

**SANTEE-LYNCHES REGIONAL  
DEVELOPMENT CORPORATION**

**FINANCIAL REPORT JUNE**

**30, 2023**

# SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION

FOR THE YEAR ENDED JUNE 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Santee-Lynches Regional Development Corporation  
Columbia, South Carolina

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santee-Lynches Regional Development Corporation (the "Corporation"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Santee-Lynches Regional Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Corporation as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Santee-Lynches Regional Develop Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison schedules for the General Fund and Neighborhood Initiative Program Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The combining statement of fiduciary net position – custodial funds, combining statement of changes in fiduciary net position – custodial funds, and the schedule of cash receipts and disbursements – Pinewood Development fund (collectively the "supplementary information"), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*CKH CPAs and Advisors, LLC*

CKH CPA's and Advisors, LLC  
Atlanta, Georgia  
February 1, 2024



**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

This discussion and analysis of the financial performance of Santee-Lynches Regional Development Corporation ("the Corporation") provides an overview of the Corporation's financial activities for the fiscal year ended June 30, 2023. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

**Overview of the Financial Statements**

Under the GASB 34 reporting requirements, there are two basic sets of financial statements in this report:

- the *government-wide statements* include the Statement of Net Position and the Statement of Activities found on pages 6 and 7 of the report, and
- the *governmental fund statements* include a Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances found on pages 8 and 9 of the report.

**Government-wide Financial Statements**

The Government-wide statements report information about the Corporation as a whole and are designed to provide the reader with a broad overview of the Corporation's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents a snapshot view of all the assets the Corporation owns, the liabilities it owes, and the net difference. That net difference, called Net Position, is separated into three amounts: invested in capital assets, restricted, and unrestricted. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Corporation as a whole is improving or deteriorating.

The *Statement of Activities* presents an overview of the Corporation's expenses and revenues in a summarized format that assists the reader in determining the extent to which programs are self-supporting and/or subsidized by general revenues. The two general functions that are identified in this statement are:

- General government – comprised of administrative costs, and
- Economic development – comprised of the remaining programs and services of the Corporation.

Both government-wide financial statements reflect *governmental activities*. These are functions or activities of the Corporation that are primarily supported by grants and contracts with federal, state and local governments or agencies.

**Governmental Fund Statements**

***Governmental Funds:***

Currently there are two governmental funds – the Neighborhood Initiative Program and the General Fund (unrestricted residuals from other funds or operations) – which are presented in their own columns.

The most significant difference between the two sets of statements, the Government-wide Financial Statements and the Governmental Fund Statements, is that the Governmental Funds Statements are more closely related to the cash inflows and outflows of the Corporation. A Reconciliation of the Governmental Fund Balances to the Statement of Net Position for the Government-wide activities is provided on page 8 of the financial statements.

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

The financial statements also include a Statement of Fiduciary Assets and Liabilities, followed by notes to the financial statements that provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Other supplemental information, found on pages 25 to 27 of the report, includes a Statement of Cash Flows regarding fiduciary funds administered by the Corporation.

**Condensed Financial Information**

<b>Statement of Net Position</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Current Assets	\$ 71,295	\$ 55,232
Non-current Assets	364,138	1,278,641
<b>Total Assets</b>	<b>435,433</b>	<b>1,333,873</b>
Current Liabilities	2,090	35,595
<b>Total Liabilities</b>	<b>2,090</b>	<b>35,595</b>
<b>Net Position</b>	<b>433,343</b>	<b>1,298,278</b>
Total Liabilities and Net Position	<b>\$ 433,343</b>	<b>\$ 1,333,873</b>
 <b>Statement of Activities</b>	 <b>June 30, 2023</b>	 <b>June 30, 2022</b>
Operating Grants and Contributions	\$ -	\$ 3,387
Gain (loss) on sale of non-current assets	90,609	100,303
Debt Forgiveness	-	81,873
<b>Total Revenues</b>	<b>90,609</b>	<b>185,563</b>
General Administration	41,041	10,255
Economic Development	914,504	562,500
<b>Total Expenses</b>	<b>955,544</b>	<b>572,755</b>
<b>Change in Net Position</b>	<b>(864,935)</b>	<b>(387,192)</b>
Net Position, beginning of the year	1,298,278	1,685,470
Net Position, end of the year	<b>\$ 433,343</b>	<b>\$ 1,298,278</b>

**Financial Analysis**

Current Assets of the Corporation consist of cash and cash equivalents as well as prepaid legal expenses; the Corporation had an increase of 29% in current assets. This was primarily due to the sale of properties previously purchased through the Neighborhood Initiative Program ("NIP").

Non-Current Assets consist of the value of land purchased and improved through the NIP and decreased by 72% due to the sale or transfer of 54 of those properties.

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Current Liabilities of the Corporation consists of accounts payable which decreased by 94%. The Corporation did not have any Non-current Liabilities in FY2023.

The Corporation's net position decreased in FY2023 by \$864,934 to \$433,344 This was a decrease in the net position of 67%. The decrease is due to the loss from the transfer in ownership of NIP properties, and lack of other revenue sources during this fiscal year.

Total revenues decreased in FY2023 as all debt forgiveness revenue on NIP properties had been recognized in previous years. Overall expenses increased from the prior year by 67% due to the loss recognized on the NIP properties sold during the year (included in "Economic Development" in the Statement of Activities).

**Financial Highlights by Fund**

1. The Neighborhood Initiative Program fund had total assets of \$428,338 that consisted of land that had been acquired and cleared through the program, prepaid legal expenses, and \$60,396 due from the General Fund. The fund made a small profit on the disposal of its properties, compared to the significant loss budgeted for the year. The reason for this variance is due to the budgeted amounts were based on the disposal of all properties during the 2023 financial year, however, there were a few properties that remained unsold by 30 June 2023.
2. The General fund consists of accumulated cash of \$67,493, which was generated by the NIP Fund. Because it is holding the cash from the NIP Fund, the General Fund owes the NIP Fund \$60,396. The Net Position of this fund declined by \$14,179 to \$5,458 for this reporting period. Currently, no new income is being generated by this fund.

**Currently Known Facts**

The Corporation is in the process of selling the remaining NIP properties. Funds generated from the sale of those properties will be unrestricted.

The Neighborhood Initiative Program fund was established to stabilize property values through the removal of blighted properties in strategically targeted areas. The Corporation acquired several properties for this purpose, and during the current financial year, the Corporation disposed of 42 of these properties. All of these properties were disposed of for an amount less than its book value (which included demolition costs), and this led to the loss on disposal of \$914,504 recognized in the Statement of Activities.

The reason that these properties were sold at a loss is because the Corporation's intention with this Program is the upliftment and development of the community, and not for the purposes of earning a profit. Ownership of some of the properties was transferred to our program partners, the Cities of Camden and Sumter, to maintain and manage. Most of the properties that were actually sold, were sold for more than the Corporation originally spent to purchase them.

After the year ended, the Corporation obtained a line of credit and purchased property in Camden, SC, with the intention of demolishing the current structures, making the property safe and desirable for use, and then reselling it.

Other than the circumstances/conditions mentioned above, management is not currently aware of any other significant fact, decision, or condition that may have a significant effect on the future financial position or future operations of the Corporation.

**Requests for Information**

This financial report is intended to provide an overview of the finances of the Corporation for those with an interest in this organization. Questions concerning any information within this report may be directed to the Finance Director of Santee-Lynches Regional Council of Governments.

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 67,493
Prepaid expenses	3,802
<b>Total current assets</b>	<b>71,295</b>
Noncurrent Assets	
Land for Neighborhood Initiative Program	364,138
<b>Total noncurrent assets</b>	<b>364,138</b>
<b>Total assets</b>	<b>\$ 435,433</b>
 <b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 2,090
<b>Total current liabilities</b>	<b>\$ 2,090</b>
 <b>Net Position</b>	
Net investment in capital assets	\$ 363,686
Nonspendable	
Prepaid expenses	3,802
Unrestricted	65,855
	<b>\$ 433,343</b>

**See notes to the financial statements**



**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Expenses</u>	<u>Program Revenue</u> <u>Operating Grants and</u> <u>Contributions</u>	<u>Net (Expense) Revenue and</u> <u>Changes to Net Position</u>
			<u>Governmental Activities</u>
Governmental Activities:			
General government	\$ 41,040	\$ -	\$ (41,040)
Economic development	914,504	-	(914,504)
<b>Total governmental activities</b>	<u>\$ 955,544</u>	<u>\$ -</u>	<u>(955,544)</u>
General revenues			
Gain on sale of non-current asset			90,609
<b>Change in net position</b>			<u>(864,935)</u>
<b>Net position, beginning of the year</b>			<u>1,298,278</u>
<b>Net position , end of the year</b>			<u><b>\$ 433,343</b></u>

See notes to the financial statements

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	Neighborhood Initiative Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 67,493	\$ -	\$ 67,493
Prepaid expenses	-	3,802	3,802
Due from other funds	-	60,396	60,396
<b>Total assets</b>	<b>\$ 67,493</b>	<b>\$ 64,198</b>	<b>\$ 131,691</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,638	\$ 452	\$ 2,090
Due to other funds	60,396	-	60,396
<b>Total liabilities</b>	<b>62,034</b>	<b>452</b>	<b>62,486</b>
Fund balances			
Nonspendable			
Prepaid expenses	-	3,802	3,802
Assigned			
General government	-	59,943	59,943
Unassigned	5,459	-	5,459
<b>Total fund balances</b>	<b>5,459</b>	<b>63,745</b>	<b>69,205</b>
<b>Total liabilities and fund balances</b>	<b>\$ 67,493</b>	<b>\$ 64,197</b>	<b>\$ 131,691</b>

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

Fund Balance of Governmental Funds	\$ 69,205
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Noncurrent assets are not current financial resources and are not included in the governmental funds	364,138
<b>Net position of governmental activities</b>	<b>\$ 433,343</b>

See notes to the financial statements

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Neighborhood Initiative Fund</u>	<u>Total Governmental Funds</u>
<b>Expenditures</b>			
Current			
General government	14,178	26,864	41,041
<b>Total expenditures</b>	<u>14,178</u>	<u>26,864</u>	<u>41,041</u>
<b>Deficiency of revenues under expenditures</b>	<u>(14,178)</u>	<u>(26,864)</u>	<u>(41,042)</u>
<b>Other Financing Sources</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Proceeds from sale of assets	-	90,609	90,609
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>90,609</u>	<u>90,609</u>
<b>Net change in fund balances</b>	(14,178)	63,745	49,567
Fund balances at June 30, 2022	<u>19,637</u>	<u>-</u>	<u>19,637</u>
<b>Fund balances at June 30, 2023</b>	<u>\$ 5,459</u>	<u>\$ 63,745</u>	<u>\$ 69,204</u>

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$ 49,567
Amounts reported for governmental activities in the Statement of Activities differ from the amounts in the Statement of Revenues, Expenditures and Changes in Fund Balances because:	
Loss on sale of non current asset	(914,502)
Debt forgiveness revenues are not recognized by the governmental funds but are recorded in the statement of activities	-
<b>Change in net position of governmental activities</b>	<u>\$ (864,935)</u>

See notes to the financial statements

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Restricted cash	\$ 1,793,717
Restricted property	169,080
<b>Total assets</b>	<u>\$ 1,962,797</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 9,044
Due to outside agencies	1,925,174
<b>Total liabilities</b>	<u>\$ 1,934,217</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations and other governments	\$ 28,580
<b>Total net position</b>	<u>\$ 28,580</u>

**See notes to the financial statements**

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Interest earned	\$ 62,121
<b>Total additions</b>	62,121
<b>DEDUCTIONS</b>	
Administrative fees	24,880
Audit / legal services	800
Real estate taxes	231
Bank charges	250
Insurance	1,185
Property maintenance	17,010
<b>Total deductions</b>	44,356
Change in fiduciary net position	17,765
<b>Net position, beginning of year</b>	10,816
<b>Net position, end of year</b>	\$ 28,581

**See notes to the financial statements**

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Santee-Lynches Regional Development Corporation (the "Corporation") conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

#### **Nature of Activities:**

Santee-Lynches Regional Development Corporation is a civic and social welfare organization which was incorporated in the State of South Carolina on April 15, 1983. The Corporation is registered under the Internal Revenue Code (IRC) Section 501(c)(4) and the principal objective of the Corporation is to benefit the region by nurturing an increase in employment opportunities through the expansion of existing business and industry, the attraction of new business and industry and those activities directly related to tax growth. A secondary purpose of the Corporation shall be to promote and assist in the development of residential housing in the jurisdictions served by the Corporation.

#### **Reporting Entity:**

The financial reporting entity consists of the Santee-Lynches Regional Development Corporation and its fiduciary funds which are discussed below. Based on criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments) the Corporation is considered to be an independent reporting entity and has no component units. The financial statements of other units of local government would not be misleading or incomplete without the inclusion of the Corporation's financial statements.

Fiduciary funds are used to account for assets held by the Corporation in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The fiduciary funds are Pinewood Development custodial funds.

#### **Basis of Presentation:**

The accounts of the Corporation are organized on the basis of governmental funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Budgetary information:**

The Corporation's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2023.

The Corporation currently does not have any revenue sources from the General or Special Revenue Funds, only investment earnings received on the Custodial fund. The Board of Directors formally approves an annual budget for the Corporation, and although the annual budget is reviewed and approved by the Executive Board, it is not a legally adopted budget.

#### **Government-wide Statements:**

The statement of net position and the statement of activities display information about the Corporation. These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a program or function, and, therefore, are clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not program revenues are presented as general revenues. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

#### **Fund Financial Statements:**

The fund financial statements provide information about the Corporation's funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds and aggregated non-major funds, each displayed in a separate column. The fiduciary funds are presented separately.

The Corporation reports the following major governmental funds:

#### ***General Fund:***

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Corporation, except those required to be accounted for in another fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***The Neighborhood Initiative Program Fund (NIP):***

The NIP fund is a Capital Project Fund which is prepaid used to account for funding from the South Carolina Housing Corporation to stabilize property values through removal of blighted properties in strategically targeted areas in an effort to prevent future foreclosures for existing property owners.

#### ***Custodial Funds:***

The Corporation reports the following fiduciary fund type:

The custodial funds consist of the Pinewood Development Fund. The Corporation holds a piece of land to be used for future economic development. This was purchased by the Pinewood Development Authority with funds received from the State and is located in Rimini, South Carolina. The Corporation also performs as an agent over the Pinewood Development Authority's financial activities. The resources of the Pinewood Development Authority are held in a purely custodial capacity.

#### **Measurement Focus and Basis of Accounting:**

##### ***Government-wide and Fiduciary Fund Financial Statements:***

The government-wide and fiduciary fund financial statements are reported using the economic resource measurement focus and the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Corporation gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due, usually no longer than one year. The primary sources susceptible to accrual are investment income and grant revenue.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Payments of general long-term debt and acquisitions under capital leases are reported as other financing uses. Funds received but not yet earned are reflected as deferred revenues.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Use of Resources:**

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, and then unrestricted resources as they are needed.

#### **Cash and Cash Equivalents:**

The Corporation maintains cash and pooled investments that are available for use by all funds. Cash includes cash on hand, demand deposits, and short-term investments with an original maturity of three months or less to be cash equivalents.

#### **Accounts Receivable:**

Accounts receivable consists of amounts due from the Federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Corporation's grants and contracts.

#### **Prepaid Items:**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

#### **Capital Assets:**

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost greater than or equal to \$500 and have an estimated useful life in excess of three years. Management has elected to include certain homogenous asset categories with individual assets less than \$500 as composite groups for financial reporting purposes. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Currently, the Corporation does not have any capital assets.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Non-exchange Transactions:**

The Corporation generally has two types of non-exchange transactions, government-mandated non-exchange transactions (which occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose) and voluntary non-exchange transactions (which result from legislative or contractual agreements other than exchanges, entered into willingly by the parties to the agreement). The Corporation recognizes non-exchange transactions when they are both measurable and probable for collection. For government-mandated non-exchange transactions and voluntary non-exchange transactions, the Corporation recognized assets when all applicable eligibility requirements are met, or resources are received, whichever is first, and revenue when all applicable eligibility requirements are met.

#### **Net Position/Fund Balances:**

The Corporation's net position in the government-wide financial statements are classified as follows:

#### ***Invested in Capital Assets:***

This represents the Corporation's total investment in capital assets, net of accumulated depreciation.

#### ***Restricted:***

This category represents resources in which the Corporation is legally or contractually obligated by external parties such as lenders, grantors, contributors or by laws or regulations to spend in accordance with the restrictions imposed.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Net Position/Fund Balances (Continued):**

##### ***Unrestricted:***

Unrestricted net position consist of all other assets not included in the above categories.

The Corporation's policy for applying expenses that can use both restricted and unrestricted resources is designated to the program administrative level. General practice is to first apply the expense to the restricted resource then to unrestricted resources.

In the governmental fund financial statements, the Corporation's fund balances are classified as follows:

##### ***Nonspendable Fund Balance:***

Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

##### ***Restricted Fund Balance:***

Represents amounts that are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) are imposed by law through constitutional provisions or enabling legislation.

##### ***Committed Fund Balance:***

Represents amounts that can only be used by for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

##### ***Assigned Fund Balance:***

Amounts are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The funds are assigned by the Corporation for the use of maintenance relating to the remaining properties held.

## NOTES TO FINANCIAL STATEMENTS

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**NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position/Fund Balances (Continued):**

***Unassigned Fund Balance:***

Represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the Corporation's general practice is to first reduce committed resources, followed by assigned resources, and then unassigned resources.

**Income Taxes:**

The Corporation has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization Section 501(c)(4) of the IRS code and is subject to federal income tax only on unrelated business income.

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2. CASH AND CASH EQUIVALENTS

All cash and investments are stated at fair value. As of June 30, 2023, all of the Corporation's cash was held in demand deposit accounts covered by federal depository insurance or by collateral held by the Corporation's agent in the Corporation's name. The amounts shown in the government-wide and fund financial statements as cash and cash equivalents represent cash on hand and cash on deposit with local financial institutions.

At June 30, 2023, the carrying amount of the Corporation's deposits held by the various funds was as follows:

The deposits for the Corporation at June 30, 2023, totaled \$67,493 and all amounts were fully insured by the Federal Deposit Insurance Corporation (FDIC) at local financial institutions.

A restricted cash balance of \$1,793,717 is held for Pinewood Development in a purely custodial capacity and is reported in the fiduciary fund statements. The deposits for the Pinewood Development Fiduciary Fund held by the Corporation at June 30, 2023, were insured as follows:

Amount insured by the FDIC	\$ 19,970
Amount collateralized by repurchase agreement <b>Total</b>	<u>1,773,747</u>
	<u><u>\$ 1,793,717</u></u>

#### **Credit Risk:**

The Corporation adheres to the State of South Carolina's investment policy and invests in primarily Certificates of Deposit and U.S. government-backed obligations. There are no investments in commercial paper or corporate bonds and equities.

#### **Interest Rate Risk:**

In accordance with its investment policy, the Corporation manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

#### **Custodial Credit Risk:**

Custodial credit risk for deposits is that, in the event of the failure of a depository financial institution, the Corporation will not be able to recover collateral securities that are in possession of an outside party. The Corporation's policies require that funds held by a bank or savings and loan association must secure deposits by insurance, collateral securities, or letters of credit to protect the Corporation against loss.

#### **Foreign Currency Risk:**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Corporation has no foreign currency investments and therefore, is not exposed to this risk.

#### **Concentration of Credit Risk:**

The Corporation's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent (5%) when investments are needed.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4. NONCURRENT ASSETS**

Noncurrent asset activity for the year ended June 30, 2023, was as follows:

	<b>Balance July 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2023</b>
Land for Neighborhood Initiative	\$ 1,278,641		\$ (914,502)	\$ 364,139

**NOTE 5. RELATED PARTY TRANSACTIONS**

**Santee-Lynches Regional Council of Governments.** Santee-Lynches Regional Council of Governments (the "Council") was organized on August 6, 1970, under the laws of South Carolina to perform various functions and activities associated with the implementation and administration of the provisions and spirit of the Public Works and Economic Development Act of 1965, Public Law 89136, promulgated by the 89th Congress of the United States of America, and all subsequently enacted federal and state legislation related thereto.

The Council is comprised of Clarendon, Kershaw, Lee and Sumter Counties of South Carolina. The Council is governed by 29 representatives of the various counties and municipalities in the area. This Board is appointed and controls the operations and fiscal accountability of the Council. The Council is a separate reporting entity and is not a component unit of any other governmental activity.

The Council provides technical assistance to the various county and municipal governments who participate in the Council. The Council serves as an intermediary between the funding source and contract subrecipients on many projects. The Council provides contract services to the local governments for obtaining and administering grants.

The Corporation has contracted with the Council to provide staff and supplies as well as technical assistance to its programs. The amount the Corporation paid the Council for services was \$67,946 in 2023. The Corporation owed \$11,089 as of June 30, 2023, for services received.

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2023, is as follows:

Due to/from other funds:

<b>Receivable fund</b>	<b>Payable fund</b>	<b>Amount</b>
Neighborhood Initiative Fund	General Fund	\$ 60,396

The outstanding balances between funds result mainly from the time lag between the dates that (i) interfund goods and services are provided or reimburseable expenditures occur, (ii) transactions are recorded in the accounting system, and (iii) payments between funds are made.

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 7. EXCESS EXPENDITURES OVER APPROPRIATIONS**

During fiscal year 2023, a number of budgetary departments exceeded appropriated amounts as shown in the budgetary comparison statement for the General Fund and Neighborhood Initiative Fund. The following departments had expenditures in the General Fund and Neighborhood Initiative Fund and that exceeded budgeted amounts as indicated in the Corporation's budgetary schedules included in the required supplementary information section.

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Budget</u>
General Fund:			
Contractual services	\$ 6,462	\$ 13,902	\$ (7,440)
Neighborhood Initiative Fund:			
Contractual services	21,418	26,776	(5,358)
Real estate tax	75	87	(12)

## REQUIRED SUPPLEMENTARY INFORMATION

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**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
Contractual services	\$ 6,462	\$ 6,462	\$ 13,902	\$ (7,440)
<b>Total expenditures</b>	<u>6,462</u>	<u>6,462</u>	<u>13,902</u>	<u>(7,440)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(6,462)	(6,462)	(13,902)	(7,440)
<b>Net change in fund balance</b>	(6,462)	(6,462)	(13,902)	(7,440)
Fund balance at beginning of year	<u>19,637</u>	<u>19,637</u>	<u>19,637</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 13,175</u>	<u>\$ 13,175</u>	<u>\$ 5,735</u>	<u>\$ (7,440)</u>

Actual Contractual Services exceeded budget by \$7,440.

See notes to the required supplementary information

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - NEIGHBORHOOD INITIATIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
Contractual services	\$ 21,418	\$ 21,418	\$ 26,776	\$ (5,358)
Real estate tax	75	75	87	(12)
<b>Total expenditures</b>	<u>21,493</u>	<u>21,493</u>	<u>26,863</u>	<u>(5,370)</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	 (21,493)	 (21,493)	 (26,863)	 (5,370)
 <b>Other Financing (Uses)</b>				
Loss from sale of assets	-	-	90,609	90,609
<b>Total other financing (uses)</b>	<u>-</u>	<u>-</u>	<u>90,609</u>	<u>90,609</u>
 <b>Net change in fund balance</b>	 (21,493)	 (21,493)	 63,746	 85,239
 Fund balance at beginning of year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <b>Fund balance at end of year</b>	 <u>\$ (21,493)</u>	 <u>\$ (21,493)</u>	 <u>\$ 63,746</u>	 <u>\$ 85,239</u>

Actual Contractual Services and Real Estate Tax exceeded budget by \$5,358 and \$12 respectively.

See notes to the required supplementary information

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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### NOTE 1. BUDGETARY BASIS OF ACCOUNTING

#### **Budgetary information:**

The Corporation's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2023.

The Corporation currently does not have any revenue sources, other than investment earnings received on the Custodial fund. The Board of Directors formally approves an annual budget for the Corporation, and although the annual budget is reviewed and approved by the Executive Board, it is not a legally adopted budget.

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Custodial Funds	
	Pinewood Development	Total
<b>ASSETS</b>		
Restricted cash	\$ 1,793,717	\$ 1,793,717
Restricted property	169,080	169,080
<b>Total assets</b>	<b>\$ 1,962,797</b>	<b>\$ 1,962,797</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 9,044	\$ 9,044
Due to outside agencies	1,925,174	1,925,174
<b>Total liabilities</b>	<b>\$ 1,934,217</b>	<b>\$ 1,934,217</b>
<b>NET POSITION</b>		
Restricted for individuals, organizations and other governments	\$ 28,580	\$ 28,580
<b>Total net position</b>	<b>\$ 28,580</b>	<b>\$ 28,580</b>

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Custodial Funds	
	Pinewood Development	Total
<b>ADDITIONS</b>		
Interest earned	\$ 62,121	\$ 62,121
<b>Total additions</b>	<u>62,121</u>	<u>62,121</u>
<b>DEDUCTIONS</b>		
Administrative Fees	24,880	24,880
Audit / legal services	800	800
Real estate taxes	231	231
Bank charges	250	250
Insurance	1,185	1,185
Property maintenance	17,010	17,010
<b>Total deductions</b>	<u>44,356</u>	<u>44,356</u>
Change in fiduciary net position	17,765	17,765
<b>Net position, beginning of year</b>	<u>10,816</u>	<u>10,816</u>
<b>Net position, end of year</b>	<u>\$ 17,765</u>	<u>\$ 17,765</u>

**SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - PINWOOD DEVELOPMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Pinewood Development Fund
<b>CASH RECEIPTS</b>	
Interest income	\$ 62,121
<b>Total cash receipts</b>	<b>62,121</b>
<b>CASH DISBURSEMENTS</b>	
Contract services	(16,226)
Bank charges	(250)
Professional services	(800)
Insurance	(1,185)
Environmental testing	(17,010)
Taxes	(231)
<b>Total cash disbursements</b>	<b>(35,700)</b>
<b>Net change in cash</b>	26,420
Cash balance at June 30, 2022	1,767,297
<b>Cash balance at June 30, 2023</b>	<b>\$ 1,793,717</b>