

**STARLIGHT CHILDREN'S FOUNDATION  
NY\*NJ\*CT**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

**STARLIGHT CHILDREN'S FOUNDATION  
NY\*NJ\*CT**

**FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2011**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Starlight Children's Foundation NY\*NJ\*CT

We have audited the accompanying statement of financial position of Starlight Children's Foundation NY\*NJ\*CT (the Chapter) as of March 31, 2011 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Chapter's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the March 31, 2010 financial statements of the Chapter and, in our report dated July 28, 2010, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chapter as of March 31, 2011 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.

*Green Hasson & Janks LLP*

August 4, 2011  
Los Angeles, California

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

STATEMENT OF FINANCIAL POSITION  
March 31, 2011  
With Summarized Totals at March 31, 2010

<b>ASSETS</b>	2011			2010 Total
	Unrestricted	Temporarily Restricted	Total	
Cash and Cash Equivalents	\$ 2,608,888	\$ 92,761	\$ 2,701,649	\$ 4,508,241
Investments	2,676,674	-	2,676,674	875,778
Accounts Receivable	27,064	-	27,064	38,009
Related Party Receivables	18,749	-	18,749	2,778
Contributions and Pledges Receivable (Net)	-	90,450	90,450	103,122
Bequest Receivable	-	-	-	450,000
Inventory	69,459	-	69,459	116,992
Prepaid Expenses and Other Assets	122,258	-	122,258	9,000
Property and Equipment (Net)	3,541	-	3,541	4,642
<b>TOTAL ASSETS</b>	<b>\$ 5,526,633</b>	<b>\$ 183,211</b>	<b>\$ 5,709,844</b>	<b>\$ 6,108,562</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 811,822	\$ -	\$ 811,822	\$ 770,337
Related Party Payable	59,438	-	59,438	-
<b>TOTAL LIABILITIES</b>	<b>871,260</b>	<b>-</b>	<b>871,260</b>	<b>770,337</b>
Net Assets	4,655,373	183,211	4,838,584	5,338,225
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,526,633</b>	<b>\$ 183,211</b>	<b>\$ 5,709,844</b>	<b>\$ 6,108,562</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

STATEMENT OF ACTIVITIES  
Year Ended March 31, 2011  
With Summarized Totals for the Year Ended March 31, 2010

	2011			2010 Total
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUE AND SUPPORT:</b>				
<b>Special Events:</b>				
Gross Receipts	\$ 1,962,605	\$ 53,700	\$ 2,016,305	\$ 1,956,767
Less: Direct Benefit to Donors	(424,091)	-	(424,091)	(416,513)
<b>NET SPECIAL EVENTS REVENUE</b>	1,538,514	53,700	1,592,214	1,540,254
Contributed Goods, Services and				
Use of Facilities	1,891,620	-	1,891,620	2,130,796
Contributions	733,790	497,641	1,231,431	605,391
Investment Income	107,965	-	107,965	193,941
Revenue from Related Party	4,796	-	4,796	14,257
Miscellaneous	63,000	-	63,000	30,558
Net Assets Released from:				
Purpose Restrictions	514,150	(514,150)	-	-
Time Restrictions	552,400	(552,400)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	5,406,235	(515,209)	4,891,026	4,515,197
<b>EXPENSES:</b>				
Program Services	4,196,699	-	4,196,699	4,198,740
Management and General	338,044	-	338,044	509,064
Fundraising	855,924	-	855,924	1,221,752
<b>TOTAL EXPENSES</b>	5,390,667	-	5,390,667	5,929,556
<b>CHANGE IN NET ASSETS</b>	15,568	(515,209)	(499,641)	(1,414,359)
Net Assets - Beginning of Year	4,639,805	698,420	5,338,225	6,752,584
<b>NET ASSETS - END OF YEAR</b>	\$ 4,655,373	\$ 183,211	\$ 4,838,584	\$ 5,338,225

The Accompanying Notes are an Integral Part of These Financial Statements

**STARLIGHT CHILDREN'S FOUNDATION  
NY\*NJ\*CT**

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended March 31, 2011  
With Summarized Totals for the Year Ended March 31, 2010

	2011											2010
	Great Escapes	Hospital Happenings	Treatment Rooms	Pediatric Hospital Support Program	Wish	Fun Centers	Visibility Campaign	Total Program Services	Management and General	Fundraising	Total	Total
Direct Program Goods, Services and Use of Facilities	\$ 509,416	\$ 535,760	\$ 76,302	\$ 753,084	\$ 78,720	\$ 180,748	\$ 1,045,975	\$ 3,180,005	\$ -	\$ -	\$ 3,180,005	\$ 3,196,624
<b>TOTAL DIRECT PROGRAM</b>	<b>509,416</b>	<b>535,760</b>	<b>76,302</b>	<b>753,084</b>	<b>78,720</b>	<b>180,748</b>	<b>1,045,975</b>	<b>3,180,005</b>	<b>-</b>	<b>-</b>	<b>3,180,005</b>	<b>3,196,624</b>
Advertising	60	63	9	89	9	21	123	374	102	143	619	-
Bad Debt Provision	-	-	-	-	-	-	-	-	9,222	-	9,222	7,735
Depreciation	208	219	31	307	32	74	427	1,298	354	497	2,149	2,729
Equipment Rental and Repair	1,017	1,069	152	1,503	157	361	2,088	6,347	1,732	2,432	10,511	7,968
Events	-	-	-	-	-	-	-	-	-	146,059	146,059	137,814
Fundraising	-	-	-	-	-	-	-	-	-	286,047	286,047	514,721
Insurance	307	323	46	455	48	109	631	1,919	4,740	736	7,395	9,449
Miscellaneous	4,115	4,328	616	6,083	636	1,460	8,449	25,687	15,759	9,845	51,291	53,771
Office Supplies	714	751	107	1,056	110	253	1,467	4,458	1,217	1,709	7,384	10,379
Postage	587	617	88	868	91	208	1,205	3,664	1,403	1,404	6,471	4,117
Printing and Publications	209	219	31	308	32	74	428	1,301	770	34,679	36,750	347
Professional Services	-	-	-	-	-	-	-	-	31,556	-	31,556	41,540
Public Relations	-	-	-	-	-	-	-	-	4,134	-	4,134	79,677
Rent	18,215	19,157	2,728	26,928	2,815	6,463	37,400	113,706	31,035	43,577	188,318	175,698
Salaries and Employee Benefits	116,388	122,406	17,433	172,059	17,985	41,296	238,976	726,543	198,301	278,440	1,203,284	1,228,869
Telephone	501	527	75	741	77	178	1,029	3,128	853	1,198	5,179	6,576
Travel and Automobile	417	439	62	617	64	148	856	2,603	2,567	998	6,168	4,030
Visibility Campaign	20,131	21,172	3,015	29,760	3,111	7,143	41,334	125,666	34,299	48,160	208,125	447,512
<b>TOTAL 2011 FUNCTIONAL EXPENSES</b>	<b>\$ 672,285</b>	<b>\$ 707,050</b>	<b>\$ 100,695</b>	<b>\$ 993,858</b>	<b>\$ 103,887</b>	<b>\$ 238,536</b>	<b>\$ 1,380,388</b>	<b>\$ 4,196,699</b>	<b>\$ 338,044</b>	<b>\$ 855,924</b>	<b>\$ 5,390,667</b>	
								78%	6%	16%	100%	
<b>TOTAL 2010 FUNCTIONAL EXPENSES</b>	<b>\$ 522,705</b>	<b>\$ 787,006</b>	<b>\$ 35,531</b>	<b>\$ 1,295,266</b>	<b>\$ 152,271</b>	<b>\$ 354,642</b>	<b>\$ 1,051,319</b>	<b>\$ 4,198,740</b>	<b>\$ 509,064</b>	<b>\$ 1,221,752</b>		<b>\$ 5,929,556</b>
								71%	8%	21%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

STATEMENT OF CASH FLOWS  
Year Ended March 31, 2011  
With Summarized Totals for the Year Ended March 31, 2010

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (499,641)	\$ (1,414,359)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Contributed Inventory (Non-Cash)	-	(1,210,964)
Contributed Inventory Expense (Non-Cash)	47,533	1,218,660
<b><i>Net Contributed Inventory Used (Non-Cash)</i></b>	47,533	7,696
Depreciation	2,149	2,729
Realized and Unrealized Gains on Investments	(105,521)	(193,600)
Bad Debt Provision	9,222	-
Contributed Interest in a Limited Liability Company (Non-Cash)	(376,005)	-
(Increase) Decrease in:		
Accounts Receivable	1,723	(6,213)
Related Party Receivables	(15,971)	5,306
Contributions and Pledges Receivable	12,672	34,628
Bequest Receivable	450,000	200,000
Prepaid Expenses and Other Assets	(113,258)	8,690
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	41,485	(78,909)
Related Party Payable	59,438	(30,000)
<b><i>NET CASH USED IN OPERATING ACTIVITIES</i></b>	(486,174)	(1,464,032)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Property and Equipment	(1,048)	-
Proceeds from Sale of Investments	-	601,962
Purchases of Investments	(1,319,370)	(250,000)
<b><i>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</i></b>	(1,320,418)	351,962
<b><i>NET DECREASE IN CASH AND CASH EQUIVALENTS</i></b>	(1,806,592)	(1,112,070)
Cash and Cash Equivalents - Beginning of Year	4,508,241	5,620,311
<b><i>CASH AND CASH EQUIVALENTS - END OF YEAR</i></b>	\$ 2,701,649	\$ 4,508,241

The Accompanying Notes are an Integral Part of These Financial Statements

**STARLIGHT CHILDREN'S FOUNDATION  
NY\*NJ\*CT**

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2011**

**NOTE 1 - ORGANIZATION**

In 1985, the New York Chapter of Starlight Children's Foundation was formed. Since then, services have expanded to reach seriously ill children in New Jersey and Connecticut. Starlight Children's Foundation NY\*NJ\*CT (the Chapter) is the largest chapter of Starlight Children's Foundation (the Foundation). The Chapter is dedicated to helping seriously ill children and their families cope with their pain, fear and isolation through entertainment, education and family activities. Each year, the Chapter's programs help to bring laughter and smiles to over 275,000 children living in New York, New Jersey and Connecticut.

Children, infants and teens served by Starlight suffer from chronic, serious, or life-threatening illnesses, physical disabilities and injuries. While other children's organizations focus on finding cures, there are few organizations that provide children with strategies, programs, and services that enable them to cope with the challenging daily demands of illness, injury or disability. While others treat the illness, Starlight treats the child.

A wide array of research has been conducted that documents the importance of, and positive role, that distraction can have on children and their pain, discomfort, and distress. Starlight understands that when a child's discomfort is not well treated, they can develop feelings of helplessness, frustration, physical and emotional stress, fear, anxiety, depression and low self-esteem.

Research has shown that children who participate in Starlight's programs receive the following benefits:

- Decreased pain and anxiety.
- Increased knowledge about their disease.
- Increased responsibility for managing their illness.
- Improved methods to cope with their illness.
- Decreased need for pain medication.
- Greater willingness to return for further treatment.
- Improved sense of peer support and camaraderie.
- Alleviation of stress, loneliness, and isolation, conditions that often accompany prolonged illness.

The focus of Starlight is to insure that kids can still be kids while dealing with serious illness. Starlight's programs are designed with the child in mind but are sanctioned and approved by Child Life personnel in the hospitals. The Chapter is proud of its long-standing partnerships with Child Life and the medical community. As a result of these relationships, Starlight is better able to assess the needs that sick children have, and can support projects and programs that alleviate anxiety and fear and promote a sense of hope and well-being.

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2011**

**NOTE 1 - ORGANIZATION** (continued)

Programs include:

- The Chapter's **Pediatric Hospital Support Program** responds to the need that exists in hospitals for creative and fun outlets for seriously ill children. The program, now in its 14<sup>th</sup> year, serves tri-state area hospitals with special projects to benefit sick and hospitalized children.

This unique hospital program supports Music and Dance Therapy, Karate Classes for kids fighting cancer, adapted Yoga sessions for profoundly disabled children, Sensory Therapy, a wheelchair accessible van, Recreational Rooms, Horticulture Therapy, a Video Artist-in-Residence project, and many other creative projects that enhance the lives of hospitalized children.

- **Starlight Fun Center™ Mobile Entertainment Units** include a Sharp Aquos flat-panel screen, a DVD player and a Nintendo Wii system. The Nintendo Wii has been hailed by physical therapists as an effective rehabilitation system for injured and disabled children as well as distractive therapy for all hospitalized children. This past fiscal year, the Chapter placed 71 Fun Centers in tri-state area hospitals.
- **Hospital Happenings®** are fun-filled parties, therapeutic workshops, entertaining visits from musicians, clowns and entertainers, and other special events such as movie nights, game tournaments and crafting extravaganzas. Specialized Hospital Happenings include:
  - **Clown Program** - Children suffering from a wide range of illnesses have come to rely on weekly visits from our clowns for large doses of happiness. For many years medical professionals have recognized that those patients who maintained a positive mental attitude and shared laughter responded better to treatment.
  - **Music Program** - Children benefit from the power of music as a result of sessions with music therapists who not only encourage their creativity and personal expression but also help them develop coping skills and techniques for pain management.
  - **Starworks** - Graduate writing students teach creative expression to pediatric patients in several area hospitals. As a result, these children have composed pictures of their hopes, dreams and lives in poems, stories, and essays. Creativity has a powerful impact – it heightens spirits, generates pride, and builds self-esteem.
  - **Send a Smile, Send a Bear** - Teddy bears are given to hospitalized children throughout the year. A Teddy bear can provide the support and comfort a child needs during a scary medical procedure, ease his nervousness before a surgery and cuddle with it in recovery.

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2011**

**NOTE 1 - ORGANIZATION** (continued)

- **Hospital Happenings®** (continued)

Hospital staff recognizes Hospital Happenings as highly effective morale boosters that create much-needed social interaction. For children, the ability to share a laugh with family, roommates and caregivers can be the best medicine possible.

This past fiscal year, the Chapter supplied over 3,000 Hospital Happenings in the tri-state area, as well as supplying over 3,000 Teddy Bears.

- **Visibility Campaign:** This past fiscal year, the Chapter continued to be featured in a visibility campaign and received invaluable exposure through the donated advertising space. The campaign reached millions of people in the NY\*NJ\*CT area through outdoor coverage on billboards in NYC, buses, subways, transit shelters, phone kiosks, mall kiosks, and billboards along the interstate in New Jersey. Because of this exposure the Chapter has been able to generate substantial brand awareness surrounding the Chapter both to the general public as well as seriously ill children and their families in need of the Chapter's programs and services.

- **Starlight Care Rooms** - While in the hospital, many seriously ill children spend the bulk of their time in treatment rooms. These rooms are often dreary, intimidating areas in the hospital. Although this is where some of the child's most difficult, most invasive, most painful experiences occur the treatment rooms are often overlooked when patient rooms and other areas of the hospital are renovated to be more child-friendly.

Starlight Care Rooms are child-friendly treatment rooms. Feedback from medical staff, parents, Child Life personnel and the children themselves strongly indicates a great need to renovate these environments. The Chapter is committed to designing and creating Care Rooms throughout the tri-state area that will make the hospital experience less intimidating and frightening.

The Chapter opened 5 Starlight Care Rooms in the tri-state area during the year ended March 31, 2011 with three currently under renovation.

- **Great Escapes** helps build meaningful and lasting memories for seriously ill children and their families. Children, their siblings and parents attend special outings where they make vital connections with other families, experience respite from medical routines, and renew their sense of hope.

Great Escapes is about connecting children to other children, families to other families, and most of all helping children break free from the isolation that often accompanies an illness while letting them know they are not alone.

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2011**

**NOTE 1 - ORGANIZATION** (continued)

- **Great Escapes** (continued)

A research study conducted by Dr. Joseph P. Bush at Fielding Graduate Institute found that the Great Escapes program provides significant psychological benefits to seriously ill children and their families, including reduced anxiety and depression; and improved coping, family cohesiveness and socialization.

The Great Escapes program continues to grow throughout the region serving 7500 seriously ill children and their families. 212 Great Escapes activities were held throughout the tri-state area during this past fiscal year.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**(b) ACCOUNTING**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Chapter 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 unrestricted, temporarily restricted, or permanently restricted.

- **Unrestricted.** Unrestricted net assets generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions. The Chapter has \$4,655,373 of unrestricted net assets at March 31, 2011.
- **Temporarily Restricted Net Assets.** The Chapter 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 purpose or time restrictions. The Chapter reports restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions. The Chapter has \$183,211 of temporarily restricted net assets at March 31, 2011.

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(b) ACCOUNTING** (continued)

- **Permanently Restricted Net Assets.** Permanently restricted net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Chapter to expend all of the income (or other economic benefits) derived from the donated assets. The Chapter has no permanently restricted net assets at March 31, 2011.

**(c) CASH AND CASH EQUIVALENTS**

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

The Chapter maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Chapter has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The carrying value of cash and cash equivalents at March 31, 2011 approximates its fair value.

**(d) INVESTMENTS**

Investments 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 statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

As permitted by ASC 820, *Fair Value Measurements and Disclosures*, the Chapter uses net asset value (NAV) to determine the fair value of investments which (1) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The Chapter's investments consist of mutual funds, an interest in a limited liability company and an interest in a limited partnership

**(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, if any, represents its estimated net realizable value. The allowance for doubtful accounts, if any, 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 collectability 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. At March 31, 2011, all receivables are deemed fully collectible; therefore, no allowance for doubtful accounts has been established.

**STARLIGHT CHILDREN'S FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE**

Unconditional contributions, including pledges, are recorded at fair value, and recognized as revenues in the period received. The Chapter reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. At March 31, 2011, the Chapter evaluated the collectibility of pledges receivable. The Chapter has established an allowance for uncollectible pledges in the amount of \$9,222 as of March 31, 2011.

**(g) LEGACIES AND BEQUESTS**

The Chapter has been named a beneficiary in a bequest. Bequests are not recognized as support until all of the following conditions are met: the demise of testator, the amount of the bequest is known, the Chapter is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid.

**(h) INVENTORY**

Inventory is comprised of "PC Pals," 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:

Furniture and Equipment	7 Years
Office Equipment	5 Years

**(j) LONG-LIVED ASSETS**

The Chapter reviews the carrying value of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended March 31, 2011.

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2011**

**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 non-financial 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 generally consist of toys, videos, DVD's, airline tickets, hotel accommodations, theme park admissions, and other tangible goods. The Chapter received \$1,891,620 of contributed goods, services and use of facilities (See Note 6).

**(l) INCOME TAXES**

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and the corresponding state provisions.

**(m) 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 reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

**(n) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Chapter's programs and other activities have been presented in the 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 Chapter allocates indirect costs by full time equivalents under each activity.

**(o) COMPARATIVE TOTALS**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Chapter's financial statements for the year ended March 31, 2010, from which the summarized information was derived.

**STARLIGHT CHILDREN'S FOUNDATION**  
**NY\*NJ\*CT**

NOTES TO FINANCIAL STATEMENTS  
March 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(p) SUBSEQUENT EVENTS**

The Chapter has evaluated events and transactions occurring subsequent to the statement of financial position date of March 31, 2011 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through August 4, 2011, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

**NOTE 3 - INVESTMENTS**

The Chapter has implemented the accounting standard for those assets that are re-measured and reported at fair value at each reporting period.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Chapter's assets that are measured at fair value on a recurring basis at March 31, 2011, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended March 31, 2011	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 129,514	\$ 129,514	\$ -	\$ -
TIFF Multi-Asset Fund	1,351,939	-	1,351,939	-
Interest in a Limited Liability Company	376,005	-	-	376,005
Interest in a Limited Partnership	819,216	-	-	819,216
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,676,674</b>	<b>\$ 129,514</b>	<b>\$ 1,351,939</b>	<b>\$ 1,195,221</b>

The fair value of the mutual funds within Level 1 was obtained based on quoted market prices at the closing of the last business day of the fiscal year.

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March 31, 2011

**NOTE 3 - INVESTMENTS** (continued)

The fair value of the holdings in The Investment Fund for the Foundation (TIFF) Multi-Asset Fund is valued based upon Level 2 inputs using the net asset value (NAV) of the fund as determined by TIFF Advisory Services, Inc. Redemption notice must be received by the close of business on any business day. Payment, less any applicable exit fee, generally will be made on the business day following receipt of notice, up to seven days. The open-ended balanced mutual fund invests, either directly or indirectly through its investments in acquired funds, in common and preferred stocks, real estate investment trusts, high yield bonds, securities issued or guaranteed by the U.S. government, corporate bonds, and short-term investments, such as high-quality, short-term money market instruments.

The fair value of the interest in a limited liability company within Level 3 was estimated based on a valuation performed by an appraiser and assessed by management, using the income approach in accordance with the fair value accounting standard ASC 820, *Fair Value Measurements and Disclosures*. Inputs used for the income approach included the evaluation of certain observable market data such as capitalization rates on similar property types. The limited liability company owns and operates 80 residential apartments and 5 commercial units in New York.

The fair value of the interest in the limited partnership within Level 3 was based on the net asset value of the partnership interest owned by the Chapter, which is reported by the general partners based on the value of assets and liabilities within the partnership. The partnership is audited annually by independent auditors and received an unqualified audit opinion for the year ended December 31, 2010. It is probable that the investment in this limited partnership will be sold at an amount different than the reflected investment value. The limited partnership invests in private investment companies and other investment vehicles, which in turn invest primarily in long and short equities. The Chapter has no unfunded commitments at March 31, 2011 and redemptions can be made annually with 65 days notice.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Interest in Limited Liability Company	Interest in Limited Partnership	Total
Beginning Balance	\$ -	\$ 762,485	\$ 762,485
Contributions	376,005	-	376,005
Redemptions	-	(32,569)	(32,569)
Realized and Unrealized Gains	-	89,300	89,300
<b>ENDING BALANCE</b>	<b>\$ 376,005</b>	<b>\$ 819,216</b>	<b>\$ 1,195,221</b>

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**March 31, 2011**

**NOTE 3 - INVESTMENTS** (continued)

Investment income for the year ended March 31, 2011 consists of the following:

Interest and Dividends	\$	2,444
Realized and Unrealized		
Gains on Investments		<u>105,521</u>
<b>INVESTMENT INCOME</b>	\$	<u><u>107,965</u></u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment at March 31, 2011 consist of the following:

Furniture and Equipment	\$	19,973
Office Equipment		<u>46,150</u>
<b>TOTAL</b>		66,123
Less: Accumulated Depreciation		<u>(62,582)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	\$	<u><u>3,541</u></u>

Depreciation expense was \$2,149 for the year ended March 31, 2011.

**NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at March 31, 2011 consist of the following:

Accounts Payable	\$	343,078
Accrued Vacation		9,537
Pediatric Hospital Support Program		453,707
Other Accrued Liabilities		<u>5,500</u>
<b>TOTAL ACCOUNTS PAYABLE</b> <b>AND ACCRUED LIABILITIES</b>	\$	<u><u>811,822</u></u>

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

Contributed goods, services, and use of facilities during the year ended March 31, 2011 are as follows:

Direct Program Services	\$	504,175
Direct Program Goods		1,238,765
Rent		<u>148,680</u>
<b>TOTAL</b>	\$	<u><u>1,891,620</u></u>

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**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at March 31, 2011 are restricted as follows:

Fun Centers	\$	34,245
Great Escapes		3,000
Treatment Rooms		55,516
Time Restrictions		<u>90,450</u>
<b><i>TOTAL TEMPORARILY RESTRICTED NET ASSETS</i></b>	<b>\$</b>	<b><u>183,211</u></b>

**NOTE 8 - DEFINED CONTRIBUTION PENSION PLANS**

The Chapter maintains a 401(k) defined contribution pension plan with matching contributions of 3% of participant salaries. Matching contributions totaled \$16,280 for the year ended March 31, 2011.

**NOTE 9 - RELATED PARTY TRANSACTIONS**

The Chapter receives in-kind donated facilities and utilities from a company owned by a Board member. The donated facilities and utilities amounted to \$128,740 for the year ended March 31, 2011. The Chapter paid the company \$75,787 for rent during the year ended March 31, 2011.

As discussed in Note 1, the Chapter is a chartered chapter of the Foundation. During the year ended March 31, 2011, the Chapter received allocated funds from the Foundation totaling \$4,796. Receivables and payables from the Foundation were \$17,160 and \$59,438, respectively, at March 31, 2011. Additionally, the Chapter had receivables of \$1,589 from another chapter of the Foundation at March 31, 2011.