

**STARLIGHT CHILDREN'S FOUNDATION**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2024**

**STARLIGHT CHILDREN'S FOUNDATION**  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Starlight Children's Foundation  
Culver City, California

### **Opinion**

We have audited the accompanying financial statements of Starlight Children's Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Singer Lewak LLP*

April 28, 2025

**STARLIGHT CHILDREN'S FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2024 and 2023

**ASSETS**

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 5,174,318	\$ 1,578,791
Investments	6,285,505	8,437,763
Receivables	1,888,835	960,282
Inventory	8,393,949	7,681,011
Prepaid expenses and other assets	277,632	238,970
Software and equipment, net	33,217	141,895
Operating lease right-of-use asset	149,493	192,283
<b>Total assets</b>	<b>\$ 22,202,949</b>	<b>\$ 19,230,995</b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued liabilities	\$ 1,200,103	\$ 781,358
Deferred revenue	70,783	42,599
Operating lease liability	168,388	213,236
Total liabilities	1,439,274	1,037,193

**Net Assets**

Net assets without donor restrictions:		
Undesignated	10,152,821	7,201,123
Board designated reserve	2,000,000	2,000,000
Total net assets without donor restrictions	12,152,821	9,201,123
Net assets with donor restrictions	8,610,854	8,992,679
Total net assets	20,763,675	18,193,802
<b>Total liabilities and net assets</b>	<b>\$ 22,202,949</b>	<b>\$ 19,230,995</b>

See notes to financial statements.

**STARLIGHT CHILDREN'S FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>			<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support						
Donations	\$ 4,942,472	\$ 5,730,431	\$ 10,672,903	\$ 2,601,289	\$ 5,677,412	\$ 8,278,701
In-kind donations	8,932,616	-	8,932,616	9,210,247	-	9,210,247
Net investment return	485,773	-	485,773	413,860	-	413,860
Program sales	549,124	-	549,124	480,794	-	480,794
Other loss	(3,415)	-	(3,415)	(10,688)	-	(10,688)
Net assets released from restriction	6,112,256	(6,112,256)	-	5,076,206	(5,076,206)	-
Total revenues, gains, and other support	<u>21,018,826</u>	<u>(381,825)</u>	<u>20,637,001</u>	<u>17,771,708</u>	<u>601,206</u>	<u>18,372,914</u>
Expenses						
Program services	14,524,419	-	14,524,419	14,597,104	-	14,597,104
Management and general	839,780	-	839,780	719,446	-	719,446
Fundraising	2,702,929	-	2,702,929	3,131,815	-	3,131,815
Total expenses	<u>18,067,128</u>	<u>-</u>	<u>18,067,128</u>	<u>18,448,365</u>	<u>-</u>	<u>18,448,365</u>
Change in net assets	2,951,698	(381,825)	2,569,873	(676,657)	601,206	(75,451)
Net assets, beginning	<u>9,201,123</u>	<u>8,992,679</u>	<u>18,193,802</u>	<u>9,877,780</u>	<u>8,391,473</u>	<u>18,269,253</u>
Net assets, ending	<u>\$ 12,152,821</u>	<u>\$ 8,610,854</u>	<u>\$ 20,763,675</u>	<u>\$ 9,201,123</u>	<u>\$ 8,992,679</u>	<u>\$ 18,193,802</u>

See notes to financial statements.

**STARLIGHT CHILDREN'S FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>					<b>2023</b>				
	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total Expenses</b>	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total Expenses</b>
	Management and General	Fundraising	Total Supporting Services			Management and General	Fundraising	Total Supporting Services		
Purchased goods distributed	\$ 4,235,671	\$ -	\$ -	\$ -	\$ 4,235,671	\$ 4,541,150	\$ -	\$ -	\$ -	\$ 4,541,150
Donated goods distributed	7,827,015	-	-	-	7,827,015	7,840,164	-	-	-	7,840,164
Salaries and employee benefits	1,607,796	400,504	1,561,941	1,962,445	3,570,241	1,633,047	376,946	1,630,674	2,007,620	3,640,667
Marketing and promotion	478,909	-	484,415	484,415	963,324	278,855	-	808,941	808,941	1,087,796
Donated professional services	120,824	187,018	56,039	243,057	363,881	92,905	104,334	58,595	162,929	255,834
Technology costs	152,383	100,777	55,434	156,211	308,594	106,737	70,864	76,345	147,209	253,946
Professional services	125	75,014	90,125	165,139	165,264	-	47,531	4,364	51,895	51,895
Facilities	4,150	5,021	53,075	58,096	62,246	6,584	7,967	84,209	92,176	98,760
Travel	42,437	16,955	102,442	119,397	161,834	60,092	46,773	177,101	223,874	283,966
Banking, insurance and fees	10,699	38,681	113,579	152,260	162,959	782	27,577	90,583	118,160	118,942
Fundraising costs	14,783	321	120,046	120,367	135,150	1,203	1,776	121,633	123,409	124,612
Depreciation and amortization	29,627	15,489	65,833	81,322	110,949	27,265	27,202	56,111	83,313	110,578
Other	-	-	-	-	-	8,320	8,476	23,259	31,735	40,055
<b>Total expenses by function</b>	<b>\$ 14,524,419</b>	<b>\$ 839,780</b>	<b>\$ 2,702,929</b>	<b>\$ 3,542,709</b>	<b>\$ 18,067,128</b>	<b>\$ 14,597,104</b>	<b>\$ 719,446</b>	<b>\$ 3,131,815</b>	<b>\$ 3,851,261</b>	<b>\$ 18,448,365</b>

See notes to financial statements.

**STARLIGHT CHILDREN'S FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,569,873	\$ (75,451)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	110,949	110,578
Loss on disposal of equipment	3,415	11,087
Amortization of operating lease right-of-use asset	50,842	69,859
Realized and unrealized gains on investments	(45,972)	(47,696)
Change in contributed inventory	(488,061)	(1,083,038)
Changes in operating assets and liabilities:		
Receivables	(928,553)	(863,105)
Purchased inventory	(224,877)	54,233
Prepaid expenses and other assets	(38,662)	(12,779)
Accounts payable and accrued liabilities	418,745	248,674
Deferred revenue	28,184	37,599
Operating lease liability	(52,900)	(56,245)
Net cash provided by (used in) operating activities	<u>1,402,983</u>	<u>(1,606,284)</u>
<b>Cash flows from investing activities:</b>		
Purchases of software and equipment	(5,686)	(18,333)
Proceeds from sales of software and equipment	-	2,300
Purchases of investments	(6,191,821)	(12,873,260)
Proceeds from sales of investments	8,390,051	12,825,000
Net cash provided by (used in) investing activities	<u>2,192,544</u>	<u>(64,293)</u>
Net change in cash and cash equivalents	3,595,527	(1,670,577)
Cash and cash equivalents, beginning	<u>1,578,791</u>	<u>3,249,368</u>
<b>Cash and cash equivalents, ending</b>	<b><u>\$ 5,174,318</u></b>	<b><u>\$ 1,578,791</u></b>
<b>Supplemental disclosure of noncash investing and financing activities</b>		
Right-of-use assets obtained in exchange for new operating lease obligations:	<u>\$ -</u>	<u>\$ 226,761</u>

See notes to financial statements.



# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 1 – ORGANIZATION

Founded in 1982, Starlight Children's Foundation (the "Foundation" or "Starlight") raises funds and awareness to deliver happiness to seriously ill children and their families through the provision of Starlight programs to more than 700 hospital partners within the United States.

The Foundation licenses the Starlight trademark to international affiliates in Australia, Canada and the United Kingdom (the "International Affiliates") through affiliate agreements, pursuant to which the affiliates deliver programs in their territories dedicated to the Starlight mission. Affiliate agreements entered into between each International Affiliate and the Foundation provide for common purposes and policy direction.

The International Affiliates operate independently. The Foundation does not exercise control over, nor does it have economic interests in, the International Affiliates. Therefore, the financial results of the International Affiliates are not consolidated into the accompanying financial statements, which present financial information solely of the Foundation.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Net Assets

The Foundation reports information regarding donations received in its statements of financial position and statements of activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions:

Net Assets without Donor Restrictions – Donations that are considered to be available for unrestricted use. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve that are reported separately.

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

Net Assets with Donor Restrictions – Donations that are restricted by donors for a specific time period or purpose. When a donor restriction on net assets expires, those net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be restricted in perpetuity. Income earned on these assets may or may not be restricted, depending upon the donor-imposed restrictions.

#### Receivables and Revenue Recognition

##### *Donations*

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional donations/promises to give are reported at fair value at the date the donation/promise is received. Conditional donations are recognized when the conditions on which they depend are substantially met. A condition must have both a barrier that must be overcome before the organization is entitled to the assets transferred or promised and a right of return. Assets received in a conditional donation are accounted for as refundable advances until the condition has been substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The receivable balance at December 31, 2024 includes \$150,000 expected to be received in 2026.

The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. No allowance for uncollectible contributions receivable was provided for at December 31, 2024 and 2023, as management considers all amounts fully collectible.

##### *Donated Goods and Services*

Donated noncash assets (in-kind donations) are recorded at estimated fair value at the date of donation. Donated goods generally consist of inventory for distribution to hospital partner facilities to be given to hospitalized children. The Foundation does not monetize donated inventory. The Foundation estimates the fair value of donated inventory based on wholesale values that would be received for selling similar products in the United States, in recognition of current wholesale market values reported by the corporate donors. If wholesale value is not available, management uses 70% of retail value.

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Donated Goods and Services (Continued)*

Donated services are recorded at fair value in the period received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased by the Foundation. Donated services consist primarily of donated legal services. The donated legal services received were in support of the Foundation's various programs and general corporate counseling, including, without limitation, negotiating contracts with various suppliers and other contractors. The estimated fair value of donated legal services was based on the law firm's detail of hours and rates for the legal services provided.

#### Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) provisions of the Internal Revenue Code of 1986, as amended ("IRC" or "the Code") and similar provisions of the State of California Revenue and Taxation Codes. The Foundation also has been classified as an entity that is not a private foundation within the meaning of IRC 509(a) and qualifies for deductible contributions as provided in IRC 170(b)(1)(A)(vi).

The Foundation evaluates its tax provisions for any potential uncertain tax positions. The Foundation believes its tax positions are more likely than not to be sustained if challenged by tax authorities.

#### Cash and Cash Equivalents

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

#### Investments

Investments in marketable securities are reported at fair value in the statements of financial position. Sales and purchases of securities are recorded on a trade-date basis. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Realized and unrealized gains and losses are included in the statements of activities.

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value of Financial Instruments

The Foundation determines the fair values of its investments based on the fair value hierarchy established in FASB ASC 820, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The statement requires fair value measurements to be classified and disclosed in one of the following three categories:

- Level 1: Quoted prices in active markets for identical assets and liabilities, including equity and debt securities and derivative contracts that are traded in an active exchange market.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

#### Inventory

Inventory is comprised of products that will be delivered to hospital partner facilities for the use of or given to hospitalized children. Inventory includes video game players, monitors, and other electronics that make up the Starlight Nintendo Gaming Stations. Other inventory includes LEGO, Starlight Hospital Gowns, Virtual Reality headsets, toys, games, books, and other goods/products collected for distribution through the Foundation's programs. Purchased inventory is recorded at the lower of cost or net realizable value. Donated inventory is recorded at estimated fair value on the date of donation. Donated inventory accounted for approximately \$5,817,000 and \$5,330,000 of total inventory as of December 31, 2024 and 2023, respectively. Deposits for the manufacture of Starlight Hospital Gowns, for the production and maintenance of Starlight Nintendo Gaming Stations, and for care packages accounted for approximately \$1,737,000 and \$1,520,000 of total inventory as of December 31, 2024 and 2023, respectively.

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Software and Equipment

Purchased software and equipment are stated at cost. Software and equipment are depreciated using the straight-line method over the following estimated useful lives:

Software and computers	3 – 5 years
Office equipment	3 – 5 years
Furniture and fixtures	7 years

Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Software and equipment are capitalized if the useful life is greater than one year.

#### Impairment of Long-lived Assets

The Foundation's long-lived assets include software and equipment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related asset. The Foundation did not identify any impairment of its long-lived assets as of December 31, 2024 and 2023.

#### Allocation of Functional Expenses

The costs of providing the various programs and support services and other activities have been summarized on a program basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Salaries, wages and other related expenses are allocated based on staff reporting. Facilities expense is allocated based on square footage that each program occupies.

#### Marketing and Promotion

Marketing and promotion costs are expensed as incurred.

#### Leases

The Foundation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Foundation obtains substantially all of the economic benefits from the use of those underlying assets and directs how and for what purpose the assets are used during the term of the contract. The Foundation also considers whether its service arrangements include the right to control the use of an asset.

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Leases (Continued)

The Foundation recognizes most leases on its statements of financial position as a right-of-use (“ROU”) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of activities.

The Foundation made an accounting policy election, available to non-public companies under FASB Accounting Standards Update No. 2023-01, *Leases* (“ASC Topic 842”), not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Foundation made an accounting policy election available to non-public companies within ASC Topic 842 to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Foundation has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. As of December 31, 2024 and 2023, the Foundation had only one real estate lease and no vehicle or equipment leases. The non-lease components typically represent additional services transferred to the Foundation, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

#### Reclassifications

Certain reclassifications have been made to the prior year’s financial statements to conform to current year presentation. These reclassifications have no effect on the previously reported net assets or change in net assets.

#### Subsequent Events

The Foundation has evaluated subsequent events through April 28, 2025, the date the financial statements were available to be issued.

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 3 – AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY

The table below presents financial assets available for general expenditures within one year of the statement of financial position date:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 5,174,318	\$ 1,578,791
Investments	6,285,505	8,437,763
Receivables	<u>1,888,835</u>	<u>960,282</u>
 Total financial assets	 13,348,658	 10,976,836
 Less those unavailable for general expenditures within one year due to:		
Board-designated reserve	(2,000,000)	(2,000,000)
Restricted net assets subject to expenditures for specific programs	<u>(8,610,854)</u>	<u>(8,992,679)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 2,737,804</u>	 <u>\$ (15,843)</u>

The majority of the Foundation's expenditures is on the delivery of programs, using donor-restricted funds. A significant portion of these restricted assets is designed to fund salaries and expenses that are directly involved in the delivery of those specified programs.

The Board-designated reserve of \$2,000,000 was created to ensure ongoing operations in the event of unforeseen shortfalls and represents approximately four months of operating expenses. It is subject to expenditure only upon the approval of the Board of Directors. These funds are generally held in U.S. Treasuries.

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the investments reported at fair value on a recurring basis are as follows at December 31:

	<u>2024</u>	<u>2023</u>
U.S. Treasury notes and bills (Level 1)	<u>\$ 6,285,505</u>	<u>\$ 8,437,763</u>

The investments in U.S. Treasury notes and bills are for terms ranging from one month to two years and are valued at the closing prices reported on the active markets on which the individual investments are traded. The fair values of donated inventory are categorized in Level 2 of the fair value hierarchy.

### NOTE 5 – SOFTWARE AND EQUIPMENT

Software and equipment consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Computers	\$ 56,840	\$ 54,680
Furniture and fixtures	45,722	72,723
Software and website development	<u>416,908</u>	<u>416,908</u>
Total software and equipment	519,470	544,311
Accumulated depreciation and amortization	<u>(486,253)</u>	<u>(402,416)</u>
Total software and equipment, net	<u>\$ 33,217</u>	<u>\$ 141,895</u>



# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

### NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following during the years ended December 31, 2024 and 2023:

	<u>Balance, December 31, 2023</u>	<u>Donations with Donor Restrictions</u>	<u>Released from Restriction</u>	<u>Balance, December 31, 2024</u>
Hospital Wear Deliveries (including Care Packages)	\$ 3,731,150	\$ 2,303,558	\$ 1,655,678	\$ 4,379,030
Education	2,312,806	1,709,278	2,137,109	1,884,975
Starlight Families	333,318	-	243,040	90,278
Gaming (Nintendo Switch)	-	450,000	104,358	345,642
Augmented Reality	2,397,159	104,345	1,239,742	1,261,762
Other	-	125,000	-	125,000
	<u>218,246</u>	<u>1,038,250</u>	<u>732,329</u>	<u>524,167</u>
Total	<u>\$ 8,992,679</u>	<u>\$ 5,730,431</u>	<u>\$ 6,112,256</u>	<u>\$ 8,610,854</u>
	<u>Balance, December 31, 2022</u>	<u>Donations with Donor Restrictions</u>	<u>Released from Restriction</u>	<u>Balance, December 31, 2023</u>
Hospital Wear Deliveries (including Care Packages)	\$ 2,680,947	\$ 3,040,000	\$ 1,989,797	\$ 3,731,150
Education	3,610,216	407,411	1,704,821	2,312,806
Gaming (Nintendo Switch)	333,318	87,345	87,197	333,318
Virtual Reality	1,643,391	1,692,656	938,988	2,397,159
Other	46,548	50,000	96,548	-
	<u>77,101</u>	<u>400,000</u>	<u>258,855</u>	<u>218,246</u>
Total	<u>\$ 8,391,473</u>	<u>\$ 5,677,412</u>	<u>\$ 5,076,206</u>	<u>\$ 8,992,679</u>

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

### NOTE 7 – IN-KIND DONATIONS

The estimated fair value of donated goods and professional services reflected in the financial statements as in-kind donations are as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Donated goods	\$ 8,568,735	\$ 8,954,413
Donated professional services	<u>363,881</u>	<u>255,834</u>
Total	<u>\$ 8,932,616</u>	<u>\$ 9,210,247</u>

Donated goods were received using a third-party warehouse in Omaha, Nebraska and distributed to hospital partners to give to hospitalized children as part of the Foundation's program services.

### NOTE 8 – DEFINED CONTRIBUTION EMPLOYEE BENEFIT PLAN

The Foundation maintains an IRC 403(b) defined contribution plan to which employees may contribute. The Foundation matches all contributions up to a maximum of 3% of annual salary. The Foundation made approximately \$76,000 and \$68,000 in matching contributions for the years ended December 31, 2024 and 2023, respectively.

### NOTE 9 – OPERATING LEASES

The Foundation leases a facility in Culver City, California, under a lease agreement, maturing in February 2028, with a 5-year renewal option. Operating lease costs are recognized on a straight-line basis over the lease term and were approximately \$55,000 and \$78,000 for the years ended December 31, 2024 and 2023, respectively.

Future undiscounted cash flows for each of the next five years and a reconciliation to the operating lease liabilities recognized on the statement of financial position are as follows as of December 31, 2024:

2025	\$ 54,800
2026	56,600
2027	58,700
2028	<u>9,800</u>
Total lease payments	179,900
Less imputed interest	<u>(11,512)</u>
Total present value of lease liabilities	<u>\$ 168,388</u>

# STARLIGHT CHILDREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### NOTE 9 – OPERATING LEASES (Continued)

Weighted-average remaining lease term years for operating leases	3.17
Weighted-average discount rate for operating leases	4.27%

### NOTE 10 – CONCENTRATIONS AND RISKS

Two donors accounted for approximately 49% and 46% of the Foundation's total donation revenue for the years ended December 31, 2024 and 2023, respectively.

Deposits of up to \$250,000 at FDIC-insured institutions are covered by FDIC insurance. The Foundation has made arrangements with its principal depository institution to transfer amounts exceeding this limit to other insured depository institutions, in each case in amounts not exceeding the deposit insurance limit. On occasion, such as pending or during funds transfers, the insurance limit may be exceeded.

### NOTE 11 – RELATED PARTY TRANSACTIONS

A member of the Foundation's Board of Directors is a partner with a law firm that contributed in-kind legal services of approximately \$364,000 and \$256,000 to the Foundation during the years ended December 31, 2024 and 2023, respectively. The legal services contributed by the law firm, which included time spent by various attorneys and other legal team support staff, are included as in-kind donations in the statements of activities and as donated professional services in the statements of functional expenses.

Program sales to Starlight Children's Foundation Canada of approximately \$160,000 and \$100,000 are included in the statements of activities for the years ended December 31, 2024 and 2023, respectively.