Cottonwood Institute
(a nonprofit Colorado corporation)
Denver, Colorado

Financial Statements

Ten Months ended July 31, 2026

Cottonwood Institute

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Independent Accountant's Review Report

To the Board of Directors
Cottonwood Institute
Denver, Colorado

I have reviewed the accompanying financial statements of Cottonwood Institute (a Colorado nonprofit corporation), which comprise the statement of financial position as of July 31, 2026, and the related statements of activities, functional expenses, and cash flows for the ten months 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 entity 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, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Cottonwood Institute and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am 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.

Mountain West Advisors, LLC

Certified Public Accountant

Denver, Colorado
October 29, 2026

Cottonwood Institute

Statement of Financial Position

July 31, 2026

ASSETS	
Current Assets	
Cash and cash equivalents	**$ 387,090**
Pledges and grants receivable	**11,396**
Government grants receivable	**7,432**
Due from employee	**29**
Investments	**8,390**
Prepaid expenses	**4,060**
Total current assets	**418,397**
Property and Equipment	
Vehicles	**28,248**
Accumulated depreciation	**(25,748)**
Net property and equipment	**2,500**
Total assets	**$ 420,897**
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	**$ 6,678**
Accrued compensation and benefits	**24,779**
Sales taxes payable	**19**
Deferred income	**13,868**
EIDL loan payable, current portion	**4,194**
Total current liabilities	**49,538**
Long-Term Liabilities	
EIDL loan payable, net of current portion	**126,662**
Total long-term liabilities	**126,662**
Total liabilities	**176,200**
Net Assets	
Without donor restrictions	**244,697**
With donor restrictions	**-**
Total net assets	**244,697**
Total liabilities and net assets	**$ 420,897**

The accompanying Notes which are an integral part of these financial statements and the Independent Accountant's Review Report on Page 1 should be read with these financial statements

Cottonwood Institute

Statement of Activities

Ten months ended July 31, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	$ 420,933	$ 36,737	$ 457,670
Government grants	87,455	-	87,455
In-kind donations - services	2,500	-	2,500
Special events income	168,711	-	168,711
Special events expenses	(25,092)	-	(25,092)
Net assets released from restrictions	85,720	(85,720)	-
Total operating support	740,227	(48,983)	691,244
Operating Revenue			
Program service revenue	119,873	-	119,873
Merchandise sales, net of costs of goods sold totaling $1,771 for the ten months ended July 31, 2026	(1,534)	-	(1,534)
Total operating revenue	118,339	-	118,339
Total operating support and revenue	858,566	(48,983)	809,583
Operating Expenses			
Program services	700,804	-	700,804
Supporting services			
General and administrative	27,290	-	27,290
Fundraising	19,819	-	19,819
Total supporting services	47,109	-	47,109
Total operating expenses	747,913	-	747,913
Total operating support and revenue in excess (deficit) of operating expenses	110,653	(48,983)	61,670
Other Changes			
Interest income	8,531	-	8,531
Total other changes	8,531	-	8,531
Change in Net Assets	119,184	(48,983)	70,201
Net Assets, Beginning of Year, As Previously Stated	100,205	48,983	149,188
Prior Period Adjustment	25,308	-	25,308
Net Assets, Beginning of Year, As Restated	125,513	48,983	174,496
Net Assets, End of Year	$ 244,697	$ -	$ 244,697

The accompanying Notes which are an integral part of these financial statements and the Independent Accountant's Review Report on Page 1 should be read with these financial statements

Cottonwood Institute

Statement of Functional Expenses

Ten months ended July 31, 2026

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries and wages	$ 506,984	$ 9,124	$ 4,562	$ 13,686	$ 520,670
Payroll taxes	42,684	752	376	1,128	43,812
Other employee benefits	29,696	523	261	784	30,480
Total personnel costs	579,364	10,399	5,199	15,598	594,962
Program expenses	60,223	-	-	-	60,223
Professional fees	5,147	14,902	-	14,902	20,049
Insurance	10,803	-	-	-	10,803
Travel	9,345	20	63	83	9,428
Occupancy	8,626	-	-	-	8,626
Bank and service fees	367	572	7,136	7,708	8,075
Memberships and subscriptions	3,073	693	3,890	4,583	7,656
Professional development	6,525	-	30	30	6,555
Information technology	4,930	29	25	54	4,984
Scholarships and grants expenses	3,381	-	-	-	3,381
Postage and Printing	85	268	2,914	3,182	3,267
Depreciation	3,140	-	-	-	3,140
Interest expense	2,724	297	-	297	3,021
Meal expenses	2,191	-	32	32	2,223
Office expenses and supplies	602	110	-	110	712
Advertising	-	-	530	530	530
Vehicle maintenance	278	-	-	-	278
Total expenses	$ 700,804	$ 27,290	$ 19,819	$ 47,109	$ 747,913

The accompanying Notes which are an integral part of these financial statements and the Independent Accountant's Review Report on Page 1 should be read with these financial statements

Cottonwood Institute

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Ten months ended July 31, 2026

Cash Flows From Operating Activities		
Change in net assets	**$**	**70,201**
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation		**3,140**
Increase (Decrease) from changes in assets and liabilities		
Pledges and grants receivable		**14,476**
Prepaid expenses		**(4,060)**
Accounts payable		**574**
Accrued compensation and benefits		**17,036**
Deferred revenue		**(128,716)**
Net cash used by operating activities		**(27,349)**
Cash Flows From Investing Activities		
Purchases of investments		**(279)**
Net cash used by investing activities		**(279)**
Cash Flows From Financing Activities		
Principal payments on notes payable		**(3,430)**
Net cash used by financing activities		**(3,430)**
Net Decrease in Cash and Cash Equivalents		**(31,058)**
Cash and Cash Equivalents, Beginning of Year		**418,148**
Cash and Cash Equivalents, End of Year	**$**	**387,090**
Supplemental Information		
Cash paid for interest	**$**	**3,021**

Cottonwood Institute

Notes to Financial Statements

Ten months ended July 31, 2026

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. 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's sources of revenue and support are predominantly contributions and grants, government grants, and other sources.

Change in Fiscal Year-End. Effective for the period ended July 31, 2026, the Board of Directors of Cottonwood Institute approved a change in the Organization's fiscal year-end from September 30 to July 31. Accordingly, the accompanying Statement of Activities and related financial statements are presented for the ten-month period ended July 31, 2026.

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.

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

Cash and Cash Equivalents. Cash consists of checking and savings accounts held at financial institutions. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Pledges and Grants Receivable. Pledges and grants receivable are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. Pledges and grants receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual grants. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to the receivable. Management believes that all pledges and grants receivable are fully collectible at July 31, 2026.

Government Grants Receivable. Government grants receivable totaled $7,432 as of the statement of financial position date and represent grant funds earned but not yet received.

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements.*

Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements. The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value 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 below:

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's 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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodology used for assets measured at fair value on a recurring basis is as follows:

Investment Company Note. The Organization holds an individual/direct private debt note (individual debt offering) that has a Committee on Uniform Securities Identification Procedures (CUSIP). The note is transferable and may be sold to third parties; however, there is no active market for the note. The note is reported at fair value in the accompanying Statement of Financial Position. The note is classified within the fair value hierarchy based on the observability of the inputs used in its valuation. If the valuation uses significant unobservable inputs, the Organization classifies the note within Level 3 of the fair value hierarchy.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 prior year's investments were level 2 investments as they were certificates of deposit. The current year's investments are considered level 3 investments.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Property and Equipment. It is the Organization's policy to capitalize property and equipment at cost for purchases over $2,500, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally five years for vehicles. Depreciation expense for the ten months ended July 31, 2026 was $3,140.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the ten months ended July 31, 2026.

Contributions and Grants. Contributions and grants are recognized as support when cash, other assets, or unconditional promises to give are received. Conditional contributions and grants, including amounts subject to measurable performance barriers or other donor- or grantor-imposed barriers and a right of return or release, are not recognized as revenue until the conditions on which they depend are substantially met or explicitly waived. Amounts received before the related conditions are substantially met are recorded as refundable advances. Unconditional contributions and grants with donor or grantor restrictions are reported as increases in net assets with donor restrictions based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions are met in the same fiscal year in which the amounts are recognized.

Contributed Services. Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition. The Organization received donated services for the ten months ended July 31, 2026, as shown below.

In-kind contributions are as follows for the ten months ended July 31, 2026:

		Usage
Consulting services	**$ 2,500**	Marketing
	$ 2,500	

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Contributed Services (continued).

In-kind contributions of professional services were valued based on actual hourly wage rates for identical services, or pricing data for similar services when identical service rates were not available, under a like-kind valuation methodology that considered the utility of the services at the date of contribution. No in-kind contributions were subject to donor restrictions. The Organization does not sell donated gifts in-kind and uses donated services solely in connection with its own program activities or supporting service activities.

Revenue Recognition.

Revenue from curriculum and educational programs is recognized when the classes are held, merchandise sales are recognized at the point in time of the sale. These are the Organization's primary revenue stream that constitutes revenue from contracts with customers.

Transaction Price. The transaction price of merchandise sales and program service revenue is the amount of consideration to which the Organization expects to be entitled in exchange for the individual item or service, respectively.

For the ten months ended July 31, 2026, the Organization recognized net revenue of $118,339, from goods and services that transfer to the customer at a point in time.

Advertising. The Organization expenses advertising costs, including donated advertising, as incurred. Total advertising expense for the ten months ended July 31, 2026 was $530.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expense was incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time for salaries and wages, payroll taxes, and employee benefits and space utilized for occupancy, office expenses, and information technology.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 29, 2026, the date at which the financial statements were available for release.

Note 2 – Prior Period Adjustment

The financial statements of Organization as of and for the year ended September 30, 2025 include a prior period adjustment to correct an error in that resulted from payroll expenses being recorded twice in the prior year. The correction decreased previously reported payroll expense and increased net assets without donor restrictions by $25,308 as of October 1, 2025. The adjustment had no effect on cash flows for the current period.

Note 3 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value ("FV") hierarchy as of July 31, 2026:

	Level 1	Level 2	Level 3	Total
Investment company note (A)	$ -	$ -	$ 8,390	$ 8,390
	$ -	$ -	$ 8,390	$ 8,390

(A) The Organization holds an individual/direct private debt note (individual debt offering) that has a Committee on Uniform Securities Identification Procedures (CUSIP). The note is transferable and may be sold to third parties; however, there is no active market for the note. The note is reported at fair value in the accompanying Statement of Financial Position. The note is classified within the fair value hierarchy based on the observability of the inputs used in its valuation. If the valuation uses significant unobservable inputs, the Organization classifies the note within Level 3 of the fair value hierarchy.

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the ten months ended July 31, 2026, there were no significant transfers in or out of fair value levels.

Note 4 – Note Payable

On June 16, 2020, the Organization obtained an Economic Injury Disaster Loan ("EIDL") from the U.S. Small Business Administration ("SBA") in the principal amount of $149,900. The EIDL note matures on June 16, 2050 and bears interest at a rate of 2.75% per annum. Monthly installments of $641 commenced on June 16, 2021, with payments applied first to accrued interest and thereafter to principal and interest. The EIDL is secured by all assets of the Organization.

Scheduled maturities of the long-term notes payable are as follows:

Year ended July 31	Total
2027	$ 4,194
2028	4,311
2029	4,431
2030	4,554
2031	4,681
Thereafter	108,685
	$ 130,856

Cottonwood Institute

Notes to Financial Statements

Ten months ended July 31, 2026

Note 5 – Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the ten months ended July 31, 2026:

	Oct 1, 2025 Balance	Additions	Releases	July 31, 2026 Balance
Purpose restricted:				
CASA Fun	$ 21,483	$ 6,500	$ 27,983	$ -
Longmont children	20,000	20,273	40,273	-
Changemakers	7,500	9,964	17,464	-
	$ 48,983	$ 36,737	$ 85,720	$ -

Note 6 – Lease Commitments

Operating Leases. The Organization leases space in Louisville, Colorado. The leased premises include one indoor office, warehouse storage, one shipping container, and two parking spaces. The lease term is 18 months, commencing January 1, 2026 and expiring June 30, 2027. No renewal option was identified in the lease agreement. Monthly rent under the lease is $870. Total contractual rent over the lease term is $15,660. Rent includes standard operating expenses; however, the Organization is responsible for certain janitorial, maintenance, and additional operating expenses attributable to its use of the premises.

The Organization did not recognize a right-of-use asset or lease liability for this lease. Management considered the short duration of the lease and determined that the total lease payments, and any related right-of-use asset and lease liability, were not material to the financial statements. Accordingly, lease payments are recognized as rent expense over the lease term. Because fixed monthly rent is level throughout the lease term, expense recognition on a straight-line basis is consistent with the monthly amounts paid.

ASC 842-20-25-2 permits an accounting policy election not to recognize right-of-use assets and lease liabilities for qualifying short-term leases, which generally are leases with terms of 12 months or less and no purchase option that the lessee is reasonably certain to exercise. ASC 842-20-50-8 requires disclosure when the short-term lease accounting policy election is applied. The Organization's conclusion not to record this lease is based primarily on materiality, as the contractual lease term is 18 months.

Note 7 – Retirement 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 ten months ended was $12,675.

Cottonwood Institute

Notes to Financial Statements

Ten months ended July 31, 2026

Note 8 – Liquidity and Availability of Resources

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization's goal is generally to maintain financial assets to meet six months of operating expenses. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity quarterly. During the ten months ended July 31, 2026, the levels of liquidity and reserves were managed within these goals.

The Organization's financial assets available for general expenditures within one year are as follows at July 31, 2026:

Financial assets at the ten months end:	
Cash and cash equivalents	**$ 387,090**
Pledges and grants receivable	**11,396**
Government grants receivable	**7,432**
Due from employee	**29**
Investments	**8,390**
Financial assets available for general expenditure within one year	**$ 414,337**

Note 9 – Concentrations of Credit Risk

Major Grantors. During the ten months ended July 31, 2026, the Organization had one grantor who comprised 17% of total operating support and revenue.

Geographical. The Organization receives a substantial amount of its support and revenue from within the Denver, Colorado area.