

## **FINANCIAL STATEMENTS**



**FOR THE NINE-MONTH PERIOD JANUARY 1, 2013  
THROUGH SEPTEMBER 30, 2013  
AND FOR THE YEAR ENDED DECEMBER 31, 2012**

# STARFISH ONE BY ONE

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Starfish One by One  
Evergreen, Colorado

We have audited the accompanying financial statements of Starfish One by One (Starfish), which comprise the statements of financial position as of September 30, 2013 and December 31, 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the nine-month period January 1, 2013 through September 30, 2013 and the year ended December 31, 2012, 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.

### Auditor's 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 auditor's 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.

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

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Starfish as of September 30, 2013 and December 31, 2012, and the changes in its net assets and its cash flows for the nine-month period January 1, 2013 through September 30, 2013 and the year ended December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

March 20, 2014

**STARFISH ONE BY ONE**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012**

**ASSETS**

	<u>September 30,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 96,523	\$ 253,715
Investments (Note 3)	83,732	94,337
Contributions and other receivables	31,736	8,318
Subgrant advance	15,000	51,726
Prepaid expenses	<u>4,081</u>	<u>3,253</u>
Total current assets	<u>231,072</u>	<u>411,349</u>
<b>FIXED ASSETS</b>		
Furniture	1,614	1,614
Computer equipment	<u>5,221</u>	<u>5,221</u>
	6,835	6,835
Less: Accumulated depreciation and amortization	<u>(3,628)</u>	<u>(2,720)</u>
Net fixed assets	<u>3,207</u>	<u>4,115</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 234,279</u></b>	<b><u>\$ 415,464</u></b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ <u>9,916</u>	\$ <u>7,168</u>
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**NET ASSETS**

Unrestricted	143,857	284,939
Temporarily restricted (Note 2)	<u>80,506</u>	<u>123,357</u>
Total net assets	<u>224,363</u>	<u>408,296</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 234,279</u></b>	<b><u>\$ 415,464</u></b>

## STARFISH ONE BY ONE

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE NINE-MONTH PERIOD JANUARY 1, 2013 THROUGH SEPTEMBER 30, 2013  
AND FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2013</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 185,837	\$ 192,300	\$ 378,137
In-kind contributions	9,850	-	9,850
Interest and other	132	-	132
Net assets released from donor restrictions (Note 2)	<u>235,151</u>	<u>(235,151)</u>	<u>-</u>
Total support and revenue	<u>430,970</u>	<u>(42,851)</u>	<u>388,119</u>
<b>EXPENSES</b>			
Program Services	<u>421,810</u>	<u>-</u>	<u>421,810</u>
Supporting Services:			
General and Administrative	51,695	-	51,695
Fundraising	<u>98,547</u>	<u>-</u>	<u>98,547</u>
Total supporting services	<u>150,242</u>	<u>-</u>	<u>150,242</u>
Total expenses	<u>572,052</u>	<u>-</u>	<u>572,052</u>
Changes in net assets	(141,082)	(42,851)	(183,933)
Net assets at beginning of period	<u>284,939</u>	<u>123,357</u>	<u>408,296</u>
<b>NET ASSETS AT END OF PERIOD</b>	<b><u>\$ 143,857</u></b>	<b><u>\$ 80,506</u></b>	<b><u>\$ 224,363</u></b>

<b>2012</b>		
<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
\$ 199,956	\$ 372,534	\$ 572,490
32,654	-	32,654
483	-	483
<u>326,477</u>	<u>(326,477)</u>	<u>-</u>
<u>559,570</u>	<u>46,057</u>	<u>605,627</u>
<u>397,228</u>	<u>-</u>	<u>397,228</u>
48,313	-	48,313
<u>118,613</u>	<u>-</u>	<u>118,613</u>
<u>166,926</u>	<u>-</u>	<u>166,926</u>
<u>564,154</u>	<u>-</u>	<u>564,154</u>
(4,584)	46,057	41,473
<u>289,523</u>	<u>77,300</u>	<u>366,823</u>
<b><u>\$ 284,939</u></b>	<b><u>\$ 123,357</u></b>	<b><u>\$ 408,296</u></b>

See accompanying notes to financial statements.

## STARFISH ONE BY ONE

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE NINE-MONTH PERIOD JANUARY 1, 2013 TO SEPTEMBER 30, 2013**

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and related benefits	\$ 49,330	\$ 30,600	\$ 57,813	\$ 88,413	\$ 137,743
Printing and production	321	250	1,368	1,618	1,939
Occupancy	1,134	882	4,184	5,066	6,200
Accounting and audit	-	14,075	-	14,075	14,075
Insurance	264	205	264	469	733
Depreciation and amortization	370	168	370	538	908
Telephone	354	275	364	639	993
Travel, lodging and meals	12,237	99	18,359	18,458	30,695
Consulting fees	2,082	661	5,354	6,015	8,097
Postage and delivery	137	106	878	984	1,121
Supplies	515	383	1,679	2,062	2,577
Dues and subscriptions	81	63	81	144	225
Events and meetings	421	327	2,983	3,310	3,731
Bank fees	-	419	596	1,015	1,015
Subgrants	350,447	-	-	-	350,447
In-kind contributions	3,546	2,758	3,546	6,304	9,850
Other	571	424	708	1,132	1,703
<b>TOTAL</b>	<b>\$ 421,810</b>	<b>\$ 51,695</b>	<b>\$ 98,547</b>	<b>\$ 150,242</b>	<b>\$ 572,052</b>



**STARFISH ONE BY ONE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
Salaries and related benefits	\$ 58,148	\$ 28,673	\$ 68,057	\$ 96,730	\$ 154,878
Printing and production	39	274	2,295	2,569	2,608
Occupancy	330	2,310	660	2,970	3,300
Insurance	44	307	88	395	439
Depreciation and amortization	137	960	274	1,234	1,371
Telephone	128	850	265	1,115	1,243
Travel, lodging and meals	8,381	2,007	11,572	13,579	21,960
Consulting fees	311	818	3,637	4,455	4,766
Postage and delivery	39	274	1,150	1,424	1,463
Supplies	240	1,679	1,597	3,276	3,516
Events and meetings	-	-	1,984	1,984	1,984
Bank fees	47	326	503	829	876
Subgrants	329,384	-	-	-	329,384
In-kind contributions	-	9,775	22,879	32,654	32,654
Other	-	60	3,652	3,712	3,712
<b>TOTAL</b>	<b>\$ <u>397,228</u></b>	<b>\$ <u>48,313</u></b>	<b>\$ <u>118,613</u></b>	<b>\$ <u>166,926</u></b>	<b>\$ <u>564,154</u></b>

**STARFISH ONE BY ONE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD JANUARY 1, 2013 THROUGH SEPTEMBER 30, 2013**  
**AND FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (183,933)	\$ 41,473
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	908	1,371
Realized gain on sale of stock	-	(218)
(Increase) decrease in:		
Contributions and other receivables	(23,418)	(8,318)
Subgrant advance	36,726	(51,726)
Prepaid expenses	(828)	(1,941)
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>2,748</u>	<u>3,866</u>
Net cash used by operating activities	<u>(167,797)</u>	<u>(15,493)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment purchases/reinvestments	(49)	(565)
Proceeds from sale of investments	<u>10,654</u>	<u>5,726</u>
Net cash provided by investing activities	<u>10,605</u>	<u>5,161</u>
Net decrease in cash and cash equivalents	(157,192)	(10,332)
Cash and cash equivalents at beginning of period	<u>253,715</u>	<u>264,047</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>\$ 96,523</u></b>	<b><u>\$ 253,715</u></b>

## STARFISH ONE BY ONE

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Starfish One by One (Starfish) is a non-profit 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 (subgrants) 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 its beneficiaries.

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.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

During 2013, Starfish One by One changed its fiscal year end to September 30.

##### Cash and cash equivalents -

Starfish considers all cash on hand and in banks to be cash equivalents.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provided temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). Starfish maintained a portion of its cash balance at a financial institution in a non-interest bearing account; thereby, all of this cash balance was protected by the FDIC under this Act. Beginning January 1, 2013, funds deposited in non-interest bearing accounts will no longer receive unlimited deposit insurance coverage. Bank deposit accounts at one institution will be insured by the FDIC up to a limit of \$250,000.

##### Investments -

Investments consist of certificates of deposit and are recorded at their readily determinable fair value. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current assets.

##### Contributions and other receivables -

Contributions and other receivables approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Fixed assets -

Fixed assets in excess of \$500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the nine-month period January 1, 2013 through September 30, 2013 and for the year ended December 31, 2012 totaled \$908 and \$1,371, respectively.

## STARFISH ONE BY ONE

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Income taxes -

Starfish is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Starfish is not a private foundation.

##### Uncertain tax positions -

For the nine-month period January 1, 2013 through September 30, 2013 and the year ended December 31, 2012, Starfish has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

##### Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of Starfish and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Starfish and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

##### Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

##### In-kind contributions -

In-kind contributions consist of donated office space and professional fees. In-kind contributions are recorded at their fair value as of the date of the gift. During the nine-month period January 1, 2013 through September 30, 2013 and the year ended December 31, 2012, \$9,850 and \$32,654, respectively, of in-kind contributions were reported by Starfish. In addition, volunteers have donated significant amounts of their time to Starfish; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**STARFISH ONE BY ONE**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**2. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at September 30, 2013 and December 31, 2012:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
<b>Program Services</b>	<b>\$ 80,506</b>	<b>\$ 123,357</b>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Program Services	\$ 235,151	\$ 290,501
Events	-	35,976
	<b>\$ 235,151</b>	<b>\$ 326,477</b>

**3. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, Starfish has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market Starfish has the ability to access.

**STARFISH ONE BY ONE**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND DECEMBER 31, 2012**

**3. FAIR VALUE MEASUREMENT (Continued)**

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at September 30, 2013 and December 31, 2012.

- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, Starfish's investments as of September 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total September 30, 2013</u>
<b>Asset Class:</b>				
<b>Certificates of Deposit</b>	\$ <u>      -</u>	\$ <u>  83,732</u>	\$ <u>      -</u>	\$ <u>      83,732</u>

The table below summarizes, by level within the fair value hierarchy, Starfish's investments as of December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2012</u>
<b>Asset Class:</b>				
<b>Certificates of Deposit</b>	\$ <u>      -</u>	\$ <u>  94,337</u>	\$ <u>      -</u>	\$ <u>      94,337</u>

**4. SUBSEQUENT EVENTS**

In preparing these financial statements, Starfish has evaluated events and transactions for potential recognition or disclosure through March 20, 2014, the date the financial statements were issued.