



Starlight Children's Foundation Australia

Financial Report for the year ended 31st December 2015

Directors Report

Your Directors submit their report for the twelve months ended 31st December 2015.

Board of Directors

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

		Meetings	
		Held	Attended
Mr Peter Butler OAM RFD	Non-Executive Director / Chair	7	6
Mr Dane Hudson*	Non-Executive Director / Chair	7	6
Ms Louise Baxter	Chief Executive, Executive Director	7	7
Mr Murray Coleman OAM	Non-Executive Director	7	5
Mr Neil Flett	Non-Executive Director	7	6
Mr Philip Hennessy*	Non-Executive Director	7	4
Ms Genevieve Overell	Non-Executive Director	7	7
Mr Kieren Perkins* OAM	Non-Executive Director	7	7
Ms Katrina Rathie	Non-Executive Director	7	6
Mr Tony Stuart	Non-Executive Director	7	5
Mr Graham Watman**	Non-Executive Director, Company Secretary	7	3
Professor Leslie White AM*** / Dr Michael Brydon OAM	Non-Executive Director (Alternate for Prof White)	7	2

* Mr Hudson, Mr Hennessy and Mr Perkins stepped down from the Board at the end of 2015.

** Mr Watman took a leave of absence from the Starlight Board for the second half of 2015.

*** Professor White took a leave of absence from the Starlight Board for the duration of 2015.

Mr Mark Sowerby joined the Board on 25 February 2016.



Directors' Report (Continued)

Committee Membership

As at the date of this report, Starlight also had an Audit & Risk Committee and a Nominations and Remuneration Committee. Members of these committees during the period were:

Audit & Risk Committee / formerly Finance & Audit Committee

		Meetings	
		Held	Attended
A G Watman**	Chair	4	1
P Hennessy	Acting Chair	4	4
P Butler		4	4
D Hudson		3	3
M Coleman		2	2
G Overell		2	2

Nominations and Remuneration Committee

		Meetings	
		Held	Attended
N Flett	Chair	1	1
K Rathie		1	1
L White / M Brydon (Alternate)		1	1
T Stuart		1	0

Company Secretary

A G Watman has been the Company Secretary of Starlight for 22 years.

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)

Information on Directors

Peter Butler OAM RFD, Chair

Peter has been a Starlight Board member since 2004, was Chair from 2008 until August 2015 and returned to the role of Chair at the December 2015 Board meeting. 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 was Managing Partner until 2010. He is the Global Chair of HSF Pro Bono and Citizenship Council, Chair of the Tristan Jepson Memorial Foundation Advisory Council, a Board member of the Australia-Israel Chamber of Commerce (NSW) and the Cure Brain Cancer Foundation and a Council member of the University of NSW Law School Advisory Council.

Graham Watman, Chair of Audit & Risk Committee, Company Secretary

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.

Neil Flett, Chair of Nomination & Remuneration Committee

Neil has been a Starlight Board member since 2005. Neil is Chair of Starlight's Nomination & Remuneration Committee which commenced in 2015.

After a career in journalism, Neil owned and managed various public relations companies before founding rogenSi, a leadership and management training organisation, which he led until his retirement in 2013. Neil is also a councillor with the Australia Day Council of New South Wales.

Louise Baxter GAICD, Chief Executive Officer

Louise has over 30 years' experience in marketing, sales and communications including responsibility for a range of blue chip international brands and government projects. Louise was a member of the Sydney board of Leo Burnett Connaghan and May Advertising and was founding partner of Brave New World Advertising. Louise has 13 years' experience at Starlight and has been Chief Executive since June 2009.

In November 2015 Louise was acknowledged by CEO Magazine as Australia's NFP Executive of the Year.

Professor Les White AM

Les has been a Starlight Board member since 1999.

Les was appointed the inaugural NSW Chief Paediatrician in 2010 and was previously Executive Director of Sydney Children's Hospital from 1995 to 2010. He is also a Board member of Children's Cancer Institute, Australian Institute of Health Innovation, Ronald McDonald House Charities Australia, AUSIMED and Sydney Children's Hospital Foundation as well as a number of Public Sector Boards and Committees.



Directors' Report (Continued)

Les commenced his career as a specialist in children's cancer and has spent nearly four decades committed to health services for children and young people. Les was awarded a Doctorate of Science for his research contributions and an Order of Australia.

Dr Michael Brydon OAM (Alternate for Professor Les White)

Michael has been a Starlight Board Member since 2008.

Michael is currently acting Chief Executive of The Sydney Children's Hospital, Randwick, and Director of Clinical Operations, Sydney Children's Hospitals Network NSW and a General Paediatrician at Sydney Children's Hospital Randwick.

Murray Coleman OAM

Murray joined the National Starlight Board in 2014 after 2 years on the NSW Advisory Board.

Murray is currently Group Head of Operational Risk at Lendlease and has over 25 years' experience working in a number of senior roles across the Lendlease business both in Australia and overseas. In 2012, Murray was awarded the Medal of the Order of Australia (OAM) for service to the building and construction industry and is currently a Director at the Property Industry Foundation.

Phil Hennessy

Phil was a Starlight Board member from 2002 and was a member of the Audit and Risk Committee until he stepped down from the Board at the end of 2015. Previously he was President of the Starlight Queensland Advisory Board until 2010.

After a career that expanded over 30 years at KPMG, Phil retired as the Queensland Chairman in July 2013 after 12 years in the role and is now an independent Company Director and Advisor. He is a Director on a number of public company, not-for-profit and private company advisory boards, including the Mater Foundation and sits on the Senate of the University of Queensland.

Dane Hudson

Dane joined the Starlight Board in 2014 and became Chair in August 2015.

Dane was CEO for the Australian and New Zealand business of ISS Facility Services, a global facility service provider with operations in more than 50 countries, from 2011. A promotion at ISS has required Dane to relocate overseas and consequently he stepped down from the Board and as Chair at the end of 2015.

Genevieve Overell FAICD

Genevieve has been a Starlight Board member since 2011 and is the Director of Government Advisory at Deutsche Bank in Australia.

Genevieve is also an independent member of the Audit Committee of the Victorian State Revenue Office and a Fellow of both the Institute of Public Administration and the Australian Institute of Company Directors. Her previous roles include Head of Environment in the Victorian Bushfire Reconstruction and Recovery Authority and various senior roles in the Victorian Government departments of Sustainability and Environment and Planning and Community Development. Prior to joining government administration Genevieve was a partner at KPMG.





Directors' Report (Continued)

Kieren was a Starlight Board member from 2002 and stepped down at the end of 2015.

Kieren has served on multiple Boards in corporate, government and not-for-profit capacities including The Australian Sports Commission, Swimming Australia Ltd, the ANZCA Foundation and NFP Online. Kieren is currently Head of NAB Private Wealth Qld and a board member for the Sport Australia Hall of Fame and River Foundation.

Katrina Rathie

Katrina has been a Starlight Board member since 2011.

Katrina is the Partner in Charge of the Sydney law firm King & Wood Mallesons and is also a Director of Osteoporosis Australia.

Tony Stuart FAICD

Tony joined the Starlight Board in July 2011 and was the Group Chief Executive Officer of the NRMA, Australia's largest customer owned company, until stepping down in September 2015.

Tony's previous roles include 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 Australian Motoring Services, the Committee for Sydney and the Australian Business Council of Cooperatives and Mutuals.

Mark Sowerby

Mark joined the Starlight Board in February 2016 and is the Founder and Managing Director of Blue Sky Alternative Investments Limited, an ASX listed alternative asset manager investing across private equity, venture capital, private real estate, water, infrastructure, hedge funds and agriculture.

In 2015 Mark received the University of Queensland Vice-Chancellor's Alumni Excellence Award, was recognised as Ernst and Young Entrepreneur of the Year for Queensland, and completed a successful, sponsored crossing of the English Channel raising funds for Starlight.

Corporate Information

Corporate Structure & Governance

Starlight Children's Foundation Australia, known as "Starlight" in this report, is a company limited by guarantee. Starlight's registered office and principal place of business is Level 3, 80 Chandos St, Naremburn, NSW, 2065.

Starlight is a not for profit organisation and is prevented by its constitution from paying dividends.

In 2015 Starlight's Constitution was changed to (1) reduce the maximum number of Board members from 17 to 12, (2) introduce tenure for new Board Members – a maximum of 12 years as a Board Member and 6 years as Chair, (3) introducing two Board Sub-Committees – the Audit & Risk Committee (previously Finance & Audit Committee) and the Nominations & Remuneration Committee.



Directors' Report (Continued)

Starlight's Objectives and Strategy

Since being established in 1988, Starlight's mission has been to brighten the lives of seriously ill and hospitalised children, young people and their families. This is achieved through a diverse range of programs developed to meet the growing and changing needs of these children and the health system.

Starlight works in partnership with medical professionals and all Starlight programs are built on the World Health Organisation's social model of health to support the well-being and resilience of seriously ill children. Starlight programs are considered by health professionals to be an integral part of the total health care of these children, empowering them and their families to address the social and emotional aspects of living with serious illness or injury.

Starlight will continue to research the changing need for and impact of its Programs to ensure they are always relevant and deliver the most effective and efficient use of all donations and funds raised. Research conducted by PwC's Health Practice in 2012 using Social Return on Investment methodology has shown that for every \$1 Starlight spends delivering "in Hospital" programs \$4.10 is returned to the community in value. A second Social Return on Investment study was conducted in 2014 by Social Ventures Australia and showed that for every \$1 Starlight invests in livewire.org.au, Starlight's online community providing peer support to seriously ill teenagers, over \$5.30 of value is returned to the community. These studies demonstrate Starlight's Program expenditure is amplified four to five times in terms of community value.

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 as we do not discriminate on the basis of specific illness, injury or age and deliver all our programs equitably both in hospital and in the community.

We continue to deliver our life changing Starlight Wishgranting program and in 2015 we granted our 9,000th Starlight Wish. Our Programs focus has expanded since the original Starlight Wish was granted in 1988 enabling Starlight to find new ways to deliver our mission. We opened our first Starlight Express Room in 1991 and we now have rooms in every major paediatric hospitals around Australia.

Our Starlight Express Rooms are all about distractive therapy, a place where Captain Starlight, the catalyst for fun, art, craft, music and theatre, can provide seriously ill children the chance to simply "be a child" and forget about the stress and pain of their treatment. They also provide the whole family an environment where they can come together.

We know the quality and impact of our programs is high and we continue to invest in research to ensure they continue to be effective and efficient. Therefore our goal is to deliver our Starlight programs to the "ideal level of reach" and to achieve this we must expand our programs which will require continued increases in our fundraising capability. In recent years, Starlight has piloted, researched and then introduced programs to specifically meet the needs of both the growing cohort of adolescent patients in paediatric hospitals (Livewire) and children in remote indigenous communities (indigenous outreach). Both of these programs have been developed in conjunction with health professionals and specialists in these areas and are delivering proven impact to these groups.



Directors' Report (Continued)

As new children's hospitals are built, there is a requirement for us to fit-out new Starlight Express Rooms in each hospital location. Each of these Starlight Express Rooms requires capital funding of around \$1.5m, which is incremental to our annual operational expenditure and is raised through separate capital campaigns.

During 2015 we officially opened our Starlight Express Room in the new Lady Cilento Children's Hospital in Brisbane and opened our completely refurbished Starlight Express Room at Westmead – Sydney Children's Hospital. We currently have Starlight Express Rooms in various stages of design and construction at Princess Margaret Hospital in Perth, Monash Children's Hospital in Melbourne, Randwick – Sydney Children's Hospital and Royal Darwin Hospital.

Results of Operations

Starlight's net surplus for the financial year was \$5,000,510 (2014: deficit \$324,312). Of this \$4.3 million was set aside, \$1.5 million to our Tagged reserves for future capital projects and \$2.8 million was added to our Endowment reserve to ensure Starlight's sustainability.

In 2015 our Gross Income was 18% higher than a year ago. Our total program spend has increased by over 5% but, excluding the cost of SER builds and donated goods and services, our core program costs have risen by 14% and reflect a 26% expansion of our programs

Based on our successful pilot, we have continued to invest in building a sustainable, monthly revenue stream through our "Starlight Shining Stars" initiative. This is critical for Starlight as the need is for us to have the funds to deliver our programs 7 days per week. Projections, borne out by our experience to date, indicate that this investment will result in increased and sustainable revenue and a relatively low average cost of fundraising over the longer term. However accounting standards require us to expense all costs incurred immediately - even prior to receiving the first monthly donation from new donors. In 2015 our overall cost of fundraising has reduced to 36%, and after adjusting for both the costs of, and income from, the recruitment of regular monthly donors, our general cost of fundraising was again below 30%.

Our strategic commitment each year is to become more efficient and effective. Other operating costs in 2015 were less than 6% of Gross Income, as the investment we have made in new technology tapers off and we start to realise the benefits from these new systems. This is already enabling our team to work more efficiently and effectively and deliver an improved experience to all our stakeholders.

Starlight's Performance Measures

Starlight's key performance measures are the reach and impact of our Starlight programs on the lives of seriously ill children and their families. All research conducted in the year has confirmed Starlight programs to be delivering a positive and high quality impact for the different groups we support.

In line with our strategic objectives, the reach of Starlight's programs has grown. The total number of connections made with seriously ill children and young people through our programs was over 185,000, an increase of 26% (2014: 146,000). Our Starlight Wishgranting program supported 518 children and their families (2014: 498);



Directors' Report (Continued)

128 outreach trips were made to 32 remote indigenous communities across the northern reaches of the Northern Territory with Captain Starlight reaching over 500 children every month (2014: 80 outreach trips reaching 300 children each month); Livewire in hospital connected with 25,218 young people (2014: 19,000); and we accepted 664 new livewire.org.au members, contributing to 31,837 unique session logins throughout 2015.

To support this program growth we also have an objective to involve our volunteers appropriately in program delivery. This important group is part of our Starlight DNA and enable us to be more effective and efficient. We continue to evolve the role of volunteers in the various programs and they delivered over 35,000 hours in our programs during 2015 with a value to us of over \$1 million.

An engaged and empowered Starlight team is critical to effective program delivery. We were recognised by AON Hewitt as an Employer of Choice in 2014, and our team engagement score as measured by The Voice Project, an independent consultancy, was 87% (paid team and volunteers are surveyed). The 2014 BRW Great Places to Work survey ranked Starlight 7th in Australia and 5th in Asia Pacific in the small to medium business category. Staff turnover remained low at approx. 9% for 2015, which has the beneficial impact of reducing all associated costs of recruitment and on-boarding. Our aim is to deliver an average of at least 30 hours of learning and development for each team member and in 2015 we achieved 40.5 hours.

Financial and risk management is a high priority and we have carefully managed Starlight's resources during the year and continue to monitor its prospective liquidity closely. Detailed budgets are prepared and monitored with contingency plans in place to protect against any weakness in the economic climate. Starlight's financial resources have improved markedly in 2015 and we are confident that this strong financial position will enable us to continue to work in partnership with the health system to further enhance our programs so that we support seriously ill and hospitalised children and their families into the future.

Starlight's Longer Term Objectives

Starlight's sole objective is to deliver our Starlight programs to the "ideal reach" within the constantly changing model of paediatric care and to grow sustainable revenue streams to fund this growth into the future.

Employees

Starlight employed 274 staff and contractors as at 31st December 2015 (2014: 269). Average tenure of our permanent team is now 4.21 years up from 3.65 in 2014.

Presentation Currency

The presentation currency used is Australian dollars.

Environmental Regulation

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

Directors' Report (Continued)

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 in accordance with a resolution of the Directors.



Peter Butler OAM RFD

Chair

28th April 2016

Starlight Children's Foundation Australia
Statement of Income & Expenditure
For the year ended 31st December 2015

	Note	2015 \$	2014 \$
Income from Ordinary Activities	3		
Fundraising income		35,339,062	29,975,454
Non-operating income		420,868	338,267
Gross Income		35,759,930	30,313,721
Costs of Fundraising		(12,916,858)	(13,207,481)
Net Income		22,843,072	17,106,240
Expenditure	4		
Program costs		(15,812,152)	(14,994,628)
Other Operating costs		(2,030,410)	(2,435,924)
Total Expenditure		(17,842,562)	(17,430,552)
Net Surplus / (Deficit)		5,000,510	(324,312)
Other Comprehensive Income		-	-
Total Comprehensive Income / (Expense)		5,000,510	(324,312)



Starlight Children's Foundation Australia
Statement of Financial Position
As at 31st December 2015

	Note	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	6		
Operational cash		3,482,058	1,817,716
Endowment cash		5,310,922	3,433,209
Tagged cash		6,167,402	4,684,712
Receivables	7	1,752,663	2,028,491
Inventories	8	138,564	174,101
Investments	9	1,073,761	510,887
Total current assets		17,925,370	12,649,116
Non-current assets			
Property, Plant & Equipment	10	417,851	210,595
Intangible assets	11	696,139	724,227
Total non-current assets		1,113,990	934,822
Total assets		19,039,360	13,583,938
Current liabilities			
Trade and other payables	12	2,489,330	2,110,522
Provisions	13	645,815	585,449
Total current liabilities		3,135,145	2,695,971
Non-current liabilities			
Trade and other payables	12	47,476	51,283
Provisions	13	391,313	371,768
Total non-current liabilities		438,789	423,051
Total liabilities		3,573,934	3,119,022
Net assets		15,465,426	10,464,916
Equity			
Retained surplus		2,913,341	2,247,514
Endowment reserve		6,384,683	3,569,745
Reserve for tagged funds		6,167,402	4,647,657
Total Equity		15,465,426	10,464,916





Starlight Children's Foundation Australia
Statement of Changes in Equity
As at 31st December 2015

	2015 \$	2014 \$
Retained Surplus		
Retained surplus at the beginning of the year	2,247,514	2,850,450
Surplus / (deficit) for the year	5,000,510	(324,312)
Net transfer (to) / from endowment reserve	(2,814,938)	554,733
Net transfer to reserve for tagged funds	(1,519,745)	(833,357)
Retained surplus at the end of the year	2,913,341	2,247,514
Endowment Reserve		
Retained surplus at the beginning of the year	3,569,745	4,124,478
Net transfer from / (to) retained surplus	2,814,938	(554,733)
Endowment reserve at the end of the year	6,384,683	3,569,745
Reserve for Tagged Funds		
Reserve for tagged funds at the beginning of the year	4,647,657	3,814,300
Net transfer from retained surplus	1,519,745	833,357
Reserve for Tagged Funds at the end of the year	6,167,402	4,647,657



Starlight Children's Foundation Australia
Cash Flow Statement
For the year ended 31st December 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers and donors		32,682,677	25,994,015
Payments to suppliers and employees		(26,169,909)	(24,882,760)
Interest received		294,398	270,825
Dividends received		21,200	17,822
		6,828,366	1,399,902
Cash flows used in investing activities			
Purchase of property, plant & equipment		(953,135)	(1,229,066)
Proceeds from sale of equipment		11,880	-
Purchase of intangibles		(327,686)	(578,642)
Purchase of investments		(675,000)	-
Proceeds from sale of investments		140,320	-
		(1,803,621)	(1,807,708)
Net increase / (decrease) in cash held		5,024,745	(407,806)
Cash and cash equivalents at the beginning of the period		9,935,637	10,343,443
Cash and cash equivalents at year end		14,960,382	9,935,637
Cash and cash equivalents			
	6		
General cash balances		3,482,058	1,817,716
Endowment cash balances		5,310,922	3,433,209
Tagged cash balances		6,167,402	4,684,712
Cash and cash equivalents at year end		14,960,382	9,935,637





Starlight Children's Foundation Australia Notes to the Financial Statements For the year ended 31st December 2015

1. Corporate Information

The Financial Report of Starlight Children's Foundation Australia ("Starlight") for the year ended 31st December 2015 was authorised in accordance with a resolution of the directors on 28th April 2016. 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 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 has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial years ended on 31 December 2014 and 31 December 2015. 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. The adoption of these new and revised Standards and Interpretations has had no significant financial effect on these financial statements.

At the date of authorisation of the financial statements, AASB 9 *Financial Instruments (December 2010)*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* were in issue but not yet effective. The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Organisation.

(b) Income recognition

Fundraising income and cash donations

Revenue is recognised at fair value of the consideration received 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)

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.

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

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement within the total lease expense.

(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.





2. Summary of Significant Accounting Policies (continued)

(f) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity 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.

(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 initial measurement

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, or available for sale investments, as appropriate. Starlight determines the classification of its financial assets on acquisition and, if appropriate and when allowed, re-evaluates this designation at each financial year-end.

When financial assets are recognised initially, they are measured at fair value plus, in the case of assets not at fair value through profit and loss, directly attributable transaction costs.

Subsequent measurement

(i) *Financial assets at fair value through profit and loss*

Realised and unrealised gains or losses on investments held for trading are recognised in profit or loss.

(ii) *Held to maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity with the expectation that Starlight has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held to maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.



(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at their amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques such as using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(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

The Company is a registered charity. The Group 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 40-165 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 the Company 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.

(l) Property, plant and equipment (continued)

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

- Leasehold Improvements – 20 to 100%
- Starlight Express Rooms construction / improvements – 100%
- Office Furniture and Equipment – 25 to 33%
- Furniture and Equipment – Starlight Express Rooms – 25 to 33%
- Starlight Express Van and Equipment – 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.

(m) 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.

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

Software and systems
<i>Useful lives</i>
3 years
<i>Amortisation method used</i>

Software and systems
Amortised over the period of expected future economic benefit on a straight-line basis
<i>Internally generated or acquired</i>
Where the cost relates to software development and meets the Company's recognition criteria
<i>Impairment testing</i>
When indicators of impairment exist or when annual impairment testing for assets is required

2. Summary of Significant Accounting Policies (continued)

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.

(n) 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 its 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.

(o) 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.

(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.



2. Summary of Significant Accounting Policies (continued)

(p) Provisions

Provisions are recognised when the Company 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 the Company 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.

(q) Trade and other payables

Trade payables and other payables are carried at cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company 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.

(r) 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 affects both current and future periods.



3. Income from Ordinary Activities

	2015	2014
	\$	\$
Operating Income		
Fundraising income	32,341,655	26,801,196
Donated goods and services	2,997,407	3,174,258
Total Operating Income	35,339,062	25,975,454
Non-operating Income		
Bank interest	359,594	261,027
Investment income	21,200	17,822
Net gain on investments	28,194	59,418
Gain on sale of assets	11,880	-
Total Non-operating Income	420,868	338,267
Total Income from Ordinary Activities	35,759,930	30,313,721

4. Expenses

Included in expenditure are the following items:

(a) Employee benefits expense

Salaries and employee benefits	11,753,378	11,073,762
Superannuation contributions	834,564	749,930
Total employee benefits	12,587,942	11,823,692

(b) Donated goods and services utilised in:

Fundraising	-	11,289
Programs	2,925,410	3,086,019
Other operating costs	71,997	76,950
Total donated goods and services	2,997,407	3,174,258

5. 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.

	2015	2014
	\$	\$
6. Cash and cash equivalents		
Operational cash at bank and on hand	930,901	1,817,716
Operational cash term deposits	2,551,157	-
Total Operational cash	3,482,058	1,817,716
Endowment cash at bank	3,433,200,922	3,978,264,302
Endowment cash term deposits	4,750,000	3,306,907
Total Endowment cash	5,310,922	3,433,209
Tagged cash at bank	1,416,354	402,274
Tagged cash term deposits	4,751,048	4,282,438
Total Tagged cash	6,167,402	4,684,712
Total Endowment and Tagged cash	11,478,324	8,117,921
Total cash and cash equivalents	14,960,382	9,935,637

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 and therefore such funds are segregated from operational cash balances until the relevant expenditure is incurred.

Term deposits are made to increase the investment return. Deposits may be placed for periods of up to 15 months but so as to ensure that Starlight has regular maturities to provide liquidity as and when required.

	2015	2014
	\$	\$
7. Receivables		
Trade debtors	714,555	1,375,412
Other debtors and prepayments	753,414	527,041
GST receivable	284,694	126,038
	<hr/>	<hr/>
Total receivables	1,752,663	2,028,491

8. Inventories

Finished Goods		
At cost	138,564	174,101
Total inventories at net realisable value	<hr/>	<hr/>
	138,564	174,101

9. Investments

Available for sale investments

Quoted debt securities	243,040	348,338
Quoted equity shares	129,708	136,536
Unquoted investment	26,013	26,013

Total available for sale investments	<hr/>	<hr/>
	398,761	510,887

Held to maturity investments

Quoted debt and hybrid securities	675,000	-
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Total investments	<hr/> 1,073,761 <hr/>	<hr/> 510,887 <hr/>
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Fair value

Various methods are used in calculating the fair value of investments, comprising:

- Level 1 – the fair value is calculated using quoted prices in active markets;
- Level 2 – the fair value is estimated using inputs that are based on observable market data; and
- Level 3 – the fair value is estimated using inputs that are not based on observable market data.

The fair value of investments as well as the methods used to estimate their value are summarised in the table set out below:

	2015	2014
	\$	\$
Level 1		
Listed investments	372,748	484,874
Level 2		
Unlisted investments	26,013	26,013
Total available for sale investments	398,761	510,887



	Cost - \$	Depreciation - \$	WDV - \$
10. Property, Plant and Equipment			
Leasehold improvements			
At start of the year	139,593	(139,593)	-
Additions	150,000	-	150,000
At end of the year	289,593	(139,593)	150,000
Office furniture and equipment			
At start of the year	293,672	(183,966)	109,706
Additions	88,013	(63,074)	24,939
At end of the year	381,685	(247,040)	134,645
Starlight Express Rooms costs			
At start of the year	4,644,977	(4,644,977)	-
Additions	592,532	(592,532)	-
At end of the year	5,237,509	(5,237,509)	-
Hospital furniture and equipment			
At start of the year	900,214	(804,801)	95,413
Additions	114,789	(84,582)	30,207
At end of the year	1,015,003	(889,383)	125,620
Starlight Fun Centres			
At start of the year	1,029,345	(1,029,345)	-
Disposals	(1,029,345)	1,029,345	-
At end of the year	-	-	-
Starlight Express Vans			
At start of the year	267,032	(261,556)	5,476
Additions	7,802	(5,692)	2,110
Disposals	(45,307)	45,307	-
At end of the year	229,527	(221,941)	7,586
At the start of the year	7,274,833	(7,064,238)	210,595
Additions	953,136	(745,880)	207,256
Disposals	(1,074,652)	1,074,652	-
Total property, plant and equipment	7,153,317	(6,735,466)	417,851





	Cost - \$	Amortisation - \$	WDV - \$
11. Intangible assets			
Software and systems			
At the start of the year	1,778,673	(1,054,446)	724,227
Additions	327,686	(355,774)	(28,088)
Disposals	-	-	-
At end of the year	2,106,359	(1,410,220)	696,139
Total intangible assets	2,106,359	(1,410,220)	636,139

	2015 \$	2014 \$
12. Payables		
Current		
Trade and other creditors	2,344,359	1,873,261
Deferred income	28,603	71,836
Accrued wages, salaries & on-costs	116,368	165,425
Total current payables	2,489,330	2,110,522
Non-current		
Trade and other creditors	47,476	51,283
Total non-current payables	47,476	51,283

Due to the short-term nature of payables, their carrying value is assumed to approximate their fair value.



13. Provisions

Current

	2015	2014
	\$	\$
Operating lease liability	20,000	17,778
Employee benefits	625,815	567,671
	645,815	585,449

Non-current

Operating lease liability	80,000	70,222
Employee benefits	311,313	301,546
	391,313	371,768

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	4%	4%
Settlement term (years)	1 – 10	1 - 10
Discount rate	2.89 – 4.23%	2.30 – 2.86%

Number of employees

Number of employees at year end		
Permanent	147	154
Casual	100	98
Contractor	27	17
Total	274	269
Full-time equivalent	186	174





	2015	2014
	\$	\$

14. Commitments and Contingencies

Non-cancellable operating lease commitments

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

Not later than one year	529,567	463,872
Later than one but not later than 5 years	953,727	1,404,962
Later than 5 years	-	-
	1,483,294	1,868,834

Starlight has leases on office premises and office equipment under non-cancellable operating leases expiring from one to six years from inception. Leases generally provide Starlight with a right of renewal at which time all terms are renegotiated.

Other annual commitments

Other future payments under contracts due:

Not later than one year	114,005	141,505
Later than one but not later than 5 years	-	104,585
	114,005	246,090

Contingent liabilities

At as 31 December 2015, Starlight had a contingent liability for stock warehoused but not yet accrued of \$Nil (2014: \$29,657)

15. 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 Susan Henry, Head of People & Culture
- Ms Felicity McMahon, Head of Programs
- Mr Andrew Yates, Chief Financial Officer

15. Key Management Personnel (continued)

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

	2015 \$	2014 \$
Short-term employee benefits	891,667	1,029,592
Post-employment benefits (including salary sacrifice)	98,213	76,992
Total compensation	989,880	1,106,584

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.

16. Related Party Disclosures

Transactions with related parties

Donations

During the year Starlight received:

- \$60,339 (2014: \$96,711) worth of pro bono support from Herbert Smith Freehills. Mr P. Butler, our Chair, is Senior Partner, Litigation, with Herbert Smith Freehills.
- \$25,952 (2014: \$20,869) worth of pro bono support from King & Wood Mallesons. Mrs K. Rathie, a Director, is a Partner in Charge, Sydney, King & Wood Mallesons.
- \$11,246 (2014: \$74,519) worth of pro bono support from the NRMA. Mr A Stuart, a Director, stepped down as Group Chief Executive of the NRMA during late 2015.
- \$73,984 worth of direct pro bono support from Lendlease and a further \$61,220 of indirect pro bono support organised by Lendlease from their suppliers. Mr M Coleman, a Director, is the Group Head of Operational Risk at Lendlease.

Other transactions

During the year Starlight contracted with Lendlease for the refurbishment of its Starlight Express Room at Westmead Children's Hospital and refurbishment of its Sydney offices. Lendlease has agreed to manage these contracts at below market rates and the value of support is recognised in the donations noted above. Lendlease has been the principal constructor at a number of recent hospital builds, where it was the lead contractor with the local health authority, including the Lady Cilento Children's Hospital in Brisbane and the Royal Children's Hospital in Melbourne.

Lendlease have been very helpful to Starlight in managing the fit-out of Starlight Express Rooms in these new hospitals, waiving their fees, sourcing items at cost and encouraging suppliers to discount their costs or provide services pro-bono.

17. Information on fundraising appeals

The following disclosures are made under the requirements of the Charitable Fundraising Act 1991 and fundraising licences granted in NSW and WA. Starlight conducts many appeals throughout the year and we do not believe it is practical, cost effective or informative to breakdown such income and costs by state or individual events. Therefore, we present the information on a national basis in the categories by which we manage fundraising.

	2015 \$	2014 \$
Fundraising income		
Individual giving	12,591,676	9,199,030
Philanthropy and bequests	5,536,430	4,217,639
Corporate support	4,761,041	5,118,783
Event fundraising	5,836,167	5,082,406
Community fundraising	3,616,341	3,183,338
Donated goods & services	2,997,407	3,174,258
Total Fundraising income	35,339,062	29,975,454
Fundraising costs		
Individual giving	6,302,510	7,095,648
Philanthropy and bequests	14,332	23,500
Corporate support	36,520	65,259
Event fundraising	702,615	666,472
Community fundraising	475,644	261,931
General costs and credit card charges	376,987	415,952
Staff costs	3,004,723	2,942,446
Direct Fundraising costs	10,913,331	11,471,208
Allocated costs	987,143	878,468
Marketing & communications	1,016,384	857,805
Total Fundraising costs	12,916,858	13,207,481
	2015 \$	2014 \$
Net fundraising income	22,422,204	16,767,973
Non-operating income	420,868	338,267
Net Income	22,843,072	17,106,240

As explained in the Directors' Report, the costs of recruiting regular donors is required, by accounting standards, to be expensed in full upon recruitment whereas the donations continue to be received over many years. Therefore, the costs do not match against the income that is generated and although this is a very cost-effective method of fundraising over the longer term, it appears relatively expensive during the recruitment phase.



Starlight Children's Foundation Australia

Directors Declaration

In accordance with a resolution of the Directors of Starlight Children's Foundation Australia, I state that –

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 2015 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 2015 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

Peter Butler OAM RFD

Chair

Sydney

28th April 2016





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 2015;
- (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 2015;
- (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 2015 to 31st December 2015; 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

28th April 2016



Independent auditor's report to the members of Starlight Children's Foundation Australia

Report on the financial report

We have audited the accompanying financial report of Starlight Children's Foundation Australia, which comprises the statement of financial position as at 31 December 2015, the statement of income and expenditure, statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the financial report.

Opinion

In our opinion:

- a. the financial report of Starlight Children's Foundation Australia is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the financial position of Starlight Children's Foundation Australia as at 31 December 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008* 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 2008* 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 Acts 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 Starlight Children's Foundation Australia has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2015, in all material respects, in accordance with:
 - (iii) sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - (iv) sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
 - (v) the *WA Charitable Collections Act (1946)*; and
 - (vi) 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 2015 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young
Ernst & Young

Loretta Di Mento

Loretta Di Mento
Partner
Sydney
28 April 2016

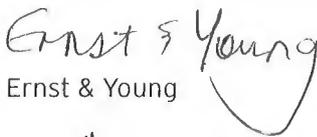


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Auditor's Independence Declaration to the Directors of Starlight Children's Foundation Australia

In relation to our audit of the financial report of Starlight Children's Foundation Australia for the financial year ended 31 December 2015, 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 the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.


Ernst & Young



Loretta Di Mento
Partner
28 April 2016