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PLLC

**Southern Appalachian
Wilderness Stewards**
Guide to Audit Report Draft Package

April 4, 2024

Enclosed and bookmarked in this attached PDF document you will find the following items for your review:

1. Draft of Audit
2. Proposed Adjusting Journal Entries
3. Communication with Those Charged with Governance
4. Management Representation Letter
5. Audit Draft Acceptance Form

Please take some time to review Items 1 through 5 in the PDF document. Should you have any questions concerning any of these items, please feel free to give us a call.

Once you have completed your review, please sign and date the Management Representation Letter (Item 4) and the Audit Draft Acceptance Form (Item 5) via DocuSign. Once we receive these items, we will process the final copies of your audit report.

It has been a pleasure working with your organization on this engagement. As always, should questions arise, please do not hesitate to call, or email us.

Sincerely,

Corliss & Solomon, PLLC

Corliss & Solomon, PLLC
Asheville, North Carolina

**SOUTHERN APPALACHIAN
WILDERNESS STEWARDS**

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023



CERTIFIED PUBLIC ACCOUNTANTS

Draft

Southern Appalachian Wilderness Stewards

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Draft



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southern Appalachian Wilderness Stewards
Asheville, North Carolina

Opinion

We have audited the accompanying financial statements of Southern Appalachian Wilderness Stewards (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Appalachian Wilderness Stewards as of September 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Appalachian Wilderness Stewards 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 opinion.

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 Southern Appalachian Wilderness Steward's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. 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 generally accepted 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, including omissions, 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 generally accepted 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 Southern Appalachian Wilderness Steward'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 Southern Appalachian Wilderness Steward'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.

Report on Summarized Comparative Information

We have previously audited Southern Appalachian Wilderness Steward's financial statements for the year ended September 30, 2022, and our report dated May 2, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of, and for the year ended, September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Asheville, North Carolina

Report Date Pending

Southern Appalachian Wilderness Stewards

Statement of Financial Position

As of September 30, 2023

(With summarized comparative totals as of September 30, 2022)

	2023	2022
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 81,940	\$ 55,175
Accounts Receivable	168,811	188,580
Security Deposits	1,732	1,732
Inventory	2,522	2,522
Total Current Assets	255,005	248,009
<u>Long-Term Assets</u>		
Right-of-Use Assets	9,770	-
Property and Equipment, Net	-	4,568
Total Long-Term Assets	9,770	4,568
Total Assets	\$ 264,775	\$ 252,577
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 9,732	\$ 7,840
Accrued Salaries and Payroll Liabilities	41,429	48,940
Accrued Vacation	17,589	6,772
Lease Liability	9,770	-
Notes Payable, Current Portion	-	5,128
Total Liabilities	78,520	68,680
<u>Net Assets</u>		
Net Assets Without Donor Restrictions	186,255	183,897
Total Net Assets	186,255	183,897
Total Liabilities and Net Assets	\$ 264,775	\$ 252,577

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

Southern Appalachian Wilderness Stewards

Statement of Activities

Year Ended September 30, 2023

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenue and Support				
Government Contracts	\$ 802,615	\$ -	\$ 802,615	\$ 826,852
Foundation Grants	79,350	2,500	81,850	59,802
Contributions	53,930	-	53,930	73,266
Program Revenue	85,562	-	85,562	276,847
Other Income	10,400	-	10,400	488
Net Assets Released from Restriction	2,500	(2,500)	-	-
Total Revenue and Support	1,034,357	-	1,034,357	1,237,255
Expenses				
Program Services	735,577	-	735,577	842,611
Management and General	215,718	-	215,718	223,401
Fundraising Expenses	80,704	-	80,704	62,699
Total Expenses	1,031,999	-	1,031,999	1,128,711
Change in Net Assets	2,358	-	2,358	108,544
Net Assets, Beginning of Year	183,897	-	183,897	75,353
Net Assets, End of Year	\$ 186,255	\$ -	\$ 186,255	\$ 183,897

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

Southern Appalachian Wilderness Stewards

Statement of Functional Expenses

Year Ended September 30, 2023

(With summarized comparative totals for the prior year)

	Program Services	Management and General	Fundraising	Total 2023	Total 2022
Salaries	\$ 504,820	\$ 143,500	\$ 60,879	\$ 709,199	\$ 769,580
Payroll Taxes	45,062	9,949	3,511	58,522	67,296
Health Insurance	39,201	8,654	3,055	50,910	50,756
Subtotal Personnel	<u>589,083</u>	<u>162,103</u>	<u>67,445</u>	<u>818,631</u>	<u>887,632</u>
Event Expense	-	-	2,167	2,167	998
Expenses - Linville Cabin	-	-	-	-	221
Information Technology	4,687	3,750	938	9,375	4,044
Insurance	23,902	9,908	2,838	36,648	33,564
Interest Expense	562	105	35	702	1,079
Meetings and Conferences	-	2,965	-	2,965	2,222
Miscellaneous Expense	910	2,253	1,255	4,418	2,849
Office Expenses	96	565	3	664	738
Payroll Processing Fees	7,537	1,664	587	9,788	7,120
Printing and Postage	152	296	30	478	796
Professional Fees	1,659	13,772	1,159	16,590	36,750
Program Supplies	7,912	-	-	7,912	34,247
Program Travel	75,732	-	-	75,732	49,991
Promotional Items	6	59	87	152	118
Rent	6,491	12,982	2,164	21,637	27,063
Repairs and Maintenance	4,325	1,802	1,081	7,208	2,221
Staff Training	4,246	749	-	4,995	21,469
Telephone and Internet	4,119	2,060	687	6,866	6,512
Subtotal Expenses	<u>731,419</u>	<u>215,033</u>	<u>80,476</u>	<u>1,026,928</u>	<u>1,119,634</u>
Depreciation	3,655	685	228	4,568	8,627
Use of Facilities (In-kind)	503	-	-	503	450
Total Expenses	<u>\$ 735,577</u>	<u>\$ 215,718</u>	<u>\$ 80,704</u>	<u>\$ 1,031,999</u>	<u>\$ 1,128,711</u>

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

Southern Appalachian Wilderness Stewards

Statement of Cash Flows

Year Ended September 30, 2023

(With summarized comparative totals for the prior year)

	2023	2022
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 2,358	\$ 108,544
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	4,568	8,627
(Increase)/Decrease in Operating Assets		
Accounts Receivable	19,769	(140,804)
Accounts Payable	1,892	3,547
Accrued Salaries and Payroll Liabilities	3,306	11,819
Net Cash Provided/(Used) by Operating Activities	31,893	(8,267)
<u>Cash Flows from Financing Activities</u>		
Principal Payments on Notes Payable	(5,128)	(6,157)
Net Cash Used by Financing Activities	(5,128)	(6,157)
Net Change in Cash and Cash Equivalents	26,765	(14,424)
Cash and Cash Equivalents, Beginning of Year	55,175	69,599
Cash and Cash Equivalents, End of Year	\$ 81,940	\$ 55,175
Supplemental Cash Flow Information:		
Cash Paid for Interest	\$ 702	\$ 1,079

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

Southern Appalachian Wilderness Stewards

Disclosures to the Financial Statements

Year Ended September 30, 2023

1. **Description of Organization, Corporate and Tax-Exempt Status**

Founded in 2010, Southern Appalachian Wilderness Stewards (SAWS) is an award-winning conservation organization setting standards of excellence that inspire, connect, and equip people to steward wild landscapes.

SAWS believes that taking care of our wild public lands and connecting them to the next generation matters and shares responsibility to help create equity in access to the outdoors. SAWS visions a world where wilderness is bountiful, cared for, and valued by all and works towards that vision everyday by 1) taking care of wild public lands in the Southern Appalachias; 2) providing transformational opportunities in the outdoors that inspire and connect the next generation of conservation stewards; 3) increasing public awareness, access, and relevancy to SAWS and wild public lands; and 4) building organizational sustainability and fiscal resiliency. SAWS is headquartered in Asheville, NC with an office in Roanoke, VA.

To achieve these goals, SAWS is hard at work in the following program areas:

- **Resource Stewardship:** Stewardship is the backbone of what we do. The SAWS team works with federal land managers and other partners to accomplish high value, high impact stewardship work on public lands. Our wilderness field crews complete projects that increase resilience and make the trail system more sustainable, accomplishing deferred maintenance and reducing impacts to water, wildlife, and wilderness qualities while also creating safer and more accessible opportunities for recreation. Our wilderness specialists conduct monitoring and assessment work to ensure that wild places are protected and lead technical report writing in partnership with federal land management agencies. SAWS wilderness rangers regularly engage with visitors, volunteers, and local partners on our public lands to support positive outdoor experiences and steward the landscape on a day-to-day basis. Our team also regularly supports post-disaster work including in response to fires, rain, and wind events.
- **Workforce Development:** A member of the 21st Century Conservation Service Corps (21CSC), SAWS is building the next generation of conservation leaders by providing paid, transformational work opportunities in the outdoors to our seasonal and year-round employees, creating a deeply skilled cadre of passionate, engaged young professionals who are committed to natural resource stewardship. We are also working with partners across the region and the country to create equitable pathways to conservation careers, including by partnering with the Greening Youth Foundation to co-lead The Bridge Program. The Bridge Program is working to close the persistent gap between underrepresented candidates and employers in conservation, outdoor recreation and land management. Our goal is to catalyze change by bringing together leaders from across the sector to support both peer learning and peer accountability, with training for employers and candidates and opportunities for facilitated hiring.
- **Education and Training:** SAWS co-leads with the U.S Forest Service and the Appalachian Trail Conservancy the award-winning Wilderness Skills Institute (WSI) which provides free training for volunteers, non-profit staff, and federal agency staff to learn stewardship and skills and build their professional networks. SAWS also delivers trainings in traditional skills across our footprint including crosscut saw certification, tool maintenance and repair, wilderness values and more.

We partner with multiple colleges and universities across the region to host student work and service days, working nearly a decade with the U.S. Naval Academy to provide leadership training and outdoor education to midshipmen during their summer term. We also interact with thousands of visitors to public lands each year sharing information about wilderness and helping to facilitate positive outdoor experiences.

- **Community Engagement:** SAWS seeks to understand community priorities and the relevance of public lands to those priorities, with the goal of connecting stewardship and community well-being. We know public lands can support rural economic opportunity and livable communities. SAWS partners with local businesses to support the outdoor economy, participates in local events and festivals, and engages local youth-serving organizations to connect kids to the outdoors and introduce them to traditional tools like the crosscut saw. We also support local capacity, including through volunteer days, partnering with local organizations for trainings and assisting with safety plans and search-and-rescue operations when needed. Our projects help to make local trails accessible, and we are working to care for places with outstanding natural values that draw people to communities to visit and live.
- **Equitable Access to the Outdoors:** SAWS is working to highlight and help to redress historic and current barriers to access, including by centering the experiences of Black, Indigenous, people of color, people who identify as LGBTQIA2S, and others who have historically experienced exclusion, erasure or harm in the outdoors. Our goal is to work with partners to advance inclusivity and equity in outdoor recreation, stewardship, wilderness and conservation. We are working with our U.S. Forest Service partners to advance shared learning and accountability and are building relationships with BIPOC-led and other organizations to support the leadership and priorities of our partners. We are focused on creating an inclusive culture for our board and staff, and ensuring our team helps to support safe, positive outdoor experiences for everyone we encounter. SAWS also invests in engaging and empowering women in conservation including through co-hosting women's workdays on the Appalachian Trail.

SAWS incorporated as a non-profit organization in Tennessee in November 2014. In May 2015, the organization obtained tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, retroactive to its incorporation date. The organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and maintains its status as a publicly supported organization under Section 509(a)(1). SAWS has a Certificate of Authority to conduct affairs in the state of North Carolina. Prior to becoming a separate entity, SAWS functioned as a program of The Wilderness Society in a relationship dating back to 2010.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

Financial Statement Presentation

The classification of the organization's net assets, and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Net Assets Without Donor Restrictions – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

Net Assets With Donor Restrictions – Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial assets that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions and Grants Receivable

Contributions and grants receivable, without conditions, and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk adjusted interest rate. Any provision for uncollectible receivables is estimated by management based on historical collection experience.

Property and Equipment

Property and equipment are recorded at cost if purchased or a fair value if donated. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Computer equipment is depreciated over a three-year life; vehicles are depreciated over a five-year life. The capitalization threshold is \$1,000 per item.

Leases

The organization has adopted Accounting Standards Update (ASU) No. 2016-02 Leases (Topic 842) as management believes the standard improves the usefulness and understandability of the organization's financial reporting. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, except for short-term leases less than 12 months. The new standard represents an improvement over the previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases.

The standard was effective for annual reporting periods beginning after December 15, 2021. During the transition period, implementation is presented retrospectively at the beginning of the period of adoption through a cumulative-effective adjustment and no adjustment to the prior year financial statements presented. The Organization adopted (ASU) No. 2016-02 Leases (Topic 842) effective October 1, 2022 and utilized all of the available practical expedients. The adoption can have a material impact on the Organization's statement of financial position but does not have a material impact on the statement of activities and cash flows.

Contributions

Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of activities as "Net assets released from restrictions. Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification or beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contract Service Revenue

In accordance with U.S. GAAP, the organization follows *ASU 2014-09, Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

SAWS's contract service revenue is derived from contacts with the U.S. Forest Service in the USDA for delivery of forestry, stewardship and related services on protected public lands. The agreement between SAWS and the Forest Service constitutes the contract with the customer. The contracts each have unique performance obligations. SAWS bills the agencies on a monthly basis as eligible expenses are incurred and performance obligation are met. Revenue is recognized over the course of the contract. Any amounts received in advance of being earned are deferred until earned.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function require management's allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

SAWS is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in the year ended September 30, 2023 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Summarized Comparative Data

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended September 30, 2022, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consists of the following:

<u>As of September 30:</u>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 81,940	\$ 55,175
Accounts Receivable	168,811	188,580
Total Financial Assets	<u>\$ 250,751</u>	<u>\$ 243,755</u>

SAWS' goal is generally to maintain financial assets available for general expenditure to meet a minimum of 30 days of essential operating expenses (approximately \$85,000).

4. Cash and Cash Equivalents

Cash and cash equivalents consists of a checking account with balances of \$81,940 and \$55,175 as of September 30, 2023 and 2022, respectively.

5. Accounts Receivable

Accounts receivable are listed below by type. Management believes all receivables are fully collectible, and no allowance for doubtful accounts is considered necessary.

<u>As of September 30:</u>	<u>2023</u>	<u>2022</u>
Contract Service Revenue Receivable	\$ 158,811	\$ 153,580
Grant Receivable	10,000	35,000
Total Accounts Receivable	<u>\$ 168,811</u>	<u>\$ 188,580</u>

6. Property and Equipment

Property and equipment balances consists of the following:

<u>As of September 30:</u>	<u>2023</u>	<u>2022</u>
Furniture and Equipment	\$ 10,799	\$ 10,799
Vehicles	83,243	83,243
Less: Accumulated Depreciation	(94,042)	(89,474)
Property and Equipment, Net	<u>\$ -</u>	<u>\$ 4,568</u>

Depreciation expense was \$4,568 and \$8,627 for the years ended September 30, 2023 and 2022, respectively.

7. Line of Credit

In March 2021, SAWS was approved for an \$80,000 revolving line of credit with Truist Bank. The instrument is unsecured and has a variable interest rate. There is no outstanding balance as of September 30, 2023.

8. Lease Commitments

In fiscal year 2023, SAWS implemented the new lease standard ASU 2016-02 and recorded applicable leases as assets and liabilities on the financial statements. The lease agreements for its Asheville office facility are now reflected as right-of-use assets and lease liabilities on its statement of financial position. As of September 30, 2023, the company's statement of financial position showed right-of-use assets and lease liabilities amounting to \$9,770, respectively. The company used a 3% risk-free discount rate to determine the present value of the asset and liability. Lease liability maturities for the remainder of the lease term are as follows:

<u>For the Years Ended September 30:</u>	<u>Operating</u>
2024	<u>\$ 9,856</u>
Total Undiscounted Cash Flows	9,856
Less: Present Value Discount	(86)
Total Lease Liabilities	<u><u>\$ 9,770</u></u>

SAWS leases its current office space under a two-year lease agreement that began May 1, 2020 and ended April 30, 2022. On January 25, 2023, SAWS renewed the lease for their current office space which will expire on May 31, 2024. Rent is \$1,232 per month and will increase 5-8% annually per lease agreement. Total rent for the year ended September 30, 2023 was \$21,637.

9. *Concentration of Revenue and Support*

Approximately 79% of SAWS' revenue and support are derived from contracts with the U.S. Forest Service to perform wilderness stewardship, trailblazing, and maintenance for the year ended September 30, 2023.

10. *Subsequent Events*

Subsequent events have been evaluated through **Report Date Pending**, which is the date the financial statements were available to be issued.

Southern Appalachian Wilderness StewardsProposed Adjusting Journal Entries

For the Audit Year Ended September 30, 2023

<u>Date</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
AJE 1			
9/30/2023	Depreciation	4,567.72	
	Accumulated Depreciation		4,567.72
		\$ 4,567.72	\$ 4,567.72
	<i>To adjust accumulated depreciation to actual</i>		
AJE 2			
9/30/2023	Payroll Tax Expense	5,980.45	
	Accrued Salaries & Payroll Taxes	3,806.09	
	All Compensation	3,706.00	
	Compensation - Full Time		13,492.54
		\$ 13,492.54	\$ 13,492.54
	<i>To record accrued salaries and payroll tax expense and to reclass placeholder for accrued EOY salaries reconciliation</i>		
AJE 3			
9/30/2023	Compensation - Full Time	10,817.13	
	Accrued Vacation		10,817.13
		\$ 10,817.13	\$ 10,817.13
	<i>To record PTO accrual</i>		
AJE 4			
9/30/2023	Right-of-Use Asset	9,770.41	
	Lease Liability		9,770.41
		\$ 9,770.41	\$ 9,770.41
	<i>To record ROU Asset and Lease Liability as of year end</i>		
AJE 5			
9/30/2023	Note Payable	1,536.33	
	Truist Checking		1,536.33
		\$ 1,536.33	\$ 1,536.33
	<i>To adjust for SunTrust vehicle loan being paid off as of year end</i>		



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Directors
Southern Appalachian Wilderness Stewards
Asheville, North Carolina

We have audited the financial statements of Southern Appalachian Wilderness Stewards for the year ended September 30, 2023 and have issued our report thereon dated **Report Date Pending**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 25, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Southern Appalachian Wilderness Stewards are described in Disclosure 2 to the financial statements. We noted no transactions entered by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Financial Statement Disclosures

Certain financial statement disclosures can be particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates can be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of the functional allocation of expenses. We evaluated the key factors and assumptions used to calculate the lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management. We have provided our audit adjustments to management, who has agreed with the posting of all adjustments to the audited financial statements. Management has also represented to us the intention to post all such adjustments to the organization's books.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **Report Date Pending**.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Southern Appalachian Wilderness Stewards financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organization's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and its committees, and the management of Southern Appalachian Wilderness Stewards, and is not intended to be, and should not be, used by anyone other than these specified parties.

Asheville, North Carolina

Report Date Pending

Southern Appalachian Wilderness Stewards

225 E. Chestnut, Suite 1
Asheville, NC 28801

Management Representation Letter

Corliss & Solomon, PLLC

This representation letter is provided in connection with your audit of the financial statements of Southern Appalachian Wilderness Stewards, which comprise the statements of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related disclosures to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of 4/5/2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 25, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Revenue from contracts with customers has been appropriately accounted for and disclosed in accordance with FASB ASC 606, Revenue from Contracts with Customers. All contracts underlying revenue recognized in the financial statements have commercial substance and have been approved by appropriate parties. We have considered side agreements, implied promises, and unstated customary business practices in identifying performance obligations in the contracts. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amount and timing of revenue recognized in the financial statements.
- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

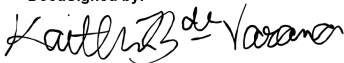
- 8) All events subsequent to the date of the statement of financial position and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 12) Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 13) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 18) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 19) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 20) We have disclosed to you the identity of the organization's related parties and all the related-party relationships and transactions of which we are aware.

- 21) Other than the loan described in Disclosure 7, the organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 23) Regarding the financial statement preparation and form 990 services performed or to be performed by you, we have—
- a) Assumed all management responsibilities.
 - b) Designated Tracy Harrell-Finance & Operations Manager and Kaitlin de Varona-Executive Director, who have suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) Southern Appalachian Wilderness Stewards is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

DocuSigned by:



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Kaitlin de Varona - Executive Director

Tracy Harrell - Finance & Operations Manager

Audit Draft Acceptance Form and Transmission of Related Letters

Client: **Southern Appalachian Wilderness Stewards**

Fiscal Year Ended: **September 30, 2023**

Audit Report Draft

We have reviewed the audit report draft sent **April 4, 2024**:

Include Final With the Following Modifications

Page #	Comment
_____	_____
_____	_____
_____	_____

Proposed Audit Adjusting Journal Entries

We have received a listing of the proposed audit adjusting journal entries. We understand and agree with the entries and approve their inclusion in the audited financial statements.

Communication with Those Charged with Governance

We have received copies of the Communication with Those Charged with Governance. We understand that these letters are intended for the Board of Directors and have been distributed to those responsible for this information.

Management Representation Letter

We have signed and dated the management representation letter proposed by your firm. It has been returned to Corliss & Solomon, PLLC.

Subsequent Events

We have reviewed the organization’s financial activities and operations through the date of the signature below, and there have been no additional events that need to be disclosed as a subsequent event.

Publication of Audit information

Standards require that in the event the Audit is reproduced, all or in part, that the Audit firm must review the publication prior to making it available to the public (e.g., publication in an Annual Report). Please feel free to call us if you have questions regarding this standard.

Bound Copies of Audit Report

You will automatically receive a PDF copy of your final Audit report. In an ongoing effort to go paperless, we will no longer provide physical copies of the Audit as a default option. If you need physical copies, please contact our Admin team at office@candspllc.com to make arrangements.

DocuSigned by:

 B71C44ACC3EA4BF
Signature

Executive Director

Title

4/5/2024

Date