

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

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

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

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2009**

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**GREEN HASSON & JANKS LLP**  
BUSINESS ADVISORS AND CPAs

## 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, 2009 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.

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, 2009 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 27, 2009  
Los Angeles, California

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

**STATEMENT OF FINANCIAL POSITION**  
March 31, 2009

<b>ASSETS</b>	Unrestricted	Temporarily Restricted	Total
Cash and Cash Equivalents	\$ 5,415,161	\$ 205,150	\$ 5,620,311
Investments	1,034,140	-	1,034,140
Accounts Receivable	31,796	-	31,796
Related Party Receivables	8,084	-	8,084
Contributions and Pledges Receivable	-	137,750	137,750
Bequest Receivable	-	650,000	650,000
Inventory	124,688	-	124,688
Prepaid Expenses and Other Assets	17,690	-	17,690
Property and Equipment (Net)	7,371	-	7,371
<b><i>TOTAL ASSETS</i></b>	<b><i>\$ 6,638,930</i></b>	<b><i>\$ 992,900</i></b>	<b><i>\$ 7,631,830</i></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	\$ 849,246	\$ -	\$ 849,246
Related Party Payables	30,000	-	30,000
<b><i>TOTAL LIABILITIES</i></b>	<b><i>879,246</i></b>	<b><i>-</i></b>	<b><i>879,246</i></b>
Net Assets	5,759,684	992,900	6,752,584
<b><i>TOTAL LIABILITIES AND NET ASSETS</i></b>	<b><i>\$ 6,638,930</i></b>	<b><i>\$ 992,900</i></b>	<b><i>\$ 7,631,830</i></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, 2009

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT:</b>			
<b>Special Events:</b>			
Gross Receipts	\$ 2,651,978	\$ -	2,651,978
Less: Direct Benefit to Donors	(635,389)	-	(635,389)
<b>NET SPECIAL EVENTS REVENUE</b>	2,016,589	-	2,016,589
Contributed Goods, Services and Use of Facilities	2,858,447	-	2,858,447
Contributions	662,268	559,852	1,222,120
Investment Loss (Net)	(262,682)	-	(262,682)
Revenue from Related Party	26,020	-	26,020
Miscellaneous	26,533	-	26,533
Net Assets Released from:			
Program Restrictions	293,742	(293,742)	-
Time Restrictions	2,445,200	(2,445,200)	-
<b>TOTAL REVENUE AND SUPPORT</b>	8,066,117	(2,179,090)	5,887,027
<b>EXPENSES:</b>			
Program Services	5,950,251	-	5,950,251
Management and General	520,120	-	520,120
Fundraising	1,000,753	-	1,000,753
<b>TOTAL EXPENSES</b>	7,471,124	-	7,471,124
<b>CHANGE IN NET ASSETS</b>	594,993	(2,179,090)	(1,584,097)
Net Assets - Beginning of Year	5,164,691	3,171,990	8,336,681
<b>NET ASSETS - END OF YEAR</b>	\$ 5,759,684	\$ 992,900	\$ 6,752,584

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, 2009

	Great Escapes	Hospital Happenings	Treatment Rooms	Pediatric Hospital Support Program	Wish	Visibility Campaign	Total Program Services	Management and General	Fundraising	Total
Direct Program Goods, Services and Use of Facilities	\$ 459,858	\$ 1,014,599	\$ 92,200	\$ 1,776,720	\$ 143,288	\$ 1,283,486	\$ 4,770,151	\$ -	\$ -	\$ 4,770,151
<b>TOTAL DIRECT PROGRAM</b>	459,858	1,014,599	92,200	1,776,720	143,288	1,283,486	4,770,151	-	-	4,770,151
Advertising	1,898	4,187	381	7,333	591	5,297	19,687	7,474	11,662	38,823
Bank Charges	-	-	-	-	-	-	-	34,956	-	34,956
Depreciation	208	458	42	803	65	580	2,156	812	1,276	4,244
Equipment Rental and Repair	500	1,102	100	1,931	156	1,395	5,184	1,952	3,070	10,206
Events	-	-	-	-	-	-	-	-	159,065	159,065
Fundraising	-	-	-	-	-	-	-	-	142,585	142,585
Insurance	251	555	50	971	78	702	2,607	982	1,545	5,134
Miscellaneous	1,582	3,490	317	6,112	493	4,415	16,409	15,897	9,722	42,028
Office Supplies	782	1,726	157	3,022	244	2,183	8,114	3,056	4,807	15,977
Postage	356	786	71	1,376	111	994	3,694	1,391	2,188	7,273
Printing and Publications	1,460	3,220	293	5,640	455	4,074	15,142	6,518	8,969	30,629
Professional Services	29,420	64,909	5,899	113,666	9,167	82,112	305,173	144,522	180,776	630,471
Public Relations	223	494	45	865	70	625	2,322	875	1,376	4,573
Rent	9,924	21,895	1,990	38,342	3,092	27,698	102,941	39,366	60,980	203,287
Salaries and Employee Benefits	60,579	133,657	12,146	234,053	18,876	169,077	628,388	236,662	372,241	1,237,291
Telephone	282	622	57	1,089	88	787	2,925	1,101	1,732	5,758
Travel and Automobile	319	702	64	1,231	99	889	3,304	1,185	2,000	6,489
Visibility Campaign	5,982	13,199	1,199	23,113	1,864	16,697	62,054	23,371	36,759	122,184
<b>TOTAL FUNCTIONAL EXPENSES</b>	\$ 573,624	\$ 1,265,601	\$ 115,011	\$ 2,216,267	\$ 178,737	\$ 1,601,011	\$ 5,950,251	\$ 520,120	\$ 1,000,753	\$ 7,471,124
							80%	7%	13%	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, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ (1,584,097)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Contributed Inventory (Non-Cash)	(1,343,466)
Contributed Inventory Expense (Non-Cash)	<u>1,345,721</u>
 <b><i>Net Contributed Inventory Used (Non-Cash)</i></b>	 2,255
 Depreciation	 4,244
Unrealized Losses on Investments	289,918
(Increase) Decrease in:	
Accounts Receivable	(28,053)
Related Party Receivables	55,278
Contributions and Pledges Receivable	203,450
Bequest Receivable	2,150,000
Prepaid Expenses and Other Assets	55,675
Increase (Decrease) in:	
Accounts Payable and Accrued Liabilities	766,629
Related Party Payables	<u>(195,900)</u>
 <b><i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i></b>	 \$ 1,719,399
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from Sale of Investments	400,315
Reinvestment of Dividends and Interest	<u>(1,099)</u>
 <b><i>NET CASH PROVIDED BY INVESTING ACTIVITIES</i></b>	 <u>399,216</u>
 <b><i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i></b>	 2,118,615
 Cash and Cash Equivalents - Beginning of Year	 <u>3,501,696</u>
 <b><i>CASH AND CASH EQUIVALENTS - END OF YEAR</i></b>	 <u><u>\$ 5,620,311</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2009**

**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 chartered chapter of Starlight Children's Foundation (the Foundation) (collectively, Starlight). 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, 2009

**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 12<sup>th</sup> year, serves 61 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 Unit's** new model was introduced this past year and includes 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. Last year, the Chapter placed 126 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, 2009**

**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.

Last year alone, 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 year, the Chapter was featured in an exciting outdoor 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, buses, transit shelters, phone kiosks, mall kiosks, and a television network that reached a number of doctors' offices. 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 launched the Pilot phase of the program in 2008 renovating four Starlight Care Rooms in the tri-state area.

- **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, 2009

**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 has grown significantly over the past year with the addition of two new Great Escape Coordinators in Hartford, CT and Rochester, NY, as well as the first ever Annual Camp Weekend at beautiful Camp Pontiac at the foot of the NY Berkshires. Last year, over 6500 seriously ill children and their families participated in 119 Great Escapes activities throughout the tri-state area.

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

(a) **BASIS OF PRESENTATION**

The accompanying financial statements have 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 \$5,759,684 of unrestricted net assets at March 31, 2009.
- **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 program or capital restrictions. The Chapter reports restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions. The Chapter has \$992,900 of temporarily restricted net assets at March 31, 2009.

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

**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2009

**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, 2009.

**(c) CASH AND CASH EQUIVALENTS**

The Chapter considers all highly liquid debt instruments purchased with 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, 2009 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.

The Chapter holds investments in the form of mutual funds and limited partnerships. Market values of such investments are routinely reviewed by the Board of Directors.

**(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, all receivables are deemed fully collectible; therefore, no allowance for doubtful accounts has been established.

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

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**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 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, 2009, the Chapter evaluated the collectibility of pledges receivable. No allowance for uncollectible pledges is deemed necessary and pledges receivable at March 31, 2009 are expected to be collected in their entirety within one year.

**(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:

Software and Computers	5 Years
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, 2009.

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

**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 \$2,858,447 of contributed goods, services and use of facilities (See Note 6).

**(l) ADVERTISING COSTS**

Advertising costs are expensed as incurred. Advertising costs for the year ended March 31, 2009 were \$38,823.

**(m) 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.

**(n) 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.

**(o) 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.

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

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2009**

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

**(p) 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 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 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 for non-public corporations for FIN 48 has been delayed and is now effective for fiscal years beginning after December 15, 2008. The Chapter expects to adopt the requirements, if necessary on April 1, 2009 and has not currently determined the impact of FIN 48 on the accompanying financial statements. However, until FIN 48 is adopted, the Chapter 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 Chapter implemented SFAS 157 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, 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)
Mutual Funds	\$ 81,750	\$ 81,750	\$ -	\$ -
Limited Partnership Interests	952,390	-	-	952,390
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,034,140</b>	<b>\$ 81,750</b>	<b>\$ -</b>	<b>\$ 952,390</b>

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

NOTES TO FINANCIAL STATEMENTS  
March 31, 2009

**NOTE 3 - INVESTMENTS** (continued)

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.

The fair value of the holdings in limited partnerships within Level 3 was determined by the Chapter using methods that management believes provide a reasonable estimate of fair value. These methods include initial due diligence and 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)
<b><i>ENDING BALANCE</i></b>	<b><i>\$ 952,390</i></b>

Net investment loss for the year ended March 31, 2009 consists of the following:

Interest and Dividends	\$ 27,236
Unrealized Losses on Investments	(289,918)
<b><i>INVESTMENT LOSS (NET)</i></b>	<b><i>\$ (262,682)</i></b>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment at March 31, 2009 consist of the following:

Software and Computers	\$ 37,170
Furniture and Equipment	19,973
Office Equipment	10,241
<b><i>TOTAL</i></b>	<b><i>67,384</i></b>
Less: Accumulated Depreciation	(60,013)
<b><i>PROPERTY AND EQUIPMENT (NET)</i></b>	<b><i>\$ 7,371</i></b>

Depreciation expense was \$4,244 for the year ended March 31, 2009.

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**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2009

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

Accounts payable and accrued liabilities at March 31, 2009 consist of the following:

Accounts Payable	\$ 69,853
Accrued Vacation	18,423
Pediatric Hospital Support Program	<u>760,970</u>
<b>TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>	<b><u>\$ 849,246</u></b>

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

Contributed goods, services, and use of facilities during the year ended March 31, 2009 are as follows:

Direct Program Services	\$ 1,403,943
Direct Program Goods	1,304,668
Rent	131,388
Direct Program Use of Facilities	<u>18,448</u>
<b>TOTAL</b>	<b><u>\$ 2,858,447</u></b>

Gross receipts from special events included an additional \$50,761 in contributed goods, services and use of facilities which are shown separately as special events income and expense and are not included above.

**NOTE 7 - COMMITMENTS**

The Chapter leases certain facilities and equipment under long-term operating lease agreements that expire through July 2010. Future minimum lease payments for leases that have a remaining non-cancelable term in excess of one year as of March 31, 2009 are as follows:

<b>Years Ending March 31</b>	
2010	\$ 53,602
2011	<u>1,312</u>
<b>TOTAL</b>	<b><u>\$ 54,914</u></b>

Rent expense for the year ended March 31, 2009 was \$203,287 which includes donated rent (See Note 6).

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at March 31, 2009 are restricted as follows:

Fun Centers	\$ 227,650
Time Restrictions	<u>765,250</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 992,900</u></b>

**NOTE 9 - 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 \$11,380 for the year ended March 31, 2009.

**NOTE 10 - RELATED PARTY TRANSACTIONS**

The Chapter receives in-kind donated facilities, utilities, and storage from a company owned by a Board member. The donated facilities and services amounted to \$131,388 for the year ended March 31, 2009. The Chapter paid the company \$71,303 for rent during the year ended March 31, 2009.

As discussed in Note 1, the Chapter is a chartered chapter of the Foundation. During the year ended March 31, 2009, the Chapter received allocated funds from the Foundation totaling \$26,020. Receivables from the Foundation were \$8,084 at March 31, 2009 while payables to the Foundation were \$30,000.