

HIGHLAND RIVERS FOUNDATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2024

HIGHLAND RIVERS FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Highland Rivers Foundation, Inc.
Dalton, Georgia

Opinion

We have audited the financial statements of Highland Rivers Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Highland Rivers Foundation, Inc. as of June 30, 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Highland Rivers Foundation, Inc.. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Highland Rivers Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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, 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 Highland Rivers Foundation, Inc.'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 Highland Rivers Foundation, Inc.'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.

Richards, Cauley + Associates, LLC

Dalton, Georgia

September 22, 2025

HIGHLAND RIVERS FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

Assets

Current assets

Cash and cash equivalents	\$ 177,059
Accounts receivable, net of allowance for credit losses of \$0	9,300
Current portion of notes receivable	<u>30,327</u>
Total current assets	<u>216,686</u>

Property and equipment, net	<u>13,248,287</u>
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Notes receivable	<u>124,491</u>
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Total assets	<u><u>\$ 13,589,464</u></u>
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Liabilities and net assets

Current liabilities

Due to related party	\$ 77,442
Accrued payroll	<u>7,520</u>
Total current liabilities	<u>84,962</u>

Total liabilities	<u>84,962</u>
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Net assets

Without donor restrictions

Undesignated	13,449,069
Board designated	<u>431</u>
Total without restrictions	13,449,500

With donor restrictions	<u>55,002</u>
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Total net assets	<u>13,504,502</u>
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Total liabilities and net assets	<u><u>\$ 13,589,464</u></u>
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See accompanying independent auditor's report and notes to the financial statements.

HIGHLAND RIVERS FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grants and contracts	\$ 34,797	\$ -	\$ 34,797
Donations and grants	140,541	47,925	188,466
Interest income	9,696	-	9,696
Rental income	118,324	-	118,324
Net assets released from restriction	23,944	(23,944)	-
 Total support and revenue	 327,302	 23,981	 351,283
Expenses			
Program services	361,216	-	361,216
Support services			
General and administrative	275,521	-	275,521
Fundraising	173,542	-	173,542
Total support services	449,063	-	449,063
 Total expenses	 810,279	 -	 810,279
 Decrease in net assets	 (482,977)	 23,981	 (458,996)
 Net assets - beginning of year	 13,932,477	 31,021	 13,963,498
Net assets - end of year	\$ 13,449,500	\$ 55,002	\$ 13,504,502

See accompanying independent auditor's report and notes to the financial statements.

HIGHLAND RIVERS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Service	General & Administrative	Fundraising	Total
Without donor restrictions				
Personnel expenses				
Salaries	\$ 3,811	\$ 89,860	\$ 97,610	\$ 191,281
Taxes and benefits	1,458	34,359	38,152	73,969
Total personnel expenses	<u>5,269</u>	<u>124,219</u>	<u>135,762</u>	<u>265,250</u>
Direct expenses				
Computer maintenance	-	15,225	-	15,225
Depreciation	334,042	-	-	334,042
Donations	-	32,528	2,630	35,158
Insurance	-	6,414	-	6,414
Office supplies	183	245	-	428
Other expenses	21,701	42,068	4,747	68,516
Other supplies	-	369	-	369
Professional fees	-	10,646	-	10,646
Repairs and maintenance	-	41,694	28,751	70,445
Telecommunications	-	239	237	476
Travel	21	1,874	1,415	3,310
Total functional expenses	<u>\$ 361,216</u>	<u>\$ 275,521</u>	<u>\$ 173,542</u>	<u>\$ 810,279</u>

See accompanying independent auditor's report and notes to the financial statements.

HIGHLAND RIVERS FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

Cash flows from operating activities	
Decrease in net assets	\$ (458,996)
Adjustment to reconcile net assets to net cash provided by (used in) operating activities	
Depreciation	334,042
Changes in operating assets and liabilities	
Accounts receivable	(1,145)
Deferred revenue	(25,000)
Accounts payable and accrued liabilities	7,520
Due to related party	57,239
Net cash used by operating activities	<u>(86,340)</u>
Cash flows from investing activities	
Proceeds from payments on notes receivable	5,605
Purchase of capital assets	<u>(26,915)</u>
Net cash used in investing activities	<u>(21,310)</u>
 Net decrease in cash and cash equivalents	 (107,650)
 Cash and cash equivalents at the at beginning of year	 <u>284,709</u>
Cash and cash equivalents at end of year	<u>\$ 177,059</u>

See accompanying independent auditor's report and notes to the financial statements.

HIGHLAND RIVERS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Highland Rivers Foundation, Inc. (the "Foundation"), have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-05 and ASC 958-205-05. The most significant accounting policies followed by the Foundation are described below.

Nature of Activities

Highland Rivers Foundation, Inc. is a non-profit organization created to support the Highland Rivers Community Service Board in building and sustaining one community of recovery that advances mind, body, and health.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with US GAAP, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation satisfying the specified purpose or the passage of time.

Net assets, revenues, and gains are classified based on the existence or absence of donor-imposed restrictions.

Net Assets Released from Restrictions

When a donor-imposed restriction expires, resulting from a stipulated time restriction ending or a purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Unconditional Promises to Give

Unconditional promises to give are recognized as contributions and receivables when the promise is made. Conditional promises to give are recognized as contributions and receivables when all conditions required for the gift have been met except for the passage of time. The Foundation discounts its unconditional promises to give to their net realizable value utilizing the promises which are expected to be collected in periods exceeding one year.

HIGHLAND RIVERS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the financial statements, the Foundation considers all cash and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Foundation maintains its cash balances in accounts at a national bank. These balances are insured by the Federal Deposit Insurance Corporation (FDIC).

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require the directors and administrators 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 reporting period. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Doubtful Accounts

The Foundation operates as a non-profit in the behavioral health industry and its receivables are primarily derived from rental income from other programs. At each balance sheet date, the Foundation recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Foundation's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable, supportable forecasts regarding future events, and any other factors deemed relevant by Foundation such as industry and economic conditions. The Foundation believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Foundation's portfolio segment(s) have remained constant.

Due to operations and collection rates remaining consistent, the Foundation is anticipating similar expected credit losses as have been incurred in the past. As a result, management has determined that an allowance for credit losses is not necessary.

The allowance for credit losses was \$0 for the year ending June 30, 2024.

The Foundation writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. Since inception, the Foundation has not had any write-offs.

HIGHLAND RIVERS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. The expenses attributable to each category are based on actual expenses.

Program Service Costs

The financial statements report certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The most significant expenses that are allocated include compensation and benefits and contributed personnel service to affiliates, which are allocated by time and effort. All other expenses are allocated directly by functional categories or indirectly based on a reasonable basis.

Property and Equipment

Purchased property and equipment are recorded at cost. Material contributions of property, property improvements, and equipment are recorded as support at their estimated fair value at the date of contribution. Such contributions are reported as support without donor restrictions unless the donor has restricted the contributed asset to a specific purpose. The Foundation reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Purchased assets are capitalized at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Estimated useful lives range from fifteen to thirty-nine years. Total depreciation charged to operations was \$334,042 for the year ended June 30, 2024. When assets are retired, or are otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in earnings. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. The Foundation maintains a capitalization threshold of \$5,000.

Revenue Recognition Policy

The Foundation derives its revenues from earned revenues and public support. Earned revenues includes grants received or rental revenue earned through the rental of property owned by the Foundation. These revenues are recognized as revenue when earned, which occurs over time or when the funds are expended. Public support refers to unconditional contributions received through voluntary nonreciprocal transfers. The Foundation records all such contributions as income in the period in which the pledged was made.

Contributions

Contributions received are recorded as support with or without donor-imposed restrictions depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give to the Foundation. Contributions that have restrictions in place by the donor are recorded as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are recognized as increases to wither temporarily or permanently restricted net assets, based on the nature of the donor's restrictions. When the restriction is satisfied or expires, the related temporarily restricted net assets are reclassified to unrestricted net assets. The Foundation estimates uncollectible unconditional promises to give using the allowance method, which is based on historical collection experience and management's evaluation of individual pledges.

HIGHLAND RIVERS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

The Foundation is a non-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) exempt from federal and state income taxes. Therefore, no provision has been made for income taxes in these financial statements. The income tax filings of the Foundation are subject to audit by various taxing authorities. Open audit periods are three years from the date of filing. No interest or penalties assessed from tax jurisdictions were incurred or paid for the year ending June 30, 2024.

Donated Services

During the year ended June 30, 2024, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation at the residents' facilities, but these services do not meet the criteria for recognition under ASC 958-605.05.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 177,059
Accounts receivable, net of allowance of \$0	9,300
Notes receivable, current portion	30,327
	<u>216,686</u>
Less:	
Due to related party	77,442
Accrued expenses	7,520
	<u>84,962</u>
 Total	 <u>\$ 131,724</u>

The Foundation's cash and other financial assets are not subject to donor or other contractual restrictions, and could be used to cover any unanticipated liquidity needs.

NOTE 3 – RECEIVABLES

Accounts receivable consists of the following:

Rental payments due	\$ 9,300
Less: allowance for credit losses	-
	<u>\$ 9,300</u>

HIGHLAND RIVERS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – RECEIVABLES

Notes receivable at June 30, 2024 consist of the following:

During the year ended June 30, 2020, the Foundation entered into an agreement whereby it effectively seller financed the sale of one of its properties to the Appalachian Judicial Court. The note is receivable in monthly installments of principal and interest at 3.28%. Effective October 1, 2023, the Foundation amended the note to include the purchase of three AC units. The monthly installment payments changed, while the interest rate and maturity date remained consistent with the original agreement.

Principal and interest income to be received as follows:

Years Ending December 31	Principal Amount	Interest Income	Total
2025	\$ 30,327	\$ 4,623	\$ 34,950
2026	31,919	3,608	35,527
2027	33,179	2,540	35,719
2028	34,283	2,435	36,718
2029	25,110	327	25,437
Thereafter	-	-	-
	<u>\$ 154,818</u>	<u>\$ 13,533</u>	<u>\$ 168,351</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2024, consisted of the following:

Computers and equipment	\$ 12,799
Buildings	12,799,155
Land and improvements	1,350,057
	<u>14,162,011</u>
Less accumulated depreciation	913,724
	<u>\$ 13,248,287</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

Highland Rivers Foundation, Inc. is related to Highland Rivers Behavioral Health by common management. The Foundation owed \$77,442 to Highland Rivers Behavioral Health at June 30, 2024.

During the year ended June 30, 2024, the Foundation entered into a rental agreement with Highland Rivers Behavioral Health for the use of four facilities. The agreement stipulates a monthly rental rate of \$35,775.

HIGHLAND RIVERS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – BOARD RESTRICTED NET ASSETS

The Foundation's Board of Directors periodically designates otherwise unrestricted donations to be spent for specific purposes. The following is a listing of the specific Board designations as of June 30, 2024:

Employee appreciation	\$	181
Veterans celebrations		<u>250</u>
Total	<u>\$</u>	<u>431</u>

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 22, 2025, the date the financial statements were available to be issued.



September 22, 2025

To the Board of Directors
Highland Rivers Foundation, Inc.

Members of the Board of Directors:

We have audited the financial statements of the Highland Rivers Foundation, Inc. ("the Foundation") for the year ended December 31, 2024 and have issued our report thereon dated September 22, 2025. Professional standards require that we advise you of the following matters related to our audit.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED ACCOUNTING STANDARDS

As communicated in our engagement letter dated March 7, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

PLANNED SCOPE AND TIMING OF THE AUDIT

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Nichols, Cauley, & Associates has a partner, independent of the audit process, review the financial statements and the Foundation's management is experienced and has the suitable knowledge and skill to review the financial statements and make decisions.

SIGNIFICANT RISKS IDENTIFIED

During the planning of our audit, we are required to evaluate the risks of material misstatement whether due to error or fraud. GAAS requires that we disclose to the Board the significant risks identified during our planning procedures. We identified the following significant risks:

- Improper Revenue Recognition Risk: Revenue recognized before it is earned.
- Management Override of Controls: Management circumventing internal controls.
- Net asset classification: Proper tracking of donor restrictions.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include the methods used for depreciation of property and equipment. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

FINANCIAL STATEMENT DISCLOSURES

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Foundation's financial statements relate to property and equipment.

SIGNIFICANT UNUSUAL TRANSACTIONS

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

IDENTIFIED OR SUSPECTED FRAUD

We did not identify, or obtain information that identifies, any instances of actual or suspected fraud that may have occurred.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

UNCORRECTED AND CORRECTED MISSTATEMENTS

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. No such misstatements were identified.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

COMMUNICATION OF DEFICIENCIES

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any material weaknesses in the Foundation's internal controls.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We did not identify any significant deficiencies in the Foundation's internal controls.

DISAGREEMENTS WITH MANAGEMENT

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

CIRCUMSTANCES THAT AFFECT THE FORM AND CONTENT OF THE AUDITOR'S REPORT

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances arose during the course of the audit.

REPRESENTATIONS REQUESTED FROM MANAGEMENT

We have requested certain written representations from management, which are included in the attached letter dated September 22, 2025.

MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

September 22, 2025
The Board of Directors
Highland Rivers Foundation, Inc.
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OTHER SIGNIFICANT MATTERS, FINDINGS, OR ISSUES

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This information is intended solely for the use of the Board of Directors and administration of the Foundation and should not be used for any other purpose.

If you have any questions or comments regarding this letter, we will be pleased to discuss them with you. We wish to express our appreciation for the courtesies and cooperation extended to our representatives during the course of our audit.

Nichols, Cauley + Associates, LLC