

**STARFISH ONE BY ONE**

**Financial Statements**

**September 30, 2016**

(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, 2016, 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.

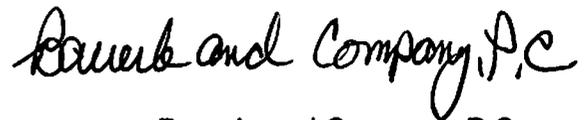
To the Board of Directors  
Independent Auditors' Report

***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, 2016, 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 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bauerle and Company, P.C.  
Denver, Colorado

February 15, 2017

# STARFISH ONE BY ONE

## Statement of Financial Position September 30, 2016 (With Summarized Totals for September 30, 2015)

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 263,684	\$ 184,492
Current portion of pledges and contributions receivable	190,646	134,213
Grant distribution advance	-	36,158
Prepaid expenses	3,699	7,999
Total Current Assets	<u>458,029</u>	<u>362,862</u>
<b>Other Assets</b>		
Property and equipment, net	6,251	2,899
Pledges and contributions receivable - Net of current portion	202,100	-
Total Assets	<u>\$ 666,380</u>	<u>\$ 365,761</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 33,011	\$ 20,543
<b>Net Assets</b>		
Unrestricted	374,810	86,660
Temporarily restricted	258,559	258,558
Total Net Assets	<u>633,369</u>	<u>345,218</u>
Total Liabilities and Net Assets	<u>\$ 666,380</u>	<u>\$ 365,761</u>

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

# STARFISH ONE BY ONE

## Statement of Activities Year Ended September 30, 2016 (With Summarized Totals for the Year Ended September 30, 2015)

	2016			2015
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Revenues and Support</b>				
Contributions and grants	\$ 615,001	\$ 844,341	\$ 1,459,342	\$ 695,270
Special events	75,590	-	75,590	118,757
Less: Costs of direct benefit to donors	(17,478)	-	(17,478)	(17,080)
In-kind contributions	6,667	-	6,667	10,000
Interest and other	292	-	292	165
Net assets released from restrictions	844,340	(844,340)	-	-
Total Revenues and Support	<u>1,524,412</u>	<u>1</u>	<u>1,524,413</u>	<u>807,112</u>
<b>Expenses</b>				
Program services	1,042,265	-	1,042,265	552,524
Supporting services				
General and administrative	67,322	-	67,322	52,513
Fundraising	126,675	-	126,675	103,168
Total Expenses	<u>1,236,262</u>	<u>-</u>	<u>1,236,262</u>	<u>708,205</u>
<b>Change in Net Assets</b>	288,150	1	288,151	98,907
NET ASSETS, Beginning of Year	<u>86,660</u>	<u>258,558</u>	<u>345,218</u>	<u>246,311</u>
NET ASSETS, End of Year	<u>\$ 374,810</u>	<u>\$ 258,559</u>	<u>\$ 633,369</u>	<u>\$ 345,218</u>

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

# STARFISH ONE BY ONE

## Statement of Functional Expenses Year Ended September 30, 2016 (With Summarized Totals for the Year Ended September 30, 2015)

Expenses	Program Services	Supporting Services		Total 2016	Total 2015
		General and Administrative	Fund-Raising		
Direct Assistance:					
Distributions to Estrella de Mar - Operating	\$ 457,042	\$ -	\$ -	\$ 457,042	\$ 362,441
Distributions to Estrella de Mar - Land and School	310,895	-	-	310,895	-
Program costs	14,701	-	-	14,701	17,185
Total Direct Assistance	<u>782,638</u>	<u>-</u>	<u>-</u>	<u>782,638</u>	<u>379,626</u>
Other Expenses:					
Salaries and related benefits	153,512	45,150	102,341	301,003	222,493
Consulting	70,542	652	1,283	72,477	24,970
Travel, lodging, and meals	23,412	2,947	6,157	32,516	30,847
Professional fees	-	8,396	-	8,396	8,300
Occupancy	1,648	1,236	5,357	8,241	4,200
Events and meetings	1,634	1,482	4,125	7,241	11,283
In-kind	1,333	1,000	4,334	6,667	10,000
Bank fees	1,535	1,727	577	3,839	3,486
Supplies	1,575	1,328	519	3,422	3,000
Other	1,442	581	116	2,139	2,435
Printing and production	698	560	824	2,082	2,806
Depreciation and amortization	709	798	266	1,773	1,177
Telephone	820	603	202	1,625	1,395
Insurance	508	571	190	1,269	1,271
Postage and delivery	259	291	384	934	916
Total Other Expenses	<u>259,627</u>	<u>67,322</u>	<u>126,675</u>	<u>453,624</u>	<u>328,579</u>
<b>Total Expenses</b>	<u>\$ 1,042,265</u>	<u>\$ 67,322</u>	<u>\$ 126,675</u>	<u>\$ 1,236,262</u>	<u>\$ 708,205</u>

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

# STARFISH ONE BY ONE

## Statement of Cash Flows Year Ended September 30, 2016 (With Summarized Totals for the Year Ended September 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 288,151	\$ 98,907
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,581	1,177
(Increase) decrease in:		
Pledges and contributions receivable	(258,533)	4,349
Grant distribution advance	36,158	(21,158)
Prepaid expenses	4,300	311
Increase (decrease) in:		
Accounts payable and accrued liabilities	12,468	13,433
Net Cash Provided by (Used in) Operating Activities	<u>84,125</u>	<u>97,019</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	<u>(4,933)</u>	<u>(2,000)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(4,933)</u>	<u>(2,000)</u>
Net Increase in Cash and Cash Equivalents	79,192	95,019
CASH AND CASH EQUIVALENTS, beginning of year	<u>184,492</u>	<u>89,473</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 263,684</u></u>	<u><u>\$ 184,492</u></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 for general operating needs totaled \$457,042 for the year ended September 30, 2016.

During the year ended September 30, 2016, Starfish provided \$310,895 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.

### ***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, 2016, 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, 2016, 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.

***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. Since Starfish places cash in excess of FDIC insured limits, Starfish periodically reviews the financial condition of the financial institution to reduce the credit risk associated with cash and cash equivalents.

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, 2016, one donor accounted for approximately 25% of contribution and grant revenues. No amounts were due from this donor at September 30, 2016.

**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 Pledges and Contributions 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, 2016.

***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.

***Fair Value of Financial Instruments.***

Starfish's financial instruments include cash and cash equivalents, receivables, and payables. The fair value of these financial instruments approximates their carrying amounts based on current market indicators such as prevailing interest rates and their nearness to maturity.

***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, 2015, from which the summarized information was derived.

**STARFISH ONE BY ONE**  
**Notes to Financial Statements**  
**September 30, 2016**

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

***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 February 15, 2017, and this is the date through which subsequent events were evaluated.

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**2. Pledges and Contributions Receivable**

Pledges and contributions are recorded as receivables and revenue when received. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows. At September 30, 2016, pledges and contributions receivable consist of the following:

<u>Description</u>	<u>Amount</u>
Due in one year or less	\$ 190,646
Due between one year and five years	<u>217,000</u>
	407,646
Less: Discount to Net Present Value at 3.5%	<u>14,900</u>
Net Promises to Give	<u>\$ 392,746</u>

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**3. Property and Equipment**

At September 30, 2016, Starfish had property and equipment as follows:

<u>Description</u>	<u>Amount</u>
Computers and software	\$ 11,625
Less: Accumulated Depreciation	<u>(5,374)</u>
Property and Equipment, Net	<u>\$ 6,251</u>

**STARFISH ONE BY ONE**  
**Notes to Financial Statements**  
**September 30, 2016**

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**4. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at September 30, 2016:

<u>Description</u>	<u>Amount</u>
College scholarships	\$ 150,468
Scholarships	39,813
Guatemala school operating	30,000
Guatemala school construction	25,778
Other	<u>12,500</u>
Total	<u>\$ 258,559</u>

A total of \$844,340 was released from temporarily restricted net assets to unrestricted net assets during fiscal 2016.

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**5. 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, 2016:

<u>Description</u>	<u>Amount</u>
Rent	\$ <u>6,667</u>
Total Donated Materials and Services	<u>\$ 6,667</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.

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**6. 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.

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**7. Subsequent Event**

In November and December 2016, a donor contributed \$570,000 to Starfish for the construction of the Starfish Impact School in Guatemala.