

**STARFISH ONE BY ONE**

Financial Statements  
As Of September 30, 2017  
(With Summarized Financial Information  
As Of September 30, 2016)

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Starfish One by One:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Starfish One by One (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

*Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax

Independent Auditor's Report (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Starfish One by One as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 9, the financial statements as of September 30, 2016, have been restated to properly reflect promises to give and contribution revenue.

**Reporting on Summarized Comparative Information**

Starfish One by One's 2016 financial statements were audited by other auditors, which an unmodified opinion on those audited financial statements were issued in their report dated February 15, 2017, prior to the restatement, and have been included in this report for summarized comparative purposes only.

*JDS Professional Group*

April 5, 2018

## STARFISH ONE BY ONE

### Statement Of Financial Position

As Of September 30, 2017

(With Summarized Financial Information As Of September 30, 2016)

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<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 779,507	\$ 263,684
Promises to give, current portion	369,710	140,646
Receivables	1,464	
Prepaid expenses	2,245	3,699
<b>Total Current Assets</b>	<u>1,152,926</u>	<u>408,029</u>
<b>Long-term Assets:</b>		
Property and equipment, net	4,826	6,251
Promises to give - net of current portion	98,800	202,100
<b>Total Long-term Assets</b>	<u>103,626</u>	<u>208,351</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,256,552</u>	<u>\$ 616,380</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	<u>17,073</u>	<u>33,011</u>
<b>Net Assets:</b>		
Unrestricted	534,328	324,810
Temporarily restricted	705,151	258,559
<b>Total Net Assets</b>	<u>1,239,479</u>	<u>583,369</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,256,552</u>	<u>\$ 616,380</u>

The accompanying notes are an integral part of the financial statements.

## STARFISH ONE BY ONE

### Statement Of Activities

For The Year Ended September 30, 2017

(With Summarized Financial Information For The Year Ended September 30, 2016)

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>Support And Revenue:</b>				
Contributions and grants	\$ 729,015	\$ 1,155,992	\$ 1,885,007	\$ 1,409,342
Special events	73,320		73,320	75,590
Less: costs of direct benefits to donors	(18,007)		(18,007)	(17,478)
Net special events	55,313		55,313	58,112
In-kind contributions			0	6,667
Interest and other	2,843		2,843	292
Net assets released from restrictions -				
Satisfaction of purpose restrictions	709,400	(709,400)		
<b>Total Support And Revenue</b>	<u>1,496,571</u>	<u>446,592</u>	<u>1,943,163</u>	<u>1,474,413</u>
<b>Expenses:</b>				
Program Services	1,080,148		1,080,148	1,042,265
Supporting Services -				
General and administrative	79,960		79,960	67,322
Fundraising	126,945		126,945	126,675
<b>Total Expenses</b>	<u>1,287,053</u>		<u>1,287,053</u>	<u>1,236,262</u>
<b>CHANGES IN NET ASSETS</b>	<u>209,518</u>	<u>446,592</u>	<u>656,110</u>	<u>238,151</u>
Net Assets, Beginning Of Year	374,810	258,559	633,369	345,218
Restatement	(50,000)		(50,000)	
Net Assets, Beginning Of Year, Restated	<u>324,810</u>	<u>258,559</u>	<u>583,369</u>	
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 534,328</u>	<u>\$ 705,151</u>	<u>\$ 1,239,479</u>	<u>\$ 583,369</u>

The accompanying notes are an integral part of the financial statements.

# STARFISH ONE BY ONE

Statement Of Functional Expenses  
For The Year Ended September 30, 2017

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	Program Services	Supporting Services		2017 Total	2016 Total
		General and Administrative	Fundraising		
Expenses -					
Direct Assistance:					
Distributions to Estrella de Mar - Operating	\$ 614,265	\$	\$	\$ 614,265	\$ 457,042
Distributions to Estrella de Mar - Land and School	221,276			221,276	310,895
Program costs	5,639			5,639	14,701
Total Direct Assistance	<u>841,180</u>	<u>0</u>	<u>0</u>	<u>841,180</u>	<u>782,638</u>
Other Expenses:					
Salaries, payroll taxes, and related benefits	138,700	54,414	98,618	291,732	301,003
Consulting	85,895	2,012	10,453	98,360	72,477
Travel, lodging, and meals	4,299	969	5,831	11,099	32,516
Professional fees		8,400		8,400	8,396
Occupancy	4,653	1,800	3,308	9,761	8,241
Events and meetings			2,532	2,532	7,241
In-kind				0	6,667
Bank fees		4,500		4,500	3,839
Supplies	142	1,313	283	1,738	3,422
Other	3,384	5,512	2,682	11,578	2,139
Printing and production		216	1,418	1,634	2,082
Depreciation and amortization	679	125	620	1,424	1,773
Telephone	247	96	176	519	1,625
Insurance	969	179	885	2,033	1,269
Postage and delivery		424	139	563	934
Total Other Expenses	<u>238,968</u>	<u>79,960</u>	<u>126,945</u>	<u>445,873</u>	<u>453,624</u>
Total	<u>\$ 1,080,148</u>	<u>\$ 79,960</u>	<u>\$ 126,945</u>	<u>\$ 1,287,053</u>	<u>\$ 1,236,262</u>

The accompanying notes are an integral part of the financial statements.

## STARFISH ONE BY ONE

### Statement Of Cash Flows

For The Year Ended September 30, 2017

(With Summarized Financial Information For The Year Ended September 30, 2016)

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	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Changes in net assets	\$ 656,110	\$ 238,151
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,425	1,773
Changes in assets and liabilities -		
(Increase) in promises to give	(125,764)	(208,533)
(Increase) in receivables	(1,464)	
Decrease in grant distribution advance		36,158
Decrease in prepaid expenses	1,454	4,300
Increase (decrease) in accounts payable and accrued liabilities	(15,938)	12,468
Net cash provided by operating activities	<u>515,823</u>	<u>84,317</u>
Cash flows from investing activities:		
Purchases of property and equipment		(5,125)
Net cash (used in) investing activities	<u>0</u>	<u>(5,125)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	515,823	79,192
Cash And Cash Equivalents, Beginning Of Year	<u>263,684</u>	<u>184,492</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 779,507</u></u>	<u><u>\$ 263,684</u></u>

The accompanying notes are an integral part of the financial statements.

# STARFISH ONE BY ONE

Notes To Financial Statements  
For The Year Ended September 30, 2017

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## (1) Nature Of The Organization

Starfish One by One (“Starfish”) is a Colorado nonprofit organization incorporated and located in the State of Colorado. Starfish’s mission is to empower young Guatemalan women through education and mentorship to become leaders in their community. Starfish furthers its program mission by providing assistance to Estrella de Mar, a local non-governmental organization registered in Guatemala. Estrella de Mar provides scholarships to young women, employs local Mayan mentors for academic support, and extends career guidance to beneficiaries. Funds transferred to Estrella de Mar for general operating needs totaled \$614,265 for the year ended September 30, 2017.

During the year ended September 30, 2017, Starfish provided \$221,276 of direct assistance to Estrella de Mar specifically for the purchase of land and construction costs related to the building of the Starfish Impact School, a free, all-girls secondary school that will differ dramatically from any existing school in Guatemala.

Starfish One by One and Estrella de Mar operate as related entities but do not consolidate their financial statements as the criteria for financial consolidation (significant influence and economic interest) have not been met. The financial statements of Estrella de Mar are audited annually by independent auditors in Guatemala. Estrella de Mar operates on a calendar year.

## (2) Summary Of Significant Accounting Policies

### Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

### Basis Of Presentation

Starfish is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of September 30, 2017, Starfish did not have any permanently restricted funds.

### Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.



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**Cash And Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and demand deposit accounts. Starfish considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**Promises To Give**

Contributions are recognized when the donor makes a promise to give that is in substance unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The allowance method is used to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific pledges. No allowance for uncollectible promises to give has been recorded as management believes all promises to give recorded as of September 30, 2017, to be collectible.

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. As of September 30, 2017, the discount was not significant to the financial statements.

**Property And Equipment**

Property and equipment is stated at cost, or fair value if contributed. Expenditures for maintenance, repairs, and minor replacements are charged to operations, and expenditures for major replacements and betterments of \$500 and greater are capitalized. Property and equipment is depreciated on a straight line basis over the estimated useful lives of 3 to 7 years.

**Contributions and Grants**

Starfish reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets released from restrictions.

**Functional Allocation Of Expenses**

The costs of providing the programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

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**Fair Value Measurements**

The carrying amount reported in the statement of financial position for cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

**Prior Year Summarized Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Starfish's financial statements for the year ended September 30, 2016, prior to the restatement, from which the summarized information was derived.

**Evaluation of Subsequent Events**

Starfish has performed an evaluation of subsequent events through April 5, 2018, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

**(3) Tax Exempt Status**

Starfish is a nonprofit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statement contain no provisions for income taxes. In addition, contributions to Starfish qualify for the charitable contribution deduction under Section 170(b)(1)(A) and Starfish has been classified as an organization that is not a private foundation under Section 509(a)(2).

Starfish follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires Starfish to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended September 30, 2017, Starfish's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

Starfish is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to 2014. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, Starfish believes no issues would arise.

(4) **Concentrations Of Credit Risk**

Starfish's cash demand deposits are held at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of September 30, 2017, Starfish's uninsured cash balances were approximately \$542,000.

Starfish receives substantially all of its revenues from public support. A significant reduction in the level of such support, if it were to occur, may have an adverse effect on Starfish's programs and activities. During the year ended September 30, 2017, one donor accounted for approximately 30% of contribution and grant revenues. No amounts were due from this donor as of September 30, 2017.

(5) **Promises To Give**

As of September 30, 2017, promises to give consisted of the following:

Due in one year or less	\$ 369,710
Due between one year and five years	<u>98,800</u>
Total promises to give	<u><u>\$ 468,510</u></u>

(6) **Property And Equipment**

As of September 30, 2017, property and equipment consisted of the following:

Computers and software	\$ 11,625
Less: accumulated depreciation	<u>(6,799)</u>
Property and equipment, net	<u><u>\$ 4,826</u></u>

**(7) Temporarily Restricted Net Assets**

As of September 30, 2017, temporarily restricted net assets consisted of the following:

Scholarships	\$ 237,805
Guatemala school programs	94,500
Guatemala school construction	<u>372,846</u>
Total	<u>\$ 705,151</u>

**(8) Employee Benefit Plan**

Starfish maintains a 403(b) Plan covering all employees over the age of 21 who agree to make contributions to the Plan. The Plan does not include provisions for employer contributions.

**(9) Restatement**

The 2016 financial statements have been restated to correct the overstatement of promises to give relative to incorrectly recording an individual contribution that had not been promised. Such restatement impacted the September 30, 2016, financial statements as follows:

	<u>Increase (decrease)</u>
Promises to give, current portion	(50,000)
Contributions and grants	(50,000)
Changes in net assets	(50,000)
Unrestricted net assets	(50,000)

The impact of the restatement on the September 30, 2017, financial statements was a decrease in beginning unrestricted net assets in the amount of \$50,000. There was no impact on the changes in the net assets.