

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

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED
MARCH 31, 2009 AND 2008

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

CONSOLIDATED FINANCIAL STATEMENTS

**YEARS ENDED
MARCH 31, 2009 AND 2008**

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GREEN HASSON & JANKS LLP
BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statements of financial position of Starlight Children's Foundation and U.S. Chapters (the Foundation) as of March 31, 2009 and 2008 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 the Foundation as of March 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a 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 a whole.

Green Hasson & Janks LLP

September 9, 2009
Los Angeles, California

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**STARLIGHT CHILDREN'S FOUNDATION
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2009**

ASSETS	Unrestricted	Temporarily Restricted	Total
Cash and Cash Equivalents	\$ 7,098,774	\$ 3,290,914	\$ 10,389,688
Investments	2,284,972	-	2,284,972
Accounts Receivable	82,412	-	82,412
Receivables from International Affiliates	81,863	-	81,863
Pledges Receivable (Net)	-	3,316,350	3,316,350
Bequests Receivable	-	973,640	973,640
Inventory	3,235,446	-	3,235,446
Prepaid Expenses and Other Assets	195,297	-	195,297
Property and Equipment (Net)	98,145	-	98,145
<i>TOTAL ASSETS</i>	<i>\$ 13,076,909</i>	<i>\$ 7,580,904</i>	<i>\$ 20,657,813</i>
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 3,323,361	\$ -	\$ 3,323,361
Deferred Revenue	100,000	-	100,000
Payables to International Affiliates	842	-	842
<i>TOTAL LIABILITIES</i>	<i>3,424,203</i>	<i>-</i>	<i>3,424,203</i>
NET ASSETS:			
Unrestricted:			
Unrestricted Undesignated	8,558,056	-	8,558,056
Unrestricted Board Designated	1,094,650	-	1,094,650
<i>TOTAL UNRESTRICTED NET ASSETS</i>	<i>9,652,706</i>	<i>-</i>	<i>9,652,706</i>
Temporarily Restricted	-	7,580,904	7,580,904
<i>TOTAL NET ASSETS</i>	<i>9,652,706</i>	<i>7,580,904</i>	<i>17,233,610</i>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<i>\$ 13,076,909</i>	<i>\$ 7,580,904</i>	<i>\$ 20,657,813</i>

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

**STARLIGHT CHILDREN'S FOUNDATION
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2008**

ASSETS	Unrestricted	Temporarily Restricted	Total
Cash and Cash Equivalents	\$ 5,756,880	\$ 4,512,355	\$ 10,269,235
Investments	2,622,009	-	2,622,009
Accounts Receivable	75,584	-	75,584
Receivables from International Affiliates	422,110	-	422,110
Pledges Receivable	-	5,736,410	5,736,410
Inventory	4,644,808	-	4,644,808
Prepaid Expenses and Other Assets	257,125	-	257,125
Property and Equipment (Net)	96,051	-	96,051
TOTAL ASSETS	\$ 13,874,567	\$ 10,248,765	\$ 24,123,332
 LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 1,793,902	\$ -	\$ 1,793,902
Payable to International Affiliates	13,443	-	13,443
TOTAL LIABILITIES	1,807,345	-	1,807,345
 NET ASSETS:			
Unrestricted:			
Unrestricted Undesignated	10,700,376	-	10,700,376
Unrestricted Board Designated	1,366,846	-	1,366,846
TOTAL UNRESTRICTED NET ASSETS	12,067,222	-	12,067,222
Temporarily Restricted	-	10,248,765	10,248,765
TOTAL NET ASSETS	12,067,222	10,248,765	22,315,987
TOTAL LIABILITIES AND NET ASSETS	\$ 13,874,567	\$ 10,248,765	\$ 24,123,332

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

**STARLIGHT CHILDREN'S FOUNDATION
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**CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended March 31, 2009**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT:			
Special Events:			
Gross Receipts	\$ 5,672,987	\$ -	\$ 5,672,987
Less: Direct Benefit to Donors	(1,497,357)	-	(1,497,357)
NET SPECIAL EVENTS REVENUE	4,175,630	-	4,175,630
Contributions	2,546,080	5,044,381	7,590,461
Contributed Goods, Services and Use of Facilities	6,386,450	313,560	6,700,010
Investment Loss	(222,123)	-	(222,123)
Assessments and Sales to International Affiliates	50,750	-	50,750
Miscellaneous	96,145	-	96,145
Net Assets Released from:			
Program Restrictions	4,290,668	(4,290,668)	-
Time Restrictions	3,735,134	(3,735,134)	-
TOTAL REVENUE AND SUPPORT	21,058,734	(2,667,861)	18,390,873
EXPENSES:			
Program Services:			
Asthma	2,362	-	2,362
Crohn's/Colitis	171,808	-	171,808
Fun Centers	2,829,979	-	2,829,979
Get Fit Get Right	155,913	-	155,913
Great Escapes	5,217,529	-	5,217,529
Hospital Happenings	3,629,149	-	3,629,149
PC Pals	797,541	-	797,541
Starbright World	423,134	-	423,134
Starlight Sites	420,398	-	420,398
Other Programs	4,557,760	-	4,557,760
TOTAL PROGRAM SERVICES	18,205,573	-	18,205,573
Management and General	1,595,914	-	1,595,914
Fundraising	3,671,763	-	3,671,763
TOTAL EXPENSES	23,473,250	-	23,473,250
CHANGE IN NET ASSETS	(2,414,516)	(2,667,861)	(5,082,377)
Net Assets - Beginning of Year	12,067,222	10,248,765	22,315,987
NET ASSETS - END OF YEAR	\$ 9,652,706	\$ 7,580,904	\$ 17,233,610

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

**STARLIGHT CHILDREN'S FOUNDATION
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**CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended March 31, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT:				
Special Events:				
Gross Receipts	\$ 5,369,506	\$ -	\$ -	\$ 5,369,506
Less: Direct Benefit to Donors	(1,180,411)	-	-	(1,180,411)
NET SPECIAL EVENTS REVENUE	4,189,095	-	-	4,189,095
Contributions	4,196,035	6,832,136	-	11,028,171
Contributed Goods, Services and Use of Facilities	9,771,575	-	-	9,771,575
Investment Income	319,408	-	-	319,408
Assessments and Sales to International Affiliates	731,750	-	-	731,750
Miscellaneous	80,511	-	-	80,511
Net Assets Released from:				
Program Restrictions	3,908,301	(3,904,301)	(4,000)	-
Time Restrictions	1,507,930	(1,507,930)	-	-
TOTAL REVENUE AND SUPPORT	24,704,605	1,419,905	(4,000)	26,120,510
EXPENSES:				
Program Services:				
Asthma	10,800	-	-	10,800
Fun Centers	1,393,377	-	-	1,393,377
Get Fit Get Right	221,718	-	-	221,718
Great Escapes	3,975,024	-	-	3,975,024
Hospital Happenings	6,381,244	-	-	6,381,244
PC Pals	1,041,112	-	-	1,041,112
Starbright World	429,588	-	-	429,588
Starlight Sites	1,354,514	-	-	1,354,514
Other Programs	3,272,891	-	-	3,272,891
TOTAL PROGRAM SERVICES	18,080,268	-	-	18,080,268
Management and General	1,478,192	-	-	1,478,192
Fundraising	3,424,091	-	-	3,424,091
TOTAL EXPENSES	22,982,551	-	-	22,982,551
CHANGE IN NET ASSETS	1,722,054	1,419,905	(4,000)	3,137,959
Net Assets - Beginning of Year	10,345,168	8,828,860	4,000	19,178,028
NET ASSETS - END OF YEAR	\$ 12,067,222	\$ 10,248,765	\$ -	\$ 22,315,987

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

**STARLIGHT CHILDREN'S FOUNDATION
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**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2009**

	Asthma	Crohn's/Colitis	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
Direct Program Goods, Services and Use of Facilities	\$ 1,783	\$ 129,682	\$ 2,074,949	\$ 117,683	\$ 3,812,467	\$ 2,827,033	\$ 595,821	\$ 319,380	\$ 299,360	\$ 3,527,945	\$ 13,706,103	\$ -	\$ -	\$ 13,706,103
TOTAL DIRECT PROGRAM	1,783	129,682	2,074,949	117,683	3,812,467	2,827,033	595,821	319,380	299,360	3,527,945	13,706,103	-	-	13,706,103
Advertising	-	19	1,030	17	4,507	5,724	86	46	424	13,770	25,623	9,077	23,365	58,065
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	130,000	-	130,000
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	69,573	22,803	92,376
Depreciation	4	259	4,214	235	9,974	4,007	1,209	637	638	2,860	24,037	4,069	11,583	39,689
Equipment Rental and Repair	3	226	4,751	205	10,016	6,774	1,119	557	633	5,032	29,316	6,192	15,769	51,277
Events	-	-	-	-	-	-	-	-	-	-	-	-	579,642	579,642
Fundraising	-	-	-	-	-	-	-	-	-	-	-	1,726	289,969	291,695
Insurance	9	664	12,636	602	22,291	9,216	3,134	1,635	1,589	5,909	57,685	12,019	28,222	97,926
Miscellaneous	14	1,002	19,448	911	32,240	15,055	4,657	2,471	2,620	15,997	94,415	82,470	106,696	283,581
Office Supplies	3	200	4,274	181	11,181	8,343	1,184	493	686	8,974	35,519	11,720	24,658	71,897
Postage	1	99	2,389	89	5,895	4,391	492	243	307	3,730	17,636	4,517	40,334	62,487
Printing and Publications	4	317	5,709	288	13,277	7,081	1,541	782	1,039	13,175	43,213	11,525	73,970	128,708
Professional Services	32	2,310	44,208	2,096	101,561	88,628	10,719	5,690	11,199	216,910	483,353	423,063	419,889	1,326,305
Public Relations	-	-	-	-	223	494	-	-	45	1,560	2,322	875	1,376	4,573
Rent	39	2,823	55,483	2,562	112,588	97,123	14,147	6,953	8,734	90,773	391,225	95,413	212,729	699,367
Salaries and Employee Benefits	461	33,525	586,391	30,424	1,044,839	525,603	160,031	82,566	90,179	598,995	3,153,014	692,704	1,701,006	5,546,724
Telephone	6	461	9,927	419	20,376	11,149	2,290	1,136	1,153	6,135	53,052	11,409	33,245	97,706
Travel and Automobile	3	221	4,570	201	10,112	5,329	1,111	545	593	4,321	27,006	6,191	49,748	82,945
Visibility Campaign	-	-	-	-	5,982	13,199	-	-	1,199	41,674	62,054	23,371	36,759	122,184
TOTAL 2009 FUNCTIONAL EXPENSES	\$ 2,362	\$ 171,808	\$ 2,829,979	\$ 155,913	\$ 5,217,529	\$ 3,629,149	\$ 797,541	\$ 423,134	\$ 420,398	\$ 4,557,760	\$ 18,205,573	\$ 1,595,914	\$ 3,671,763	\$ 23,473,250

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

**STARLIGHT CHILDREN'S FOUNDATION
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**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2008**

	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
Direct Program Goods, Services and Use of Facilities	\$ 8,408	\$ 1,084,108	\$ 172,593	\$ 3,031,061	\$ 5,176,725	\$ 810,435	\$ 334,406	\$ 1,052,928	\$ 2,613,115	\$ 14,283,779	\$ -	\$ -	\$ 14,283,779
TOTAL DIRECT PROGRAM	8,408	1,084,108	172,593	3,031,061	5,176,725	810,435	334,406	1,052,928	2,613,115	14,283,779	-	-	14,283,779
Advertising	4	530	84	2,086	4,541	394	163	494	3,658	11,954	4,654	11,932	28,540
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	50,536	-	50,536
Bank Charges	-	-	-	-	-	-	-	-	-	-	57,482	-	57,482
Depreciation (*)	9	1,166	186	3,940	7,000	872	360	1,140	2,051	16,724	3,779	8,544	29,047
Equipment Rental and Repair	14	1,819	290	5,572	8,501	1,363	562	1,711	4,835	24,667	6,718	15,184	46,569
Events	-	-	-	-	-	-	-	-	-	-	-	589,616	589,616
Fundraising	-	-	-	-	-	-	-	-	-	-	-	124,336	124,336
Insurance	32	4,222	665	15,930	15,707	3,123	1,289	4,131	4,010	49,109	11,056	24,469	84,634
Miscellaneous	68	8,784	1,403	18,672	26,375	6,587	2,718	8,381	13,620	86,608	72,478	131,176	290,262
Office Supplies	16	2,147	337	10,411	16,355	1,583	653	2,325	9,151	42,978	14,192	37,814	94,984
Postage	7	888	138	4,437	6,723	650	268	996	3,750	17,857	5,059	75,377	98,293
Printing and Publications	15	1,881	300	4,555	7,329	1,407	580	1,918	1,471	19,456	5,090	78,605	103,151
Professional Services	109	14,059	2,243	30,449	37,910	10,534	4,346	13,258	18,105	131,013	366,609	497,203	994,825
Rent	141	18,248	2,890	71,389	109,357	13,572	5,600	18,124	71,808	311,129	88,128	164,728	563,985
Salaries and Employee Benefits	1,949	251,870	40,012	756,509	940,346	187,884	77,525	245,238	520,525	3,021,858	776,717	1,573,357	5,371,932
Telephone	19	2,494	392	14,840	16,642	1,838	759	2,586	3,958	43,528	10,623	26,050	80,201
Travel and Automobile	9	1,161	185	5,173	7,733	870	359	1,284	2,834	19,608	5,071	65,700	90,379
TOTAL 2008 FUNCTIONAL EXPENSES	\$ 10,800	\$ 1,393,377	\$ 221,718	\$ 3,975,024	\$ 6,381,244	\$ 1,041,112	\$ 429,588	\$ 1,354,514	\$ 3,272,891	\$ 18,080,268	\$ 1,478,192	\$ 3,424,091	\$ 22,982,551

(*) \$2,596 of depreciation expense is included in the line item "Direct Program Goods, Services and Use of Facilities" above.

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

**STARLIGHT CHILDREN'S FOUNDATION
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CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended March 31	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (5,082,377)	\$ 3,137,959
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Contributed Inventory (Non-Cash)	(3,942,247)	(8,312,181)
Contributed Inventory Expense (Non-Cash)	5,487,586	7,000,405
<i>Net Contributed Inventory (Non-Cash)</i>	1,545,339	(1,311,776)
Depreciation	39,689	31,643
Realized and Unrealized (Gains) Losses on Investments	385,806	(15,618)
Bad Debt Expense	130,000	50,536
(Increase) Decrease in:		
Accounts Receivable	(6,828)	(64,700)
Receivables from International Affiliates	340,247	(420,770)
Pledges Receivable	2,290,060	(161,828)
Bequests Receivable	(973,640)	-
Inventory (Other than Contributed)	(135,977)	(456,208)
Prepaid Expenses and Other Assets	61,828	(98,430)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	1,529,459	679,293
Deferred Revenue	100,000	-
Payables to International Affiliates	(12,601)	13,443
<i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i>	211,005	1,383,544
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investments	982,418	976,352
Purchase of Investments	(988,606)	(682,225)
Reinvestment of Interest and Dividends	(42,581)	(8,899)
Purchase of Property and Equipment	(41,783)	(30,868)
<i>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</i>	(90,552)	254,360
<i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i>	120,453	1,637,904
Cash and Cash Equivalents - Beginning of Year	10,269,235	8,631,331
<i>CASH AND CASH EQUIVALENTS - END OF YEAR</i>	\$ 10,389,688	\$ 10,269,235

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

**STARLIGHT CHILDREN'S FOUNDATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 1 - ORGANIZATION

For more than 25 years, Starlight Children's Foundation and U.S. Chapters (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 worry and isolation. The Foundation's programs have been proven to distract children from their pain, help them better understand and cope with their illnesses, and connect families with others facing similar challenges so that no one feels alone.

Unlike any other charity, the Foundation offers a comprehensive menu of outpatient, hospital-based and Web offerings that enable them to provide ongoing support for children and families - from diagnosis through the entire course of medical treatment. The Foundation's programs serve children and teens suffering from a wide-range of chronic and life-threatening illnesses and life-altering injuries such as cancer, cystic fibrosis, heart disease, asthma, kidney disease, sickle cell disease and burn injuries. Programs include:

- Playrooms, kid-friendly treatment rooms and special events help ease the loneliness, fear and boredom that accompany hospital stays. The Foundation has built more than 100 Starlight Site™ children's playrooms, teen lounges, care rooms, waiting rooms and playgrounds in hospitals nationwide that provide children with inviting places to play, relax and connect, or to receive treatments in a warm, comforting environment. Additionally, the Foundation brings fun-filled Hospital Happenings® involving musicians, clowns and other entertainers to pediatric hospital patients - even those who are bedridden - to provide a morale boost and important social interaction.
- In-hospital entertainment technology like the Foundation's Fun Center™ mobile entertainment units and specially designed PC Pal® laptops help kids fill hours in hospitals or treatment centers with therapeutic fun; find distraction during long or painful medical procedures; access the Foundation's online educational programs and communities; and stay connected with the outside world and keep up with school work during extended hospitalizations.
- Family activities and outings are offered monthly 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. These Great Escape™ events also forge important connections between families struggling with similar issues to combat feelings of isolation.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 1 - ORGANIZATION (continued)

- Online communities and interactive websites help seriously ill teens connect with each other and find tips and strategies for coping with their medical conditions. Starbright World® (www.starbrightworld.org) is an online social network for all seriously ill teens and their siblings that includes a special My Life section that enables teens facing death to document their life story via photos and express their feelings by journaling their thoughts, dreams and fears. UC and Crohn's (www.ucandcrohns.org) is dedicated to helping teens with ulcerative colitis and Crohn's Disease cope.
- Educational programming - delivered via online interactive games, ezines, webisodes, a comic book and websites - helps sick children understand common hospital procedures and manage illnesses and injuries such as cancer, sickle cell, cystic fibrosis, asthma, Crohn's and colitis, severe burns and kidney disease. These programs combat feelings of fear and uncertainty that often accompany illness with fact-based knowledge presented in an engaging and age-appropriate format.

The Foundation provides ongoing support to children, parents and siblings in all U.S. states and Canadian provinces, as well as internationally through affiliates in Australia, Japan and the United Kingdom. The Headquarters office is located in Los Angeles, California. At March 31, 2009, Headquarters had field operations in Atlanta, Arizona, California, Texas, Florida, Minnesota, Nevada, New England, Oregon, and South Carolina. At March 31, 2009, there were also five U.S. chartered chapters (the U.S. chapters): Colorado, MidAtlantic, Midwest, New York/New Jersey/Connecticut and Washington. Each chapter is independently governed by a Board of Directors operating under the Foundation's standards and is responsible for its own fundraising, financial reporting and related tax filing obligations.

Research studies have found that the Foundation's programs help reduce children's pain while helping them to better deal with, understand and manage their illnesses. In addition, the Foundation's programs help the child, parents and siblings experience less depression, anxiety, pain and isolation and bond as a family.

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

Effective October 1, 2007 and June 30, 2008, the New England Chapter and the Atlanta Chapter, respectively, merged operations with Headquarters.

At the Board of Directors meeting on July 25, 2008, it was agreed that the name of the Foundation would be changed from Starlight Starbright Children's Foundation to Starlight Children's Foundation.

**STARLIGHT CHILDREN'S FOUNDATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF CONSOLIDATION

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

The consolidated financial statements include the accounts of Starlight Children's Foundation (Headquarters) and its five U.S. Chapters. All significant inter-chapter transactions and balances have been eliminated on 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) ACCOUNTING

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 unrestricted, temporarily restricted, or permanently restricted.

- **Unrestricted Undesignated.** 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 Foundation has \$8,558,056 and \$10,700,376 of unrestricted undesignated net assets at March 31, 2009 and 2008, respectively.
- **Unrestricted Board Designated.** These are comprised of resources which the Board of Directors has designated for specific strategic initiatives and projects of the Board. Board designated net assets that are designated for particular programs or capital projects are not considered part of the Foundation's endowments. For purposes of complying with net assets accounting, these funds are included in unrestricted net assets at March 31, 2009 and 2008 with a balance of \$1,094,650 and \$1,366,846, respectively.
- **Temporarily Restricted.** 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 \$7,580,904 and \$10,248,765 of temporarily restricted net assets at March 31, 2009 and 2008, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

- **Permanently Restricted.** 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 had no permanently restricted net assets at March 31, 2009 and 2008.

(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 carrying value of cash and cash equivalents approximates its fair value at March 31, 2009 and 2008.

The Foundation maintains its cash and cash equivalents 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 and cash equivalents.

(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 New York/New Jersey/Connecticut Chapter 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, 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 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. At March 31, 2009 and 2008, all receivables are deemed fully collectible; therefore, no allowance for doubtful accounts has been established.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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. At March 31, 2009, the Foundation evaluated the collectibility of pledges receivable and established an allowance for uncollectible pledges in the amount \$130,000. The Foundation had no allowance for uncollectible pledges at March 31, 2008.

Pledges receivable at March 31, 2009 are expected to be collected in their entirety within one year, with the exception of donated facility use for the Washington Chapter through July 2013. The use of facilities, included in pledges receivable at March 31, 2009, is expected to be recognized as follows for the years ending March 31:

Years Ending March 31

2010	\$ 72,360
2011	72,360
2012	72,360
2013	72,360
2014	<u>24,120</u>
TOTAL	<u>\$ 313,560</u>

(g) BEQUESTS RECEIVABLE

The Foundation has been named as a beneficiary in certain bequests. Bequests are recognized as support when the following conditions are met: the demise of the testator, the amount of the bequest is known, the Foundation 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) CONCENTRATION OF RISKS

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

One source of donated goods, the Starbucks Joy Drive, provided 11.4% of the total revenue for the year ended March 31, 2008. This source provided for the donation of toys which were given away to children.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) CONCENTRATION OF RISKS (continued)

Another source of donated goods, Swarovski, provided 3% and 11.7% of the total revenue for the years ended March 31, 2009 and 2008, respectively. This source provided a donation of crystal ornaments which were distributed primarily to families and children through the Foundation's program services. Management does not anticipate an immediate effect on other program activities nor on-going operations as a result of the discontinuation of the donated goods from Swarovski.

(i) INVENTORY

Inventory is comprised of 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.

(j) 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

(k) LONG-LIVED ASSETS

The Foundation reviews the carrying values 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 years ended March 31, 2009 and 2008.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 Foundation received \$6,700,010 and \$9,771,574 of contributed goods, services and use of facilities for the years ended March 31, 2009 and 2008, respectively (See Note 6).

For the year ended March 31, 2008, Starbucks supported local toy drives on behalf of the Washington State Chapter and the Colorado Chapter. These local drives brought in 132,565 units valued at \$2,775,911 for the Washington State Chapter and 10,000 units valued at \$213,500 for the Colorado Chapter, which are included in direct program goods, services and use of facilities (See Note 6).

For the years ended March 31, 2009 and 2008, the Foundation received \$493,500 and \$3,064,000, respectively, of Swarovski crystal ornaments.

(m) DEFERRED REVENUE

Fees for services, which are received in advance, are deferred and recognized as income in the period in which the related services are performed.

(n) ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs for the years ended March 31, 2009 and 2008 were \$58,065 and \$28,540, respectively.

(o) INCOME TAXES

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

(p) USE OF ESTIMATES

The preparation of consolidated 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) RECLASSIFICATION

For comparability, certain March 31, 2009 amounts have been reclassified, where appropriate, to conform with the consolidated financial statement presentation used at March 31, 2009.

(s) RECENT ACCOUNTING PRONOUNCEMENT

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's consolidated financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the consolidated financial statements tax positions taken, or expected to be taken, on a tax return. FIN 48 was initially effective for fiscal years beginning after December 15, 2006. The implementation date of FIN 48 for non-public enterprises has been delayed and is now effective for fiscal years beginning after December 15, 2008. The Foundation expects to adopt the requirements, if necessary, on April 1, 2009 and does not expect the impact of implementation of FIN 48 to have a material effect on its consolidated financial statements. However, until FIN 48 is adopted, the Foundation will continue to account for uncertain tax positions using the guidance in FASB Statement 5, "Accounting for Contingencies." The cumulative effect, if any, of adopting FIN 48 will be recorded as an adjustment to net assets on April 1, 2009.

NOTE 3 - INVESTMENTS

Effective April 1, 2008, the Foundation implemented Statement of Financial Accounting Standards No. 157, "Fair Value Measurements," (SFAS 157) for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. SFAS 157 applies to fair value measurements already required or permitted by existing standards.

**STARLIGHT CHILDREN'S FOUNDATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 3 - INVESTMENTS (continued)

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 Foundation's assets that are measured at fair value on a recurring basis at March 31, 2009, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Fair Value Measurements Using			
	Year Ended March 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities	\$ 26,181	\$ 26,181	\$ -	\$ -
Mutual Funds	332,289	332,289	-	-
Certificates of Deposit	375,000	375,000	-	-
Limited Partnership Interests	952,390	-	-	952,390
US Government Instruments	599,112	599,112	-	-
TOTAL INVESTMENTS	\$ 2,284,972	\$ 1,332,582	\$ -	\$ 952,390

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

The fair value of the holdings in limited partnerships within Level 3 was determined by the NY*NJ*CT Chapter using methods that management believes a reasonable estimate of fair value. These methods include due diligence, ongoing monitoring and evaluation by management of investment funds and investment performance.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Beginning Balance	\$ 1,593,422
Redemptions	(388,338)
Net Realized and Unrealized Losses	(252,694)
ENDING BALANCE	\$ 952,390

**STARLIGHT CHILDREN'S FOUNDATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 3 - INVESTMENTS (continued)

At March 31, 2008, the Foundation's investments consist of the following:

Fixed Income	\$ 561,739
Equity Funds	173,893
Mutual Funds	292,955
Value Fund International (NY*NJ*CT Chapter)	387,593
Limited Partnership (NY*NJ*CT Chapter)	710,445
Lanx Offshore Partners Ltd (NY*NJ*CT Chapter)	<u>495,384</u>
TOTAL INVESTMENTS	<u>\$ 2,622,009</u>

Net investment income (loss) for the years ended March 31, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Interest and Dividends	\$ 163,683	\$ 303,790
Realized and Unrealized Gains (Losses) on Investments	<u>(385,806)</u>	<u>15,618</u>
INVESTMENT INCOME (LOSS)	<u>\$ (222,123)</u>	<u>\$ 319,408</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Software and Computers	\$ 237,782	\$ 199,641
Furniture and Equipment	133,583	129,941
Office Equipment	<u>69,695</u>	<u>69,695</u>
TOTAL	441,060	399,277
Less: Accumulated Depreciation	<u>(342,915)</u>	<u>(303,226)</u>
PROPERTY AND EQUIPMENT (NET)	<u>\$ 98,145</u>	<u>\$ 96,051</u>

Depreciation expense was \$39,689 and \$31,643 for the years ended March 31, 2009 and 2008, respectively.

**STARLIGHT CHILDREN'S FOUNDATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2009	2008
Accounts Payable	\$ 218,380	\$ 1,278,985
Accrued Vacation	317,501	332,000
Accrued Expenses	2,774,371	161,204
Accrued Payroll	11,489	19,237
Accrued Taxes	1,620	2,476
<i>TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</i>	\$ 3,323,361	\$ 1,793,902

NOTE 6 - CONTRIBUTED GOODS, SERVICES AND USE OF FACILITIES

Contributed goods, services and use of facilities are as follows:

	2009	2008
Direct Program Goods	\$ 3,547,835	\$ 8,309,954
Direct Program Services	2,366,940	753,035
General and Administrative	-	308,419
Direct Program Use of Facilities	653,847	184,142
Rent	131,388	126,077
Fundraising	-	89,947
<i>TOTAL CONTRIBUTED GOODS, SERVICES AND USE OF FACILITIES</i>	\$ 6,700,010	\$ 9,771,574

At March 31, 2009 and 2008, gross receipts from special events included an additional \$421,547 and \$451,827, respectively, of contributed goods, services and use of facilities which are shown separately as special events income and expense and are not included above.

**STARLIGHT CHILDREN'S FOUNDATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 7 - COMMITMENTS

The Foundation leases certain facilities and equipment under long-term operating lease agreements that expire through February 2013. Future minimum lease payments for leases that have a remaining non-cancelable term in excess of one year at March 31, 2009 are as follows:

Years Ending March 31	
2010	\$ 429,716
2011	326,457
2012	121,441
2013	<u>70,108</u>
TOTAL	<u>\$ 947,722</u>

Rent expense for the years ended March 31, 2009 and 2008 was \$699,367 and \$563,985, respectively.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted as follows:

	2009	2008
Fun Centers	\$ 2,859,380	\$ 3,046,702
PC Pals	812,024	1,186,408
Starlight Sites	771,375	1,083,440
Starbright World	197,365	4,250
Great Escapes	131,028	298,173
Get Fit Get Right	64,134	90,524
UC & Crohn's and IBD U	31,735	-
Coping with Chemotherapy	3,383	15,807
My Life	327	1,704
Other	<u>352,045</u>	<u>133,623</u>
TOTAL	5,222,796	5,860,631
Time Restrictions	<u>2,358,108</u>	<u>4,388,134</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 7,580,904</u>	<u>\$10,248,765</u>

**STARLIGHT CHILDREN'S FOUNDATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 9 - DEFINED CONTRIBUTION PENSION PLANS

Headquarters and several of its U.S. Chapters maintain 403(b) defined contribution pension plans and 401(k) pension plans with matching contributions ranging up to 7% of participant's salaries. Matching contributions totaled \$102,789 and \$90,940 for the years ended March 31, 2009 and 2008, respectively.

NOTE 10 - FUNCTIONAL EXPENSES

Other programs on the statement of functional expenses consist of the following:

	2009	2008
NY*NJ*CT Pediatric Hospital Support Program	\$ 2,216,267	\$ 2,153,899
NY*NJ*CT Visibility Campaign	1,601,011	-
Miscellaneous	261,424	724,572
Chapter Support	219,436	44,496
Wishes	178,737	232,417
Admit Kits	56,178	-
Other Online	22,883	48,329
My Life	1,824	69,178
<i>TOTAL FUNCTIONAL EXPENSES</i>	\$ 4,557,760	\$ 3,272,891

**STARLIGHT CHILDREN'S FOUNDATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 11 - RELATED PARTY TRANSACTIONS

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.

	2009		
	Not Covered by Accompanying Independent Auditors' Report		
	Australia	United Kingdom	Canada
	Affiliate as of and for the Year Ended December 31, 2008 (AUS)	Affiliate as of and for the Year Ended March 31, 2009 (GBR)	Affiliate as of and for the Year Ended March 31, 2009 (CAD)
Total Assets	\$ 9,407,888	£10,091,494	\$ 3,136,547
Total Liabilities	\$ 1,996,361	£ 412,981	\$ 667,271
Net Assets	\$ 7,411,527	£ 9,678,513	\$ 2,469,276
Total Revenue	\$26,831,000	£ 7,357,560	\$ 5,479,138
Total Expenses	\$26,992,574	£ 5,146,836	\$ 5,006,856

The U.S. dollar equivalent of total revenue was approximately \$18,027,749 for the Australia affiliate for the year ended December 31, 2008, \$10,425,663 for the United Kingdom affiliate for the year ended March 31, 2009, and \$4,333,047 for the Canada affiliate for the year ended March 31, 2009. 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 consolidated financial statements of the Foundation.

**STARLIGHT CHILDREN'S FOUNDATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008

NOTE 11 - RELATED PARTY TRANSACTIONS (continued)

	2008		
	Not Covered by Accompanying Independent Auditors' Report		
	Australia Affiliate as of and for the 18 Month Period Ended December 31, 2007 (AUS)	United Kingdom Affiliate as of and for the Year Ended March 31, 2008 (GBR)	Canada Affiliate as of and for the Year Ended March 31, 2008 (CAD)
Total Assets	\$ 9,093,395	£ 7,588,122	\$ 2,410,562
Total Liabilities	\$ 1,520,294	£ 120,333	\$ 413,568
Net Assets	\$ 7,573,101	£ 7,467,789	\$ 1,996,994
Total Revenue	\$21,313,098	£ 6,389,493	\$ 4,862,990
Total Expenses	\$21,526,436	£ 4,117,666	\$ 4,937,923

The U.S. dollar equivalent of total revenue was approximately \$18,685,832 for the Australia affiliate for the twelve month period ended December 31, 2008, \$12,747,741 for the United Kingdom affiliate for the year ended March 31, 2008, and \$4,757,609 for the Canada affiliate for the year ended March 31, 2008. 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.

The Japan Affiliate had no significant activities during the year ended April 30, 2009. The Japan Affiliate provided an unaudited financial report for the year ended April 30, 2008. The U.S. dollar equivalent was \$517,809 for total revenue and \$374,113 for total expenses for the year ended April 30, 2008.

The Foundation receives assessment fees and provides Fun Center components to the international affiliates. During the years ended March 31, 2009 and 2008, the Foundation received revenue from the international affiliates totaling \$50,750 and \$731,750, respectively.

**STARLIGHT CHILDREN'S FOUNDATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009 and 2008**

NOTE 11 - RELATED PARTY TRANSACTIONS (continued)

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 \$131,338 and \$126,077 for the years ended March 31, 2009 and 2008, respectively. The Chapter also paid the company \$71,303 and \$66,941 for rent during the years ended March 31, 2009 and 2008, respectively.

The Mid Atlantic Chapter leases office space from a company whose president is also a Board member of the Chapter. Lease payments under this lease amounted to \$52,669 and \$29,976 for the years ended March 31, 2009 and 2008, respectively.

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CONSOLIDATING INFORMATION

YEARS ENDED
MARCH 31, 2009 AND 2008

**STARLIGHT CHILDREN'S FOUNDATION
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**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
March 31, 2009**

ASSETS	Headquarters	Colorado	MidAtlantic	Midwest	NY*NJ*CT	Washington	Total Before Eliminations	Eliminations	Total
Cash and Cash Equivalents	\$ 3,934,326	\$ 33,315	\$ 179,431	\$ 400,962	\$ 5,620,311	\$ 221,343	\$ 10,389,688	\$ -	\$ 10,389,688
Investments	1,000,293	-	-	250,539	1,034,140	-	2,284,972	-	2,284,972
Accounts Receivable	50,107	509	-	-	31,796	-	82,412	-	82,412
Receivables from International Affiliates	81,863	-	-	-	-	-	81,863	-	81,863
Receivables from U.S. Chapters	121,000	-	-	-	-	-	121,000	121,000	-
Receivables from Headquarters	-	2,210	12,914	3,209	8,084	1,892	28,309	28,309	-
Pledges Receivable (Net)	2,828,628	2,649	12,828	20,935	137,750	313,560	3,316,350	-	3,316,350
Bequests Receivable	323,640	-	-	-	650,000	-	973,640	-	973,640
Inventory	2,165,992	164,213	25,607	70,640	124,688	684,306	3,235,446	-	3,235,446
Prepaid Expenses and Other Assets	134,606	19,271	5,000	16,998	17,690	1,732	195,297	-	195,297
Property and Equipment (Net)	80,644	-	509	202	7,371	9,419	98,145	-	98,145
TOTAL ASSETS	\$ 10,721,099	\$ 222,167	\$ 236,289	\$ 763,485	\$ 7,631,830	\$ 1,232,252	\$ 20,807,122	\$ 149,309	\$ 20,657,813
LIABILITIES AND NET ASSETS									
Accounts Payable and Accrued Liabilities	\$ 2,403,349	\$ 6,314	\$ 5,032	\$ 21,557	\$ 849,246	\$ 37,863	\$ 3,323,361	\$ -	\$ 3,323,361
Deferred Revenue	100,000	-	-	-	-	-	100,000	-	100,000
Payables to International Affiliates	842	-	-	-	-	-	842	-	842
Payable to Headquarters or Other U.S. Chapters	28,309	-	3,750	87,250	30,000	-	149,309	149,309	-
TOTAL LIABILITIES	2,532,500	6,314	8,782	108,807	879,246	37,863	3,573,512	149,309	3,424,203
NET ASSETS:									
Unrestricted:									
Unrestricted Undesignated	1,134,699	209,978	81,227	491,639	5,759,684	880,829	8,558,056	-	8,558,056
Unrestricted Board Designated	1,094,650	-	-	-	-	-	1,094,650	-	1,094,650
TOTAL UNRESTRICTED NET ASSETS	2,229,349	209,978	81,227	491,639	5,759,684	880,829	9,652,706	-	9,652,706
Temporarily Restricted	5,959,250	5,875	146,280	163,039	992,900	313,560	7,580,904	-	7,580,904
TOTAL NET ASSETS	8,188,599	215,853	227,507	654,678	6,752,584	1,194,389	17,233,610	-	17,233,610
TOTAL LIABILITIES AND NET ASSETS	\$ 10,721,099	\$ 222,167	\$ 236,289	\$ 763,485	\$ 7,631,830	\$ 1,232,252	\$ 20,807,122	\$ 149,309	\$ 20,657,813

See Independent Auditors' Report

**STARLIGHT CHILDREN'S FOUNDATION
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**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
March 31, 2008**

ASSETS	Headquarters	Colorado	MidAtlantic	Midwest	NY*NJ*CT	Washington	Total Before Eliminations	Eliminations	Total
Cash and Cash Equivalents	\$ 5,600,249	\$ 69,297	\$ 511,394	\$ 274,672	\$ 3,501,696	\$ 311,927	\$ 10,269,235	\$ -	\$ 10,269,235
Investments	596,201	-	-	302,534	1,723,274	-	2,622,009	-	2,622,009
Accounts Receivable	70,226	395	800	420	3,743	-	75,584	-	75,584
Receivables from International Affiliates	422,110	-	-	-	-	-	422,110	-	422,110
Receivables from U.S. Chapters	543,172	-	-	-	-	-	543,172	543,172	-
Receivables from Headquarters	23,166	19,956	61,996	54,924	63,362	12,863	236,267	236,267	-
Pledges Receivable	2,570,777	5,336	17,608	1,489	3,141,200	-	5,736,410	-	5,736,410
Inventory	2,340,120	145,619	44,618	108,457	126,943	1,879,051	4,644,808	-	4,644,808
Prepaid Expenses and Other Assets	127,366	13,289	15,830	25,418	73,365	1,857	257,125	-	257,125
Property and Equipment (Net)	64,804	1,200	736	1,455	11,615	16,241	96,051	-	96,051
TOTAL ASSETS	\$ 12,358,191	\$ 255,092	\$ 652,982	\$ 769,369	\$ 8,645,198	\$ 2,221,939	\$ 24,902,771	\$ 779,439	\$ 24,123,332
LIABILITIES AND NET ASSETS									
Accounts Payable and Accrued Liabilities	\$ 1,592,014	\$ 7,266	\$ 56,211	\$ 13,706	\$ 82,617	\$ 42,088	\$ 1,793,902	\$ -	\$ 1,793,902
Payable to International Affiliates	13,443	-	-	-	-	-	13,443	-	13,443
Payable to Headquarters or Other U.S. Chapters	254,039	1,800	233,800	63,900	225,900	-	779,439	779,439	-
TOTAL LIABILITIES	1,859,496	9,066	290,011	77,606	308,517	42,088	2,586,784	779,439	1,807,345
NET ASSETS:									
Unrestricted:									
Unrestricted Undesignated	2,228,822	237,463	339,971	549,578	5,164,691	2,179,851	10,700,376	-	10,700,376
Unrestricted Board Designated	1,366,846	-	-	-	-	-	1,366,846	-	1,366,846
TOTAL UNRESTRICTED NET ASSETS	3,595,668	237,463	339,971	549,578	5,164,691	2,179,851	12,067,222	-	12,067,222
Temporarily Restricted	6,903,027	8,563	23,000	142,185	3,171,990	-	10,248,765	-	10,248,765
TOTAL NET ASSETS	10,498,695	246,026	362,971	691,763	8,336,681	2,179,851	22,315,987	-	22,315,987
TOTAL LIABILITIES AND NET ASSETS	\$ 12,358,191	\$ 255,092	\$ 652,982	\$ 769,369	\$ 8,645,198	\$ 2,221,939	\$ 24,902,771	\$ 779,439	\$ 24,123,332

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

**CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended March 31, 2009**

	Headquarters	Colorado	MidAtlantic	Midwest	NY*NJ*CT	Washington	Total Before Eliminations	Eliminations	Total
REVENUE AND SUPPORT:									
Special Events									
Gross Receipts	\$ 1,680,010	\$ 227,306	\$ 492,984	\$ 424,560	\$ 2,651,978	\$ 196,149	\$ 5,672,987	\$ -	\$ 5,672,987
Less: Direct Benefit to Donors	(508,191)	(93,004)	(134,666)	(81,147)	(635,389)	(44,960)	(1,497,357)	-	(1,497,357)
NET SPECIAL EVENTS REVENUE	1,171,819	134,302	358,318	343,413	2,016,589	151,189	4,175,630	-	4,175,630
Contributions	1,133,668	202,124	103,410	182,378	662,268	262,232	2,546,080	-	2,546,080
Contributed Goods, Services and Use of Facilities	3,129,952	159,609	84,795	216,012	2,858,447	310,416	6,759,231	372,781	6,386,450
Revenue from Headquarters or Other U.S. Chapters	160,600	32,130	51,280	33,356	26,020	34,991	338,377	338,377	-
Investment Income (Loss)	90,084	12	2,458	(51,995)	(262,682)	-	(222,123)	-	(222,123)
Assessments and Sales to International Affiliates	50,750	-	-	-	-	-	50,750	-	50,750
Miscellaneous	64,377	153	45,645	426	26,533	739	137,873	41,728	96,145
Net Assets Released from Program Restrictions	3,731,408	115,250	4,500	145,768	293,742	-	4,290,668	-	4,290,668
Time Restrictions	1,270,434	2,688	15,000	1,812	2,445,200	-	3,735,134	-	3,735,134
TOTAL UNRESTRICTED REVENUE AND SUPPORT	10,803,092	646,268	665,406	871,170	8,066,117	759,567	21,811,620	752,886	21,058,734
EXPENSES:									
Program Services	9,523,480	415,297	687,265	653,577	5,950,251	1,728,589	18,958,459	752,886	18,205,573
Management and General	807,055	74,958	82,802	51,891	520,120	59,088	1,595,914	-	1,595,914
Fundraising	1,838,876	183,498	154,083	223,641	1,000,753	270,912	3,671,763	-	3,671,763
TOTAL EXPENSES	12,169,411	673,753	924,150	929,109	7,471,124	2,058,589	24,226,136	752,886	23,473,250
CHANGE IN UNRESTRICTED NET ASSETS	(1,366,319)	(27,485)	(258,744)	(57,939)	594,993	(1,299,022)	(2,414,516)	-	(2,414,516)
Change in Restricted Net Assets:									
Pledged Contributions	1,567,253	-	12,828	9,777	115,250	313,560	2,018,668	-	2,018,668
Contributions	2,490,812	115,250	129,952	158,657	444,602	-	3,339,273	-	3,339,273
Net Assets Released from Program and Time Restrictions	(5,001,842)	(117,938)	(19,500)	(147,580)	(2,738,942)	-	(8,025,802)	-	(8,025,802)
CHANGE IN RESTRICTED NET ASSETS	(943,777)	(2,688)	123,280	20,854	(2,179,090)	313,560	(2,667,861)	-	(2,667,861)
TOTAL CHANGE IN NET ASSETS	(2,310,096)	(30,173)	(135,464)	(37,085)	(1,584,097)	(985,462)	(5,082,377)	-	(5,082,377)
Net Assets - Beginning of Year	10,498,695	246,026	362,971	691,763	8,336,681	2,179,851	22,315,987	-	22,315,987
NET ASSETS - END OF YEAR	\$ 8,188,599	\$ 215,853	\$ 227,507	\$ 654,678	\$ 6,752,584	\$ 1,194,389	\$ 17,233,610	\$ -	\$ 17,233,610

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**STARLIGHT CHILDREN'S FOUNDATION
AND U.S. CHAPTERS**
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended March 31, 2008

	Headquarters	Colorado	MidAtlantic	Midwest	NY*NJ*CT	Washington	Total Before Eliminations	Eliminations	Total
REVENUE AND SUPPORT:									
Special Events									
Gross Receipts	\$ 1,306,440	\$ 273,620	\$ 668,390	\$ 428,292	\$ 2,484,192	\$ 208,572	\$ 5,369,506	\$ -	\$ 5,369,506
Less: Direct Benefit to Donors	(404,001)	(36,133)	(141,019)	(103,395)	(458,877)	(36,986)	(1,180,411)	-	(1,180,411)
NET SPECIAL EVENTS REVENUE	902,439	237,487	527,371	324,897	2,025,315	171,586	4,189,095	-	4,189,095
Contributions	1,752,696	121,473	145,473	92,976	1,814,851	268,566	4,196,035		4,196,035
Contributed Goods, Services and Use of Facilities	5,592,783	545,463	124,784	625,918	533,669	3,133,445	10,556,062	784,487	9,771,575
Revenue from Headquarters or Other U.S. Chapters	1,238,860	57,488	98,187	100,493	166,509	63,859	1,725,396	1,725,396	-
Investment Income	220,077	2,557	5,937	1,723	87,346	1,768	319,408		319,408
Assessments and Sales to International Affiliates	731,750	-	-	-	-	-	731,750	-	731,750
Miscellaneous	32,690	125	-	-	47,644	52	80,511	-	80,511
Net Assets Released from Program Restrictions	2,960,252	17,398	201,671	166,253	502,702	60,025	3,908,301	-	3,908,301
Time Restrictions	1,411,283	-	23,728	4,219	68,700	-	1,507,930	-	1,507,930
TOTAL UNRESTRICTED REVENUE AND SUPPORT	14,842,830	981,991	1,127,151	1,316,479	5,246,736	3,699,301	27,214,488	2,509,883	24,704,605
EXPENSES:									
Program Services	11,687,057	662,085	907,705	1,020,460	4,029,308	2,283,536	20,590,151	2,509,883	18,080,268
Management and General	860,304	72,623	72,844	96,489	340,946	34,986	1,478,192	-	1,478,192
Fundraising	1,896,428	197,885	198,314	190,879	691,498	249,087	3,424,091	-	3,424,091
TOTAL EXPENSES	14,443,789	932,593	1,178,863	1,307,828	5,061,752	2,567,609	25,492,434	2,509,883	22,982,551
CHANGE IN UNRESTRICTED NET ASSETS	399,041	49,398	(51,712)	8,651	184,984	1,131,692	1,722,054	-	1,722,054
Change in Restricted Net Assets:									
Pledged Contributions	1,270,434	2,688	18,000	1,812	1,595,200	-	2,888,134	-	2,888,134
Contributions	2,970,589	20,600	161,850	239,515	495,673	55,775	3,944,002	-	3,944,002
Net Assets Released from Program and Time Restrictions	(4,371,535)	(17,398)	(225,399)	(166,472)	(571,402)	(60,025)	(5,412,231)	-	(5,412,231)
CHANGE IN RESTRICTED NET ASSETS	(130,512)	5,890	(45,549)	74,855	1,519,471	(4,250)	1,419,905	-	1,419,905
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	-	(4,000)	-	-	(4,000)	-	(4,000)
TOTAL CHANGE IN NET ASSETS	268,529	55,288	(97,261)	79,506	1,704,455	1,127,442	3,137,959	-	3,137,959
Net Assets - Beginning of Year	10,230,166	190,738	460,232	612,257	6,632,226	1,052,409	19,178,028	-	19,178,028
NET ASSETS - END OF YEAR	\$ 10,498,695	\$ 246,026	\$ 362,971	\$ 691,763	\$ 8,336,681	\$ 2,179,851	\$ 22,315,987	\$ -	\$ 22,315,987

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