

STARLIGHT CHILDREN'S FOUNDATION
FINANCIAL REPORT
DECEMBER 31, 2025

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, 2025 and 2024, 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, 2025 and 2024, 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

July 30, 2026

STARLIGHT CHILDREN'S FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 9,687,402	\$ 5,174,318
Investments	2,005,326	6,285,505
Receivables	2,468,797	1,888,835
Inventory	7,161,611	8,393,949
Prepaid expenses and other assets	206,047	277,632
Software and equipment, net	16,111	33,217
Operating lease right-of-use asset	<u>104,705</u>	<u>149,493</u>
Total assets	<u>\$ 21,649,999</u>	<u>\$ 22,202,949</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued liabilities	\$ 1,398,009	\$ 1,200,103
Deferred revenue	101,529	70,783
Operating lease liability	<u>119,693</u>	<u>168,388</u>
 Total liabilities	 <u>1,619,231</u>	 <u>1,439,274</u>

Net Assets

Net assets without donor restrictions:		
Undesignated	13,035,138	10,152,821
Board designated reserve	<u>2,000,000</u>	<u>2,000,000</u>
 Total net assets without donor restrictions	 15,035,138	 12,152,821
 Net assets with donor restrictions	 <u>4,995,630</u>	 <u>8,610,854</u>
 Total net assets	 <u>20,030,768</u>	 <u>20,763,675</u>
 Total liabilities and net assets	 <u>\$ 21,649,999</u>	 <u>\$ 22,202,949</u>

See notes to financial statements.

STARLIGHT CHILDREN'S FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support						
Donations	\$ 6,842,657	\$ 4,066,734	\$ 10,909,391	\$ 4,942,472	\$ 5,730,431	\$ 10,672,903
In-kind donations	12,686,488	-	12,686,488	8,932,616	-	8,932,616
Net investment return	393,437	-	393,437	485,773	-	485,773
Program sales	366,609	-	366,609	549,124	-	549,124
Other loss	-	-	-	(3,415)	-	(3,415)
Net assets released from restriction	7,681,958	(7,681,958)	-	6,112,256	(6,112,256)	-
Total revenues, gains, and other support	27,971,149	(3,615,224)	24,355,925	21,018,826	(381,825)	20,637,001
Expenses						
Program services	21,340,823	-	21,340,823	14,524,419	-	14,524,419
Management and general	792,090	-	792,090	839,780	-	839,780
Fundraising	2,955,919	-	2,955,919	2,702,929	-	2,702,929
Total expenses	25,088,832	-	25,088,832	18,067,128	-	18,067,128
Change in net assets	2,882,317	(3,615,224)	(732,907)	2,951,698	(381,825)	2,569,873
Net assets, beginning	12,152,821	8,610,854	20,763,675	9,201,123	8,992,679	18,193,802
Net assets, ending	\$ 15,035,138	\$ 4,995,630	\$ 20,030,768	\$ 12,152,821	\$ 8,610,854	\$ 20,763,675

See notes to financial statements.

STARLIGHT CHILDREN'S FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2025 and 2024

	2025					2024				
	Supporting Services					Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Purchased goods distributed	\$ 4,739,125	\$ -	\$ -	\$ -	\$ 4,739,125	\$ 4,235,671	\$ -	\$ -	\$ -	\$ 4,235,671
Donated goods distributed	14,325,347	-	-	-	14,325,347	7,827,015	-	-	-	7,827,015
Salaries and employee benefits	1,496,431	426,948	1,561,714	1,988,662	3,485,093	1,607,796	400,504	1,561,941	1,962,445	3,570,241
Marketing and promotion	481,615	348	490,265	490,613	972,228	478,909	-	484,415	484,415	963,324
Donated professional services	29,805	67,502	122,851	190,353	220,158	120,824	187,018	56,039	243,057	363,881
Technology costs	166,992	118,068	94,798	212,866	379,858	152,383	100,777	55,434	156,211	308,594
Professional services	4,800	68,572	199,432	268,004	272,804	125	75,014	90,125	165,139	165,264
Facilities	4,091	4,950	52,323	57,273	61,364	4,150	5,021	53,075	58,096	62,246
Travel	48,709	44,380	147,160	191,540	240,249	42,437	16,955	102,442	119,397	161,834
Banking, insurance and fees	20,020	52,341	116,402	168,743	188,763	10,699	38,681	113,579	152,260	162,959
Fundraising costs	15,737	713	157,827	158,540	174,277	14,783	321	120,046	120,367	135,150
Depreciation and amortization	8,151	8,268	13,147	21,415	29,566	29,627	15,489	65,833	81,322	110,949
Total expenses by function	<u>\$ 21,340,823</u>	<u>\$ 792,090</u>	<u>\$ 2,955,919</u>	<u>\$ 3,748,009</u>	<u>\$ 25,088,832</u>	<u>\$ 14,524,419</u>	<u>\$ 839,780</u>	<u>\$ 2,702,929</u>	<u>\$ 3,542,709</u>	<u>\$ 18,067,128</u>

See notes to financial statements.

STARLIGHT CHILDREN'S FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ (732,907)	\$ 2,569,873
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,566	110,949
Loss on disposal of equipment	-	3,415
Amortization of operating lease right-of-use asset	44,788	50,842
Realized and unrealized (gain) loss on investments	71,821	(45,972)
Change in contributed inventory	1,890,465	(488,061)
Changes in operating assets and liabilities:		
Receivables	(579,962)	(928,553)
Purchased inventory	(658,127)	(224,877)
Prepaid expenses and other assets	71,585	(38,662)
Accounts payable and accrued liabilities	197,906	418,745
Deferred revenue	30,746	28,184
Operating lease liability	(48,695)	(52,900)
Net cash provided by operating activities	<u>317,186</u>	<u>1,402,983</u>
Cash flows from investing activities:		
Purchases of software and equipment	(12,460)	(5,686)
Purchases of investments	(2,128,642)	(6,191,821)
Proceeds from sales of investments	<u>6,337,000</u>	<u>8,390,051</u>
Net cash provided by investing activities	<u>4,195,898</u>	<u>2,192,544</u>
Net change in cash and cash equivalents	4,513,084	3,595,527
Cash and cash equivalents, beginning	<u>5,174,318</u>	<u>1,578,791</u>
Cash and cash equivalents, ending	<u>\$ 9,687,402</u>	<u>\$ 5,174,318</u>

See notes to financial statements.

STARLIGHT CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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 800 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, 2025 AND 2024

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 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, 2025 and 2024, 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, 2025 AND 2024

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, 2025 AND 2024

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 \$4,192,000 and \$5,817,000 of total inventory as of December 31, 2025 and 2024, 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 \$1,434,000 and \$1,737,000 of total inventory as of December 31, 2025 and 2024, respectively.

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

STARLIGHT CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Software and Equipment (Continued)

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.

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.

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 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 to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

STARLIGHT CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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, 2025 and 2024, 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.

Subsequent Events

The Foundation has evaluated subsequent events through July 30, 2026, the date the financial statements were available to be issued.

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:

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 9,687,402	\$ 5,174,318
Investments	2,005,326	6,285,505
Receivables	<u>2,468,797</u>	<u>1,888,835</u>
Total financial assets	14,161,525	13,348,658
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>(4,995,630)</u>	<u>(8,610,854)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,165,895</u>	<u>\$ 2,737,804</u>

STARLIGHT CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 3 – AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY (Continued)

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.

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>2025</u>	<u>2024</u>
U.S. Treasury notes and bills (Level 1)	<u>\$ 2,005,326</u>	<u>\$ 6,285,505</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.

NOTE 5 – SOFTWARE AND EQUIPMENT

Software and equipment consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>
Computers	\$ 55,157	\$ 56,840
Furniture and fixtures	45,722	45,722
Software and website development	<u>416,908</u>	<u>416,908</u>
Total software and equipment	517,787	519,470
Accumulated depreciation and amortization	<u>(501,676)</u>	<u>(486,253)</u>
Total software and equipment, net	<u>\$ 16,111</u>	<u>\$ 33,217</u>

STARLIGHT CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following during the years ended December 31, 2025 and 2024:

	Balance, December 31, 2024	Donations with Donor Restrictions	Released from Restriction	Balance, December 31, 2025
Hospital Wear	\$ 4,379,030	\$ 1,590,000	\$ 3,392,899	\$ 2,576,131
Deliveries (including Care Packages)	1,884,975	2,163,044	2,033,756	2,014,263
Education	90,278	-	90,278	-
Starlight Families	345,642	-	238,675	106,967
Gaming (Nintendo Switch)	1,261,762	145,190	1,382,343	24,609
Augmented Reality	125,000	50,000	32,214	142,786
Other	524,167	118,500	511,793	130,874
Total	<u>\$ 8,610,854</u>	<u>\$ 4,066,734</u>	<u>\$ 7,681,958</u>	<u>\$ 4,995,630</u>

	Balance, December 31, 2023	Donations with Donor Restrictions	Released from Restriction	Balance, December 31, 2024
Hospital Wear	\$ 3,731,150	\$ 2,303,558	\$ 1,655,678	\$ 4,379,030
Deliveries (including Care Packages)	2,312,806	1,709,278	2,137,109	1,884,975
Education	333,318	-	243,040	90,278
Starlight Families	-	450,000	104,358	345,642
Gaming (Nintendo Switch)	2,397,159	104,345	1,239,742	1,261,762
Augmented Reality	-	125,000	-	125,000
Other	218,246	1,038,250	732,329	524,167
Total	<u>\$ 8,992,679</u>	<u>\$ 5,730,431</u>	<u>\$ 6,112,256</u>	<u>\$ 8,610,854</u>

STARLIGHT CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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>2025</u>	<u>2024</u>
Donated goods	\$ 12,466,330	\$ 8,568,735
Donated professional services	<u>220,158</u>	<u>363,881</u>
Total	<u>\$ 12,686,488</u>	<u>\$ 8,932,616</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 \$75,000 and \$76,000 in matching contributions for the years ended December 31, 2025 and 2024, respectively.

NOTE 9 – OPERATING LEASES

The Foundation leases an office space 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 \$52,000 and \$55,000 for the years ended December 31, 2025 and 2024, 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, 2025:

2026	\$ 56,600
2027	58,700
2028	<u>9,800</u>
Total lease payments	125,100
Less imputed interest	<u>(5,407)</u>
Total present value of lease liabilities	<u>\$ 119,693</u>

STARLIGHT CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 9 – OPERATING LEASES (Continued)

Weighted-average remaining lease term years for operating leases	2.17
Weighted-average discount rate for operating leases	4.27%

NOTE 10 – CONCENTRATIONS AND RISKS

For the year ended December 31, 2025, the largest two donors accounted for approximately 65% of the Foundation's total gift in kind and cash. Of this amount, approximately 51% of their support consisted of gift-in-kind contributions and 14% consisted of cash contributions. For the year ended December 31, 2024, these two donors accounted for approximately 49% of total revenue.

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 \$181,000 and \$364,000 to the Foundation during the years ended December 31, 2025 and 2024, 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 \$91,000 and \$160,000 are included in the statements of activities for the years ended December 31, 2025 and 2024, respectively.