

STARFISH ONE BY ONE

Financial Statements

September 30, 2015

(Together with Independent Auditors' Report)



STARFISH ONE BY ONE
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

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, 2015, 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 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.

To the Board of Directors
Independent Auditors' Report

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, 2015, 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.

Report on Summarized Comparative Information

We have previously audited Starfish One by One's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bauerle and Company, P.C.
Denver, Colorado

January 27, 2016

STARFISH ONE BY ONE

Statement of Financial Position September 30, 2015 (With Summarized Totals for September 30, 2014)

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and cash equivalents	\$ 184,492	\$ 89,473
Contributions and grants receivable	134,213	138,562
Grant distribution advance	36,158	15,000
Prepaid expenses	7,999	8,309
Total Current Assets	<u>362,862</u>	<u>251,344</u>
Property and Equipment, at cost		
Furniture	1,614	1,614
Computer equipment	6,500	4,500
	<u>8,114</u>	<u>6,114</u>
Less: Accumulated depreciation and amortization	<u>(5,215)</u>	<u>(4,037)</u>
Property and equipment, net	<u>2,899</u>	<u>2,077</u>
Total Assets	<u>\$ 365,761</u>	<u>\$ 253,421</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 20,543</u>	<u>\$ 7,110</u>
Net Assets		
Unrestricted	86,660	116,175
Temporarily restricted	258,558	130,136
Total Net Assets	<u>345,218</u>	<u>246,311</u>
Total Liabilities and Net Assets	<u>\$ 365,761</u>	<u>\$ 253,421</u>

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

STARFISH ONE BY ONE

Statement of Activities Year Ended September 30, 2015 (With Summarized Totals for the Year Ended September 30, 2014)

	2015			2014
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Total</u>
Revenues and Support				
Contributions and grants	\$ 270,139	\$ 425,131	\$ 695,270	\$ 662,811
Special events	118,757	-	118,757	102,180
Less: Costs of direct benefit to donors	(17,080)	-	(17,080)	(20,809)
In-kind contributions	10,000	-	10,000	10,000
Interest and other	165	-	165	311
Net assets released from restrictions	296,709	(296,709)	-	-
Total Revenues and Support	<u>678,690</u>	<u>128,422</u>	<u>807,112</u>	<u>754,493</u>
Expenses				
Program services	552,524	-	552,524	574,212
Supporting services				
General and administrative	52,513	-	52,513	77,410
Fundraising	103,168	-	103,168	80,923
Total Expenses	<u>708,205</u>	<u>-</u>	<u>708,205</u>	<u>732,545</u>
Change in Net Assets	(29,515)	128,422	98,907	21,948
NET ASSETS, Beginning of Year	<u>116,175</u>	<u>130,136</u>	<u>246,311</u>	<u>224,363</u>
NET ASSETS, End of Year	<u>\$ 86,660</u>	<u>\$ 258,558</u>	<u>\$ 345,218</u>	<u>\$ 246,311</u>

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

STARFISH ONE BY ONE

Statement of Functional Expenses Year Ended September 30, 2015 (With Summarized Totals for the Year Ended September 30, 2014)

	Program Services	Supporting Services		Total 2015	Total 2014
		General and Administrative	Fund- Raising		
Expenses					
Direct Assistance:					
Distributions to Estrella de Mar	\$ 362,441	\$ -	\$ -	\$ 362,441	\$ 436,800
Program costs	17,185	-	-	17,185	14,961
Total Direct Assistance	<u>379,626</u>	<u>-</u>	<u>-</u>	<u>379,626</u>	<u>451,761</u>
Other Expenses:					
Salaries and related benefits	112,233	32,396	77,864	222,493	195,298
Travel, lodging, and meals	28,575	1,189	1,083	30,847	24,282
Consulting	22,643	217	2,110	24,970	15,603
Events and meetings	1,255	1,600	8,428	11,283	4,968
In-kind	2,000	1,500	6,500	10,000	10,000
Professional fees	-	8,300	-	8,300	11,819
Occupancy	840	630	2,730	4,200	4,200
Bank fees	1,394	1,778	314	3,486	2,753
Supplies	1,161	1,444	395	3,000	2,005
Printing and production	-	-	2,806	2,806	1,357
Other	974	1,242	219	2,435	3,961
Telephone	608	669	118	1,395	1,364
Insurance	509	648	114	1,271	1,217
Depreciation and amortization	471	600	106	1,177	1,130
Postage and delivery	235	300	381	916	827
Total Other Expenses	<u>172,898</u>	<u>52,513</u>	<u>103,168</u>	<u>328,579</u>	<u>280,784</u>
Total Expenses	<u>\$ 552,524</u>	<u>\$ 52,513</u>	<u>\$ 103,168</u>	<u>\$ 708,205</u>	<u>\$ 732,545</u>

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

STARFISH ONE BY ONE

Statement of Cash Flows Year Ended September 30, 2015

(With Summarized Totals for the Year Ended September 30, 2014)

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 98,907	\$ 21,948
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,177	1,130
(Increase) decrease in:		
Contributions and grants receivable	4,349	(106,826)
Grant distribution advance	(21,158)	-
Prepaid expenses	311	(4,228)
Increase (decrease) in:		
Accounts payable and accrued liabilities	13,433	(2,806)
Net Cash Provided by (Used in) Operating Activities	<u>97,019</u>	<u>(90,782)</u>
Cash Flows From Investing Activities		
Proceeds from sale of certificates of deposit	-	83,732
Purchase of property and equipment	<u>(2,000)</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>(2,000)</u>	<u>83,732</u>
Net Increase (Decrease) in Cash and Cash Equivalents	95,019	(7,050)
CASH AND CASH EQUIVALENTS, beginning of year	<u>89,473</u>	<u>96,523</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 184,492</u>	<u>\$ 89,473</u>

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

1. Organization and Summary of Significant Accounting Policies

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 its beneficiaries. Funds transferred to Estrella de Mar totaled \$362,441 for the year ended September 30, 2015.

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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying financial statements include a statement of financial position that presents the amounts for each of the three classes of net assets: unrestricted, temporarily restricted and permanently restricted. These net assets are classified based on the existence or absence of donor-imposed restrictions and a statement of activities that reflects the changes in those categories of net assets.

Unrestricted Net Assets - Accounts for all unrestricted resources over which the Board of Directors has discretionary control to use in carrying on the operations of Starfish in accordance with the limitations of its charter and bylaws. The principal sources of unrestricted resources are contributions and grants and investment income. Decreases in unrestricted resources generally result from expenses incurred for program and supporting services conducted by Starfish.

Temporarily Restricted Net Assets - Accounts for those resources currently available for use, but expendable only for operating purposes specified by the donor or grantor. Items which increase this net asset category are contributions and grants or other similar sources for which donor-imposed restrictions have not been met.

Permanently Restricted Net Assets - Accounts for those resources subject to donor-imposed restrictions stipulating that the corpus be held in perpetuity. As of September 30, 2015, Starfish did not have any permanently restricted net assets.

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

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

Income Taxes

Starfish is a nonprofit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision 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 *Accounting for Uncertainty in Income Taxes*, which requires Starfish to determine whether a tax position (and 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, 2015, 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 effect on its tax-exempt status. If incurred, interest and penalties associated with tax positions would be recorded in the period assessed as an administrative expense. No interest or penalties have been assessed as of September 30, 2015.

Starfish is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to September 30, 2012. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax law and regulations. Although the outcome of tax audits is uncertain, Starfish believes no issues would arise.

Concentration of Credit Risk

Starfish maintains several bank accounts at one institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2015, Starfish's cash deposits did not exceed the FDIC insurance limit.

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.

1. Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, Starfish considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude permanently restricted cash and cash equivalents.

Allowance for Uncollectible Contributions and Grants Receivable

Starfish uses the allowance method to record uncollectible contributions and grants receivable. The allowance is based on prior years' experience and management's analysis of specific contributions and grants made. Management has determined that all contributions and grants are collectible as of September 30, 2015.

Property and Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years. All assets with a useful life of more than 1 year and a cost of more than \$500 are capitalized.

Recognition of Revenues and Support

Unconditional promises to give cash and other assets to Starfish are reported at fair value at the date the promise is received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Unrestricted gift and grant support is reflected as revenue in the year of receipt.

Revenues and support that are restricted by the donor, grantor, or other outside party for particular operating purposes are reported as temporarily restricted support. 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 and reported in the statement of activities as net assets released from restrictions. Contributions for support of future operations and fundraising activities are recorded as temporarily restricted support in the year the contribution is made.

Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Starfish's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Subsequent Events

In accordance with the *Subsequent Events* Topic of FASB ASC, management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. Starfish's financial statements were available to be issued on January 27, 2016, and this is the date through which subsequent events were evaluated.

STARFISH ONE BY ONE
Notes to Financial Statements
September 30, 2015

2. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2015:

<u>Description</u>	<u>Amount</u>
Guatemala school construction	\$ 100,000
Guatemala school operating	91,000
College scholarships	48,808
Scholarships	10,000
Other	<u>8,750</u>
Total	<u>\$ 258,558</u>

A total of \$296,709 was released from temporarily restricted net assets to unrestricted net assets during fiscal 2015.

3. In-Kind Contributions

Donated materials and services are important to Starfish's operations and, accordingly, are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Donated materials and services consist of the following for the year ended September 30, 2015:

<u>Description</u>	<u>Amount</u>
Rent	\$ <u>10,000</u>
Total Donated Materials and Services	<u>\$ 10,000</u>

No amounts have been reflected in the financial statements for donated volunteer services because the criteria for recognition under generally accepted accounting principles have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time to develop Starfish's programs and fundraising events.

4. 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.