

Dear Starlight Supporter,

Starlight Children's Foundation strives to be 100% transparent in all activities, especially our financial statements. We take pride in being a fiscally responsible organization and develop our organizational budgets with great care.

Starlight is proud to have earned a 4-star rating with Charity Navigator for six of the last ten years. Starlight has been a 3 or 4-star charity for the last nine out of ten consecutive years. Starlight consistently meets the Better Business Bureau's Standards for Charity Accountability.

One of Starlight's strengths is in its scalability. Programs like Fun Centers and Starlight Sites only incur the majority of costs when donations are received for them. Even in the most challenging economic times, the organization was able to scale down without impacting overall program delivery in a material way.

When the effects of in-kind inventory, other non-cash adjustments, and restricted revenue and expenses are removed, Starlight has only incurred one unrestricted loss over the past six fiscal years. Every other year has seen either an unrestricted surplus or has been revenue neutral. This has allowed Starlight to grow its board-designated reserve from \$300k in 2004 up to a high point of \$1.6M. When the economy turned in 2008, the organization transferred \$500k out of the reserve to offset the one unrestricted loss. As such, the board reserve now stands at \$1.1M; Starlight also has more than \$1M in unrestricted operating cash that is used to subsidize cash flow over the course of the fiscal year.

For your reference, we have provided a list of frequently asked questions to help in understanding the financial data provided in our annual tax return (the Form 990).

For the fiscal year ending March 31, 2010 (FY2010), Starlight experienced a decrease in net assets of approximately \$900k. This decrease was largely caused by the timing of program-restricted donations and their requisite expenditures. It is also important to note that, while Starlight experienced a restricted loss of \$2.4M in FY2010, the organization booked an unrestricted surplus of \$1.5M.

Please feel free to contact us at info@starlight.org or at (310) 479-1212 with any questions or concerns.

Sincerely,

Starlight Children's Foundation