

PALMETTO TRAIL
Columbia, South Carolina
FINANCIAL STATEMENTS
June 30, 2024

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Palmetto Trail
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Palmetto Trail (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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization'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 and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government 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 Palmetto Trail'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, which raise substantial doubt about Palmetto Trail'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of revenue and expense and the grants schedule are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2024, on our consideration of Palmetto Trail's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center's internal control over financial reporting and compliance.

Cantey, Tiller, Pierce and Green, LLP

Cantey, Tiller, Pierce and Green, LLP
Camden, South Carolina

November 15, 2024

PALMETTO TRAIL
Columbia, South Carolina

STATEMENT of FINANCIAL POSITION
June 30, 2024

ASSETS

Cash and Cash Equivalents	\$ 645,891
Certificates of Deposit	988,400
Investments	78,075
Inventory	13,553
Receivables	179,427
Conservation Easements	4,385,000
Land, Property and Equipment, Net of Depreciation	788,440
Other Assets	3,725
Total Assets	<u><u>\$ 7,082,511</u></u>

LIABILITIES

Accounts Payable	\$ 146,841
Accrued Salaries and Benefits	27,661
Deferred Revenue	158,684
Notes Payable	163,830
Total Liabilities	<u><u>497,016</u></u>

NET ASSETS

Without Donor Restrictions	2,200,495
With Donor Restrictions	4,385,000
Total Net Assets	<u><u>6,585,495</u></u>
Total Liabilities and Net Assets	<u><u>\$ 7,082,511</u></u>

PALMETTO TRAIL
Columbia, South Carolina

STATEMENT of ACTIVITIES
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE and SUPPORT			
Grants	\$ 1,060,000	\$ 520,445	\$ 1,580,445
Contributions	137,169	31,844	169,013
Program/Event	1,144	-	1,144
Interest Income	85,508	-	85,508
Investment Income	(3,200)	-	(3,200)
Miscellaneous Income	86,660	-	86,660
In-Kind Revenue	40,138	-	40,138
Total	<u>1,407,419</u>	<u>552,289</u>	<u>1,959,708</u>
NET ASSETS RELEASED from RESTRICTIONS			
Satisfaction of Program Restrictions	<u>552,289</u>	<u>(552,289)</u>	<u>-</u>
EXPENSES			
Program Services			
Recreation	<u>1,977,111</u>	<u>-</u>	<u>1,977,111</u>
Total Program Services	<u>1,977,111</u>	<u>-</u>	<u>1,977,111</u>
Supporting Services			
Management and General	<u>444,175</u>	<u>-</u>	<u>444,175</u>
Total Supporting Services	<u>444,175</u>	<u>-</u>	<u>444,175</u>
Total Expenses	<u>2,421,286</u>	<u>-</u>	<u>2,421,286</u>
DECREASE IN NET ASSETS	(461,578)	-	(461,578)
NET ASSETS, Beginning of Year	<u>2,662,073</u>	<u>4,385,000</u>	<u>7,047,073</u>
NET ASSETS, End of Year	<u><u>\$ 2,200,495</u></u>	<u><u>\$ 4,385,000</u></u>	<u><u>\$ 6,585,495</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

PALMETTO TRAIL
Columbia, South Carolina

STATEMENT of FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services		Total
	Recreation	Management and General	
Salaries	\$ 601,157	\$ 162,508	\$ 763,665
Payroll Taxes	45,898	12,389	58,287
Employee Benefits	6,684	15,398	22,082
Continuing Education	17,713	11,434	29,147
Travel	56,282	7,547	63,829
Contract Services	189,559	64,530	254,089
Office Expenses	5,045	29,789	34,834
Advertising	30,903	25,004	55,907
Software	3,745	14,606	18,351
Utilities	3,459	17,715	21,174
Dues and Subscriptions	5,488	19,130	24,618
Supplies	836,417	2,879	839,296
Trail Maintenance	72,319	19,199	91,518
Insurance	6,611	22,615	29,226
Interest Expense	-	7,730	7,730
Property Taxes	588	1,831	2,419
Miscellaneous	4,917	4,372	9,289
In-Kind	40,138	-	40,138
Total Expenses before Depreciation	<u>1,926,923</u>	<u>438,676</u>	<u>2,365,599</u>
Depreciation	50,188	5,499	55,687
Total Expenses	<u>\$ 1,977,111</u>	<u>\$ 444,175</u>	<u>\$ 2,421,286</u>

PALMETTO TRAIL
Columbia, South Carolina

STATEMENT of CASH FLOWS
Year Ended June 30, 2024

CASH FLOWS from OPERATING ACTIVITIES	
Decrease in Net Assets	\$ (461,578)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	55,687
(Increase) Decrease in Operating Assets	
Accounts Receivable	(86,562)
Inventory	(13,553)
Other Assets	4,322
Increase (Decrease) in Operating Liabilities	
Accounts Payable	86,965
Accrued Salaries and Benefits	(343)
Deferred Revenue	<u>158,684</u>
Net Cash Used by Operating Activities	<u>(256,378)</u>
CASH FLOWS from INVESTING ACTIVITIES	
Payments for Property, Equipment and Easements	(97,473)
(Purchase) Sale of Investments	<u>735,767</u>
Net Cash Provided by Investing Activities	<u>638,294</u>
CASH FLOWS from FINANCING ACTIVITIES	
Principal Payments on Loan	<u>(18,199)</u>
Net Cash Used by Financing Activities	<u>(18,199)</u>
Net Increase in Cash and Cash Equivalents	363,717
BEGINNING CASH and CASH EQUIVALENTS	<u>282,174</u>
ENDING CASH and CASH EQUIVALENTS	<u>\$ 645,891</u>
SUPPLEMENTAL DISCLOSURE of CASH FLOW INFORMATION	
Cash Paid During the Year for:	
Interest	<u>\$ 7,730</u>

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Organizational Activities

Palmetto Trail (the Organization) was incorporated in the State of South Carolina in 1989. The Organization was established as a not-for-profit organization with the purposes of conserving South Carolina's natural and cultural resources, preserving historical buildings and landmarks and to create and promote outdoor activities throughout the State.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenue is recognized when earned and expenses are recognized when incurred.

Use of Estimates

These financial statements include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from these estimates, and it is possible that these estimates could change in the future.

Property and Equipment

Fixed assets are recorded and capitalized at cost if purchased and fair market value if contributed. The Organization has adopted a policy to capitalize all fixed assets with an acquisition cost of \$2,500 or more. Estimated useful lives range from five to forty years. Depreciation is provided on the straight-line method.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, there is no provision for income taxes in these statements. The Organization has no unrelated business income for the year ended June 30, 2024.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the Internal Revenue Service generally for three years after they were filed.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Not-for-profit organizations report investments in marketable securities and debt securities at their fair market value in the statement of financial position. The Organization's investments had a fair market value of \$78,075 and a cost of \$78,213 at June 30, 2024. Unrealized gains and losses are included in the statement of activities.

Contributed Services

Amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Basis of Presentation

Net assets are recorded without donor restrictions and with donor restrictions depending on donor-imposed restrictions or legal requirements involving the funds held by or contributed to the Organization.

Without Donor Restrictions - The Organization reports that part of net assets that are not restricted by legal or donor-imposed restrictions as "net assets without donor restrictions." These net assets, including any board designated net assets, are legally unrestricted and can be used by the Organization however deemed necessary.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

With Donor Restrictions - The Organization reports gifts and other assets as restricted support if they are received with donor stipulations or legal requirements that limit the use of the donated assets. When a donor or legal restriction expires, these net assets can be reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and other inflows of assets whose use is limited by donor-imposed stipulations or legal requirements that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions are also reported as net assets with donor restrictions.

NOTE 2 CASH AND CASH EQUIVALENTS

On June 30, 2024, the Organization maintained an account with Merrill Lynch. Cash and cash equivalents totaled \$244,174 in cash and \$988,400 in certificate of deposits. The Organization maintains all its cash on deposit with financial institutions that maintain insurance with the Federal Deposit Insurance Corporation.

On June 30, 2024, the Organization has \$1,634,427 in cash deposits at various financial institutions. Of the balance, \$901,503 was covered by federal insurance and other securities and \$232,924 is not covered by federal insurance.

NOTE 3 INVESTMENTS

Market values of investments are summarized as follows at June 30, 2024:

	Cost	Fair Market Value	Unrealized Gain (Loss)
Government Securities	\$ 78,213	\$ 78,075	\$ (138)
Total	<u>\$ 78,213</u>	<u>\$ 78,075</u>	<u>\$ (138)</u>

Investments are stated at fair market value.

The following schedule summarizes the investment return and the classification in the statement of activities for the year ended June 30, 2024:

	Without Donor Restrictions
Interest and Dividends	\$ 2,631
Unrealized Gains(Losses)	<u>(5,831)</u>
Investment Income	(3,200)
Investment Expenses	<u>(1,011)</u>
Total Net Investment Return	<u>\$ (4,211)</u>

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value Measurements establishes a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets,
- quoted prices for identical or similar assets or liabilities in inactive markets,
- inputs other than quoted prices that are observable for the asset or liability,
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

Government Securities: Government securities are stated at the market price quotations as of the last business day of the reporting period.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024:

	Assets at Fair Value as of 6/30/24			
	Level 1	Level 2	Level 3	Total
Government Securities	\$ 78,075	\$ -	\$ -	\$ 78,075
Total Assets at Fair Value	\$ 78,075	\$ -	\$ -	\$ 78,075

NOTE 5 LAND, PROPERTY and EQUIPMENT

A summary of property and equipment at June 30, 2024, follows:

Equipment, Furniture and Fixtures	\$ 323,182
Land and Buildings	619,757
Total Property and Equipment	<u>942,939</u>
Less: Accumulated Depreciation	(154,499)
Net Property and Equipment	<u>\$ 788,440</u>

Depreciation expense for the year ending June 30, 2024, was \$55,687.

NOTE 6 RECEIVABLES

Accounts receivable and grants receivable were all deemed to be fully collectible by management. Receivables consisted of the following at June 30, 2024:

Americorps-United Way	\$ 177,304
SCPRT	979
Other	1,144
Total Receivables	<u>\$ 179,427</u>

NOTE 7 CONSERVATION EASEMENTS

Conservation easements are restrictions on the development of land in various sites in South Carolina. An independent real estate agent is used to value easements at the date of contribution. During the year ended June 30, 2024, the Organization received no new land easements and did not transfer any easements. Conservation easements held by the Organization were \$4,385,000 on June 30, 2024.

NOTE 8 NOTES PAYABLE

The Organization's notes payable debt consists of the following:

Mortgage payable to Bank of America, due in monthly installments of \$2,153 at 4.33% interest	<u>\$ 163,830</u>
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Future scheduled maturities of notes payable debt are as follows:

Years Ending	
2025	\$ 19,164
2026	20,011
2027	20,895
2028	21,818
2029	22,781
2030-2032	<u>59,161</u>
Totals	<u>\$ 163,830</u>

NOTE 9 COMMITMENTS and CONTINGENCIES

The Organization must apply for annual renewals of contracts and grants. Funding is subject to both increases and reductions as contracted with grantors. Some agreements call for termination by either party contingent upon certain conditions. Expenditures recorded under various contracts and grants are also subject to further examination by the contractors and grantors, and reimbursements can be requested by them for questioned costs. No provisions have been made in the financial statements for liabilities, if any, that would result from the disallowance of costs, either in whole or in part, by such contractors and grantors. Management of the Organization believes it has substantially complied with the contract and grant provisions and that any subsequent adjustment would not be material to the financial statements. Questioned costs could still be identified during audits to be conducted in the future.

NOTE 10 RETIREMENT PLAN

The Organization offers staff employees, after a probationary period, the opportunity for participation in a simple retirement salary deferral arrangement. For the year ended June 30, 2024, the Organization had matching expense of \$0.

NOTE 11 IN-KIND REVENUE

In-kind revenue consists of the following:

In-Kind Maintenance and Upkeep Provided for Palmetto Trails, and Other	\$ 40,138
Total In-Kind Revenue Received	<u>\$ 40,138</u>

NOTE 12 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consisted of the following at June 30, 2024:

Cash and Cash Equivalents	\$ 645,891
Certificates of Deposit	988,400
Investments	78,075
Receivables	179,427
Total Financial Assets	<u>1,891,793</u>

Less Those Unavailable for general use within one year due to:

Accounts Payable	(146,841)
Accrued Salaries and Benefits	(27,661)
Financial Assets Available to Meet Cash Needs for General Within One Year	<u>\$ 1,717,291</u>

As of June 30, 2024, all of the financial assets above could readily be made available within one year of the balance sheet date to meet general expenditures.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures are as follows:

NOTE 13 LINE OF CREDIT

The Organization has a line of credit with Merrill Lynch in the amount of \$50,000. The outstanding balance was zero as of June 30, 2024.

NOTE 14 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 15, 2024, the date which the financial statements were available to be issued. During this period, the Organization did not have any material subsequent events that required recognition in the Organization's disclosures to the June 30, 2024 financial statements.

CANTEY, TILLER, PIERCE & GREEN, LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Palmetto Trail
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Palmetto Trail (a nonprofit Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Palmetto Trail's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Palmetto Trail's internal control. Accordingly, we do not express an opinion on the effectiveness of Palmetto Trail's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Palmetto Trail's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cantey, Tiller, Pierce and Green, LLP
Cantey, Tiller, Pierce and Green, LLP
Camden, South Carolina

November 15, 2024