

**SOUTHERN APPALACHIAN  
WILDERNESS STEWARDS**

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022



CERTIFIED PUBLIC ACCOUNTANTS

# **Southern Appalachian Wilderness Stewards**

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## **INDEPENDENT AUDITOR'S 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, 2022, 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, 2022, 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 Auditor's 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.

### **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 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, 2021, and our report dated June 21, 2022, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Solomon, PLLC*

Asheville, North Carolina  
May 2, 2023

# Southern Appalachian Wilderness Stewards

## Statement of Financial Position

As of September 30, 2022

(With summarized comparative totals as of September 30, 2021)

	<b>2022</b>	<b>2021</b>
<b><u>Assets</u></b>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 55,175	\$ 69,599
Accounts Receivable	188,580	47,776
Security Deposits	1,732	1,732
Inventory	2,522	2,522
Total Current Assets	<u>248,009</u>	<u>121,629</u>
<u>Long-Term Assets</u>		
Property and Equipment, Net	<u>4,568</u>	<u>13,194</u>
Total Long-Term Assets	<u>4,568</u>	<u>13,194</u>
<b>Total Assets</b>	<b><u>\$ 252,577</u></b>	<b><u>\$ 134,823</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 7,840	\$ 4,292
Accrued Salaries and Payroll Liabilities	48,940	26,967
Accrued Vacation	6,772	16,926
Notes Payable, Current Portion	<u>5,128</u>	<u>6,896</u>
Total Current Liabilities	<u>68,680</u>	<u>55,081</u>
<u>Long-Term Liabilities</u>		
Notes Payable, Long-Term Portion	<u>-</u>	<u>4,389</u>
Total Long-Term Liabilities	<u>-</u>	<u>4,389</u>
Total Liabilities	<u>68,680</u>	<u>59,470</u>
<u>Net Assets</u>		
Net Assets Without Donor Restrictions	<u>183,897</u>	<u>75,353</u>
Total Net Assets	<u>183,897</u>	<u>75,353</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 252,577</u></b>	<b><u>\$ 134,823</u></b>

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

# Southern Appalachian Wilderness Stewards

## Statement of Activities

Year Ended September 30, 2022

(With summarized comparative totals for the prior year)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2022</b>	<b>Total 2021</b>
<b>Revenue and Support</b>				
Government Contracts	\$ 826,852	\$ -	\$ 826,852	\$ 895,024
Foundation Grants	55,000	4,802	59,802	109,821
Contributions	72,166	1,100	73,266	57,573
Program Revenue	276,847	-	276,847	-
In-kind: Use of Facilities	450	-	450	-
Other Income	38	-	38	4,670
Net Assets Released from Restriction	5,902	(5,902)	-	-
<b>Total Revenue and Support</b>	<b>1,237,255</b>	<b>-</b>	<b>1,237,255</b>	<b>1,067,088</b>
<b>Expenses</b>				
Program Services	842,611	-	842,611	860,187
Management and General	223,401	-	223,401	165,095
Fundraising Expenses	62,699	-	62,699	17,815
<b>Total Expenses</b>	<b>1,128,711</b>	<b>-</b>	<b>1,128,711</b>	<b>1,043,097</b>
Change in Net Assets	108,544	-	108,544	23,991
Net Assets, Beginning of Year	75,353	-	75,353	51,362
<b>Net Assets, End of Year</b>	<b>\$ 183,897</b>	<b>\$ -</b>	<b>\$ 183,897</b>	<b>\$ 75,353</b>

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

## Southern Appalachian Wilderness Stewards

### Statement of Functional Expenses

Year Ended September 30, 2022

(With summarized comparative totals for the prior year)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2022</b>	<b>Total 2021</b>
Salaries	\$ 597,518	\$ 122,902	\$ 49,160	\$ 769,580	\$ 705,949
Payroll Taxes	52,250	10,747	4,299	67,296	57,268
Health Insurance	39,408	8,105	3,243	50,756	47,268
Subtotal Personnel	<u>689,176</u>	<u>141,754</u>	<u>56,702</u>	<u>887,632</u>	<u>810,485</u>
Educational Materials	221	-	-	221	241
Fundraising Expense	-	-	998	998	420
Information Technology	-	4,044	-	4,044	3,331
Insurance	24,750	8,814	-	33,564	41,177
Interest Expense	863	162	54	1,079	1,079
Meetings and Conferences	-	2,222	-	2,222	993
Miscellaneous Expense	330	1,691	828	2,849	2,203
Office Expenses	53	685	-	738	1,416
Payroll Processing Fees	-	7,120	-	7,120	6,144
Printing and Postage	-	796	-	796	558
Professional Fees	3,307	30,870	2,573	36,750	65,550
Program Supplies	34,247	-	-	34,247	24,653
Program Travel	49,991	-	-	49,991	32,297
Promotional Items	-	47	71	118	864
Rent	7,578	18,132	1,353	27,063	29,076
Repairs and Maintenance	622	1,488	111	2,221	2,712
Staff Training	18,249	3,220	-	21,469	7,044
Telephone and Internet	4,233	2,279	-	6,512	4,227
Sub-total Expenses	<u>833,620</u>	<u>223,324</u>	<u>62,690</u>	<u>1,119,634</u>	<u>1,034,470</u>
Depreciation	8,627	-	-	8,627	8,627
Use of Facilities (In-kind)	364	77	9	450	-
<b>Total Expenses</b>	<b><u>\$ 842,611</u></b>	<b><u>\$ 223,401</u></b>	<b><u>\$ 62,699</u></b>	<b><u>\$ 1,128,711</u></b>	<b><u>\$ 1,043,097</u></b>

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

# Southern Appalachian Wilderness Stewards

## Statement of Cash Flows

Year Ended September 30, 2022

(With summarized comparative totals for the prior year)

	<u>2022</u>	<u>2021</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 108,544	\$ 23,991
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	8,627	8,627
(Increase)/Decrease in Operating Assets		
Accounts Receivable	(140,804)	(21,260)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	3,547	(720)
Accrued Salaries and Payroll Liabilities	11,819	(75,474)
Net Cash Used by Operating Activities	<u>(8,267)</u>	<u>(64,836)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Principal Payments on Notes Payable	<u>(6,157)</u>	<u>(6,157)</u>
Net Cash Used by Financing Activities	<u>(6,157)</u>	<u>(6,157)</u>
Net Change in Cash and Cash Equivalents	(14,424)	(70,993)
Cash and Cash Equivalents, Beginning of Year	<u>69,599</u>	<u>140,592</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 55,175</u></b>	<b><u>\$ 69,599</u></b>
Supplemental Cash Flow Information:		
Cash Paid for Interest	<u>\$ 1,079</u>	<u>\$ 1,180</u>

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



# Southern Appalachian Wilderness Stewards

## Disclosures to the Financial Statements

Year Ended September 30, 2022

### 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, rangers, and specialists complete projects that increase resilience and make the trail system more sustainable; accomplishing deferred maintenance and reduce natural resource impacts; create safer and more accessible opportunities for recreation; conduct monitoring and assessment work of wild places; lead technical report writing and partnerships; as well as regularly engage with visitors, volunteers, and local partners on public lands to support positive outdoor experiences.
- **Workforce Development:** 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.
- **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.
- **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.
- **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.

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.

### 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 \$500 per item.

### 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, 2022 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 US GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended September 30, 2021, 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>2022</u>	<u>2021</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 55,175	\$ 69,599
Accounts Receivable	188,580	47,776
Total Financial Assets	<u>\$ 243,755</u>	<u>\$ 117,375</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 \$72,500).

**4. Cash and Cash Equivalents**

Cash and cash equivalents consists of a checking account with balances of \$55,175 and \$69,599 as of September 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
Contract Service Revenue Receivable	\$ 153,580	\$ 46,121
Grant Receivable	35,000	-
Other Receivables	-	1,655
Total Accounts Receivable	<u>\$ 188,580</u>	<u>\$ 47,776</u>

**6. Property and Equipment**

Property and equipment balances consists of the following:

<u>As of September 30:</u>	<u>2022</u>	<u>2021</u>
Furniture and Equipment	\$ 10,799	\$ 10,799
Vehicles	83,243	83,243
Less: Accumulated Depreciation	(89,474)	(80,848)
Property and Equipment, Net	<u>\$ 4,568</u>	<u>\$ 13,194</u>

Depreciation expense was \$8,627 for each of the years ended September 30, 2022 and 2021.

**7. Notes Payable**

Notes payable consist of the following as of September 30, 2022:

Note for \$32,140, dated March 6, 2018 for purchase of a truck. Terms call for monthly principal and interest payments of \$603 for five years with interest at 4.69%.

Balance as of September 30, 2022	\$ 5,128
Less Current Maturities	(5,128)
Notes Payable, Net of Current Maturities	<u><u>-</u></u>

Maturities on the above notes for the remaining terms are as follows for the years ending September 30:

2023	5,128
Total	<u><u>\$ 5,128</u></u>

**8. 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, 2022.

**9. Lease Commitments**

SAWS leases its current office space under a two-year lease agreement that began May 1, 2020 and ends 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 expense for the year ended September 30, 2022 was \$27,063. The remaining lease payments are as follows:

<u>Year Ending September 30:</u>	
2023	\$ 14,808
2024	6,468
Total Minimum Lease Obligation	<u><u>\$ 21,276</u></u>

**10. Concentration of Revenue and Support**

Approximately 67% 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, 2022.

**11. Subsequent Events**

Subsequent events have been evaluated through May 2, 2023, which is the date the financial statements were available to be issued.