STARLIGHT STARBRIGHT CHILDREN'S FOUNDATION AND U.S. CHAPTERS

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

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CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

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GREEN HASSON & JANKS LLP
BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Starlight Starbright Children's
Foundation and U.S. Chapters

We have audited the accompanying consolidated statement of financial position of Starlight Starbright Children's Foundation and U.S. Chapters as of March 31, 2007 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the 2006 financial statements of Starlight Starbright Children's Foundation and U.S. Chapters and in our report dated August 4, 2006, we expressed an unqualified opinion on those financial statements.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Starlight Starbright Children's Foundation and U.S. Chapters as of March 31, 2007 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual chapters. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as whole.

Green Hasson & Janks LLP

August 17, 2007
Los Angeles, California

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STARLIGHT STARBRIGHT CHILDREN'S FOUNDATION
AND U.S. CHAPTERS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2007
With Summarized Totals at March 31, 2006

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2007	Total 2006 (As Restated)
Cash and Cash Equivalents	$ 5,377,053	$ 3,254,278	$ -	$ 8,631,331	$ 12,386,104
Investments	2,887,619	-	4,000	2,891,619	1,135,176
Accounts Receivable	61,420	-	-	61,420	524,274
Receivables from International Affiliates	1,340	-	-	1,340	91,184
Pledges Receivable	-	5,574,582	-	5,574,582	2,761,355
Inventory	2,876,824	-	-	2,876,824	3,752,775
Prepaid Expenses and Other Assets	158,695	-	-	158,695	306,441
Property and Equipment (Net)	96,826	-		96,826	97,700
TOTAL ASSETS	$ 11,459,777	$ 8,828,860	$ 4,000	$ 20,292,637	$ 21,055,009
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts Payable and Accrued Liabilities	$ 1,114,609	$ -	$ -	$ 1,114,609	$ 2,126,314
Deferred Revenue	-	-	-	-	78,874
TOTAL LIABILITIES	1,114,609	-	-	1,114,609	2,205,188
NET ASSETS:					
Unrestricted:					
Unrestricted Undesignated	9,276,033	-	-	9,276,033	10,722,507
Unrestricted Board Designated	1,069,135	-	-	1,069,135	519,737
TOTAL UNRESTRICTED NET ASSETS	10,345,168	-	-	10,345,168	11,242,244
Temporarily Restricted	-	8,828,860	-	8,828,860	7,607,577
Permanently Restricted	-	-	4,000	4,000	-
TOTAL NET ASSETS	10,345,168	8,828,860	4,000	19,178,028	18,849,821
TOTAL LIABILITIES AND NET ASSETS	$ 11,459,777	$ 8,828,860	$ 4,000	20,292,637	$ 21,055,009

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

STARLIGHT STARBRIGHT CHILDREN'S FOUNDATION
AND U.S. CHAPTERS

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended March 31, 2007
With Summarized Totals for the Year Ended March 31, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007	2006 (As Restated)
REVENUE AND SUPPORT:					
Special Events:					
Gross Receipts	$ 5,817,083	$ -	$ -	$ 5,817,083	$ 6,646,299
Less: Direct Benefit to Donors	(1,230,232)	-	-	(1,230,232)	(1,543,830)
NET SPECIAL EVENTS REVENUE	4,586,851	-	-	4,586,851	5,102,469
Contributions	2,416,238	7,665,036	4,000	10,085,274	6,501,970
Contributed Goods, Services and Use of Facilities	5,548,890	-	-	5,548,890	15,871,345
Interest and Dividend Income	473,195	-	-	473,195	342,424
Realized and Unrealized Gains on Investments	129,029	-	-	129,029	68,099
Assessments and Sales to International Affiliates	100,478	-	-	100,478	361,601
Miscellaneous	39,055	-	-	39,055	50,656
Hospital Fees	-	-	-	-	281,042
Government Grants	-	-	-	-	197,125
Net Assets Released from Program	-	-	-	-	-
and Time Restrictions	6,443,753	(6,443,753)	-	-	-
TOTAL REVENUE AND SUPPORT	19,737,489	1,221,283	4,000	20,962,772	28,776,731
EXPENSES:					
Program Services:					
Asthma	163,917	-	-	163,917	649,919
Fun Centers	1,088,983	-	-	1,088,983	1,251,633
Get Fit Get Right	494,862	-	-	494,862	121,049
Great Escapes	2,431,227	-	-	2,431,227	1,429,320
Hospital Happenings	4,550,645	-	-	4,550,645	14,444,250
PC Pals	1,270,375	-	-	1,270,375	162,649
Starbright World	756,160	-	-	756,160	1,066,449
Starlight Sites	2,949,777	-	-	2,949,777	1,677,440
Other Programs	2,167,626	-	-	2,167,626	2,142,110
TOTAL PROGRAM SERVICES	15,873,572	-	-	15,873,572	22,944,819
Management and General	1,419,042	-	-	1,419,042	1,651,835
Fundraising	3,341,951	-	-	3,341,951	3,376,743
TOTAL EXPENSES	20,634,565	-	-	20,634,565	27,973,397
CHANGE IN NET ASSETS	(897,076)	1,221,283	4,000	328,207	803,334
Net Assets - Beginning of Year (As Restated)	11,242,244	7,607,577	-	18,849,821	18,046,487
NET ASSETS - END OF YEAR	$ 10,345,168	$ 8,828,860	$ 4,000	$ 19,178,028	$ 18,849,821

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

STARLIGHT STARBRIGHT CHILDREN'S FOUNDATION
AND U.S. CHAPTERS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2007
With Summarized Totals for the Year Ended March 31, 2006

	Asthma	Fun Centers	Get Fit Get Right	Great Escapes	Hospital Happenings	PC Pals	Starbright World	Starlight Sites	Other Programs	Total Program Services	Management and General	Fundraising	Total 2007	Total 2006 (As Restated)
Direct Program Goods, Services and Use of Facilities	$ 121,158	$ 805,739	$ 365,772	$ 1,772,302	$ 3,784,722	$ 938,986	$ 558,908	$ 2,182,110	$ 1,637,145	$ 12,166,842	$ -	$ -	$ 12,166,842	$ 19,736,875
TOTAL DIRECT PROGRAM	121,158	805,739	365,772	1,772,302	3,784,722	938,986	558,908	2,182,110	1,637,145	12,166,842	-	-	12,166,842	19,736,875
Advertising	97	638	292	1,072	2,925	750	446	1,679	1,659	9,558	2,969	7,460	19,987	107,962
Bank Charges	-	-	-	-	-	-	-	-	-	-	47,873	13,866	61,739	93,264
Depreciation	154	1,015	465	2,141	5,977	1,193	710	2,769	2,010	16,434	6,168	7,835	30,437	23,538
Equipment Rental and Repair	305	2,049	922	5,118	6,673	2,367	1,409	5,285	6,190	30,318	8,953	16,291	55,562	51,767
Events	-	-	-	-	-	-	-	-	-	-	-	555,416	555,416	768,470
Fundraising	-	-	-	-	-	-	-	-	-	-	-	103,417	103,417	244,494
Insurance	471	3,099	1,421	8,971	8,692	3,647	2,171	8,922	1,881	39,275	12,227	19,446	70,948	78,469
Miscellaneous	954	6,283	2,882	9,075	14,274	7,396	4,403	16,312	2,348	63,927	86,821	134,364	285,112	188,009
Office Supplies	574	3,790	1,734	10,384	19,683	4,452	2,650	10,138	18,699	72,104	35,308	40,373	147,785	60,240
Postage	225	1,495	680	4,306	9,434	1,747	1,040	4,102	5,266	28,295	5,362	135,577	169,234	114,613
Printing and Publications	231	1,626	699	6,305	9,280	1,794	1,068	3,984	2,887	27,874	6,163	237,978	272,015	302,448
Professional Services	6,288	41,387	18,983	40,494	51,905	48,731	29,006	106,186	40,588	383,568	416,631	606,317	1,406,516	1,081,789
Rent	4,620	30,623	13,948	72,667	83,063	35,807	21,313	82,888	68,386	413,315	90,953	153,740	658,008	515,666
Salaries and Employee Benefits	27,882	184,764	84,175	475,115	531,445	216,088	128,621	507,795	373,757	2,529,642	684,352	1,243,387	4,457,381	4,400,364
Telephone	408	2,857	1,230	16,417	13,292	3,158	1,880	7,865	5,172	52,279	11,791	23,461	87,531	108,103
Travel and Automobile	550	3,618	1,659	6,860	9,280	4,259	2,535	9,742	1,638	40,141	3,471	43,023	86,635	97,326
TOTAL 2007 FUNCTIONAL EXPENSES	$ 163,917	$ 1,088,983	$ 494,862	$ 2,431,227	$ 4,550,645	$ 1,270,375	$ 756,160	$ 2,949,777	$ 2,167,626	$ 15,873,572	$ 1,419,042	$ 3,341,951	$ 20,634,565	
TOTAL 2006 FUNCTIONAL EXPENSES (AS RESTATED)	$ 649,919	$ 1,251,633	$ 121,049	$ 1,429,320	$ 14,444,250	$ 162,649	$ 1,066,449	$ 1,677,440	$ 2,142,110	$ 22,944,819	$ 1,651,835	$ 3,376,743		$ 27,973,397

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

STARLIGHT STARBRIGHT CHILDREN'S FOUNDATION
AND U.S. CHAPTERS

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended March 31, 2007
With Summarized Totals for the Year Ended March 31, 2006

	2007	2006 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 328,207	$ 803,334
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	30,437	23,538
Realized and Unrealized Gains on Investments	(129,029)	(68,099)
Loss on Disposal of Property and Equipment	2,516	-
Contributions Restricted for Long-Term Purposes	(4,000)	-
(Increase) Decrease in:		
Pledges Receivable	(2,813,227)	877,408
Accounts Receivable	462,854	(278,929)
Receivables from International Affiliates	89,844	(77,126)
Inventory	875,951	(1,306,170)
Prepaid Expenses and Other Assets	147,746	(165,728)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	(1,011,705)	798,999
Deferred Revenue	(78,874)	(122,638)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(2,099,280)	484,589
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales of Investments	35,637	9,298,403
Purchase of Investments	(1,189,856)	(7,099,063)
Reinvestment of Dividends and Interest	(473,195)	(52,046)
Purchase of Property and Equipment	(32,079)	(62,468)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,659,493)	2,084,826
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collections of Contributions Restricted for Long-Term Purposes	4,000	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,754,773)	2,569,415
Cash and Cash Equivalents - Beginning of Year	12,386,104	9,816,689
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,631,331	$ 12,386,104

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

NOTE 1 - ORGANIZATION

For more than two decades, Starlight Starbright Children's Foundation (the Foundation) has dedicated itself to improving the quality of life for children with serious medical conditions by providing entertainment, education and family activities that help them cope with the pain, fear and isolation of prolonged illness.

The Foundation understands what families go through when a child is sick, and how important it is to find relief from constant worry and isolation. Its programs have been proven to distract children from their pain, help them better understand and manage their illnesses, and connect families with others facing similar challenges so that no one feels alone.

Starlight Starbright uniquely offers a comprehensive menu of both "high tech" and "high touch" programs. Its array of outpatient, hospital-based and Web offerings enables the Foundation to provide ongoing support for children and families — before, during and after medical treatment. These programs include:

- **Family activities and outings**, offered regularly to give families a chance to have fun together away from the hospital so they can relax, regroup and return home with a renewed sense of strength and hope. The events also forge connections between families struggling with similar issues to combat isolation.

- **Playrooms and special events** designed to ease the loneliness, fear and boredom that accompany long hospital stays. Starlight Starbright has built more than 100 children's playrooms and teen lounges in hospitals nationwide that provide children with an inviting place to play, relax and connect. Additionally, the Foundation brings fun-filled special events involving musicians, clowns and other entertainers to pediatric hospital patients – even those who are bedridden – to provide a morale boost and important social interaction.

- **Technology-based programs** like online social networks, mobile entertainment centers and specially configured laptop computers that help kids fill the long hours with fun, and stay connected to their friends, keep up with school work and chat with other seriously ill children around the world.

- **Educational programming** via CDs, DVDs and the Internet that helps sick children understand common hospital procedures and manage illnesses such as cancer, sickle cell anemia, cystic fibrosis, asthma, IBD and kidney disease. These programs combat the fear and uncertainty that often accompany illness with fact-based knowledge presented in an engaging and age-appropriate format.

NOTE 1 - ORGANIZATION (continued)

Through these programs, Starlight Starbright serves more than 180,000 children each month who suffer from chronic and life-threatening diseases and life-altering injuries, such as cancer, cystic fibrosis, diabetes, heart disease, asthma, kidney disease, traumatic burns and spinal cord injuries.

The Headquarters of the Foundation (Headquarters) is located in Los Angeles, California. At March 31, 2007, Headquarters was operating seven field offices in Arizona, California, Florida, Minnesota, Oregon and Texas. At March 31, 2007, there were also seven U.S. chartered chapters (the U.S. Chapters): Atlanta, Colorado, Mid-Atlantic, Midwest, New England, New York/New Jersey/Connecticut, and Washington State. Each chapter is independently governed by a Board of Directors operating under the Foundation's guidelines and is responsible for its own fundraising, financial reporting, and related tax filing obligations.

Internationally, the Foundation has affiliation agreements with four chartered affiliates (the international affiliates) located in Australia, the United Kingdom, Canada, and Japan.

While doctors work to restore a child's health, Starlight Starbright works to restore the entire family's spirit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Starlight Starbright Children's Foundation (Headquarters) and its seven U.S. Chapters. All significant inter-chapter transactions and balances have been eliminated in consolidation. International affiliates are not included in the accompanying consolidated financial statements as such inclusion would not be meaningful to the U.S. operations of the Foundation.

(b) FINANCIAL STATEMENT PRESENTATION

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as either unrestricted, temporarily restricted, or permanently restricted.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) FINANCIAL STATEMENT PRESENTATION (continued)

- **Unrestricted Undesignated.** Unrestricted net assets generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions. The Foundation has $9,276,033 of unrestricted undesignated net assets at March 31, 2007.

- **Unrestricted Board Designated.** These are comprised of resources which the Board of Directors has designated for particular purposes. For purposes of complying with net assets accounting, these funds are included in unrestricted net assets at March 31, 2007 with a balance of $1,069,135.

- **Temporarily Restricted Net Assets.** The Foundation 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 the purpose of the 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 program or capital restrictions. The Foundation has $8,828,860 of temporarily restricted net assets at March 31, 2007.

- **Permanently Restricted Net Assets.** Permanently restricted net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Foundation to expend all of the income (or other economic benefits) derived from the donated assets. The Foundation has $4,000 of permanently restricted net assets at March 31, 2007.

(c) CASH AND CASH EQUIVALENTS

The Foundation considers all highly liquid debt instruments purchased with maturities of three months or less to be cash and cash equivalents.

The Foundation maintains its cash, cash equivalents and investments in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash, cash equivalents and investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Unrealized gains or losses (including investments bought, sold and held during the year), and interest and dividend income are reflected in the consolidated statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

The Foundation also has an interest in a limited partnership. The interest in the limited partnership is recorded using the equity method.

(e) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents its estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectibility of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. As of March 31, 2007, all receivables are deemed fully collectible; therefore, no allowance for doubtful accounts has been established.

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges, are recorded at estimated net realizable value, and recognized as revenues in the period received. The Foundation reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. As of June 30, 2007, the Foundation evaluated the collectibility of pledges receivable. No allowance for uncollectible pledges is deemed necessary and pledges receivable at March 31, 2007 are expected to be collected in their entirety within one year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) CONCENTRATION OF RISKS

The Foundation holds investments in the form of certificates of deposit, mutual funds and U.S. Treasury securities. Market values of such investments and credit ratings of bond issuers are routinely reviewed by the Finance Committee.

One source of donated goods, the Starbucks Joy Drive, provided 40% of total revenue for the prior year ended March 31, 2006. This source provided for the donation of toys which were given away to children. This source discontinued its national donated toy contributions during the year ended March 31, 2007, but supported two of the U.S. Chapters with local toy drive campaigns [See Note 2(k)]. Management does not anticipate an immediate effect on other program activities nor on-going operations as a result of the discontinuation of the Starbucks Joy Drive.

(h) INVENTORY

Inventory is comprised of the personal computers, videogame players, monitors and other electronics that make-up the "Fun Centers," "PC Pals," and toys and other materials collected for distribution. Purchased inventory is stated at the lower of cost (specific identification) or market. Donated inventory is recorded at fair market value at the time of donation.

(i) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expenses as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to $5,000 and the useful life is greater than one year. The estimated useful lives of property and equipment are as follows:

Software and Computers	5 Years
Furniture and Equipment	7 Years
Office Equipment	5 Years

(j) LONG-LIVED ASSETS

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. No impairment losses were recognized on long-lived assets during the year ended March 31, 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) CONTRIBUTED GOODS, SERVICES, AND USE OF FACILITIES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributed goods consist primarily of toys, videos, DVD's, airline tickets, hotel accommodations, theme park admissions, and other tangible goods. The Foundation received $5,548,890 of contributed goods, services and use of facilities (See Note 6).

As noted above, March 31, 2006 marked the final year of the national Starbucks Joy Drive. During the year ended March 31, 2006, the toy drive brought in 867,967 units valued at $11,891,148. For the period ending March 31, 2007, Starbucks supported local toy drives on behalf of the Washington State Chapter and the Colorado Chapter. These local drives brought in 111,954 units valued at $1,845,002 for the Washington State Chapter and 11,000 units valued at $181,280 for the Colorado Chapter, which are included in Direct Program Goods, Services and Use of Facilities (See Note 6).

(l) ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs for the year ended March 31, 2007 were $19,987.

(m) INCOME TAXES

The Foundation and each of its seven U.S. Chapters are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and corresponding state provisions.

(n) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Foundation's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Foundation allocates indirect costs by full time equivalents under each activity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) COMPARATIVE TOTALS

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail 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 the Foundation's consolidated financial statements for the year ended March 31, 2006 from which the summarized information was derived.

(p) RECLASSIFICATION

For comparability, the March 31, 2006 amounts have been reclassified, where appropriate, to conform with the consolidated financial statement presentation used at March 31, 2007.

NOTE 3 - INVESTMENTS

Investments at fair value at March 31, 2007 consist of the following:

Fixed Income	$ 1,481,555
Equity Funds	259,850
Mutual Funds	41,406
Value Fund International (NY*NJ*CT Chapter)	408,115
Limited Partnership (NY*NJ*CT Chapter)	700,693
TOTAL INVESTMENTS	$ 2,891,619

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2007:

Software and Computers	$ 171,261
Furniture and Equipment	129,665
Office Equipment	69,360
TOTAL	370,286
Less: Accumulated Depreciation	(273,460)
PROPERTY AND EQUIPMENT (NET)	$ 96,826

Depreciation expense was $30,437 for the year ended March 31, 2007.

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at March 31, 2007 consist of the following:

Accounts Payable	$ 437,657
Accrued Expenses	396,474
Accrued Vacation	216,455
Accrued Payroll	52,065
Accrued Taxes	11,958
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 1,114,609

NOTE 6 - CONTRIBUTED GOODS, SERVICES, AND USE OF FACILITIES

Contributed goods, services, and use of facilities during the year ended March 31, 2007 are as follows:

Direct Program Goods	$ 3,601,629
Professional Services	927,997
Direct Program Services	614,816
Rent	272,322
Direct Program Use of Facilities	109,128
Office Supplies	19,940
Fundraising	3,058
TOTAL	$ 5,548,890

Gross receipts from special events included an additional $379,299 in contributed goods, services, and use of facilities which are shown separately as special events income and expense, and are not included above.

NOTE 7 - COMMITMENTS

The Foundation leases certain facilities and equipment under long-term operating lease agreements that expire through August 2011. Future minimum lease payments for leases that have a remaining non-cancelable term in excess of one year as of March 31, 2007 are as follows:

Year Ending March 31	
2008	$ 329,430
2009	316,542
2010	255,490
2011	186,507
2012	30,994
TOTAL	$ 1,118,963

Rent expense for the year ended March 31, 2007 was $658,008.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2007 were available for the following purposes:

Starlight Sites	$ 2,325,616
Fun Centers	2,081,494
PC Pals	1,171,920
Other	95,330
Great Escapes	57,647
My Life	55,554
Coping with Chemotherapy	29,551
TOTAL	5,817,112
Time Restrictions	3,011,748
TOTAL TEMPORARILY RESTRICTED NET ASSETS	$ 8,828,860

NOTE 9 - DEFINED CONTRIBUTION PENSION PLANS

Headquarters and several of its U.S. Chapters maintain 403(b) defined contribution pension plans with matching contributions ranging up to 5% of participant's salaries. Matching contributions totaled $59,612 for the year ended March 31, 2007.

NOTE 10 - FUNCTIONAL EXPENSES

The Other Programs on the statement of functional expenses consist of the following at March 31, 2007:

NY*NJ*CT Chapter Pediatric Hospital Support Program	$ 1,692,203
Wishes	370,967
Miscellaneous	57,018
My Life	24,113
Explorer Series	23,325
TOTAL FUNCTIONAL EXPENSES	$ 2,167,626

NOTE 11 - RELATED PARTIES

As discussed in Note 2(a), the accounts of the international affiliates are not included in the accompanying consolidated financial statements as inclusion of such amounts would not be meaningful to the U.S. operations of the Foundation. The following table summarizes certain financial information from the most recent audited (by other auditors) financial statements of the international affiliates.

	Not Covered by Accompanying Independent Auditors' Report		
	Australia Affiliate as of and for the 18 Month Period Ended December 31, 2006 (AUS)	United Kingdom Affiliate as of and for the Year Ended March 31, 2007 (GBR)	Canada Affiliate as of and for the Year Ended March 31, 2007 (CAD)
Total Assets	$8,799,856	£5,497,855	$2,433,972
Total Liabilities	$1,013,418	£301,893	$362,045
Net Assets	$7,786,438	£5,195,962	$2,071,927
Total Revenue	$26,231,667	£5,476,706	$4,449,173
Total Expenses	$24,408,332	£4,311,711	$3,883,484

The U.S. dollar equivalent of total revenue was approximately $20,700,000 for the Australia affiliate for the 18 month period ended December 31, 2006, $10,800,000 for the United Kingdom affiliate for the year ended March 31, 2007, and $3,900,000 for the Canada affiliate for the year ended March 31, 2007. The audited financial statements for the Australian and Canadian affiliates are qualified by their auditors. The audited financial statements for the United Kingdom affiliate are unqualified by its auditor. As these financial statements are not consolidated with the Foundation, there is no material effect on the financial statements of the Foundation.

NOTE 11 - RELATED PARTIES (continued)

The Foundation receives assessment fees from one of the international affiliates and also provides Fun Center components to another. These amounts totaled $100,478 for the year ended March 31, 2007.

The Japan Affiliate provided an un-audited financial report for the year ended April 30, 2007. The U.S. dollar equivalent was $375,000 for total revenue and $244,000 for total expenses during the 12 month period. Starlight Starbright Japan began operations in October 2005. These financial results represent the first full year of activities for the Japan Affiliate. The balance sheet for the period ended April 30, 2007 was not available.

The NY*NJ*CT Chapter receives in-kind donated facilities and utilities from a company owned by a Board member. The donated facilities and services amounted to $189,152 for the year ended March 31, 2007.

The Mid-Atlantic Chapter leases office space from a Board member. Lease payments under this lease amounted to $25,646 for the year ended March 31, 2007.

NOTE 12 - RESTATEMENT OF BEGINNING NET ASSETS

The consolidated financial statements for the year ended March 31, 2006 have been restated to correct an error in the accounting for certain donated inventory. The effect of the restatement of beginning net assets is summarized as follows:

	March 31, 2006
Beginning Net Assets as Previously Reported	$18,690,881
Correction of Donated Inventory Incorrectly Expensed	158,940
BEGINNING NET ASSETS AS RESTATED	$18,849,821

STARLIGHT STARBRIGHT CHILDREN'S FOUNDATION AND U.S. CHAPTERS

CONSOLIDATING INFORMATION

YEAR ENDED MARCH 31, 2007

STARLIGHT STARBRIGHT CHILDREN'S FOUNDATION
AND U.S. CHAPTERS

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
March 31, 2007

ASSETS	Headquarters	Atlanta	Colorado	Mid-Atlantic	Midwest	New England	NY*NJ*CT	Washington	Total Before Eliminations	Eliminations	Total 2007
Cash and Cash Equivalents	$ 4,634,301	$ 108,866	$ 134,641	$ 488,079	$ 168,357	$ 159,762	$ 2,598,857	$ 338,468	$ 8,631,331	$ -	$ 8,631,331
Investments	99,969	2,522	-	-	274,775	-	2,514,353	-	2,891,619	-	2,891,619
Accounts Receivable	48,087	-	392	4,925	47	-	7,969	-	61,420	-	61,420
Receivables from International Affiliates	1,340	-	-	-	-	-	-	-	1,340	-	1,340
Receivables from U.S. Chapters	62,890	-	-	-	-	-	5,500	-	68,390	68,390	-
Receivables from Headquarters	-	9,213	10,582	44,914	39,049	11,132	31,590	8,015	154,495	154,495	-
Pledges Receivable	3,947,163	-	-	19,308	4,265	8,846	1,595,000	-	5,574,582	-	5,574,582
Inventory	1,681,193	18,243	47,994	56,706	162,634	62,087	121,988	725,979	2,876,824	-	2,876,824
Prepaid Expenses and Other Assets	109,680	1,512	8,202	10,876	13,314	6,141	5,281	3,689	158,695	-	158,695
Property and Equipment (Net)	57,351	2,749	2,400	1,227	2,620	-	7,934	22,545	96,826	-	96,826
TOTAL ASSETS	$ 10,641,974	$ 143,105	$ 204,211	$ 626,035	$ 665,061	$ 247,968	$ 6,888,472	$ 1,098,696	$ 20,515,522	$ 222,885	$ 20,292,637
LIABILITIES AND NET ASSETS											
Accounts Payable and Accrued Liabilities	$ 631,903	$ 1,919	$ 7,833	$ 148,553	$ 20,054	$ 1,814	$ 256,246	$ 46,287	$ 1,114,609	$ -	$ 1,114,609
Payable to Headquarters or Other U.S. Chapters	154,495	-	5,640	17,250	32,750	12,750	-	-	222,885	222,885	-
TOTAL LIABILITIES	786,398	1,919	13,473	165,803	52,804	14,564	256,246	46,287	1,337,494	222,885	1,114,609
NET ASSETS:											
Unrestricted:											
Unrestricted Undesignated	1,816,743	128,526	188,065	391,683	540,927	182,223	4,979,707	1,048,159	9,276,033	-	9,276,033
Unrestricted Board Designated	1,069,135	-	-	-	-	-	-	-	1,069,135	-	1,069,135
TOTAL UNRESTRICTED NET ASSETS	2,885,878	128,526	188,065	391,683	540,927	182,223	4,979,707	1,048,159	10,345,168	-	10,345,168
Temporarily Restricted	6,969,698	12,660	2,673	68,549	67,330	51,181	1,652,519	4,250	8,828,860	-	8,828,860
Permanently Restricted	-	-	-	-	4,000	-	-	-	4,000	-	4,000
TOTAL NET ASSETS	9,855,576	141,186	190,738	460,232	612,257	233,404	6,632,226	1,052,409	19,178,028	-	19,178,028
TOTAL LIABILITIES AND NET ASSETS	$ 10,641,974	$ 143,105	$ 204,211	$ 626,035	$ 665,061	$ 247,968	$ 6,888,472	$ 1,098,696	$ 20,515,522	$ 222,885	$ 20,292,637

See Independent Auditors' Report

STARLIGHT STARBRIGHT CHILDREN'S FOUNDATION
AND U.S. CHAPTERS

CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended March 31, 2007

	Headquarters	Atlanta	Colorado	Mid-Atlantic	Midwest	New England	NY*NJ*CT	Washington	Total Before Eliminations	Eliminations	Total 2007
REVENUE AND SUPPORT:											
Special Events											
Gross Receipts	$ 1,146,572	$ 166,060	$ 264,430	$ 576,559	$ 562,058	$ 22,750	$ 2,872,235	$ 206,419	$ 5,817,083	$ -	$ 5,817,083
Less: Direct Benefit to Donors	(300,187)	(58,504)	(79,219)	(96,927)	(147,846)	(5,125)	(472,154)	(70,270)	(1,230,232)	-	(1,230,232)
NET SPECIAL EVENTS REVENUE	846,385	107,556	185,211	479,632	414,212	17,625	2,400,081	136,149	4,586,851	-	4,586,851
Contributed Goods, Services and Use of Facilities	2,082,527	66,751	265,858	87,839	115,815	135,655	577,014	2,217,431	5,548,890	-	5,548,890
Contributions	1,259,556	84,521	143,032	209,063	203,725	188,454	555,645	244,485	2,888,481	472,243	2,416,238
Program Services Revenue	516,740	-	-	3,500	-	-	8,750	-	528,990	528,990	-
Assessments and Sales to International Affiliates	100,478	-	-	-	-	-	-	-	100,478	-	100,478
Interest and Dividend Income	280,388	1,555	5,226	4,554	15,211	643	162,932	2,686	473,195	-	473,195
Realized and Unrealized Gains on Investments	(1,963)	8	-	-	10,020	-	120,964	-	129,029	-	129,029
Miscellaneous	36,976	-	108	-	-	531	440	1,000	39,055	-	39,055
Net Assets Released from Program Restrictions	5,190,176	145,236	27,570	209,077	161,963	29,716	562,281	117,734	6,443,753	-	6,443,753
TOTAL UNRESTRICTED REVENUE AND SUPPORT	10,311,263	405,627	627,005	993,665	920,946	372,624	4,388,107	2,719,485	20,738,722	1,001,233	19,737,489
EXPENSES:											
Program Services	8,737,375	317,545	383,149	700,033	497,518	270,461	3,316,680	2,656,044	16,878,805	1,005,233	15,873,572
Management and General	792,747	21,878	52,627	44,049	107,446	19,273	338,476	42,546	1,419,042		1,419,042
Fundraising	2,005,335	32,638	123,696	206,496	219,048	39,586	615,406	99,746	3,341,951		3,341,951
TOTAL EXPENSES	11,535,457	372,061	559,472	950,578	824,012	329,320	4,270,562	2,798,336	21,639,798	1,005,233	20,634,565
CHANGE IN UNRESTRICTED NET ASSETS	(1,224,194)	33,566	67,533	43,087	96,934	43,304	117,545	(78,851)	(901,076)	(4,000)	(897,076)
Change in Restricted Net Assets:											
Pledged Contributions	1,394,288	-	-	23,728	4,219	8,306	1,568,700	-	2,999,241	-	2,999,241
Contributions	3,749,565	132,660	8,212	206,718	129,228	28,611	329,106	89,695	4,673,795	4,000	4,669,795
Net Assets Released from Program and Time Restrictions	(5,190,176)	(145,236)	(27,570)	(209,077)	(161,963)	(29,716)	(562,281)	(117,734)	(6,443,753)	-	(6,443,753)
CHANGE IN RESTRICTED NET ASSETS	(46,323)	(12,576)	(19,358)	21,369	(28,516)	7,201	1,335,525	(28,039)	1,229,283	4,000	1,225,283
TOTAL CHANGE IN NET ASSETS	(1,270,517)	20,990	48,175	64,456	68,418	50,505	1,453,070	(106,890)	328,207	-	328,207
Net Assets - Beginning of Year (As Restated)	11,126,093	120,196	142,563	395,776	543,839	182,899	5,179,156	1,159,299	18,849,821	-	18,849,821
NET ASSETS - END OF YEAR	$ 9,855,576	$ 141,186	$ 190,738	$ 460,232	$ 612,257	$ 233,404	$ 6,632,226	$ 1,052,409	$ 19,178,028	$ -	$ 19,178,028

See Independent Auditors' Report