LETTER FROM THE EXECUTIVE DIRECTOR

Thank you again for all of your wonderful support for Cottonwood Foundation over the past 20 years! With your help and involvement, since Cottonwood was started in January 1992 this organization has changed so many people’s lives for the better, while helping to protect the environment throughout the planet. Cottonwood has awarded 624 grants totaling $643,062 supporting projects in over 50 countries. And now its work is coming to a close, with this being its final report to supporters and partners.

For the board members and volunteers who have been involved with Cottonwood over the years, it’s been a labor of love in which none of us has received payment for our work. It’s been a great honor for the foundation to receive donations from several hundred contributors over the years, allowing Cottonwood to provide grants to so many organizations around the world. Your ongoing contributions have provided support for life-changing projects, and have greatly strengthened grass roots efforts by groups that are helping to create a more sustainable future. We have worked hard to see that your gifts would make a real difference in helping the world to be a better place.

While Cottonwood’s grantmaking will not be continuing after 2011, the legacy of your generosity and involvement will be ongoing. Whether through the thousands of trees that have been planted, dozens of schools and community water systems that have been constructed or improved, acres of land that have been restored to indigenous peoples, sustainable agriculture projects that are now promoting local self sufficiency, and so many other projects throughout the world, you can be assured that the impact of Cottonwood’s work will continue.

This final report recognizes Cottonwood’s 2010 donors and volunteers, and offers a special retrospective view of Cottonwood from 1992 until the present. We hope that this document will help to inspire you and to recognize the importance of all that you have contributed to this unique effort over the years.

In deep gratitude,

Paul Moss, Executive Director
November 2011

Our Mission

Cottonwood Foundation, a charitable, tax-exempt, 501(c)(3) organization, is dedicated to promoting empowerment of people, protection of the environment, and respect for cultural diversity.

The foundation will focus its funding on committed, grassroots organizations that rely strongly on volunteer efforts, and where foundation support will make a significant difference. At least 90 percent of Cottonwood Foundation’s expenditures will be for grants to other organizations.

Contact information

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www.cottonwoodfdn.org

Design donated by Paul Andre
Annual report printing donated by The Toro Company
## 2010 Financial Summary

**Income**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Corporate Giving</td>
<td>$4,503.80</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>$1,548.36</td>
</tr>
<tr>
<td>Private Donations</td>
<td></td>
</tr>
<tr>
<td>General and Land Fund Donations</td>
<td>$27,302.85</td>
</tr>
<tr>
<td>Designated for Endowment</td>
<td>$71.32</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$33,426.33</td>
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</table>

**Non-Grant Expenses**

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Charges and Broker Fees</td>
<td>$503.00</td>
</tr>
<tr>
<td>Post Office Box</td>
<td>$70.00</td>
</tr>
<tr>
<td>Postage and Mailing Services</td>
<td>$541.88</td>
</tr>
<tr>
<td>Printing</td>
<td>$299.86</td>
</tr>
<tr>
<td>Internet Services and Telephone</td>
<td>$412.81</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$25.00</td>
</tr>
<tr>
<td><strong>Total Non-Grant Expenses</strong></td>
<td>$1,852.55</td>
</tr>
</tbody>
</table>

**Charitable Disbursements**

- **$42,000.00**

| Percentage of expenses for grants  | 95.8%     |

**Assets — December 31, 2010**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$40,398.73</td>
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<tr>
<td>Endowment Fund</td>
<td>$43,800.00</td>
</tr>
<tr>
<td>Land Fund</td>
<td>$101.24</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$84,299.97</td>
</tr>
</tbody>
</table>

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### About Cottonwood’s Endowment Fund

Cottonwood Foundation’s endowment fund consisted of $43,800 in mid-2011, and had been consistently invested in federally insured bank certificates of deposit so that none of its principal was put at risk. Given that the organization is ending its work, Cottonwood’s board decided to disburse these funds to its existing partner organizations in one final grant round in fall 2011. In the spirit of the gifts made to the endowment, these grants are being called Legacy Grants, and are designated for projects that will have a long-term impact in supporting goals consistent with Cottonwood’s mission.

Cottonwood’s endowment has been a working endowment for these past years, providing interest income that has been used to support Cottonwood’s grants and operational expenses. As of November 2011, Cottonwood has received a wonderful $28,198.51 in investment income over the lifetime of the foundation, with the vast majority of this being interest from the endowment fund. Your gifts to the endowment have been an extremely important income source for Cottonwood over the years, with the principal now being directly put to work in support of long-term projects. Accompanying this final report is a separate listing of these Legacy Grants for your information.

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*Cottonwood’s 2010 grant to Community Development Centre provided low-income families in India with tree seedlings, such as this mango.*
Volunteers

Board of Directors

December 2010

Laura Bray, Chair
Craig Miller, Vice Chair
Prabhakar Karri, Treasurer
Jamie Ford, Secretary
Paul Moss, Executive Director
Annie Mathisen
Tom Meersman
Anne Murray
Patrick Waletzko
Caleb Werth

Other Volunteers 2010

Paul Andre
Scott Andre
Glenn Krocheski-Meyer
Miriam Moss
Sidney Moss
Erik Nelson

Donors

Individual Donors: 2010-2011

Individual donor names omitted for online version
Corporate and Foundation Donors*

Barclay Brown
CA, Inc. – Matching Gifts Program
Clorox Company Foundation
Community Shares of Minnesota
   (donor designated funds)
EnPro Assessment Corp
GiveMN.org
Greater Twin Cities United Way
   (donor designated funds)
Holy Land Brand, Inc.
JustGive.org
Kopp Family Foundation
Minnesota Returned Peace Corps Volunteers
PajWell Foundation
Razoo
Triplett Family Fund of The Saint Paul
   Foundation
U.S. Bancorp Foundation
H.E. and Helen R. Warren Foundation

In-Kind Donors*

Allegra Print & Imaging
   (Allegra FootPRINT Fund)
Eco Education
Edward Jones - Chuck Edson,
   Investment Representative
Premier Banks
The Toro Company
Other in-kind donations of services, supplies,
and materials by board members and
volunteers.

Memorials

Gifts were donated in
memory of the following
individuals in 2010:

Mamie Blumenthal
Matt Comstock
Pastor William Crouser
Laurinda Graham
Marion K. Jarussi
Kathy Kinzig
Eleanor MacLeod
Rae Moss
Delia Stowers

* As of November 2011

Women in rural Guatemala were provided with red wriggler worms
and vermicompost training through a 2010 grant to AIDG.
Craig Miller and Paul Moss took a trip to Akumal, Mexico in early 1992, during which they were struck by the great disparity of wealth between the local villagers in this coastal community south of Cancun and the much wealthier foreign tourists. Wanting to give back by making a donation that could benefit the local community members, they were advised by the village’s pharmacist that the local children really needed a soccer ball which Paul and Craig provided funds to purchase.

Seeing how much of a difference a small contribution could make, and also realizing the need to trust a local intermediary about what was most needed in a community, Craig and Paul returned to Minnesota inspired by their experience. Craig suggested starting a foundation that on an ongoing and organized basis would use small amounts of money to make a real impact where funds were greatly needed, while keeping its own organizational administration and overhead to an absolute minimum. Within a month of their return, on January 31, 1992, Cottonwood Foundation was formally incorporated in Minnesota.

In starting the foundation, Paul and Craig also gave thought regarding what were the key problems in the world that they hoped that the foundation would work on. They decided upon the need for protecting the environment, promoting tolerance and acceptance of cultural diversity, and helping people to overcome poverty. These have remained the key focus areas of the foundation through the years of its existence.

Wanting to get others involved in this effort, Craig and Paul assembled Cottonwood’s first board of directors consisting of Paul Andre, Sandy Christian, Rich Helseth, Ed Lambert, Libby Macdougall, Craig Miller, Paul Moss, Patrice Ponzini-Stedman, and Toshiko Yamada-Nevells. Paul Moss served as the first board chair. Other volunteers involved that year were Richard Fields, Tony Hainault, Kevin McDonald, and Beth Miller.

Cottonwood’s mission as approved by this first board was: Cottonwood Foundation, a charitable, tax-exempt, 501(c)(3) organization, is dedicated to promoting empowerment of people, protection of the environment, and respect for cultural diversity. The foundation will focus its funding on committed, grassroots organizations that rely strongly on volunteer efforts, and where foundation support will make a significant difference. At least 90 percent of Cottonwood Foundation’s expenditures will be for grants to other organizations.

In Cottonwood’s first year the foundation raised $1,543.97, and made 5 charitable disbursements totaling $556.58 for a variety of projects resonating to the foundation’s mission. Expenses for the year were $48.51. This surpassed the foundation’s $1,000 fundraising goal and led to what was felt to be a very successful year.

Volunteer Paul Andre designed Cottonwood’s logo, and volunteer Richard Fields designed printed stationary for Cottonwood’s first year.

This was a year of real growth for the foundation, with income reaching $6,595 and charitable disbursements totaling $3,200. Total expenses were low at $253.15. New members joined the board: Larry Englund, Laurie Hutchinson, Jennifer Marrone and Diane Wanner, replacing some of the original members who completed their service.

In 1993, Cottonwood awarded its first grants directly to organizations in other countries, including Nepal, India, and Colombia. We surpassed our fundraising goal, with over 50 new contributors and received increased public recognition. In 1993, Cottonwood also started to support organizations that simultaneously addressed cultural, environmental, and economic challenges, rather than separately addressing only one of these topic areas.
Volunteer Paul Andre designed Cottonwood’s first printed brochure that year, which was very helpful for Cottonwood’s continued public outreach.

1994

Charitable disbursements by Cottonwood reached $5,000 in 1994, with individual grants being awarded at the $500 level for the first time. We received our first grant and corporate support, and started to share stories directly from the grant recipients in Cottonwood’s printed materials.

Board members decided to focus on growing Cottonwood Foundation’s endowment fund, so that it could ultimately cover all of the organization’s administrative costs as well as provide funds for grantmaking through the interest income it generated. The board set a goal of reaching $25,000 for the endowment, and a committee of board members including Jennifer Marrone, Craig Miller, and Diane Wanner, worked to plan out how Cottonwood could achieve that goal. Volunteer Paul Andre designed a special printed endowment fund packet to help board members with this endowment campaign. Cottonwood’s endowment grew to close to $5,000 that year.

1994 also saw new access to a fax machine and the Internet for Cottonwood. In that year, Cottonwood Foundation began to rely strongly on the Internet through e-mail lists to promote the availability of our grants - which became the key way in which potential applicants found out about Cottonwood’s funding.

Cottonwood’s board added several new members this year: Nancy Skuta, Robert Klepinski, Janet Pelley, and Maureen Schwehr, replacing those who completed their service. Cottonwood created an executive director position, to which Paul Moss was elected. Diane Wanner was then elected to replace Paul Moss as board chair.

Cottonwood also started to publish its printed newsletter that year, edited by Janet Pelley. Janet also designed our annual report that year.

1995

In 1995 Cottonwood awarded its first $1,000 grant, while also continuing to provide grants at the $500 and $750 level. We received 4 foundation and corporate grants that year, as well as many in-kind donations from companies.

Income exceeded $15,000 in 1995, with donors contributing over $6,000 to Cottonwood’s endowment fund. Expenses remained low at $634.05.

Cottonwood started its Land Fund that year to provide support to indigenous peoples’ organizations for repurchasing their land base to preserve their culture and environment.

Cottonwood started its first web page in 1995 which was a huge boost to allowing others to learn about Cottonwood’s existence. It allowed organizations to print out grant guidelines and applications directly from the web site. Volunteer Dave Frank designed Cottonwood’s first web site.

The first Cottonwood 50 Bike-a-Thon fundraiser was held in September 1995 along the Gateway Bike Trail (Maplewood to Stillwater, MN), with proceeds of over $1,300 and expenses of only $111. It also brought the total number of Cottonwood’s contributors to over 200.

New board members joining in 1995 were Robert Turnquist, Betsy Barnum, Loretta Lively Chown, Victor Raymond, and Stacy Stinson (now Sullivan) bringing the board to its full 11 members for the first time. In addition, 21 volunteers supported Cottonwood’s work that year.

Betsy Barnum designed Cottonwood’s 2005 annual report and fall newsletter. Volunteer Scott Andre designed a new and updated brochure for the foundation.

1996

Cottonwood awarded $11,000 in grants this year, and raised more than $5,000 in two successful special events. In the spring, an evening of music, story-telling, deserts and coffee was organized by board member Maureen Schwehr, volunteers Janet Berryhill, Sue Fager, Paul Schmiechen, and others, and was held at St. Martin’s Table in Minneapolis. This event added many new donors as well as raised funds for Cottonwood’s endowment fund.

The renamed Ride for a Sustainable World was held again on the Gateway Trail, with 45 bicyclists raising pledges and bringing the total number of Cottonwood’s contributors to over 400 while costing the foundation only $162. Board member Stacy Stinson (now Sullivan) and volunteer Linda Moon were Ride co-coordinators, and many other volunteers supported this event. 28 local businesses provided in-kind and financial donations to support the event as well.

Our web site increasingly brought in many requests for funding from countries throughout the world, and competition for Cottonwood’s limited funds became increasingly rigorous. For example, in Fall 1996, 52 applications were received with 9 grants awarded. Three of these grants were awarded from Cottonwood’s Land Fund – the first grants made from this funding source.

New board members added this year included Hannah Dunevitz (now Teexler),
Karen Flannery, Gorette’ Sloot Hu, and Jennifer Maloney. Betsy Barnum was elected board chair, and also once again designed Cottonwood’s 1996 annual report and printed newsletter. Betsy also took responsibility for updating Cottonwood’s web site, which she continued to do until its redesign in 2001.

1997

Cottonwood awarded 23 grants totaling $17,250 in 1997, selected from a record 185 grant applications received, with inquiries and applications now arriving several per day.

Board members again held two successful special events this year. A Cabaret Night of Music and Dessert coordinated by board members Hannah Dunevitz and Jennifer Maloney was held at the College of St. Catherine in spring 1997 raising close to $1,000 for Cottonwood’s endowment fund and bringing in many new donors. The third Ride for a Sustainable World was held in the fall, bringing in over $5,000 for the foundation, involving dozens of riders and volunteers. The event also brought in sponsorship support from 40 local businesses.

This was in some ways a transformative year for the foundation, in which we had our first sense of our limits as an all-volunteer organization with no paid staff. Executing two work-intensive special events posed a real challenge for our committed volunteers, especially when applications and correspondence continued to increase. In 1997 the board decided to refocus efforts away from special events organized by the foundation, and toward fundraising alternatives that promised to be more manageable and sustainable in terms of workload.

New board members this year included Jan Nicholls (later Lucke), David Lunsford, Chris Mewes, and Barb Wieser.

Volunteer Scott Andre designed Cottonwood’s annual report, for which printing was donated by The Toro Company. Scott’s volunteer support for the annual report and Toro’s donations of printing have continued through the years that follow.

1998

By 1998, Cottonwood had awarded 94 grants totaling over $61,000 since the organization started, with 19 grants totaling $17,500 provided in 1998. This year also saw the foundation successfully complete its endowment campaign goal of $25,000.

Supported by the large growth in number of donors to Cottonwood from the special events held in previous years, Cottonwood was able to refocus more of its efforts on promoting the availability of its grants and reviewing increasing numbers of applications.

Jan Nicholls (later Lucke) was elected chair. Additions to the board included new board member Suzanne Wood (later Wisniewski) and returning board member Laurie Gustafson.

Board member Laurie Gustafson edited Cottonwood’s fall newsletter, which she was to continue for the next eleven years.

1999

1999 was a very strong year for the foundation, in which 201 grant applications were received and 27 grants were awarded totaling $25,000. Interest in and awareness of Cottonwood’s grants continued to grow, with grassroots organizations worldwide starting to use the Internet and free web-based e-mail accounts as a matter of course.

Cottonwood’s board again reached its full 11 member size, with new board members being Sonia Blesic, Kristin Bothun, Rob Johansson, Kim Stone, and Jeff Washburne. Jan Lucke continued as board chair.

Grants received from other foundations and companies in 1999 increased to $8,650 from $4,375 in 1998, and $2,162 the year before. This trend of greater financial support from other organizations helped to make up for the end of Cottonwood-sponsored special events. Many of the supporters from the special events did continue to support Cottonwood over the years.

2000

2000 brought Cottonwood Foundation to the award of a record $34,000 in grants to other organizations, and was the first year in which each of the grants awarded was for $1,000. Income also exceeded $40,000 for the first time, while non-grant expenditures remained low at $2,405.

This year also brought 482 grant applications to Cottonwood which were carefully reviewed, and an estimated 1,500 mail and e-mail inquiries. This number of applications became quite challenging for the board to review, with 324 received in the fall grant round. To better spread out the workload, Cottonwood’s board took steps to change the grant process, such as eliminating specific
deadlines which were causing huge peaks in workload for Cottonwood's volunteers and also began using more generic correspondence.

In October 2000, Cottonwood invited donors and volunteers to a special open house at Macalester College to celebrate the milestone of the foundation's awarding over $100,000 in grants since 1992. Board member Craig Miller coordinated this event, which attracted 45 people.

New board members added this year included David Fawcett, Mary Jones, and Lynn Teff.

2001

This year completed Cottonwood's first decade of existence, with 188 grants awarded totaling over $153,000 and supporting projects in 45 countries since the foundation was started in 1992. The balance in the endowment fund exceeded $31,000, generating over $2,500 that year in support of Cottonwood's work.

Annual income surpassed $50,000 for this first time this year, and 376 grant proposals were reviewed.

Volunteer Paul Andre redesigned Cottonwood's web site in 2001, which moved to a new domain name at www.cottonwoodfdn.org. This newly designed web site provided a wealth of information for those interested in learning more about Cottonwood and in applying for grants.

Jeff Washburne was elected board chair in 2001, and newly joining the board were Valerie Aas, Karen Grabau, and Paul Schmiechen.

2002

Cottonwood awarded a record $40,000 in grants to organizations worldwide this year, and income remained strong at over $51,000.

2002 however brought increased challenges with keeping up with Cottonwood's growing correspondence and the number of applications received. 507 completed applications were received this year, up from 376 reviewed in 2001. General e-mail and postal mail inquiries reached about 250/month (approximately 3,000 over the year).

The foundation implemented regular volunteer nights to try to spread out the workload, which was helpful. Board members also began to consider how to redesign the grant process to address the growing level of applications being received, which we felt would only continue to increase in the future due to more widespread access to the Internet, relatively few other funders like Cottonwood, and a greater interest in sustainability and sustainable development worldwide.

Newly added to the board were Lucinda Pepper and Laura Van Tassel (now Bray).

2003

Cottonwood awarded another record in grants this year: $41,000. These 39 recipients were selected from 548 applications, a number which was becoming very challenging to review.

In May 2003, Cottonwood's board decided to change its grantmaking procedures from inviting unsolicited grant applications from any organization to a more structured partnership-based process.

Active preparations for the new Cottonwood Partners program occurred through the latter half of 2003, and the first group of organizations was invited to become partners in fall 2003. Most of the partners were invited from the pool of recipients of the 267 grants awarded by Cottonwood since its founding.

Funding for Cottonwood was slightly reduced in 2003, in part due to the weaker U.S. economy at that time and because of a decline in grants received from other foundations.

Joining the board in 2003 were Sarah Hannigan and Karissa Huntington.

2004

This year saw Cottonwood Foundation's all time record annual income - $58,551.08, due to strong support from individuals as well as foundation grants and corporate giving.

It was also a year in which Cottonwood reached a major milestone of awarding a quarter million dollars in grants since it started. A special open house, attended by 36 supporters, coordinated by board vice chair Craig Miller, was held in St. Paul in May 2004 to recognize and celebrate this accomplishment.

2004 was also the first year of the new Cottonwood Partners program which included 61 participating organizations. Board members and partners felt the Cottonwood Partners to be a success and worth continuing in future years.

Board member Jan Lucke was reelected for another term as chair, replacing Jeff Washburne upon his departure from the board after three years of service as chair. New board members in 2004 were Tom Meersman and Erik Nelson.
2005

In 2005, Cottonwood awarded a record $49,000 in grants to other organizations, while spending only $2,341.05 in administration and fundraising. Over 95% of the foundation's expenditures were dedicated directly to grants that year.

Our 11-member board continued to work well as a team. As part of their role, each board member acted as a primary liaison for several Cottonwood Partner organizations, providing them with honest guidance and assistance in the development of their project proposals as well as representing their partners at meetings of Cottonwood’s grants committee and board.

A web-based online survey was conducted in June 2005 of the current Cottonwood Partners, and results were very positive – with 86% of 50 responding partners very satisfied with their participation in the program. Partner organizations provided useful feedback about the administration of the Partners program, the grant application process, and the ways their organizations have benefited from participating.

As a result of this feedback from the partners as well as our experiences over the first two years, the board decided to continue the Cottonwood Partners program for 2006 – 2007.

A large feature article on Cottonwood Foundation was published in the St. Paul Pioneer Press (daily newspaper) in January 2005 and generated positive publicity for the foundation in the community.

New board members joining in 2005 were Kathy Kinzig and Caleb Werth.

2006

Cottonwood awarded $45,000 in grants in 2006, but saw income decline from higher levels in 2004 and 2005 to $45,992.

We added several additional indigenous organizations as partners that year that could benefit from Cottonwood Foundation’s Land Fund, which had started to accumulate a modest balance at the end of 2005. Our experience was that demand for Land Fund grants was starting to decrease.

Cottonwood continued to deepen its connections with the Cottonwood Partners, and the quality of the grant proposals submitted by the partners continued to improve and to reflect more closely Cottonwood’s funding priorities.

In 2006, Karissa Huntington replaced Jan Lucke after her second term of service as board chair. New board members joining that year were Jamie Ford, Prabhakar Karri, and Joel Peterson.

Volunteer Scott Andre designed his 10th consecutive annual report for Cottonwood.

2007

2007 was Cottonwood Foundation’s 15th anniversary, a strong year for the foundation in grantmaking and income. As of December 2007, Cottonwood awarded 450 grants totaling more than $417,000, supporting projects in over 50 countries. Board member Erik Nelson prepared a map illustrating the scope of Cottonwood’s grants awarded in Fall 2007.

Cottonwood’s endowment fund reached $40,000 in 2007, continuing to generate income for Cottonwood’s grants and other expenditures.

Based on continuing positive experiences, Cottonwood’s board decided to continue the Cottonwood Partners program for 2008 – 2009 and many continuing partners were invited to participate for the following two years.

Newly joining the board this year was Patrick Waletzko.

2008

Cottonwood awarded $48,000 in grants this year, with strong income of over $54,000. We continued to keep Cottonwood’s non-grant expenditures low, at $2,654.82 that year. Newly joining the board in 2008 was Anne Murray.

2008 saw continued challenges for Cottonwood’s partners in light of economic stresses that had spread worldwide, and emphasized the importance of the niche that Cottonwood filled for these organizations.
In 2009, Cottonwood passed the milestone of awarding $500,000 in grants, and we received strong funding of over $49,000 primarily from individual donors. Laura Bray was elected board chair this year. Newly joining the board was Annie Weissman (now Mathisen).

57 partners were selected to participate in the Cottonwood Partners program for 2010 – 2011, down slightly from the 62 partners participating in the previous two years.

In late 2009, Paul Moss, Executive Director, informed the board that he wished to complete his service to Cottonwood Foundation by the end of 2011, which would represent 20 years of active involvement with the organization. This initiated a period of serious and continuing discussion among board members about the organization’s future direction which was to continue over the next two years.

Volunteer Glenn Krocheski-Meyer took over from Laurie Gustafson the editing of Cottonwood’s fall printed newsletter which Laurie had been contributing as a volunteer since 1998.

Cottonwood awarded $42,000 in grants this year, bringing its total of grants to 582 totaling over $550,000. However, this year also represented a significant decline in Cottonwood’s income from $49,137 in 2009 to $33,426 in 2010. Income in early 2010 was particularly low.

This was an important year of discussion for Cottonwood Foundation, as the board continued to consider options for the organization’s future. After much consideration, Cottonwood’s board decided to complete the foundation’s work by the end of 2011. Major factors in this decision included a notable recent decline in contributions, in part due to lower donations from other foundations. Board members also felt concerned about changes in the world situation which could continue to affect fundraising moving forward. Paul Moss’ planned retirement as executive director in December 2011 also was a factor, as this would have necessitated a major redesign and reassignment of work tasks for our all-volunteer organization to remain viable.

Cottonwood’s contributors and partners were informed in mid-2010 of this decision, with the board wishing to take a deliberate path with a long lead time so that the organization could end in a strong position, performing its needed work through 2011. As of late 2010, Cottonwood stopped its active fundraising efforts.

**2011**

Income in 2011 dropped to $9,271 as of September 30, with most of this income reflecting support from other foundations.

However, due to strong carryover of funds in Cottonwood Foundation’s general and land funds, as well as disbursement of Cottonwood Foundation’s endowment fund, Cottonwood awarded over $92,000 in grants this final year. $36,000 was awarded as regular $1,000 grants in July 2011, and in October 2011, $56,056 was awarded as Legacy Grants – special larger grants up to $10,000.

The Legacy Grants primarily reflect funds that were designated to Cottonwood Foundation’s endowment fund by contributors to Cottonwood. The endowment fund was set up as a permanent fund providing Cottonwood with investment income to support the foundation’s grants and expenditures, and it has served this function for many years. However, with the foundation ending its grantmaking in 2011, these funds can no longer serve their original purpose.

The Legacy Grants are meant to serve a purpose consistent with the original intent of the donors - to support long-term, capacity building efforts that will strengthen communities and the environment over a period of many years into the future. The Legacy Grants are supporting projects that will have a long-lasting and significant impact (at least 10 years into the future).

Included as an addendum to this final report is a listing of the regular $1,000 grants awarded in July 2011 as well as the Legacy Grants awarded this year.

Final reports have been requested from these 2011 grantees to be submitted by Spring 2012. Cottonwood’s board plans to continue to meet into 2012 to monitor these final grants and to address administrative issues as needed.