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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning 01-01-2009 and ending 12-31-2009

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

COTTON INCORPORATED

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

6399 Weston Parkway

Room/suite

City or town, state or country, and ZIP + 4

Cary, NC 27513

D Employer identification number

62-0786018

E Telephone number

(919) 678-2220

G Gross receipts \$ 77,130,343

F Name and address of principal officer

David Byrd

6399 Weston Parkway

Cary, NC 27513

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c) (6) ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

www.cottoninc.com

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1968

M State of legal domicile

TN

Part I

Summary

Activities & Governance

1

Briefly describe the organization's mission or most significant activities

From agricultural, fiber and textile research, market information and technical services, to advertising and public relations, fashion forecasts and retail promotions, we keep one goal in mind To ensure that cotton remains the first choice among consumers in apparel and home products

2

Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3

Number of voting members of the governing body (Part VI, line 1a)

128

4

Number of independent voting members of the governing body (Part VI, line 1b)

128

5

Total number of employees (Part V, line 2a)

183

6

Total number of volunteers (estimate if necessary)

0

7a

Total gross unrelated business revenue from Part VIII, column (C), line 12

0

7b

Net unrelated business taxable income from Form 990-T, line 34

0

Revenue			Prior Year	Current Year
			74,928,679	77,130,343
			0	0
			0	0
			0	0
			74,928,679	77,130,343

Expenses			0	0
			0	0
			15,581,758	15,399,788
			0	0
			66,037,878	57,638,169
			81,619,636	73,037,957
			-6,690,957	4,092,386

Net Assets or Fund Balances			Beginning of Current Year	End of Year
			13,483,238	15,320,862
			18,919,828	16,665,066
			-5,436,590	-1,344,204

Part II

Signature Block

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Signature of officer

2010-08-06

Date

David Byrd Senior VP and CFO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed

Preparer's identifying number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4

EIN

Phone no

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2009)

Part III

Statement of Program Service Accomplishments

1

Briefly describe the organization's mission

From agricultural, fiber and textile research, market information and technical services, to advertising and public relations, fashion forecasts and retail promotions, we keep one goal in mind To ensure that cotton remains the first choice among consumers in apparel and home products

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes

☒

No

If "Yes," describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes

☒

No

If "Yes," describe these changes on Schedule O

4

Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

The Company's consumer marketing program service continued to use a diversified portfolio of communication vehicles to promote the awareness of cotton

4b

(Code) (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

Fiber Research is a comprehensive research and development program that used its activities to improve the profitability of cotton through the creation and utilization of knowledge in the agriculatural sciences

4c

(Code) (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

Global Strategy and Implementation uses its resources to increase the usage of cotton in traditional markets and pushes for new frontiers in the cotton usage in non-traditional markets This service meets with supply chain decision makers through trade shows and industry events as well as with equipment manufacturers and other suppliers

4d

Other program services (Describe in Schedule O)

(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e

Total program service expenses

\$ 0

Part IV

Checklist of Required Schedules

		Yes	No				
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	No				
2	Is the organization required to complete Schedule B, Schedule of Contributors? 	2	Yes				
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No				
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	4					
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5	No				
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	No				
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II	7	No				
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	No				
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9	No				
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V	10	No				
11	Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. 	11	Yes				
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.						
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.						
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.						
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.						
	• Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.						
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X.						
12	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12	Yes				
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? <table><tr><td>Yes</td><td>No</td></tr><tr><td></td><td>No</td></tr></table> If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional 	Yes	No		No	12A	No
Yes	No						
	No						
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No				
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	Yes				
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Part I 	14b	Yes				
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Part II	15	No				
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III	16	No				
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17	No				
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No				
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No				
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20	No				

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> 	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34		No
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No	
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable	1a	161		
	b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b		0
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	183		
	b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)				2b
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?			3a	No
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a	Yes
	b If "Yes," enter the name of the foreign country: ☐ CH, ☐ HK, ☐ JA, ☐ MX, ☐ SN See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .			5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b	No	
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?			5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?			6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7 Organizations that may receive deductible contributions under section 170(c).					
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?			7a		
b If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		
d If "Yes," indicate the number of Forms 8282 filed during the year			7d		
e Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .			7f		
g For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . .			7g		
h For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?			7h		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9 Sponsoring organizations maintaining donor advised funds.					
a Did the organization make any taxable distributions under section 4966?			9a		
b Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10 Section 501(c)(7) organizations. Enter					
a Initiation fees and capital contributions included on Part VIII, line 12			10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			10b		
11 Section 501(c)(12) organizations. Enter					
a Gross income from members or shareholders			11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			12a		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year			12b		

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . . .	1a	128	
b	Enter the number of voting members that are independent . . .	1b	128	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . .	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . . .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	Yes	

Section B. Policies

(This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11		No
11A	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c		No
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line a or b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed NC , TN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. David Byrd 6399 Weston Parkway Cary, NC 27513 (919) 678-2256

Part VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization’s tax year Use Schedule J-2 if additional space is needed

- List all of the organization’s **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization’s **current** key employees See instructions for definition of "key employee "
- List the organization’s five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization’s **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization’s **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors , institutional trustees , officers , key employees , highest compensated employees , and former such persons

☐ Check this box if the organization did not compensate any current or former officer, director, trustee or key employee

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Buddy Allen Board Member	1	X						0	0	0
Steve Alsbrook Board Member	1	X						0	0	0
Harris Armour Board Member	1	X						0	0	0
Lloyd Arthur Board Member	1	X						0	0	0
Coley Bailey Board Member	1	X						0	0	0
Roy Baxley Board Member	1	X						0	0	0
Rickey Bearden Board Member	1	X						0	0	0
Allen Below Board Member	1	X						0	0	0
Marvin Beyer Board Member	1	X						0	0	0
Frankie Bezner Board Member	1	X						0	0	0
Kenneth Bickley Board Member	1	X						0	0	0
Keith Bram Board Member	1	X						0	0	0
Jimmy Brooks Board Member	1	X						0	0	0
Carl Brown Board Member	1	X						0	0	0
James Brown Board Member	1	X						0	0	0
Calude Bundrick Board Member	1	X						0	0	0
Tim Burch Board Member	1	X						0	0	0

Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Joe Burns Board Member	1	X						0	0	0
Steven Clay Board Member	1	X						0	0	0
Danny Clayton Board Member	1	X						0	0	0
Ron Coley Board Member	1	X						0	0	0
Jason Condrey Board Member	1	X						0	0	0
Ron Craft Board Member	1	X						0	0	0
Johnny Crawford Board Member	1	X						0	0	0
Lee Cromley Board Member	1	X						0	0	0
Jack Dailey Board Member	1	X						0	0	0
Jerry Davis Board Member	1	X						0	0	0
Wade Deeman Board Member	1	X						0	0	0
Jaby Denton Board Member	1	X						0	0	0
Steve Droke Board Member	1	X						0	0	0
David Dunlow Board Member	1	X						0	0	0
Phillip Edwards III Board Member	1	X						0	0	0
Robert Englert Board Member	1	X						0	0	0
Trent Felton Board Member	1	X						0	0	0
Thad Freeland Board Member	1	X						0	0	0
Scott Fullen Board Member	1	X						0	0	0
Kendall Garraway Board Member	1	X						0	0	0
Jim Gay Board Member	1	X						0	0	0
Ronnie Genk Board Member	1	X						0	0	0
KC Gingg Board Member	1	X						0	0	0
BB Griffin Board Member	1	X						0	0	0
Hank Haddock Board Member	1	X						0	0	0
Dahlen Hancock Board Member	1	X						0	0	0
Jay Hardwick Board Member	1	X						0	0	0
Myron Hawes Board Member	1	X						0	0	0
Brad Heffington Board Member	1	X						0	0	0
Craig Heinrch Board Member	1	X						0	0	0
Eddy Herm Board Member	1	X						0	0	0
Gerry Hilbers Board Member	1	X						0	0	0
Shawn Holladay Board Member	1	X						0	0	0
Bob Houlding Board Member	1	X						0	0	0
Robert Hull Board Member	1	X						0	0	0
Jeff Hux Board Member	1	X						0	0	0
Neal Isbell Board Member	1	X						0	0	0
Bernie Jordan Board Member	1	X						0	0	0
Joe Josey Board Member	1	X						0	0	0
George King Board Member	1	X						0	0	0
John King Board Member	1	X						0	0	0
Donny Lassiter Board Member	1	X						0	0	0
Curt Leake Board Member	1	X						0	0	0
Chuck Lee Board Member	1	X						0	0	0
Ronnie Lee Board Member	1	X						0	0	0
John Lndamood Board Member	1	X						0	0	0
Stephen Logan Board Member	1	X						0	0	0
Frank Lyons Board Member	1	X						0	0	0
Alan Marsh Board Member	1	X						0	0	0
Jim Massey IV Board Member	1	X						0	0	0
Danny May Board Member	1	X						0	0	0
Gregg Mayberry Board Member	1	X						0	0	0
Bill McGougan Board Member	1	X						0	0	0
Weldon Melton Board Member	1	X						0	0	0
Cannon Michael Board Member	1	X						0	0	0
Brady Mumms Board Member	1	X						0	0	0
Travis Mres Board Member	1	X						0	0	0
Dannie Morns Board Member	1	X						0	0	0
Percy Morns Board Member	1	X						0	0	0
Brent Nelson Board Member	1	X						0	0	0
Danny Newton Board Member	1	X						0	0	0
Marshall Newton Board Member	1	X						0	0	0
Mark Nichols Board Member	1	X						0	0	0
Hernck Norcross Board Member	1	X						0	0	0
John Olson Board Member	1	X						0	0	0
Davis Owen Board Member	1	X						0	0	0
Leon Parker Board Member	1	X						0	0	0
Milton Parrish Board Member	1	X						0	0	0
Mike Patschke Board Member	1	X						0	0	0
Bat Patton Board Member	1	X						0	0	0
David Pearson Board Member	1	X						0	0	0
Louie Perry Board Member	1	X						0	0	0
Glen Phipps Board Member	1	X						0	0	0
Dann Prechel Board Member	1	X						0	0	0
Chuck Provance Board Member	1	X						0	0	0
Darryl Quigley Board Member	1	X						0	0	0
Johnie Reed Board Member	1	X						0	0	0
Tom Robertson Board Member	1	X						0	0	0
Brian Robinson Board Member	1	X						0	0	0
Danny Robbins Board Member	1	X						0	0	0
Larry Sayes Board Member	1	X						0	0	0
Harvey Schroeder Board Member	1	X						0	0	0
Eric Seidenberger Board Member	1	X						0	0	0
Clyde Sharp Board Member	1	X						0	0	0
Ted Sheely Board Member	1	X						0	0	0
Samuel Simmons Board Member	1	X						0	0	0
Taylor Slade Board Member	1	X						0	0	0
Steve Sossaman Board Member	1	X						0	0	0
Sam Sparks Board Member	1	X						0	0	0
Al Spinks Board Member	1	X						0	0	0
Sam Spruell Board Member	1	X						0	0	0
Larry Starrh Board Member	1	X						0	0	0
John Stephenson Board Member	1	X						0	0	0
Steve Stevens Board Member	1	X						0	0	0
Ramey Stiles Board Member	1	X						0	0	0
Martin Stoerner Board Member	1	X						0	0	0
Tutt Sullivan Board Member	1	X						0	0	0
Guy Teeter Board Member	1	X						0	0	0
Craig Tharp Board Member	1	X						0	0	0
Gary Tidwell Board Member	1	X						0	0	0
Phil Vandiver Board Member	1	X						0	0	0
Bruce Vaughn Board Member	1	X						0	0	0
Randy Veach Board Member	1	X						0	0	0
Bob Walker Board Member	1	X						0	0	0
Mark Watte Board Member	1	X						0	0	0
Bill Weaver Board Member	1	X						0	0	0
Jimmy Webb Board Member	1	X						0	0	0
Steve Wilbur Board Member	1	X						0	0	0
Donna Winters Board Member	1	X						0	0	0
Ronald Woods Board Member	1	X						0	0	0
Buddy Wren Board Member	1	X						0	0	0
Bernye Worsham President & CEO	40			X				481,952	0	29,888
David Byrd Senior VP & CFO	40			X				199,844	0	22,397
Hugh Malone VP Administration	40			X				217,396	0	27,891
John Morgans VP Administration	40			X				127,408	0	22,092
Richmond Hendee VP Marketing Services	40				X			200,402	0	28,155
Kater Hake VP Agricultural Research	40				X			207,312	0	9,371
Mark Messura EVP Global Account Management	40				X			222,475	0	23,090
Michael Watson VP Fiber Competition	40				X			153,453	0	18,052
John Chiavacci Chief Technology Officer	40					X		127,231	0	18,342
Paula Rosano VP Strategic Alliances	40					X		139,804	0	27,023
Patricia O'Leary Senior Director, Agricultrul Research	40					X		130,094	0	7,300
Dean Turner Senior VP, Global Account Management	40					X		210,100	0	22,499
Michael Tyndall Managing Dir. Prod Develop & Imp	40					X		141,990	0	12,584
1b Total								2,559,461	0	268,684
2	Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization▶27									

3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		Yes	No
4		3		No
5		4	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Don Bailey 7620 Rock Quarry Road Raleigh, NC 27610	Importer Program Consultant	101,205
Andrea Samber 17004 Bridgeton Lane Huntersville, NC 28078	Strategic Alliances' Consultant	104,150
Sonnenschein Nath and Rosenthal LLP DEPT 7247-6670 Philadelphia, PA 191706670	Legal Services	118,401
Ernst and Youg LLP PO Box 933514 Atlanta, GA 311933514	Auditing Services	142,204
Jeffery Management Corporation 7 Penn Plaza Suite 618 New York, NY 10001	NY Office Rent	648,003

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶5

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a	0	77,130,343			
	b	Membership dues	1b	0				
	c	Fundraising events	1c	0				
	d	Related organizations	1d	0				
	e	Government grants (contributions)	1e	0				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	77,130,343				
	g	Noncash contributions included in lines 1a-1f \$ 0						
	h	Total. Add lines 1a-1f						77,130,343
Program Service Revenue	2a		Business Code					
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			0			
	Other Revenue	3	Investment income (including dividends, interest and other similar amounts)					
4		Income from investment of tax-exempt bond proceeds . . .						
5		Royalties						
6a		Gross Rents	(i) Real	(ii) Personal				
b		Less rental expenses						
c		Rental income or (loss)	0	0				
d		Net rental income or (loss)						
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
b		Less cost or other basis and sales expenses						
c		Gain or (loss)	0	0				
d		Net gain or (loss)						
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a	0			
b		Less direct expenses	b					
c		Net income or (loss) from fundraising events . . .						
9a		Gross income from gaming activities See Part IV, line 19		a				
b		Less direct expenses	b					
c		Net income or (loss) from gaming activities . . .						
10a		Gross sales of inventory, less returns and allowances		a				
b		Less cost of goods sold . . .	b					
c		Net income or (loss) from sales of inventory . . .						
	Miscellaneous Revenue		Business Code					
11a					0			
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions			77,130,343	0	0	0	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).					
Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	0			
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	1,810,242			
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	10,690,985			
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	309,685			
9	Other employee benefits	1,781,817			
10	Payroll taxes	807,059			
11	Fees for services (non-employees)				
a	Management	3,942,193			
b	Legal	343,925			
c	Accounting	89,344			
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	0			
12	Advertising and promotion	26,376,045			
13	Office expenses	728,948			
14	Information technology	813,435			
15	Royalties	0			
16	Occupancy	1,873,155			
17	Travel	2,261,543			
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	2,216,824			
20	Interest	14,341			
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	1,130,093			
23	Insurance	276,530			
24	Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a	Maintenance	935,078			
b	Sponsorships	1,030,818			
c	Research and Development	11,635,978			
d	Temporary Employment Agency	2,474,562			
e					
f	All other expenses	1,495,357			
25	Total functional expenses. Add lines 1 through 24f	73,037,957	0	0	0
26	Joint costs. Check here ☒ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			3,430	1	3,596
	2	Savings and temporary cash investments			8,863,858	2	11,093,389
	3	Pledges and grants receivable, net			0	3	0
	4	Accounts receivable, net			627,996	4	530,605
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			0	6	0
	7	Notes and loans receivable, net			0	7	0
	8	Inventories for sale or use			0	8	0
	9	Prepaid expenses and deferred charges			988,281	9	808,116
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	16,001,041			
	b	Less accumulated depreciation	10b	13,115,885	2,999,673	10c	2,885,156
	11	Investments—publicly traded securities			0	11	0
	12	Investments—other securities See Part IV, line 11			0	12	
	13	Investments—program-related See Part IV, line 11			0	13	
	14	Intangible assets			0	14	0
	15	Other assets See Part IV, line 11			0	15	
	16	Total assets. Add lines 1 through 15 (must equal line 34)			13,483,238	16	15,320,862
Liabilities	17	Accounts payable and accrued expenses			10,571,047	17	12,538,645
	18	Grants payable			0	18	0
	19	Deferred revenue			456,527	19	380,633
	20	Tax-exempt bond liabilities			0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			0	23	0
	24	Unsecured notes and loans payable to unrelated third parties			0	24	0
	25	Other liabilities Complete Part X of Schedule D			7,892,254	25	3,745,788
	26	Total liabilities. Add lines 17 through 25			18,919,828	26	16,665,066
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			-5,436,590	27	-1,344,204
	28	Temporarily restricted net assets			0	28	0
	29	Permanently restricted net assets			0	29	0
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			-5,436,590	33	-1,344,204
	34	Total liabilities and net assets/fund balances			13,483,238	34	15,320,862

Part XI **Financial Statements and Reporting**

	Yes	No
1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? . . .		No
b Were the organization's financial statements audited by an independent accountant?	Yes	
c If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both ☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . .		

SCHEDULE D
(Form 990)

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization COTTON INCORPORATED	Employer identification number 62-0786018
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Part I

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No	

Part II

Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1	Purpose(s) of conservation easements held by the organization (check all that apply) ☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area ☐ Protection of natural habitat ☐ Preservation of a certified historic structure ☐ Preservation of open space											
2	Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year											
		<table><tr><td></td><td>Held at the End of the Year</td></tr><tr><td>a</td><td>Total number of conservation easements</td></tr><tr><td>b</td><td>Total acreage restricted by conservation easements</td></tr><tr><td>c</td><td>Number of conservation easements on a certified historic structure included in (a)</td></tr><tr><td>d</td><td>Number of conservation easements included in (c) acquired after 8/17/06</td></tr></table>		Held at the End of the Year	a	Total number of conservation easements	b	Total acreage restricted by conservation easements	c	Number of conservation easements on a certified historic structure included in (a)	d	Number of conservation easements included in (c) acquired after 8/17/06
	Held at the End of the Year											
a	Total number of conservation easements											
b	Total acreage restricted by conservation easements											
c	Number of conservation easements on a certified historic structure included in (a)											
d	Number of conservation easements included in (c) acquired after 8/17/06											
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____											
4	Number of states where property subject to conservation easement is located ▶ _____											
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No											
6	Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____											
7	Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____											
8	Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No											
9	In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements											

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a	If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items	
b	If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items	
	(i) Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
	(ii) Assets included in Form 990, Part X	▶ \$ _____
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items	
a	Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
b	Assets included in Form 990, Part X	▶ \$ _____

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐

Public exhibition

b

☐

Scholarly research

c

☐

Preservation for future generations

d

☐

Loan or exchange programs

e

☐

Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
1c	
1d	
1e	
1f	

1c

Beginning balance

1d

Additions during the year

1e

Distributions during the year

1f

Ending balance

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance				
b	Contributions				
c	Investment earnings or losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ %

b

Permanent endowment ▶ %

c

Term endowment ▶ %

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

Yes

No

4

Describe in Part XIV the intended uses of the organization's endowment funds

Part VI

Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	0	0		0
b Buildings	0	0	0	0
c Leasehold improvements	0	626,405	436,226	190,179
d Equipment	0	11,115,286	9,416,101	1,699,185
e Other	0	4,259,350	3,263,558	995,792
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				2,885,156

Schedule D (Form 990) 2009

Part XIReconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	177,130,343
2	Total expenses (Form 990, Part IX, column (A), line 25)	273,037,957
3	Excess or (deficit) for the year Subtract line 2 from line 1	34,092,386
4	Net unrealized gains (losses) on investments	0
5	Donated services and use of facilities	0
6	Investment expenses	0
7	Prior period adjustments	0
8	Other (Describe in Part XIV)	0
9	Total adjustments (net) Add lines 4 - 8	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	34,092,386

Part XIIReconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	179,073,232
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a0	
b	Donated services and use of facilities2b1,942,889	
c	Recoveries of prior year grants2c0	
d	Other (Describe in Part XIV)2d0	
e	Add lines 2a through 2d2e1,942,889	
3	Subtract line 2e from line 1377,130,343	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	
a	Investment expenses not included on Form 990, Part VIII, line 7b4a0	
b	Other (Describe in Part XIV)4b0	
c	Add lines 4a and 4b4c0	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)577,130,343	

Part XIIIReconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	174,980,846
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a1,942,889	
b	Prior year adjustments2b0	
c	Other losses2c0	
d	Other (Describe in Part XIV)2d0	
e	Add lines 2a through 2d2e1,942,889	
3	Subtract line 2e from line 1373,037,957	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b4a0	
b	Other (Describe in Part XIV)4b0	
c	Add lines 4a and 4b4c0	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)573,037,957	

Part XIVSupplemental Information		
Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information		
Identifier	Return Reference	Explanation
SchD_P10_S00_L00	Schedule D, Part X	NA

[illegible]

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶ _____

3 Enter total number of other organizations or entities ▶ _____

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Schedule F-1 (Form 990) if additional space is needed.

[illegible]

Complete this part to provide the information required in Part I, line 2, and any additional information.

[illegible]

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2009

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
COTTON INCORPORATED

Employer identification number

62-0786018

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	☒ Compensation committee ☐ Written employment contract ☒ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	Yes
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of	5a	
a	The organization?		
b	Any related organization?	5b	
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	
b	Any related organization?	6b	
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Berrye Worsham	(i)	386,000	44,000	51,953	0	29,888	511,841	498,887
	(ii)	0	0	0	0	0	0	0
David Byrd	(i)	180,000	15,000	4,844	0	22,397	222,241	253,595
	(ii)	0	0	0	0	0	0	0
Hugh Malone	(i)	115,438	13,400	88,558	0	27,891	245,287	258,606
	(ii)	0	0	0	0	0	0	0
Richmond Hendee	(i)	180,000	12,000	8,402	0	28,155	228,557	260,471
	(ii)	0	0	0	0	0	0	0
Kater Hake	(i)	185,000	14,200	8,112	0	9,371	216,683	233,715
	(ii)	0	0	0	0	0	0	0
Mark Messura	(i)	200,000	17,200	5,275	0	23,090	245,565	286,661
	(ii)	0	0	0	0	0	0	0
Michael Watson	(i)	138,500	8,600	6,354	0	18,052	171,506	202,002
	(ii)	0	0	0	0	0	0	0
Dean Turner	(i)	188,500	11,000	10,600	0	22,499	232,599	279,558
	(ii)	0	0	0	0	0	0	0
Paula Rosario	(i)	130,500	7,600	1,704	0	27,023	166,827	190,236
	(ii)	0	0	0	0	0	0	0
Michael Tyndall	(i)	131,000	6,600	4,390	0	12,584	154,574	177,468
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III

Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	Hugh Malone received severance payments in the amount of \$57,048.

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

**Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
▶ Attach to Form 990.

OMB No 1545-0047

2009

**Open to Public
Inspection**

Name of the organization COTTON INCORPORATED	Employer identification number 62-0786018
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Identifier	Return Reference	Explanation
F990_P06_S0A_L09	Form 990, Part VI, Section A, Line 9	Hugh Malone can be reached at 456 Ocean Ave #2, Long Branch, NJ 07740
F990_P06_S0B_L11	Form 990, Part VI, Section B, Line 11	The form 990 is review ed in detail w ith the Company's Audit Committee after completion at the August Board of Director's meeting for approval prior to filing Subsequent to review , the Chairman of the Audit Committee w ill inform the complete Board of Director's of the proceedings and outcome
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	An independent consultant w as hired to review compensations for all employees of the Company in 2009 The consultant reported findings to the Company's Compensation Committee, w hich is comprised solely of indepenent members of the Board of Directors
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	Governing documents are available for review by request from an appropriate party