shown in the accompanying financial statements as cash and cash equivalents represent cash on deposit in banks. At June 30, 2018, the Society had no deposits in excess of the federally insured limits.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are shown as prepaid items to reflect consumption in the future reporting period.

**Receivables**

The Society records receivables when earned and due. No allowance for bad debt is required, as amounts are written-off when deemed uncollectible and management believes all accounts are fully collectible at June 30, 2018 and 2017.

**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. Such services do not meet the criteria for recognition as contributions; therefore, their value is not reflected in these financial statements.

**Advertising Costs**

Expenditures for advertising and public relations are charged to expense as incurred. Total fundraising advertising expense was \$11,070 for the year ended June 30, 2018 and \$8,644 for the year ended June 30, 2017.

**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. The Financial Accounting Standards Board (FASB) issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by the taxing authority. Management has determined that there are no material uncertain positions that require recognition 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 fiscal years ended 2016, 2017 and 2018 are still open to audit for both federal and state purposes.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 receivables as of June 30, 2018. At June 30, 2018, three corporate donors accounted for 55.74% of pledges receivable.

**Recently Issued Accounting Pronouncement**

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about liquidity, financial performance and cash flows. The amendments in the standard are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Society is currently evaluating the effect of the implementation on its financial statements.

**NOTE 2 – PLEDGES RECEIVABLE**

The Society has held various capital campaigns to raise money for District projects, thus causing a large increase in pledges receivable over the last several years. The promises to give as of June 30 are unconditional and are valued as follows:

	<u>2018</u>	<u>2017</u>
Receivables - due in one year or less	\$ 207,750	\$ 193,907
Receivables - due in one to five years	95,583	268,150
Total pledges receivable	<u>\$ 303,333</u>	<u>\$ 462,057</u>

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

**NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2018</u>	<u>2017</u>
Satch Krantz Conservation Fund	\$ 63,148	\$ 40,905
Donor-Imposed Restrictions	166,754	100,000
Laura Smith Memorial Fund	16,085	14,862
Total	<u>\$ 245,987</u>	<u>\$ 155,767</u>

The Satch Krantz Conservation Fund, originally known as the Riverbanks Conservation Support Fund, provides financial support in an array of wildlife conservation projects both in the US and abroad.

Donor-Imposed Restrictions are contributions with requirements to be used for a specific purpose either by the passage of time or by fulfilling an action by the Society or the District. Both years' balances relates to the passage of time.

The Laura Smith Memorial Fund provides assistance in the care and wellbeing of the Zoo's mammal collection through such things as husbandry and veterinarian care, exhibit construction, repair and renovation.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or restrictions. Amounts used during June 30, 2018 and 2017 were \$201,605 and \$511,623 respectively.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

**NOTE 4 – RELATED PARTY TRANSACTIONS**

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

	<u>2018</u>	<u>2017</u>
District's general fund		
Operating support	\$ 1,900,000	\$ 1,700,000
Loan/lease payments	188,414	183,705
subtotal	<u>2,088,414</u>	<u>1,883,705</u>
Explorer pass differential	846,900	799,265
Total general fund	<u>2,935,314</u>	<u>2,682,970</u>
Capital projects	400,000	1,781,143
Total District support	<u>\$ 3,335,314</u>	<u>\$ 4,464,113</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 shared operating expenses, such as postage, printing and other costs.

The District is the sole guarantor on a capital lease for which the Society has agreed to make payments until the maturity of the lease. The Society paid in the year ended June 30, 2018 and 2017 approximately \$188,414 and \$183,705 in lease payments associated with the capital lease. At June 30, 2018 the balance due on the lease was \$1,426,420, which is due in monthly equal installments of \$15,701 until October 2026.

The capital lease was previously a real estate loan and during the year ended June 30, 2017 the District refinanced the loan as a capital lease. Prior to the refinancing, approximately \$58,000 in loan costs associated with the loan was paid by the Society in the year ended June 30, 2017.

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

	<u>2018</u>	<u>2017</u>
Due from (to) District's general fund	<u>\$ 50,948</u>	<u>\$ 29,922</u>

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

**NOTE 5 – SUBSEQUENT EVENT**

The Society has evaluated all events subsequent to the balance sheet date of June 30, 2018 through the date these financial statements were available to be issued, November 28, 2018, in accordance with ASC 855, *Subsequent Events*. The Society is not aware of any subsequent events that would require recognition or disclosure in the financial statements.