

COTTONWOOD INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

COTTONWOOD INSTITUTE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

February 8, 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cottonwood Institute
Denver, Colorado

Opinion

We have audited the accompanying financial statements of **Cottonwood Institute** (a Colorado nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cottonwood Institute as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cottonwood Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cottonwood Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cottonwood Institute's policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- 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 Cottonwood Institute'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.



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

COTTONWOOD INSTITUTE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

	2022
<u>Assets</u>	
Cash and cash equivalents	\$ 285,363
Contributions receivable	15,213
Investments (Note 3)	88,722
Property and equipment (Note 4)	16,945
Total assets	\$ 406,243
<u>Liabilities and net assets</u>	
<u>Liabilities</u>	
Accounts payable	\$ 3,960
Payroll liabilities	10,955
Note payable (Note 5)	145,133
	160,048
<u>Net assets</u>	
Without donor restrictions	224,203
With donor restrictions (Note 6)	21,992
Total net assets	246,195
Total liabilities and net assets	\$ 406,243

The accompanying notes are an integral part of these financial statements

COTTONWOOD INSTITUTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and other support</u>			
Special events	\$ 155,834	\$ -	\$ 155,834
Less: direct expenses	(18,218)	-	(18,218)
Contributions	141,412	-	141,412
Foundations	55,160	63,000	118,160
COVID pandemic government funding (Note 7)	113,894	-	113,894
Community grants and projects	86,630	26,171	112,801
Government fee for service	33,257	-	33,257
Investment income	(19,292)	-	(19,292)
Other	2,692	-	2,692
Net assets released from restrictions (Note 8)	85,671	(85,671)	-
Total revenue and other support	<u>637,040</u>	<u>3,500</u>	<u>640,540</u>
<u>Expense</u>			
Program services	588,166	-	588,166
Supporting services			
Management and general	26,975	-	26,975
Fundraising	13,692	-	13,692
Total expense	<u>628,833</u>	<u>-</u>	<u>628,833</u>
Change in net assets	8,207	3,500	11,707
Net assets, beginning of year	<u>215,996</u>	<u>18,492</u>	<u>234,488</u>
Net assets, end of year	<u>\$ 224,203</u>	<u>\$ 21,992</u>	<u>\$ 246,195</u>

The accompanying notes are an integral part of these financial statements

COTTONWOOD INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2022			
		Supporting Services		
	Program	Management and General	Fund- raising	Total
Salaries	\$ 366,489	\$ 19,123	\$ 4,623	\$ 390,235
Payroll taxes and benefits	69,586	1,032	339	70,957
Contractors	23,127	-	-	23,127
Professional services	15,832	1,000	1,762	18,594
Program supplies	14,117	-	-	14,117
Vehicles	11,302	-	-	11,302
Accounting	10,842	-	-	10,842
Insurance	10,582	-	-	10,582
Membership and subscription	8,687	294	1,000	9,981
Occupancy	9,360	-	-	9,360
Program materials	8,961	-	-	8,961
Travel	8,871	-	30	8,901
Professional development	5,454	-	-	5,454
Merchandise	494	-	4,650	5,144
Fees	-	4,514	310	4,824
Facility and land access	4,502	-	-	4,502
Telephone and internet	4,152	30	61	4,243
Interest	4,117	-	-	4,117
Scholarships	3,520	-	-	3,520
Printing	2,416	-	-	2,416
Meals	1,469	-	8	1,477
Postage	789	293	260	1,342
Marketing	238	-	-	238
All other	621	124	84	829
	585,528	26,410	13,127	625,065
Depreciation expense	2,638	565	565	3,768
Total expenses	\$ 588,166	\$ 26,975	\$ 13,692	\$ 628,833

The accompanying notes are an integral part of these financial statements

COTTONWOOD INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2022
<u>Cash flows from operating activities</u>	
Change in net assets	\$ 11,707
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,768
Realized and unrealized (gain) loss on investments	23,626
Forgiveness of PPP loan	(58,364)
<u>Changes in operating assets and liabilities</u>	
Decrease(increase) in contributions receivable	2,688
Increase(decrease) in accounts payable	3,960
Increase(decrease) in payroll liabilities	10,955
Net cash provided(used) by operating activities	(1,660)
<u>Changes in investing activities</u>	
(Reinvestment) proceeds of dividends and interest	(4,334)
<u>Changes in financing activities</u>	
(Borrowing) repayment on note payable EIDL loan	(3,576)
Net increase(decrease) in cash and cash equivalents	(9,570)
Cash and cash equivalents, beginning of year	294,933
Cash and cash equivalents, end of year	\$ 285,363
<u>Supplemental disclosure of information</u>	
Cash paid during the fiscal year for interest	\$ 4,117

The accompanying notes are an integral part of these financial statements

COTTONWOOD INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 special events, contributions, and foundations.

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 (Continued)

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, 2022, 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. Subsequent Events

Management has evaluated subsequent events through February 8, 2023, the date the financial statements were available to be issued.

NOTE 3 - 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	\$ 783
Certificate of deposit	7,870
Bonds	25,418
Equity funds	47,288
Exchange traded funds	<u>7,363</u>
Total	<u>\$ 88,722</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividend income	\$ 5,041
Management fees	(889)
Unrealized gains (losses)	<u>(23,626)</u>
Net investment return	<u>\$ (19,474)</u>

In addition, the Organization earned \$182 on its cash and cash equivalents.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Vehicle	\$ 28,249
Less: accumulated depreciation	<u>(11,304)</u>
Net property and equipment	<u>\$ 16,945</u>

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

NOTE 5 - 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>Year</u>	<u>Amount</u>
2023	\$ 3,851
2024	3,959
2025	4,069
2026	4,299
2027	4,419
2028 and thereafter	<u>124,536</u>
Total	<u>\$ 145,133</u>

NOTE 6 - 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>
Colorado watershed project	\$ 20,000
Other restricted program	<u>1,992</u>
Total	<u>\$ 21,992</u>

NOTE 7 - COVID PANDEMIC GOVERNMENT FUNDING

During the year, the Organization received federal government funding under COVID and Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) programs listed below:

<u>Description</u>	<u>Amount</u>
Paycheck Protection Program loan forgiveness	\$ 58,364
Employee Retention Credits	<u>55,530</u>
Total	<u>\$ 113,894</u>

On April 9, 2021, the Organization received a \$58,364 loan under the SBA Paycheck Protection Program (PPP) authorized under the CARES Act. Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. The Organization submitted a loan forgiveness application and received notification in November, 2021 of the approval by the SBA for complete forgiveness of the loan.

NOTE 8 - 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>
CAP program	\$ 56,000
Youth projects	19,271
Changemakers	6,900
Global Climbing Day	<u>3,500</u>
Total	<u>\$ 85,671</u>

NOTE 9 - CONCENTRATION OF CREDIT RISK

Cash and cash equivalents of \$285,363 have been placed in a single financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or related entity. Management and the Board have evaluated their banking needs and have determined that the banking relationship is in the best interest of the Organization.

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at September 30, 2022:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 285,363
Contributions receivable	15,213
Investments	<u>88,722</u>
Total financial assets	389,298
Less: amounts not available for general expenditures within one year, due to:	
Net assets with donor restrictions	(21,992)
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 367,306</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 11 - 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 \$8,830.

TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

February 8, 2023

Board of Directors
Cottonwood Institute
Denver, Colorado

Management Letter

In planning and performing our audit of the financial statements of **Cottonwood Institute** for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Cottonwood Institute's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A material weakness is a deficiency or 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. We did not identify any deficiencies in Cottonwood Institute's internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in Cottonwood Institute's internal control to be significant deficiencies:

Segregation of Duties

We noted the Organization's financial reporting roles are not adequately segregated. The Executive Director is involved in both generating and reviewing the financial reports. The Board's function as a means of overseeing management's performance may be compromised if key members of management both generate and review financial reports. We recommend hiring a full-time contract accountant to manage Quickbooks, including processing monthly bank reconciliations, payroll, receivables and disbursements. This would allow the Executive Director to focus on the Organization's programs.

Segregation of Duties (Concluded)

As best practice, a member of the board should be reviewing monthly bank reconciliations, payroll (after submission) and credit card activities.

Donor Award Letters

We noted that the Executive Director receives award letters and contributions from donors, creates donor thank you letters, makes deposits for those contributions, manages the donor database, and adjusts the general ledger. We recommend you separate duties regarding this function.

In addition, we communicate findings not considered to be significant deficiencies. The comments below are opportunities for strengthening internal controls and operating efficiency. We will review the status of these comments next year.

Performance Review

We recommend the Board evaluate and document their review of the Executive Director annually.

Accounting Policies and Procedures

We recommend you create an accounting policies and procedures manual as you update and design the Organization's internal controls.

We would like to express our appreciation to the personnel at Cottonwood Institute for their support and assistance during our audit. This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.



Taylor, Roth and Company, PLLC
Certified Public Accountants
Denver, Colorado

TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

February 8, 2023

Governance Communication Letter

Board of Directors
Cottonwood Institute
Denver, Colorado

We have audited the financial statements of Cottonwood Institute for the year ended September 30, 2022, and have issued our report thereon dated February 8, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 13, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cottonwood Institute are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached Adjusting Journal Entries include misstatements detected as a result of audit procedures. These journal entries are reflected in your audited financial statements, and management has agreed to post them to your general ledger.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of the Board of Directors and management of Cottonwood Institute and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Taylor, Roth & Company PLLC". The signature is written in a cursive, flowing style.

Taylor, Roth and Company, PLLC
Certified Public Accountants
Denver, Colorado



PO Box 7067, Denver, CO 80207 | 303.447.1076 | www.CottonwoodInstitute.org

February 8, 2023

Ken Roth, CPA
Taylor, Roth and Company, PLLC
Certified Public Accountants
800 Grant Street, Suite 205
Denver, Colorado 80203

Dear Mr. Roth:

This representation letter is provided in connection with your audit of the financial statements of **Cottonwood Institute** (the Organization), which comprise the statements of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 8, 2023, the following representations made to you during your audit:

Financial Statements


- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 13, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related-party relationships and transactions (if any) have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events (if any) subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries (if any) you have proposed, and we will post them to the Organization's accounts.
- 9) The effects (if any) of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees (if any), whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons with the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 19) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements of which we are aware.

- 20) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as made known to you and disclosed in the notes to the financial statements.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) Cottonwood Institute is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 23) In regard to the preparation of the financial statements and the preparation of the 2022 Form 990 services performed by you; we have—
- a) Assumed all management responsibilities.
 - b) Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.

Signature: 

Title: Founder and Executive Director