

Hood & Strong

Advisory, Tax
and Assurance

**Creative Commons
Corporation**
(A Nonprofit Corporation)

December 31, 2024

Report to The Board of Directors

October 28, 2025

AUDIT COMMITTEE
THE BOARD OF DIRECTORS
CREATIVE COMMONS CORPORATION
(A NONPROFIT CORPORATION)

We are pleased to present this report related to our 2024 audit of the consolidated financial statements of **CREATIVE COMMONS CORPORATION (Creative Commons)** as of and for the year ended December 31, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Creative Commons' financial reporting process.

This report is intended solely for the information and use of the Board of Directors, Audit Committee, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Creative Commons.

Hood & Strong LLP

Creative Commons Corporation

(a Nonprofit Corporation)

Table of Contents

Required Communications	1 - 3
Summary of Significant Accounting Estimates	4
Recommendations to the Board of Directors and Management	Exhibit A

Creative Commons Corporation

(a Nonprofit Corporation)

Required Communications

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities

We described our responsibilities under auditing standards generally accepted in the United States of America to you in our engagement letter dated April 22, 2025. Our audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Planned Scope and Timing of Audit

We have issued a separate communication dated April 22, 2025 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America (U.S. GAAP), in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Foundation. Creative Commons did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant accounting policies used by Creative Commons are described in detail in the notes to the financial statements.

Significant or Unusual Transactions and Significant Accounting Policies

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Creative Commons Corporation

(a Nonprofit Corporation)

Required Communications

Audit Adjustments and Uncorrected Misstatements

There were two adjustments made to the original trial balance presented to us to begin our audit:

- To true-up January 1, 2024 net assets to agree to the balance at December 31, 2023 which increased expenses and opening balance net assets by \$1,100.
- To correct the net present value discount of long-term receivables at December 31, 2024 which increased accounts receivable and revenue by \$43,433.

There was one uncorrected misstatement:

- To true-up the Canadian cash account at year-end to account for foreign currency gain/loss which would have decreased cash and increased loss by \$28,037.

The uncorrected misstatement was determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the consolidated financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Creative Commons Corporation

(a Nonprofit Corporation)

Required Communications

Letter Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting

We have separately communicated the significant deficiency in internal control over audit preparation and execution identified during our audit of the consolidated financial statements, and this communication is attached as Exhibit A.

Significant Matters That Required Consultation

We did not encounter any difficult or contentious matters that required consultation outside the engagement team and that are, in our professional judgment, significant and relevant to your responsibility to oversee the financial reporting process.

Significant Written Communications Between Management and Our Firm

The significant written communications between our firm and the management of Creative Commons include the representation letter. Copies are available upon request.

Creative Commons Corporation

(a Nonprofit Corporation)

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of consolidated financial statements and are based upon management's current judgment. The process used by management encompasses its knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Creative Commons' December 31, 2024 consolidated financial statements:

Allocation of functional expenses	
Accounting policy	The total costs of providing various programs and activities are presented on a functional basis in the Statement of Activities, and the allocation of costs from their natural classification to the functional basis is presented on the Statement of Functional Expenses. Expenses are allocated directly to program activities if they can be specifically identified with a program. If not specifically identifiable, expenses are allocated to Management and General with the understanding that all indirect management costs are expended in support of programmatic work.
Management's estimation process	Annually, management prepares an analysis of the expense recognized to date and calculates the allocations.
Basis for our conclusions on reasonableness of estimate	We reviewed management's estimate noting the method and assumptions were reasonable, consistent with prior years, and in accordance with U.S. GAAP.

October 28, 2025

AUDIT COMMITTEE
BOARD OF DIRECTORS
CREATIVE COMMONS CORPORATION
(A NONPROFIT CORPORATION)

In planning and performing our audit of the consolidated financial statements of **CREATIVE COMMONS CORPORATION (Creative Commons)** as of December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Creative Commons' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Creative Commons' internal control. Accordingly, we do not express an opinion on the effectiveness of Creative Commons' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

AUDIT COMMITTEE
BOARD OF DIRECTORS
CREATIVE COMMONS CORPORATION
(A NONPROFIT CORPORATION)
October 28, 2025
Page 2

This communication is intended solely for the information and use of the Audit Committee, Board of Directors, management and others within Creative Commons, and is not intended to be, and should not be, used by anyone other than these specified parties.

Hood & Strong LLP

CURRENT YEAR RECOMMENDATIONS

Significant Deficiency

Audit Preparation and Execution Challenges

Observation

Creative Commons encountered challenges in preparing for and completing the financial statement audit. While we believe this is partially due to transition in the accounting team, there should have been sufficient time and knowledge to allow for the timely and accurate preparation of audit materials. Certain portions of the audit required significant clarification and assistance from our audit team. In addition, we encountered delays in the receipt of information. This caused our team to spend approximately 40 hours of additional time on our fieldwork.

Recommendation

We recommend that as part of the regular monthly and quarterly closing process, Creative Commons include the preparation and updating of audit schedules. In addition, one person should be charged with the responsibility of preparing for the audit.

Control Deficiency

Tracking of Gifts and Preparation of the Net Asset Rollforward

Observation

During the audit, we noted several instances of contributions that were not restricted and released in accordance with the terms of their agreements.

Recommendation

In 2024, Creative Commons began tracking individual gift revenue and expenditures over the time period of the gift. We recommend that the organization continue to do this for each restricted gift. The tracking reports should be maintained through the completion of the spending of the gift, and used to update the net asset rollforward. Doing so will aid the organization in maintaining current and accurate information on the status of their restricted gifts.

UPDATE ON PRIOR YEAR RECOMMENDATIONS

Control Enhancement Recommendations

Review of Accounting Procedures

Observation

Creative Commons experienced turnover in significant and key roles during the year and needed to hire a temporary consultant to assist management with the audit. This brought to light the need for better established written accounting procedures.

Recommendation

We recommend that the organization review all of accounting procedures, to ensure that they are adequately documented, and that they are being followed.

2024 Status

This recommendation has been implemented.

Access Management

Observation

During our IT review, we were informed that user access reviews were performed for Google drive, Bank of America Cashpro, Bill, QuickBooks, Expensify, but there is no audit evidence to support that the access reviews were performed during the audit period.

Recommendation

We recommend that the organization performs, documents, and retains evidence of user access reviews for all applications and systems involved in the financial reporting process. This detective control will help identify any accounts with inappropriate access to the financial reporting systems and validate that terminated users no longer have access.

2024 Status

This recommendation has been implemented.

SOC 2 Reports

Observation

During our IT review, we noted that SOC 2 reports are not reviewed by management for the applications and systems used in the financial reporting process.

Recommendation

We recommend that Creative Commons obtains, reviews, and implements any relevant complementary user entity controls (CUEC) as defined in the SOC 2 reports for the applications/systems used in the financial reporting process. Implementing CUECs helps ensure that data is adequately protected, and the data integrity, security, and availability risk is shared between the vendor and the organization who uses their services.

2024 Status

Creative Commons now collects and reviews SOC 2 reports. The organization does not access the CUECs and map them to their internal controls, but the Director of Technology confirmed that Creative Commons is in compliance. As this recommendation is for control enhancement purposes, we acknowledge Creative Commons' chosen approach and will pass on furthering this recommendation.

Data Back-up and Restore

Observation

We noted that QuickBooks and Google Drive are configured to have their data backed up, but there has not been any data restores performed to ensure that they can recover their data in case of an incident.

Recommendation

We recommend that the organization implements a disaster recovery plan that includes the business applications and systems involved in the financial reporting process. The plan should be tested to ensure that they can recover from an incident.

2024 Status

Creative Commons is aware that QuickBooks and Google Drive routinely back up the organization's data and is comfortable with its disaster recovery plan. A test run of the disaster recovery plan has not been performed as Creative Commons does not want to lose its customized reports and audit logs. This is a control enhancement recommendation and has been addressed by Creative Commons.

Control Deficiencies

Monthly Review and Approval of Journal Entries

Observation

During our testing of journal entries, we noted that the journal entries were not consistently reviewed and approved as a part of month-end close.

Recommendation

We recommend that journal entries be reviewed at the end of each month and that their approval be documented, especially for non-standard entries.

2024 Status

During the 2024 audit, we noted that journal entries were not reviewed in accordance with Creative Commons' policy. We continue to make this recommendation.

Review of Reports During Month-End Close

Observation

During audits in previous years and our review of the cash reconciliations, accounts receivable aging, and the statement of cash flows, we noted there were immaterial errors that occurred in these reports due to the idiosyncrasies of the financial system. Management relies on these reports from the system to produce the trial balance and financial statements.

Recommendation

We recommend that, as a part of the month-end review, management review the reports produced by the financial system to ensure that financial information is being properly entered into the system and appropriately reflected in the trial balance and financial statements.

2024 Status

During the 2024 audit, we noted errors in a cash reconciliation, the accounts receivable net present value calculation, and the net asset rollforward. Therefore, we continue to make this recommendation.

Financial Reporting

There was a significant deficiency that was identified in 2016. Several recommendations have been implemented and reduced the risk such that it is no longer classified as a significant deficiency. All recommendations appeared to have been implemented except for the following:

Revenue Recognition and Reconciliation

In audits for the years 2016 through 2020, we noted instances of improper revenue recognition. As a part of the review of grants, Creative Commons was to begin performing consistent revenue reconciliations between the accounting and development systems.

2024 Status

During the 2024 audit, we noted an annual revenue reconciliation between the accounting and development systems was performed in preparation for the audit. Subsequent to year-end, formal documentation of the reconciliation process was established and monthly reconciliations commenced.