

COTTONWOOD INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

TOGETHER WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT

COTTONWOOD INSTITUTE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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February 28, 2025

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Cottonwood Institute
Denver, Colorado

Opinion

We have reviewed the accompanying statements of **Cottonwood Institute**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of September 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Cottonwood Institute and meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously reviewed Cottonwood Institute's 2023 financial statements and in our conclusion dated February 1, 2024, stated that based on our review, we were not aware of any material modifications that should be made to the 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are unaware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended September 30, 2023, for it to be consistent with the reviewed financial statements from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER COLORADO

COTTONWOOD INSTITUTE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 112,829	\$ 223,337
Contributions and grants receivable (Note 4)	36,090	47,600
Investments (Note 5)	197,518	105,086
Property and equipment (Note 6)	<u>9,408</u>	<u>13,176</u>
Total assets	<u><u>\$ 355,845</u></u>	<u><u>\$ 389,199</u></u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 6,463	\$ 8,389
Payroll liabilities	19,107	18,638
Note payable (Note 7)	<u>138,276</u>	<u>145,193</u>
Total liabilities	163,846	172,220
<u>Net assets</u>		
Without donor restrictions	139,992	152,637
With donor restrictions (Note 8)	<u>52,007</u>	<u>64,342</u>
Total net assets	<u>191,999</u>	<u>216,979</u>
Total liabilities and net assets	<u><u>\$ 355,845</u></u>	<u><u>\$ 389,199</u></u>

See accompanying notes and independent accountants' review report

COTTONWOOD INSTITUTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 154,218	\$ 62,765	\$ 216,983	\$ 197,363
Contributions	83,740	69,300	153,040	166,178
Special events	152,787	-	152,787	213,316
Less: direct expenses	(26,511)	-	(26,511)	(42,732)
Programming and collaborative agreements	103,784	-	103,784	119,443
Government fee for service	83,150	-	83,150	7,077
Merchandise Sales	22,175	-	22,175	1,048
Investment income	17,983	-	17,983	9,439
In-kind	-	-	-	17,810
Net assets released from restrictions (Note 9)	144,400	(144,400)	-	-
Total revenue and other support	735,726	(12,335)	723,391	688,942
<u>Expense</u>				
Program services	676,361	-	676,361	655,894
Supporting services				
Management and general	53,035	-	53,035	50,144
Fundraising	18,975	-	18,975	12,120
Total expense	748,371	-	748,371	718,158
Change in net assets	(12,645)	(12,335)	(24,980)	(29,216)
Net assets, beginning of year	152,637	64,342	216,979	246,195
Net assets, end of year	\$ 139,992	\$ 52,007	\$ 191,999	\$ 216,979

See accompanying notes and independent accountants' review report

COTTONWOOD INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023	
	Supporting Services				
	Program	Management and General	Fund- raising	Total	Total
Salaries	\$ 478,496	\$ 10,483	\$ 6,898	\$ 495,877	438,069
Payroll taxes and benefits	56,566	24,979	215	81,760	77,952
Vehicles	21,490	-	-	21,490	18,076
Accounting	-	15,583	-	15,583	15,666
Program materials	13,480	-	-	13,480	12,083
Occupancy	12,725	-	-	12,725	10,034
Professional services	12,722	-	-	12,722	7,542
Insurance	11,141	870	-	12,011	12,469
Travel	11,303	-	13	11,316	8,315
Contractors	10,171	-	-	10,171	31,878
Program supplies	9,010	142	-	9,152	11,585
Facility and land access	8,923	-	-	8,923	8,328
Membership and subscription	5,932	193	2,409	8,534	7,981
Telephone and internet	5,645	-	-	5,645	16,487
Fees	-	101	5,076	5,177	6,923
Interest	3,937	-	-	3,937	7,729
Scholarships	3,750	-	-	3,750	8,258
Merchandise	-	-	3,550	3,550	701
Professional development	2,637	-	22	2,659	5,618
Printing	2,244	-	-	2,244	2,446
Meals	1,501	-	25	1,526	2,999
Postage	1,002	-	30	1,032	1,158
Marketing	451	-	91	542	1,288
All other	597	119	81	797	805
	673,723	52,470	18,410	744,603	714,390
Depreciation expense	2,638	565	565	3,768	3,768
Total expenses	\$ 676,361	\$ 53,035	\$ 18,975	\$ 748,371	\$ 718,158

See accompanying notes and independent accountants' review report

COTTONWOOD INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (24,980)	\$ (29,216)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,768	3,768
Realized and unrealized (gain) loss on investments, net	(10,816)	(6,248)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in contributions and grants receivable	11,510	(32,387)
Increase(decrease) in accounts payable	(1,926)	4,429
Increase(decrease) in payroll liabilities	469	7,683
Net cash provided(used) by operating activities	<u>(21,975)</u>	<u>(51,971)</u>
<u>Changes in investing activities</u>		
(Reinvestment) of dividends and interest	(4,355)	(2,497)
(Purchases) of investments	<u>(77,261)</u>	<u>(7,619)</u>
Net cash provided(used) by investing activities	<u>(81,616)</u>	<u>(10,116)</u>
<u>Changes in financing activities</u>		
Borrowing (repayment) on note payable EIDL loan	<u>(6,917)</u>	<u>61</u>
Net increase(decrease) in cash and cash equivalents	(110,508)	(62,026)
Cash and cash equivalents, beginning of year	<u>223,337</u>	<u>285,363</u>
Cash and cash equivalents, end of year	<u>\$ 112,829</u>	<u>\$ 223,337</u>
<u>Supplemental disclosure of information</u>		
Cash paid during the fiscal year for interest	<u>\$ 3,937</u>	<u>\$ 7,729</u>

See accompanying notes and independent accountants' review report

COTTONWOOD INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 - NATURE OF ACTIVITIES

Cottonwood Institute (the Organization) was established and incorporated as a nonprofit organization in the state of Colorado in 2004. The Organization's mission is to connect middle and high school students to nature and inspire them to protect it. The Organization is supported primarily by foundations, special events and government fee for service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of Cottonwood Institute have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization 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 organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, except for those which are held for long term purposes.

4. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

5. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$2,500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

9. Functional Reporting of Expenses

For the year ended September 30, 2024, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and professional fees are allocated using time and effort. Other expenses are assigned directly to the program or functional area benefited.

10. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through February 28, 2025, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at September 30, 2024:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 112,829
Contributions receivable	36,090
Investments	<u>197,518</u>
Total financial assets	346,437
Less: amounts not available for general expenditures within one year, due to:	
Net assets with donor restrictions	<u>(52,007)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 294,430</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.

NOTE 4 - CONTRIBUTIONS AND GRANTS RECEIVABLE

At year-end grants receivable consists of foundation awards and government grants. Expected receipts are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2025	<u>\$ 29,090</u>

NOTE 5 - INVESTMENTS

In conformity with generally accepted accounting principles, investments are stated at fair value (Level 1 inputs) and consist of:

<u>Description</u>	<u>Fair Value</u>
Cash	\$ 189,530
Certificate of deposit	<u>7,988</u>
Total	<u>\$ 197,518</u>

NOTE 5 - INVESTMENTS (Concluded)

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividend income	\$ 4,355
Management fees	(944)
Unrealized gains (losses)	<u>11,760</u>
Net investment return	<u>\$ 15,171</u>

In addition, the Organization earned \$2,812 on its cash and cash equivalents.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Vehicle	\$ 28,248
Less: accumulated depreciation	<u>(18,840)</u>
Net property and equipment	<u>\$ 9,408</u>

Depreciation expense for the year was \$3,768.

NOTE 7 - ECONOMIC INJURY DEVELOPMENT LOAN

In June 2020, the Foundation received \$150,000 pursuant to the Economic Injury Disaster Loan (EIDL) established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act. EIDL provides loans to qualifying businesses for amounts up to \$150,000. The EIDL is payable over thirty years at an interest rate of 2.75%. The minimum monthly payment is \$641. The remaining balance of principal and interest will be payable on June 16, 2050.

Future scheduled principal payments on the loan are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 3,959
2026	4,069
2027	4,299
2028	4,419
2029 and thereafter	<u>121,530</u>
Total	<u>\$ 138,276</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

At year end, net assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
CASA fun	\$ 37,765
Changemakers	12,500
Strategic planning	742
Other restricted program	<u>1,000</u>
Total	<u>\$ 52,007</u>

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Changemakers	\$ 75,000
CAP program	41,000
Longmont children	15,600
Watershed	5,000
CO Outdoors	3,750
Strategic planning	1,316
Other restricted program	<u>2,734</u>
Total	<u>\$ 144,400</u>

NOTE 10 - PENSION PLAN

The Organization has a SIMPLE IRA retirement plan (the Plan) covering all eligible employees. The Organization makes a contribution to the Plan each year equal to 3% of all participants' compensation. Total pension plan expense for the year was \$11,674.

NOTE 11 - PROGRAMMING AND COLLABORATIVE AGREEMENTS

The Organization partners with various academies and school districts to build curriculum and provide educational programs. Revenue is recognized when classes are held and performance obligations of delivering the services are met. Amounts received in advance are deferred to the applicable period.

NOTE 12 - PRIOR PERIOD ADJUSTMENT

The prior year financial statements were restated to reduce programming receivables and revenue by \$27,000. The prior year balances were restated in the current year financial statements, resulting in a decrease to net assets of September 30, 2023, in the amount of \$27,000.