2019 Review

including
Annual Financial Report

Starlight
Children's Foundation

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Starlight Children's Foundation

A message from the Chair

As Chair of the Starlight National Board I am incredibly pleased to report 2019 saw continued growth of our Starlight Program delivery supporting seriously ill children and young people and their families to 625,508 positive Starlight Experiences. This included expansion of all our programs plus a new Starlight Express Room built and our Starlight Healthier Futures Initiative extended to 136 Aboriginal and Torres Strait Islander communities. This also reflected some new programs developed in partnership with health professionals to meet the specific needs of children and their families.

2019 was the first year of our current 3-year strategic plan themed "Think. Achieve. Grow" and we have already achieved significant progress against all our strategic objectives. Key to this was the decision to move forward with the establishment of Starlight's inaugural Health Advisory Board with Professor Les White, Starlight National Board Member, leading this project. This group includes some of the most respected professionals in the areas of paediatric and adolescent healthcare as well as individuals who specialise in mental health and remote community paediatric healthcare. This group will connect in 2020 to provide advice to the Starlight Executive and Management team as to the changing model of care which will help inform our decisions regarding future program development

Projects critical to our plan included the Year 1 Audit of Starlight's Safeguarding Children and Young People Accreditation, which I am pleased to say was approved in December 2019. This was an important achievement as safety and wellbeing of the children and young people we support is paramount and at the centre of every decision we make.

A personal highlight for me last year was to attend our Captain Starlight Learning & Development event Capfest - where skills are enhanced to ensure an improved experience for hospitalised children and young people. This learning underpins our key strategic theme of Grow and I felt incredibly proud to see the professional and positive energy of the Starlight team in the way they embraced this opportunity for continual improvement.

In this year, two of our Board members were recognised in The Australian Financial Review's Women of Influence awards. These awards recognise influential, inspirational and visionary women. Congratulations to Katrina Rathie and A/Professor Tracey O'Brien.

Our CEO, Louise Baxter, was acknowledged in Pro Bono Australia Impact 25 Awards recognising Louise as one of the 25 most influential people in the social sector.

On behalf of the Starlight Board, I would also like to recognise our three retiring Board members; Genevieve Overell and Tony Stuart, both serving 8 years as Board members, and Graham Watman who was one of Starlight's founding Board Members in 1988. Many thanks to all for your contributions which have been significant, and greatly appreciated.

The life changing impact of Starlight can only be delivered with the support of many wonderful individuals, groups and organisations who ensured 2019 was an exceptional year. On behalf of Starlight's National Board, I wanted to pass on a huge thank you to these supporters, the Starlight team including volunteers, our partners in the health sector and to all involved with Starlight.

Your sincerely,

Murray Coleman OAM
Chair
Starlight Children's Foundation Australia

Starlight Children's Foundation

....and from the CEO

What we do at Starlight is so simple and yet so powerful. From our first Starlight Wish granted all those years ago, we now provide positive experiences to children and families when they need it most. This is always in partnership with health professionals and is considered integral to the "total care" approach provided to children in hospital every day.

In 2019 we refreshed our Mission statement and established our Starlight Vision. Starlight's Vision is everyone should experience a happy childhood....because happiness matters! It is based on the proven concept that happiness as a child impacts your ability to flourish and establish healthy life behaviours. Children who are seriously ill have their capacity to experience happiness significantly impacted and by transforming pain, fear and stress into fun laughter and joy Starlight can change lives and positively impact health outcomes.

The need for our Starlight programs continues to grow and evolve. In 2019 our total program delivery was 625,508 positive Starlight experiences, an increase of +8% versus 2018. Starlight's gross income grew by 12.4% over this time and there have been clever innovations in both our program delivery and fundraising initiatives.

I would like to say thank you to all who supported the work of Starlight in 2019 – from our Starlight Board members, to our Starlight team including volunteers, our partners in the health sector, individual donors, community groups and corporate partners. It is your ongoing support and commitment which enables Starlight to change the lives of sick kids and their families every day and for this we cannot thank you enough.

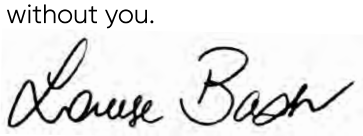
While this is a statement of our 2019 performance, which was exceptional, I feel compelled to mention the impact of the current world situation on Starlight.

Things have moved so quickly and there isn't a person I have spoken to who has not been impacted in some way.

Starlight is working as closely as ever with our partners in the children's hospitals to ensure we can continue to deliver the positive impact of Starlight in any way we can. We are well placed with many digital Starlight programs already implemented. We're exploring other technology solutions such as 'virtual' experiences, boredom busting Surprise Packs delivered to kids homes, daily craft activities to do at home via the regular newsletter 'Fun with Captain Starlight'. And with the exclusion of travel, we continue to grant life-changing Starlight Wishes.

Starlight's fundraising will be significantly impacted in 2020. However, from our established digital fundraising base we are also able to move quickly into new digital initiatives. So while 2020 will look very different, Starlight will continue to brighten the lives of seriously ill children and young people using the power of positive psychology to support wellbeing and resilience

Thank you again for your ongoing support of Starlight children and families - we could not do this without you.



Louise Baxter
Chief Executive Officer
Starlight Children's Foundation Australia

Starlight's Vision is a future where everyone experiences a happy childhood

Starlight's Mission is to brighten the lives of seriously ill and hospitalised children and young people

Why?... because happiness matters

What happens in childhood lasts a lifetime. Early experiences affect every aspect of development and we know that a happy childhood makes the world of difference to lifelong psychological well-being, sense of self, social connections and healthy behaviours.

What we do isn't just a "nice to have" – it's a fundamental right that kids can be kids and teens can be teens, even when they are facing the unimaginable challenges of serious illness.

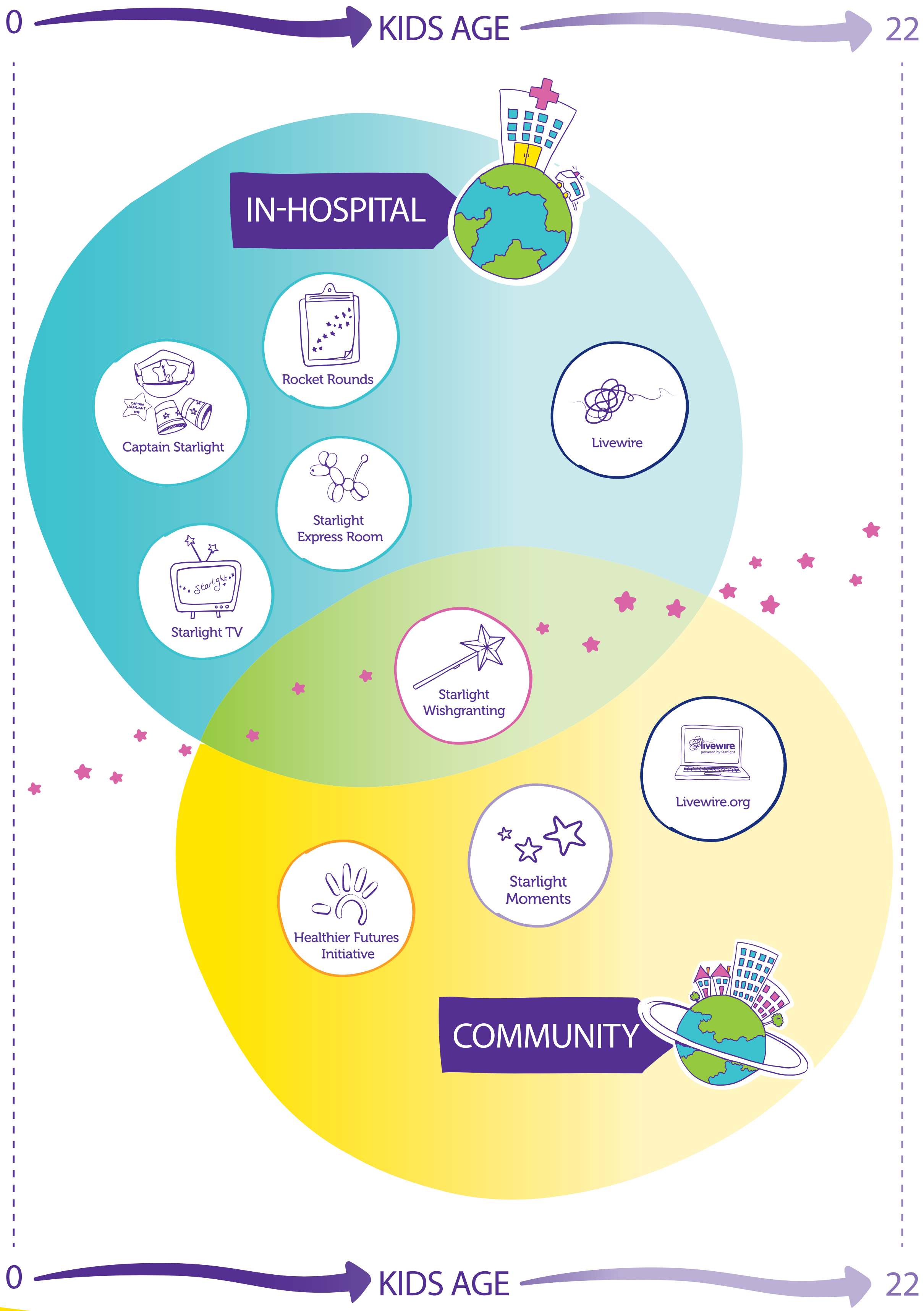
That's why Starlight is an integral part of care delivered in the paediatric healthcare system...because happiness matters.

Starlight Program Guidelines

- Always led by the best interests of the child or young person and respectful of their rights to be safe and to be heard.
- Founded in positive psychology to help all children, no matter what their illness or circumstances, to experience a happy childhood.
- Inclusive of family and kinship groups, recognising the role family plays in the happiness and well-being of children and young people.
- Developed and delivered in collaboration with clinicians, to help ensure the health care system achieves total care for the child or young person.
- Based on the needs of children and young people, with research and evaluation helping to ensure excellence in everything we do.

Starlight Children's Foundation

Starlight's Programs Overview



Starlight Children's Foundation

Starlight Express Rooms

Starlight Express Rooms are in every children's hospital in Australia. A medical free haven where sick kids and their families can experience a welcome break from the relentless cycle of medical treatments and procedures.

Captain Starlight

Captain Starlight is a super hero who flies from Planet Starlight every day to brighten the lives of sick kids and their families. Captain Starlight knows how to engage with the child...because happiness matters.

Rocket Rounds

Captain Starlight provides much needed social connection for sick children in isolation wards, in the Emergency Department or waiting for outpatient appointments or surgery.

Livewire In-Hospital

Designed to combat loneliness and isolation, Livewire connects teens and young people experiencing serious illness through creative workshops when they're in hospital.

Starlight's Healthier Futures Initiative

Captain Starlight works in partnership with clinicians to create a more positive health care experience for children and families in remote communities.

Starlight Wishgranting

Starlight's original program creates tailored, individual wish experiences for children and young people inclusive of their family. All children are referred to Starlight by health professionals.

Starlight TV

A 24/7 television channel with Captain Starlight hosting daily interactive shows to provide positive distraction and social connection for sick kids and their families.

Livewire.org

Livewire.org connects teens and young people through a safe online community. It helps teens navigate life with a serious illness, support each other and most importantly, to focus on the positives of what they can do, not what they can't.

Starlight Moments

Supporting total care and social connection for children & families who are in palliative care which is often at home.

A Timeline of Starlight Programs

1988
Starlight Australia established

1989
First Starlight Wish granted to a young boy with cancer who wished for a computer

1991
First Starlight Express Room opened at Royal Alexandra Hospital for Children in Camperdown, NSW

1996
Starlight Express Room opened at The Children's Hospital at Westmead, NSW

1997
Starlight Express Rooms opened at:
The Royal Children's Hospital, Vic
Sydney Children's Hospital, NSW
Princess Margaret Hospital, WA

1999
Starlight Connection launched, with the first Starlight Express Van in NSW

2001
Starlight Express Room opened at Mater Children's Hospital, Qld

2004
Starlight Express Room opened at John Hunter Hospital, NSW

Starlight Connection space opened at Monash Children's Hospital, Vic

2006
Livewire In-Hospital commences at Princess Margaret Hospital for Children, WA

Captain Starlight launched in South Australia

Starlight's Healthier Futures Initiative commences in Northern Territory

2009
Livewire.org.au launched online

2011
Starlight Express Room opened at Women's and Children's Hospital, SA and The Royal Children's Hospital, Vic

2012
Livewire In-Hospital launched at:
The Royal Children's Hospital, Vic,
Sydney Children's Hospital, NSW
The Children's Hospital at Westmead, NSW

Starlight
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2013

Starlight Wish Week commences on the Gold Coast

Livewire In-Hospital launched at Mater Children's Hospital, Qld John Hunter Children's Hospital, NSW

2014

Starlight Express Room opened in Queensland Children s Hospital, Qld

2015

9000th Starlight Wish delivered

Starlight's Healthier Futures Initiative commences in Western Australia

Expanded Ward Program & Rocket Rounds and launched nationally

2016

Starlight Express Room opened at Royal Darwin Hospital, NT

Starlight Express Room upgraded at The Children's Hospital at Westmead, NSW

2017

Launch of updated Online Community Livewire

10,000th Starlight Wish delivered

Starlight Express Room opened at Monash Children's Hospital, Vic

2018

New Starlight Express Room opened at the Perth Children's Hospital

New Starlight Express Room at Sydney Children's Hospital, Randwick, NSW

Starlight Connection space opened at Alice Springs Hospital, NT

Captains on Call commenced at Women's and Children's Hospital, Adelaide

2019

Starlight Moments launched at Royal Children's Hospital

Starlight's Healthier Futures Initiative commences in QLD & SA

Starlight Children's Foundation

Starlight's Performance Measures

Starlight's key performance measures are the reach and impact of our Programs on the lives of seriously ill children, young people and their families.

Our Reach 2019

500
Starlight Wishes granted to seriously ill children and young people
686 Starlight Wish referrals

143,770
Rocket Round experiences

5,159
Starlight Connection experiences

22,588
logins to Livewire Online
429 new members

183,532
visits to the Starlight Express Room

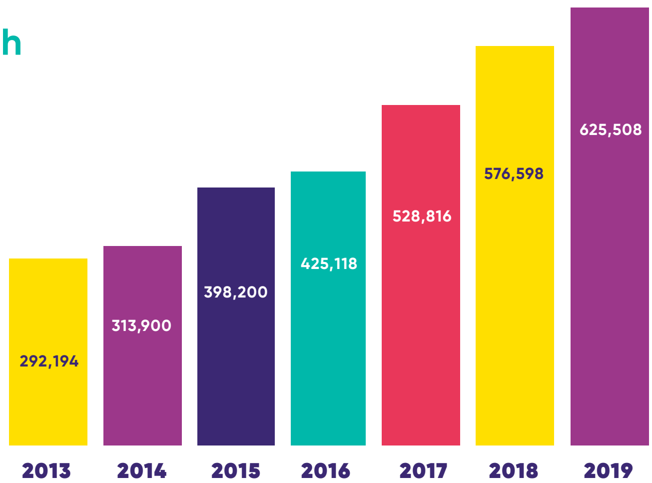
21,442
experiences from the Healthier Futures Initiative
606 trips made to **136** Indigenous communities

155,687
hours of live Starlight TV shows

Starlight Total Programs Reach

In line with our strategic objectives, the reach of Starlight's programs has grown. The total number of Starlight experiences made with seriously ill children and young people through our programs was **625,508** an increase of **8%**.

To deliver our Starlight programs to the "ideal reach" we must continue to expand our programs which will require continued increases in our fundraising.



Our Impact 2019

Amplifying our impact

We know the quality and impact of our programs is high and we continue to invest in research to ensure what we do continues to be effective and efficient.

We are also committed to understanding and improving the impact of our Starlight programs. We have completed two Social Return On Investment studies (SROI) to quantify our impact and community value.

Starlight in hospital

Your gift $1 → Your impact **$5.70** community value*

Livewire.org.au

Your gift $1 → Your impact **$5.30** community value*

$110m+ of total value put back into the community via Starlight's programs delivery.

100% of families would recommend a Starlight Wish

145,456 hours spent in Starlight Express Rooms by children and their families across Australia

625,508 Positive Starlight Experiences

Sharing what we've learned

We believe by sharing our experience we can help others to also provide support to sick kids. In 2019 Starlight presented at...

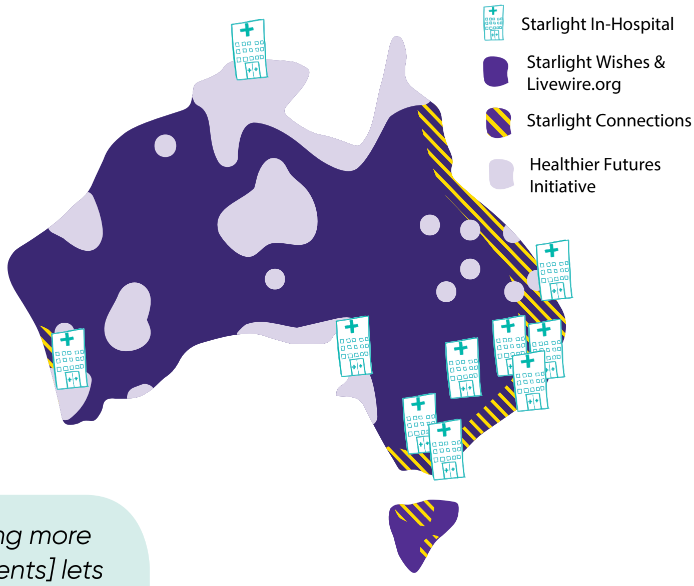
- 15th National Rural Health Conference
- 6th World Congress on Positive Psychology
- The Oceanic Palliative Care Conference
- Australasian Cystic Fibrosis Conference
- AAAH Youth Health Conference
- 22nd Chronic Diseases Network and Baker Institute Conference
- Asia Pacific Conference on Integrated Care

* The Starlight Express Room SROI was undertaken by PWC in 2010 and, using the benefits identified in the original study, the SROI was updated in 2018 by Starlight and reviewed by PWC. The update assessed the impact of program changes (e.g. changes in program reach)
** SVA Consulting SROI Analysis Research 2013

Starlight Children's Foundation

Our Impact 2019

Starlight has NATIONAL reach & LOCAL impact



"It's funny how the little things sometimes bring more happiness than the big things. [Starlight Moments] lets families know someone is thinking about them and allows them to have some joyful experiences that go on to become memories."

-Head of Victorian Paediatric Palliative Care Program

"I think we definitely had more fun going on Wish Week than we would if we went on our own. We got to enjoy it with others. It was continuous fun."

– Parent

"I think it's made his hospitalisation and illness a positive experience. He could potentially have come out of his really disliking hospitals and being quite scared of them. But he looks forward to coming. We recently had to return some equipment. He wanted to just go and see everyone in the Starlight Express Room. He is not afraid of the Hospital at all." **– Parent**

"It is so much better just having those two extra people there distracting the children. It makes my job ten times easier… it's amazing that they come and help us. It makes our job good… makes our job a lot easier."

– Nurse, Burns Clinic

"Starlight Moments is a kind of sunshine for our family."

-Parent

"I think it's an amazing idea and I honestly don't know how we would have coped in here without you guys. So, I'm very thankful and appreciate what you guys do."

- Parent, Burns Clinic

"She loved the chance to get out there and just be a kid. She's had to grow up faster due to her illness. For her to be able to choose and explore and be in the water – she normally wouldn't be able to do that so that is huge for her. For it to all be about her choice and to have fun for a couple of weeks, we would never be able to afford to do ourselves."

– Parent

"We were overwhelmed in a great way. We weren't expecting the enormity of it. We couldn't believe everything that Starlight had done… [it was] more than we expected which is what made it so special."

– Parent

"If he talks about the hospital, he talks about the Starlight Express Room." **- Parent**

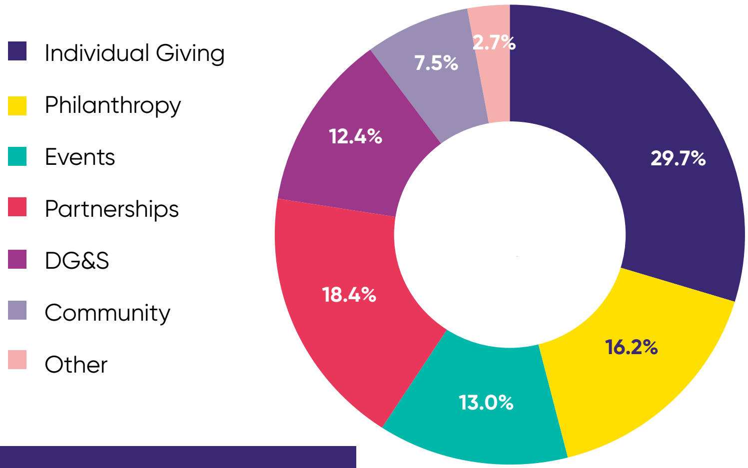
"Seeing the smile on his face. It lifts their spirits. It's a lovely thing as it's the last thing you're thinking about that someone will come along and offer something like this. We are very appreciative of the wish."

– Parent

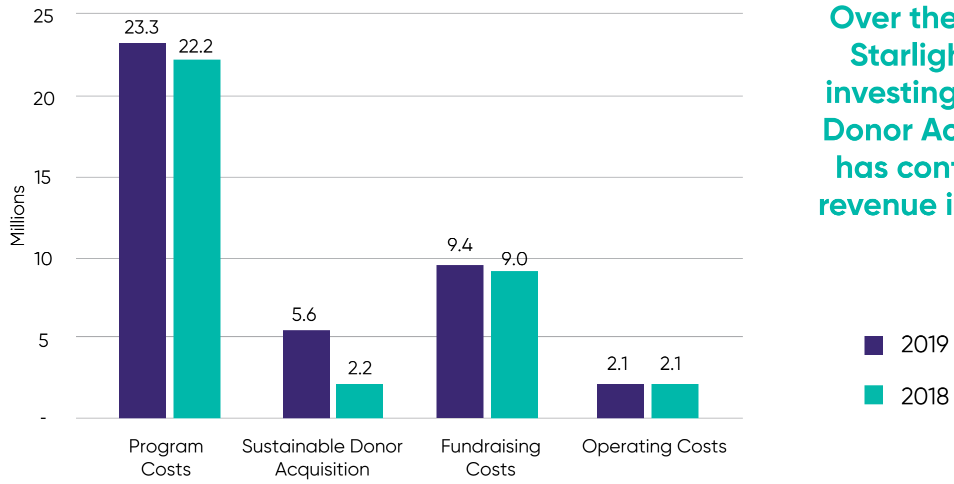
Starlight Children's Foundation

In 2019, Starlight earned gross income of $35m

Gross income has increased 12.4% v 2018 with strong growth being seen across a number of areas



In 2019, Starlight's expenses were $40.4m



Over the last two years Starlight returned to investing in Sustainable Donor Acquisition which has contributed to the revenue increase in 2019.

Funding our capital projects

As new children's hospitals are built, there is a need for Starlight to build a new Starlight Express Room in each hospital location. Each of these Starlight Express Rooms requires capital funding, which is incremental to our annual core operational expenditure and is raised through specific capital campaigns.

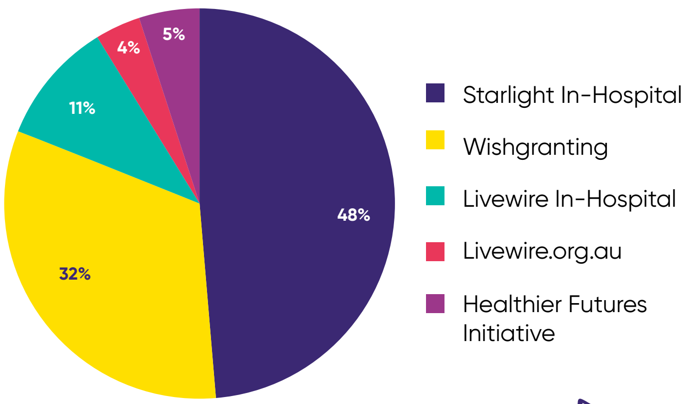
In 2019 Starlight built a new Starlight Express Room in John Hunters Children's Hospital.

Captain Starlights in the new Starlight Express Room at John Hunters Children's Hospital.

Programs Spend 2019

PROGRAMS SPEND HAS INCREASED!

Expenditure on Starlight Programs has increased **5%** in 2019 which represents **58%** of our core income in 2019.



$1,198,069

is the value of volunteer hours contributed to Starlight programs for the year

Donated Goods and Services

$4,298,673

total value of donated goods and services used in program delivery.

This includes:

- Volunteer Hours
- Flights, donated from our Wishgranting Partner Virgin Australia, accommodation and other activities critical to grant life changing Starlight Wishes
- Toys, games from amazing partners like EB Games and art supplies for our Starlight Express Rooms & Livewire

THANK YOU TO ALL OUR VOLUNTEERS AND ALL WHO HAVE DONATED OTHER GOODS AND SERVICES CRITICAL FOR PROGRAM DELIVERY.

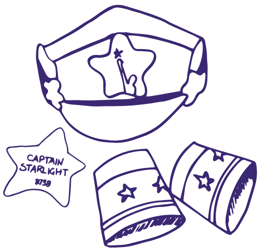
Starlight Children's Foundation

Our Workplace

396 employees across Australia

189 Captain Starlights and

48 Livewire Facilitators



Awarded **Best Employer 2019** at the Australian Business Awards

Ranked **9th** in The Australian Financial Review's Most Innovative Companies list, in the Government, Education and NFP category

#1 Ranked most reputable charity supporting children and young people

Over 2,000 amazing volunteers contributed to Starlight programs delivery

88% Employee satisfaction rating

81% Employee Engagement Score

85% Employee Wellbeing Score

91% Employee Advocacy Score

Starlight Children's Foundation

Starlight's Directors Information

Murray Coleman OAM

Chair / Non-Executive Director

Murray joined the National Board in 2014 after 2 years on the NSW Advisory Board and became Chair in August 2016.

Murray is currently with Macquarie Capital, where he is the Head of Development Projects, having joined in 2017. He was previously with Lendlease for 30 years, working in a number of senior roles across the business both in Australia and overseas. Murray's roles included Global CEO Bovis Lend Lease, Global Head of Health and Safety and Global Group Head of Operational Risk, as well as running the Australian, Asia Pacific and UK construction businesses at various times.

In 2012, Murray was awarded the Medal of the Order of Australia (OAM) for service to the building and construction industry. He is also currently a Director at the Property Industry Foundation, and the Chair of the RICS Australasia Advisory Board.

Louise Baxter GAICD

Chief Executive Officer / Executive Director

Louise joined the Starlight Board in 2009 when she returned to Starlight as CEO. She has experience in senior marketing, business development and communication roles in the commercial and "profit for purpose" sector. Louise aspires to always being authentic and true to Starlight's single value of Shine.

Louise's focus on exceptional experiences and relationships has seen improved business metrics across all areas of Starlight. In addition Starlight has been awarded AON Hewitt Best Employer accreditation, listed in the top 20 in Australia's Great Places to Work and has reached #1 as the most reputable charity brand supporting children & young people.

Louise was acknowledged by CEO Magazine in 2016 as Australia's NFP Executive of the Year and in 2019 Louise was listed in Pro Bono Australia's Impact 25 which recognised the 25 most influential and inspirational people in Australia's social sector.

Louise is also on the board of the Stanford Australia Foundation, The Community Council for Australia and Rippling, a new Joint Venture, which brings 4 charities together for the purpose of ethical fundraising.

Starlight Children's Foundation

Suzie Gough

Chair of Audit & Risk Committee / Non-Executive Director

Suzie joined the Starlight Board in May 2017 and became the Chair of the Audit & Risk Committee in 2019.

Suzie is the Deloitte Asia Pacific and Deloitte Australia's Consulting Quality & Risk Leader. She is responsible for leadership of quality and risk management from a strategic, operational and client perspective and driving a quality, risk intelligent and ethical culture.

Suzie has worked in Melbourne, London, Hong Kong and across Asia Pacific. Suzie is a Member of the Chartered Accountants Australia and New Zealand and has a Bachelor of Economics from Monash University.

Reg Weine

Chair of Remuneration and Nomination Committee / Non-Executive Director

Reg joined the National Board in March 2016 and he was previously the president of Starlight's Victorian Advisory Board from 2013-2016. Reg is Chairman of Longtable Group (ASX:LON) and is a Non-Executive Director of Apple & Pear Australia Limited (APAL). Reg was the Managing Director of SPC Ardmona 2015–2019 and CEO of Bulla Dairy Foods 2010-2015. Reg has a B. Bus. from Monash University, is a graduate of the Australian Institute of Company Directors and is a Certified Practicing Marketer with the Australian Marketing Institute.

Peter Butler AM RFD

Non-Executive Director

Peter has been a Starlight Board member since 2004, was Chair from 2008 until August 2015 and returned to the role of Chair during 2015 & 2016. Peter is a member of the Audit & Risk Committee and was a member of its predecessor, the Finance & Audit Committee.

Peter is a Partner at Herbert Smith Freehills and has been its Managing Partner. He was until February 2020 the Global Chair of HSF Pro Bono and Citizenship Council, a Board member of the Australia-Israel Chamber of Commerce (NSW) and the Cure Brain Cancer Foundation. He has previously been Chair on the Boards of several other not-for-profit organisations.

Starlight Children's Foundation

Katrina Rathie FAICD

Non-Executive Director

Katrina has been a Starlight Board member since 2011.

Katrina is Partner in Charge, Sydney of global law firm King & Wood Mallesons and was named the Winner of the Board & Management category in the prestigious AFR 100 Women of Influence Awards in 2019. Katrina is a member of Chief Executive Women and is a non-executive director of New South Wales Rugby Union/Waratahs Rugby and Osteoporosis Australia. She is passionate about the transformative power of education and is Vice President of Cranbrook School and the Chair of Cranbrook Foundation. She is an Alumni Leader of the University of NSW Business School, serves on the Advisory Board of University of NSW Law School and the Culture Strategy Council at the University of Sydney. Katrina is an advocate for diversity and inclusion and serves on the Advisory Board of Media Diversity Australia and is a member of the Diversity & Inclusion Committee of the Law Society of NSW. She is a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Commerce/Law degree.

Emeritus Professor Les White AM

Non-Executive Director

Les has been a Starlight Board member since 1999. He serves on the Remuneration and Nomination Committee and in supporting service development and research.

Les served as the inaugural NSW Chief Paediatrician from 2010 to 2016 and was previously Executive Director of Sydney Children's Hospital from 1995 to 2010. He is currently a Board member of Children's Cancer Institute, Australian Institute of Health Innovation and Ronald McDonald House Charities Australia; Patron of Sydney Children's Hospital Foundation, Children's Healthcare Australasia and AUSiMED; as well as serving on a number of Public Sector Boards and Committees.

Les commenced his career as a specialist in children's cancer and has spent more than four decades committed to health services for children and young people. Les was awarded a Doctorate of Science for his research contributions, an Order of Australia for services to child health and the community and a Doctorate of the University Honoris Causa.

Starlight Children's Foundation

New Board Members

Lucinda Gemmell

Non-Executive Director

Lucinda Gemmell joined the Board in 2019 and is the Chief People & Culture Officer for the Virgin Australia Group. Lucinda has more than 20 years of progressive HR and commercial leadership experience in Australia and Asia Pacific including Executive roles with Woolworths Ltd, Diageo Asia Pacific and Fairfax Media.

Lucinda holds a Master of Business Administration and a Bachelor of Arts degree in Psychology. Lucinda was a finalist Young Australian of the Year (1998) in the Career Achievement category. She was awarded 2014 Australian HR Director of the Year at the Australian HR Awards. In 2020, Lucinda has been named in Human Resources Director Global 100 List.

Associate Professor Tracey O'Brien

Non-Executive Director

Associate Professor Tracey O'Brien joined the Board in 2019. Tracey is the Director of The Kids Cancer Centre, Sydney Children's Hospital - one of the largest paediatric cancer programs in Australia. Tracey also leads the Transplant and Cellular Therapies Program at Sydney Children's Hospital and serves in leadership positions on many International and National health initiatives.

In addition to her medical qualifications, Tracey also holds a Masters in Health Law and an MBA, giving her a unique set of skills to lead large cross-functional teams, work under pressure and drive innovative change in health systems.

Courtenay Smith

Non-Executive Director

Courtenay joined the Board in August 2019. Courtenay is the Chief Financial Officer (CFO), Property Australia at Lendlease based in Sydney.

Courtenay has over 20 years' experience as a finance professional with management skills across the areas of strategy, governance, risk management, finance and operations and has worked in senior finance roles within the investment, property and construction sectors in Australia, Asia the United States and the United Kingdom.

Courtenay is a member of the Chartered Accountants in Australia and New Zealand and holds a Bachelor of Accounting from the University of Technology, Sydney.

Starlight Children's Foundation

Retiring Board Members

Tony Stuart FAICD

Non-Executive Director

Tony joined the Starlight Board in July 2011. In 2016 Tony was appointed as Chief Executive Officer of UNICEF Australia. His previous roles include Group Chief Executive Officer of the NRMA, Chief Executive Officer of Sydney Airports Corporation Limited and executive positions with Shell Petroleum (New Zealand), Shell International (UK), British Airways (UK) and Manchester Airport (UK).

Tony also serves on a number of Boards including Chair of the Australian Charities and Not-for-Profit Commission (ACNC) Advisory Board and the Prime Minister's Community Business Partnerships.

Graham Watman

Chair of Audit & Risk Committee, Company Secretary / Non-Executive Director

Graham has been a Starlight Board member since Starlight's launch in 1988, is Chairman of the Audit and Risk Committee and was appointed Treasurer in 1995.

Graham is a Director of Catalyst Partners Pty Limited, Managers and Chartered Accountants. He is also a former not-for-profit Director of Cladan Cultural Exchange Institute, Sydney International Piano Competition of Australia and Art Gallery Society of NSW.

Genevieve Overell FAICD

Non-Executive Director

Genevieve joined the Starlight National Board in 2011 and until late in 2019 was the Director, Government Advisory at Deutsche Bank AG Australia & New Zealand.

Fellow of the Australian Institute of Company Directors and Institute of Public Administration and a lawyer by background, Genevieve is Chairman the Victorian Opera Company, the Audit Committee of the Victorian Government's State Revenue Office and Non-Executive Director of the Melbourne Primary Care Network and the National Board of Australian Institute of Architects, serving on its Finance Audit and Risk Committee and Investment Committees.

Starlight Children's Foundation Australia

Financial Report for the year ended 31st December 2019

Directors Report

Your Directors submit their report for the twelve months ended 31st December 2019.

Directors

The Directors of Starlight Children's Foundation Australia ("Starlight") during the financial year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Mr Murray Coleman OAM	Non-Executive Director / Chair
Mr Peter Butler OAM RFD	Non-Executive Director
Ms Louise Baxter	Chief Executive, Executive Director
Ms Susan Gough	Non-Executive Director
Ms Genevieve Overell	Non-Executive Director (Resigned 1 May 2019)
Ms Katrina Rathie	Non-Executive Director
Mr Mark Sowerby	Non-Executive Director
Mr Tony Stuart	Non-Executive Director (Resigned 26 June 2019)
Mr Graham Watman	Non-Executive Director / Company Secretary (Resigned 1 May 2019)
Professor Leslie White AM	Non-Executive Director
Mr Reg Weine	Non-Executive Director
Ms Tracey O'Brien	Non-Executive Director (Appointed 27 August 2019)
Ms Courtenay Smith	Non-Executive Director (Appointed 27 August 2019)
Ms Lucinda Gemmell	Non-Executive Director (Appointed 26 November 2019)

Details of directors qualifications, experience and special responsibilities can be found on pages 15 to 19 of this report.

Directors' Meetings

Details of the meetings of the Board of Directors and its Committees held during the year are given below, including attendance at these meetings. The number of meetings the director was eligible to attend is indicated in the held column.

	Board of Directors		Committee Meetings			
			Audit & Risk		Nominations & Remuneration	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Murray Coleman OAM	7	7	3	0		
Mr Peter Butler OAM RFD	7	4	3	2		
Ms Louise Baxter	7	7	3	3		
Ms Susan Gough	7	6	3	3		
Ms Genevieve Overell	2	2	1	0		
Ms Katrina Rathie	7	7			2	2
Mr Mark Sowerby	7	5				
Mr Tony Stuart	3	3			1	0
Mr Graham Watman	2	1	1	1		
Professor Leslie White AM	7	6			2	2
Mr Reg Weine	7	6			2	2
Ms Tracey O'Brien	4	2				
Ms Courtenay Smith	4	3	1	0		
Ms Lucinda Gemmell	1	1				

Directors' Report (Continued)

Starlight's Mission and Strategy

Starlight's Mission and Strategy are outlined on page 4 of this report

Principal Activities

Starlight provides a range of programs to transform the experience of hospitalisation and treatment for seriously ill children, young people and their families and is the only children's charity with a permanent physical presence in every major paediatric hospital in Australia. Starlight has the broadest reach of any organisation supporting children and young people with all illnesses and injury equitably across Australia both in hospital and in the community.

A detailed review of the programs Starlight provides are outlined on pages 5 and 6 of this report.

Review and Results of Operations

Starlight's net deficit for the financial year was $5,331,040 (2018: deficit $4,355,584). Of this $5.5m represents our investment in Starlight's future sustainability via new donor acquisition for our Shining Stars regular giving program which was funded out of our Endowment reserves. Gross income for the financial year was $35,040,602 (2018:$31,163,138) an increase of 12.4%, driven partly by continued investment in donor acquisition for Shining Stars, but also by new digital peer-to-peer fundraising activations such as Starlight Super Swim and Sugar Free Me, as well as strong growth in corporate parnerships and philanthropy.

Total Program Spend

In 2019 total Program spend was $23,295,313 which is an increase of 5% on 2018. Program spend in 2019 includes $244,081 in relation to Starlight Express Room construction costs (2018 $1,903,044).

Starlight's Performance Measures

Starlight's key performance measures are outlined on pages 9 to 14 of this report

Environmental Regulation

Starlight's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Directors and Other Officers' Benefits

No Non-Executive Director has received, or became entitled to receive during or since the financial year any financial benefit from Starlight, either by way of salary, or by reason of a contract made by Starlight or a related party corporate with a director or a firm, in which the director has a substantial financial interest other than as noted in the accounts.

Indemnification and Insurance of Directors and Officers

Starlight has a Management Liability Insurance policy in place indemnifying Directors and Officers against personal liability in the course of their duties. Starlight has not otherwise, during or since the financial year indemnified, or agreed to indemnify, an officer against a liability incurred.
The insurance policy prohibits the disclosure of the amount and nature of the insurance cover and the amount of the premium paid.

Directors' Report (Continued)

Members Guarantee

In accordance with the company's constitution, each member is liable to contribute $100 in the event that the company is wound up. As at 31 December 2019 the number of members was 11 (31 December 2018: 11)

Registered office and principal place of business

Level 3
80 Chandos St
Naremburn, NSW, 2065.

Auditor's Independence

The Directors received an Independence Declaration from our auditors Ernst & Young. This declaration is included in the financial report following the Auditor's Report.

Non-audit Services

No non-audit services were provided by the entity's auditor, Ernst & Young.

Signed on behalf of the Directors.

Murray Coleman OAM
Chair
Starlight Children's Foundation Australia
5th May 2020

Starlight Children's Foundation Australia
Statement of Income & Expenditure
For the year ended 31st December 2019

	Note	2019 $	2018 $
Income from Ordinary Activities			
Fundraising income	4	33,669,787	31,031,466
Government Grants	4	421,484	-
Other income	4	949,331	131,672
Gross Income		35,040,602	31,163,138
Costs of Fundraising		(14,983,189)	(11,210,514)
Net Income		**20,057,413**	**19,952,624**
Expenditure			
Program costs	5	(23,295,313)	(22,195,558)
Other Operating costs		(2,093,140)	(2,112,650)
Total Expenditure		**(25,388,453)**	**(24,308,208)**
Net (Deficit)		**(5,331,040)**	**(4,355,584)**
Other Comprehensive Income		-	-
Total Comprehensive (Loss)		**(5,331,040)**	**(4,355,584)**

Starlight Children's Foundation Australia
Statement of Financial Position
As at 31st December 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	7	2,320,479	4,798,923
Receivables	8	1,303,127	990,197
Investments	9	9,004,311	11,353,784
Total current assets		**12,627,917**	**17,142,904**
Non-current assets			
Property, plant & equipment	10	1,205,280	1,070,329
Right-of-use assets	11	2,392,070	-
Intangible assets	12	300,088	269,250
Total non-current assets		**3,897,438**	**1,339,579**
Total assets		**16,525,355**	**18,482,483**
Current liabilities			
Trade and other payables	13	2,023,805	1,260,035
Lease Liabilities	11	529,541	-
Provisions	14	915,545	822,963
Total current liabilities		**3,468,891**	**2,082,998**
Non-current liabilities			
Trade and other payables	13	-	15,959
Lease Liabilities	11	1,960,102	-
Provisions	14	679,685	635,809
Total non-current liabilities		**2,639,787**	**651,768**
Total liabilities		**6,108,678**	**2,734,766**
Net assets		**10,416,677**	**15,747,717**
Equity			
Retained surplus		699,389	958,240
Endowment reserve		9,324,800	11,487,502
Reserve for tagged funds		392,488	3,301,975
Total Equity		**10,416,677**	**15,747,717**

Starlight Children's Foundation Australia
Statement of Changes in Equity
As at 31st December 2019

	2019 $	2018 $
Retained Surplus		
Retained surplus at the start of the year	958,240	3,582,229
(Deficit) for the year	(5,331,040)	(4,355,584)
Net transfer from endowment reserve	2,162,702	1,483,640
Net transfer from reserve for tagged funds	2,909,487	247,955
Retained Surplus at year end	**699,389**	**958,240**
Endowment Reserve		
Endowment reserve at the start of the year	11,487,502	12,971,142
Net transfer (to) retained surplus	(2,162,702)	(1,483,640)
Endowment Reserve at year end	**9,324,800**	**11,487,502**
Reserve for Tagged Funds		
Reserve for tagged funds at the start of the year	3,301,975	3,549,930
Net transfer (to) retained surplus	(2,909,487)	(247,955)
Reserve for Tagged Funds at year end	**392,488**	**3,301,975**

Endowment funds are accumulated to ensure Starlight: (i) has the ability to continue program delivery through times of economic uncertainty; and (ii) is able to invest in growth and infrastructure upgrades without impacting program delivery.

Tagged cash balances reflect funds received that have been "tagged" to a particular purpose that has not yet occurred. To honour the purpose for which donors have agreed to commit funds, we have ensured that funds specifically tagged to future projects are not used to fund general ongoing expenditure.

Starlight Children's Foundation

Starlight Children's Foundation Australia
Cash Flow Statement
For the year ended 31st December 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers and donors		29,467,823	27,932,718
Payments to suppliers and employees		(33,934,400)	(29,643,817)
Interest received		46,719	213,754
Interest Paid		(123,462)	-
Dividends received		-	40,057
Net cash flows used in operating activities		**(4,543,320)**	**(1,457,288)**
Cash flows used in investing activities			
Purchase of property, plant & equipment		(534,768)	(2,222,277)
Proceeds from sale of equipment		5,555	1,801
Purchase of intangibles		(184,887)	(186,284)
Purchase of investments		(350,000)	(4,000,000)
Proceeds from sale of investments		3,600,000	-
Net cash flows from/(used in) investing activities		**2,535,900**	**(6,406,760)**
Cash flows used in financing activities			
Payment of lease liabilities		(471,024)	-
Net cash flows used in financing activities		**(471,024)**	
Net decrease in cash held		(2,478,444)	(7,864,048)
Cash and cash equivalents at the beginning of the year		4,798,923	12,662,971
Cash and cash equivalents at year end	7	**2,320,479**	**4,798,923**

Starlight Children's Foundation Australia
Notes to the Financial Statements
For the year ended 31st December 2019

1. Corporate Information

The Financial Report of Starlight Children's Foundation Australia ("Starlight") for the year ended 31st December 2019 was adopted at a meeting of the directors on 5th May 2020.

Starlight is an unlisted public entity limited by guarantee and was incorporated in Australia. The nature of the operations and principal activities of Starlight are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

This is a general-purpose financial report, which has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on an historical cost basis, except for the financial assets at fair value through profit or loss, which have been measured at fair value.

Starlight is a not-for-profit unlisted public entity. Therefore, Starlight's financial statements are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure.

In the current year, Starlight has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. This includes adopting AASB 16 'Leases' and AASB 1058 'Income for Not-for-profit entities' for the first time.

AASB 16 replaces AASB 117 Leases. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less).

Starlight adopted AASB16 using the modified retrospective approach, recognising the cumulative effect of initially applying the new standard on 1 January 2019. Details of this change in accounting policy are disclosed in note 3.

AASB 1058 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, amounts such as donations, may be recognised immediately. There was no impact on revenue recognition for Starlight from the adoption of AASB 1058.

Starlight has not early adopted any new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective.

The financial report is presented in Australian dollars.

(b) Income recognition

Fundraising income and cash donations

Revenue is recognised at the fair value of the consideration received or receivable net of any charge for goods and services tax (GST). Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the amount of the revenue can be reliably measured.

Donations are generally recognised when received, but significant confirmed donations are accrued when it is probable the donation will be received and the amount can be measured reliably.

2. Summary of Significant Accounting Policies (continued)

(b) Income recognition (continued)

Government Grants

A contract liability is recognised when the grant income is received and subsequently released to the profit and loss as income to match costs incurred in delivering the programs funded.

Donated goods and services

Donated goods and services are an important and valued supply. In respect of services, only those that would otherwise have been purchased and paid for are recognised as income and expense in the financial statements. In respect of goods, only those that are utilised in the business are recognised as income and expense. Goods that are donated for conversion into cash (eg auction items) are recognised as income and valued at the amount of cash raised through their sale and therefore no expense is recognised.

Interest and Dividends

Interest, or dividend, revenue is recognised upon control of the right to receive the interest, or dividend payment.

(c) Expenses

All expenses are recognised on an accruals basis and have been classified under headings that reflect the nature of the activity. Where costs cannot be directly attributed to a particular category they have been allocated on a basis consistent with the estimated use of resources. This estimate is either determined by management knowledge and experience or is based on a proportion of headcount in each department.

Costs of fundraising comprise those expenses incurred in running all fundraising activities and events, direct marketing campaigns, liaising with corporate partners and soliciting voluntary donations. Costs incurred in recruiting new supporters for our Shining Stars regular donors are expensed in full when a donor has registered to make future donations.

Programs costs are those incurred in delivering services to seriously ill and hospitalised children and their families, including wishes, family activities, all hospital and outreach based activities and the provision of the Livewire website. Program spend also includes Starlight Express Room construction costs.

Other Operating costs are incurred in managing and accounting for the various activities, providing and maintaining business systems and ensuring compliance with all relevant legal and statutory requirements.

(d) Leases

Until 31 December 2018 operating lease payments were recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives were recognised in the income statement within the total lease expense.

From 1 January 2019 Starlight has changed its accounting policy for leases in accordance with the adoption of AASB 16 Leases as follows:

At inception of a contract, Starlight assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Summary of Significant Accounting Policies (continued)

(d) Leases (continued)

For leases identified, Starlight recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the lease term. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Starlight's incremental borrowing rate. Generally, Starlight uses its incremental borrowing rate as the discount rate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if Starlight changes its assessment of whether it will exercise an extension option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases that have a lease term of 12 months or less and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(e) Cash and cash equivalents

Cash and term deposits in the balance sheet comprise cash at bank and in hand and term deposits. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An allowance for doubtful debts is made when there is objective evidence that Starlight will not be able to collect the debts. Bad debts are written off when identified.

Other debtors include donations and third party fundraising which are accrued when it is probable the funds will be received and the amount can be measured reliably.

For Trade and other receivables, Starlight has applied AASB 9's simplified approach to calculating expected credit losses based on lifetime expected credit losses. Starlight has established a provision matrix that is based on it's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. Summary of Significant Accounting Policies (continued)

(g) Inventories

Inventories of goods purchased for fundraising and programs are valued at the lower of cost and net realisable value, which is the estimated selling price less any costs necessary to make the sale.

(h) Investments

Classification and measurement

Starlight has assessed the entire investment portfolio to be part of a single business model as the assets are managed by Starlight with a consistent objective. Hence the same classification is applied across all investments held. The majority of the investments comprise of assets in managed funds, from which cash flows are not solely payments of principle and interest. Accordingly, under AASB 9, Starlight has designated all investments to be valued at fair value through profit and loss.

(i) De-recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the right to receive cash flows from the asset is retained, but an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement is assumed; or
- the right to receive cash flows from the asset has been transferred and either (a) substantially all the risks and rewards of the asset have been transferred; or (b) all the risks and rewards of the assets have neither been transferred nor retained substantially, but control of the asset has transferred.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(j) Taxes

Income Tax

Starlight is a registered charity and is exempt from income tax in accordance with Division 50 section 50-5 of the Income Tax Assessment Act 1997. It is also exempt from capital gains taxes and State payroll taxes.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where Starlight has chosen to apply the provisions contained in section 40-160 of the GST Act, where no entitlement may be claimed on input tax credits for any acquisitions in relation to the event and GST is not required to be charged on any supplies made.

2. Summary of Significant Accounting Policies (continued)

(k) Property, plant and equipment

Acquisition

Items of property, plant and equipment are recorded at cost. Donated goods are recorded at market value when Starlight plans to retain the asset for its own use.

Depreciation

Depreciation is determined using the straight-line method of calculation. It is calculated on the cost of property, plant and equipment including construction costs and improvements to leasehold property so as to write off the asset over its estimated useful life.

Depreciation rates of property, plant and equipment for each class of asset are as follows:

- Leasehold Improvements – 12.5%
- Office Furniture and Equipment – 25 to 33%
- Furniture and Equipment – Starlight Express Rooms – 20 to 33%
- Starlight Express Van and Equipment – 20 to 33%

Depreciation expense is recognised in the income and expenditure statement in the expense category consistent with the function of the asset.

De-recognition and disposal

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use.

Any gain or loss arising from de-recognition of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the profit and loss in the year the asset is de-recognised.

(l) Intangibles

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised as an expense in the category consistent with the function of the asset.

2. Summary of Significant Accounting Policies (continued)

(l) Intangibles (continued)

A summary of the policies applied to Starlight's intangible assets is as follows:

Software and systems
Useful lives
3 years
Amortisation method used
Amortised over the period of expected future economic benefit on a straight-line basis
Internally generated or acquired
Where the cost relates to software development and meets Starlight's recognition criteria
Impairment testing
When indicators of impairment exist or when annual impairment testing for assets is required

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(m) Impairment of assets

Starlight assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or annually in the case of any intangible assets with indefinite useful lives or acquired goodwill, Starlight makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset.

When the carrying amount of an asset exceeds it recoverable amount, the asset is impaired and its carrying value is written down to its recoverable amount. As a not-for-profit entity, the value in use is calculated as the depreciated replacement cost of the asset where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(n) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits if appropriate, and annual leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

2. Summary of Significant Accounting Policies (continued)

(n) Employee benefits (continued)

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms that match, as closely as possible, the estimated future cash outflows.

(o) Provisions

Provisions are recognised when Starlight has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When Starlight expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects the current assessment of the time value of money and the risks specific to the liability.

(p) Trade and other payables

Trade payables and other payables are carried at cost. They represent liabilities for goods and services provided to Starlight prior to the end of the financial year that are unpaid and arise when Starlight becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires the making of judgements, estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The judgements, estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the judgements, estimates and assumptions.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or the period of revision and future periods if the revision effects both current and future periods.

3. Changes in accounting policies

Starlight applied AASB16 Leases with an initial application date of 1 January 2019. As a result Starlight has changed its accounting policy for lease contracts as detailed below:

Starlight applied AASB16 using the modified retrospective approach and therefore has not restated comparatives for the 2018 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of AASB 16, Starlight recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.6%.

(a) Practical expedients applied

In applying AASB 16 for the first time, Starlight has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Starlight has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date Starlight relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(b) Impact on financial statements

On initial application, Starlight elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets and lease obligations of $2,796,127 were therefore recorded as of January 1, 2019, with no net impact on retained earnings.

	1 Jan 2019
Operating lease commitments disclosed 31 Dec 2018	946,006
Discounted using incremental borrowing rate at 1 Jan 2019	904,558
Less:short term leases not recognised as a liability	(45,262)
Add: extension options reasonably certain to be excercised	1,936,831
Lease Liabilities recognised at 1 Jan 2019	2,796,127

Financial Report for the year ended 31st December 2019
Starlight Children's Foundation Australia ABN 80 931 522 157

	2019 $	2018 $
4 (a) Income from Ordinary Activities		
Fundraising Income		
Fundraising income	29,371,114	27,519,798
Donated goods and services	4,298,673	3,511,668
Total Fundraising Income	**33,669,787**	**31,031,466**
Revenue from Contracts with Customers		
Government Grants	421,484	-
Total Revenue from Contracts with Customers	**421,484**	**-**
Other Income		
Bank interest	12,776	128,970
Investment income	22,099	28,649
Net gain/(loss) on investments	908,901	(27,748)
Gain on sale of assets	5,555	1,801
Total Other Income	**949,331**	**131,672**
Total Income from Ordinary Activities	**35,040,602**	**31,163,138**

	2019 $	2018 $
4 (b) Liabilities related to contracts with customers		
Included in current liabilities are the following items:		
Deferred Government Grant	394,973	-
Total current contract liabilities	**394,973**	**-**

Starlight Children's Foundation

	2019 $	2018 $
5. Expenses		
Included in expenditure are the following items:		
(a) Employee benefits expense:		
Salaries and employee benefits	16,915,922	15,667,137
Superannuation contributions	1,276,433	1,149,613
Total employee benefits	**18,192,355**	**16,816,750**
(b) Donated goods and services utilised in:		
Programs	4,282,098	3,454,259
Other operating costs	16,575	57,409
Total donated goods and services	**4,298,673**	**3,511,668**
(c) Program costs		
Gross income for the year	35,040,602	31,163,138
Transfer from/(to) Endowment reserve	2,162,702	1,483,640
Transfer from Tagged Funds	2,909,487	247,955
Core income utilised during the year	40,112,791	32,894,733
Program costs	23,295,313	22,195,558
% of income spent on programs	**58.1%**	**67.5%**

6. Income Tax

Starlight is a registered charity and is exempt from income tax in accordance with Division 50 Section 50-5 of the Income Tax Assessment Act 1997.

	2019	2018
	$	$
7. Cash and cash equivalents		
Cash at bank and on hand	2,320,479	2,784,354
Cash term deposits	-	2,014,569
Total cash and cash equivalents	**2,320,479**	**4,798,923**

Term deposits are made to increase investment returns. Deposits may be placed for periods of up to 9 months but so as to ensure that Starlight has regular maturities to provide liquidity as and when required.

	2019	2018
	$	$
8. Receivables		
Trade debtors	558,509	302,494
Other debtors and prepayments	410,474	535,606
GST receivable	334,144	152,097
Total receivables	**1,303,127**	**990,197**
9. Investments		
Listed Fixed Interest Securities	1,976,777	6,728,127
Listed Alternative Assets	2,419,240	1,097,168
Listed Equities	3,138,096	3,393,458
Other	1,470,198	135,031
Total investments	**9,004,311**	**11,353,784**

	Cost $	Depreciation $	WDV $
10. Property, Plant and Equipment			
Leasehold improvements			
At start of the year	748,767	(206,439)	542,328
Additions (at cost)	-		
Disposals (at cost)	-	-	
Depreciation for the year		(93,597)	
At end of the year	748,767	(300,036)	**448,731**
Office furniture and equipment			
At start of the year	668,998	(464,377)	204,621
Additions (at cost)	42,796		
Disposals (at cost)	-	-	
Depreciation for the year		(114,892)	
At end of the year	711,794	(579,269)	**132,525**
Hospital furniture and equipment			
At start of the year	867,371	(605,002)	262,369
Additions (at cost)	491,971		
Disposals (at cost)	-	-	
Depreciation for the year		(170,595)	
At end of the year	1,359,342	(775,597)	**583,745**
Starlight Express Vans			
At start of the year	116,068	(55,057)	61,011
Additions (at cost)	-		
Disposals (at cost)	-	-	
Depreciation for the year		(20,732)	
At end of the year	116,068	(75,789)	**40,279**
At start of the year	2,401,204	(1,330,875)	1,070,329
Additions (at cost)	534,767		
Disposals (at cost)	-	-	
Depreciation for the year		(399,816)	
Total property, plant and equipment	**2,935,971**	**(1,730,691)**	**1,205,280**

11. Leases

This note provides information for leases where Starlight is the lessee.

(i) Amounts recognized on the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

	Property	Equipment	Total
	$	$	$
(a) Right-of-use assets			
Balance at 1 January	2,606,682	189,445	2,796,127
Additions (at cost)	164,539	-	164,539
Depreciation charge for the year	(519,176)	(49,420)	(568,596)
Balance at 31 December	**2,252,045**	**140,025**	**2,392,070**

(b) Lease Liabilities

	2019	1 Jan 2019
	$	$
Current	529,541	453,716
Non-Current	1,960,102	2,342,411
	2,489,643	**2,796,127**

(ii) Amounts recognized on the Statement of Income & Expenditure

The Statement of Income & Expenditure shows the following amounts relating to leases:.

	2019	2018
	$	$
Depreciation charge on right-of-use assets		
Property	519,176	-
Equipment	49,420	-
	568,596	**-**
Interest expense	123,462	-
Expense relating to short-terms leases	56,766	-

The total cash outflow for leases in 2019 was $651,252

12. Intangible assets

Software and systems	Cost $	Depreciation $	WDV $
At the start of the year	1,810,458	(1,541,208)	269,250
Additions (at cost)	184,887		
Disposals (at cost)			
Amortisation for the year		(154,049)	
Total intangible assets at the end of the year	**1,995,345**	**(1,695,257)**	**300,088**

	2019 $	2018 $
13. Payables		
Current		
Trade and other creditors	1,477,065	1,144,640
Deferred income	433,073	9,000
Accrued wages, salaries & on-costs	113,667	106,395
Total current payables	**2,023,805**	**1,260,035**
Non-current		
Trade and other creditors	-	15,959
Total non-current payables	**-**	**15,959**

	2019	2018
	$	**$**
14. Provisions		
Current		
Employee benefits	**915,545**	**822,963**
Non-current		
Make Good Provision	185,000	180,000
Employee benefits	494,685	455,809
	679,685	**635,809**

The present values of employee entitlements not expected to be settled within 12 months of the balance sheet date have been calculated using the following discount rates:

Assumed annual rate of increase in wages and salary	2.5%	3%
Settlement term (years)	1 – 10	1 - 10
Discount rate	1.29 – 2.53%	2.44 – 3.72%

	2019	2018
Number of employees		
Number of employees at year end		
Permanent	194	191
Casual	177	150
Contractor	25	19
Total	**396**	**360**
Full-time equivalent	**237**	**221**

	2019	2018
	$	$

15. Commitments and Contingencies

Non-cancellable operating lease commitments

Future minimum rentals payable as at 31 December under operating leases due:

	2019	2018
Not later than one year	-	524,988
Later than one but not later than 5 years	-	421,018
	-	**946,066**

From 1 January 2019 operating leases are accounted for under AASB16 with a corresponding right-of-use asset and lease liability recognised in the Statement of Financial Position.

Annual software licence commitments

Other future payments under contracts due:

	2019	2018
Not later than one year	155,255	155,255
Later than one but not later than 5 years	-	155,255
	155,255	**310,510**

Contingent liabilities

At as 31 December 2019, Starlight had no contingent liabilities (2018: $Nil).

16. Subsequent Events

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our income, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on Starlight at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

17. Key Management Personnel

Compensation of Key Management Personnel

Other than Non-Executive Directors the Key Management Personnel and positions during the year included:

- Mrs Louise Baxter, Chief Executive Officer
- Mrs Kristie Caddick, Head of Marketing & Fundraising
- Mrs Susan Henry, Head of People & Culture
- Ms Felicity McMahon, Head of Programs
- Mrs Linda Ferguson, Head of Finance

Total salaries, benefits, superannuation and other associated on-costs for the Key Management Personnel included:

	2019 $	2018 $
Short-term employee benefits	1,302,397	1,135,873
Post-employment benefits (including salary sacrifice)	129,909	108,304
Total compensation (2019:5, 2018:5)	**1,432,306**	**1,244,177**

No remuneration payments were made to Non-Executive Directors during the year.

The Executives and Directors may transact with Starlight in a normal supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect Starlight would have adopted if dealing with an entity at arm's length.

18. Related Party Disclosures

Transactions with related parties

Donations

During the year Starlight received:

- $36,208 (2018: $190,644) worth of pro bono support from Herbert Smith Freehills. Mr P. Butler, a Director, is Senior Partner, Litigation, with Herbert Smith Freehills.
- $37,138 (2018: $57,277) worth of pro bono support from King & Wood Mallesons. Mrs K. Rathie, a Director, is a Partner in Charge, Sydney, King & Wood Mallesons.
- $52,000 (2018:$6,000) worth of pro bono support from Deloitte Touche Tohmatsu. Suzie Gough, a Director, is a Partner, Melbourne, Deloitte Touche Tohmatsu.

19. Information on fundraising appeals

The following disclosures are made under the requirements of various pieces of state based legislation for charitable fundraising. As a national charity, starlight has presented this information on a national basis in the categories by which we manage fundraising.

	2019 $	2018 $
Fundraising income		
Individual giving	10,433,315	10,288,057
Philanthropy and bequests	5,696,534	5,362,244
Corporate support	6,045,698	4,884,140
Event fundraising	4,575,601	5,238,962
Community fundraising	2,619,966	1,746,395
Donated goods & services	4,298,673	3,511,668
Total Fundraising income	33,669,787	31,031,466
Fundraising costs		
Individual giving	6,523,773	3,433,690
Philanthropy and bequests	53,233	43,940
Corporate support	10,220	40,875
Event fundraising	627,547	718,465
Community fundraising	323,481	209,287
General costs and credit card charges	414,943	274,200
Staff costs	4,143,762	3,827,413
Direct Fundraising costs	12,096,959	8,547,870
Indirect costs	1,527,208	1,353,664
Marketing & communications	1,359,022	1,308,980
Total Fundraising costs	14,983,189	11,210,514
Net fundraising income	18,686,598	19,820,952
Government Grants	421,484	-
Non-operating income	949,331	131,672
Net Income	**20,057,413**	**19,952,624**

Starlight Children's Foundation Australia

Directors Declaration

In the opinion of the Directors:

(a) The financial statements and notes of Starlight Children's Foundation Australia for the financial year ended 31 December 2019 are in accordance with the Australian Charities and Not-for-Profit Commission Act 2012, including:

  (i) Giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the year ended on that date.

  (ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations and the Australian Charities and Not-for-Profit Commission Regulations 2013.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board

Murray Coleman OAM
Chair
Sydney
5th May 2020

Starlight Children's Foundation Australia

Declaration by Chief Executive Officer in respect of Fundraising Appeals

I, Louise Ann Baxter, Chief Executive Officer, of Starlight Children's Foundation Australia, declare in my opinion:

(a) the Statement of Income and Expenditure gives a true and fair view of all income and expenditure of Starlight Children's Foundation Australia with respect to fundraising appeal activities for the twelve months ended 31st December 2019;

(b) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31st December 2019;

(c) the provisions of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority have been complied with during the period from 1st January 2019 to 31st December 2019; and

(d) the internal controls exercised by Starlight Children's Foundation Australia are appropriate and effective in accounting for all income received, and applied by Starlight, from any of its fundraising appeals.

Louise Baxter
Chief Executive Officer
Starlight Children's Foundation Australia
5th May 2020

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Independent Auditor's Report to the Members of Starlight Children's Foundation Australia

Report on the Financial Report

Opinion

We have audited the financial report of Starlight Children's Foundation Australia (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of income and expenditure, statement of changes in equity and the cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter: Subsequent Events – Impact of the Coronavirus (COVID-19) Outbreak

We draw attention to Note 16 of the financial report which notes the World Health Organisation's declaration of the outbreak of COVID-19 as a global pandemic subsequent to 31 December 2019 and how this has been considered by the Directors in the preparation of the financial report. As set out in Note 16, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act(s) and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

a) the financial report of the Company has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2019, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;

   ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;

   iii. the WA Charitable Collections Act (1946); and

   iv. the WA Charitable Collections Regulations (1947).

b) the money received as a result of fundraising appeals conducted by the Company during the financial year ended 31 December 2019 has been properly accounted for and applied, in all material respects, in accordance with the above-mentioned Acts and Regulations.

Ernst & Young

Anton Ivanyi
Partner
Sydney
5 May 2020

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Auditor's Independence Declaration to the Directors of Starlight Children's Foundation Australia

In relation to our audit of the financial report of Starlight Children's Foundation Australia for the financial year ended 31 December 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Anton Ivanyi
Partner
5 May 2020