

Friends of Children's Hospital, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2019 and 2018

Friends of Children's Hospital, Inc.
June 30, 2019 and 2018

Contents

Independent Auditor's Report..... 1

Financial Statements

Statements of Financial Position 3
Statements of Activities..... 4
Statements of Functional Expenses 5
Statements of Cash Flows 7
Notes to Financial Statements 8

Independent Auditor's Report

Board of Directors and Audit Committee
Friends of Children's Hospital, Inc.
Jackson, Mississippi

We have audited the accompanying financial statements of Friends of Children's Hospital, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors and Audit Committee
Friends of Children's Hospital, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Children's Hospital, Inc. as of June 30, 2019 and 2018, 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.

BKD, LLP

Jackson, Mississippi
October 3, 2019

Friends of Children's Hospital, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 6,898,820	\$ 6,835,209
Accounts receivable	69,365	67,498
Property and equipment, net of accumulated depreciation of \$49,582 and \$38,466 in 2019 and 2018, respectively	31,454	29,790
Total assets	\$ 6,999,639	\$ 6,932,497
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 11,383	\$ 11,162
Promises to give	11,678,331	13,058,072
Total liabilities	11,689,714	13,069,234
 Net Assets		
Without donor restrictions	(4,956,407)	(6,297,109)
With donor restrictions	266,332	160,372
Total net assets	(4,690,075)	(6,136,737)
Total liabilities and net assets	\$ 6,999,639	\$ 6,932,497

Friends of Children's Hospital, Inc.
Statements of Activities
Years Ended June 30, 2019 and 2018

	2019	2018
Net Assets Without Donor Restrictions		
Support and Revenue		
Special events and activities		
Revenues	\$ 1,897,939	\$ 1,796,553
Expenses	(187,414)	(158,969)
Net revenue from special events and activities	1,710,525	1,637,584
Membership and donations	342,656	299,577
Interest	49,950	12,068
Other income		
License plates	483,636	458,606
Check card contributions	151,095	371,305
Forgiveness of promises to give	-	1,731,319
Contributed services	272,135	232,798
Net assets released from donor restrictions	169,876	144,122
Total support and revenue	3,179,873	4,887,379
Program Services Expenses		
Contributions	1,127,673	931,249
Other	24,050	21,183
Total program services expenses	1,151,723	952,432
Supporting Services Expenses		
Fund-raising	495,272	429,860
Management and general	192,176	173,052
Total supporting services expenses	687,448	602,912
Total expenses	1,839,171	1,555,344
Increase in Net Assets Without Donor Restrictions	1,340,702	3,332,035
Net Assets With Donor Restrictions		
Contributions	275,836	167,554
Net assets released from restrictions	(169,876)	(144,122)
Increase in Net Assets with Donor Restrictions	105,960	23,432
Change in Net Assets	1,446,662	3,355,467
Net Assets, Beginning of Year	(6,136,737)	(9,492,204)
Net Assets, End of Year	\$ (4,690,075)	\$ (6,136,737)

Friends of Children's Hospital, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services		Support Services		Total
	Contributions	Other	Fund-raising	Management and General	
Administration	\$ -	\$ 81	\$ 716	\$ 68,619	\$ 69,416
Compensation	-	18,010	159,521	79,761	257,292
Contributions	1,127,673	-	-	-	1,127,673
Credit card fees	-	-	7,497	-	7,497
Insurance	-	-	-	17,407	17,407
Meeting expense	-	227	2,009	1,004	3,240
Legal fees	-	562	4,979	2,490	8,031
Publicity	-	2,268	294,851	10,045	307,164
Rent	-	1,884	16,684	8,342	26,910
Depreciation	-	1,018	9,015	4,508	14,541
	\$ 1,127,673	\$ 24,050	\$ 495,272	\$ 192,176	\$ 1,839,171

Friends of Children's Hospital, Inc.
Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services		Support Services		Total
	Contributions	Other	Fund-raising	Management and General	
Administration	\$ -	\$ 597	\$ 5,289	\$ 68,531	\$ 74,417
Compensation	-	14,969	132,580	66,290	213,839
Contributions	931,249	-	-	-	931,249
Credit card fees	-	-	5,240	-	5,240
Insurance	-	-	-	13,356	13,356
Meeting expense	-	374	3,313	1,657	5,344
Publicity	-	2,673	260,679	11,838	275,190
Rent	-	1,562	13,835	6,918	22,315
Depreciation	-	1,008	8,924	4,462	14,394
	\$ 931,249	\$ 21,183	\$ 429,860	\$ 173,052	\$ 1,555,344

Friends of Children's Hospital, Inc.
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ 1,446,662	\$ 3,355,467
Items not requiring (providing) operating cash flows		
Depreciation	14,541	14,394
Amortization of discount for time value of money	620,259	682,824
Contributions of property and equipment	(15,000)	(1,500)
Loss on disposal of property and equipment	1,246	4,200
Forgiveness of promises to give	-	(1,731,319)
Changes in		
Accounts receivable	(1,867)	2,169
Accounts payable and accrued expenses	221	3,009
Promises to give	<u>(2,000,000)</u>	<u>(268,681)</u>
Net cash provided by operating activities	<u>66,062</u>	<u>2,060,563</u>
Investing Activities		
Purchase of property and equipment	<u>(2,451)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,451)</u>	<u>-</u>
Increase in Cash and Cash Equivalents	63,611	2,060,563
Cash and Cash Equivalents, Beginning of Year	<u>6,835,209</u>	<u>4,774,646</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 6,898,820</u></u>	<u><u>\$ 6,835,209</u></u>

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Friends of Children's Hospital, Inc. (the Organization) is a not-for-profit organization whose mission and principal activities are for the purpose of holding various special events throughout the Jackson metro area that serve to educate the public about opportunities and services available at Blair E. Batson Hospital for Children at the University of Mississippi Medical Center (UMMC), as well as to provide the funds necessary to continue these opportunities and services.

Method of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less when purchased to be cash equivalents. At June 30, 2019 and 2018, all of the Organization's cash equivalents were in money market mutual funds.

At June 30, 2019, the Organization's cash accounts did not exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Receivables for special events are generally due by the date of the event. License plates and BankPlus check card revenues are collected in the month subsequent to the month earned. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Changes in the valuation allowance have not been material to the financial statements. There were no amounts written off to bad debt expense, and no allowance was considered necessary in fiscal years 2019 or 2018.

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Property and Equipment

We record property and equipment additions over \$500 at cost, or if donated, at fair value on the date of the donation. Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under leasehold improvements are depreciated over the shorter of the lease term, or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	3 years
Furniture and equipment	5 years
Artwork	Not depreciated

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2019 or 2018.

Advertising

Advertising costs are expensed as incurred and amounted to \$274,761 and \$237,004 in 2019 and 2018, respectively.

Adoption of Accounting Pronouncement

In 2019, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Statement of Activities

- Expenses are reported by both nature and function in one location.
- Investment income is shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one-year from the date of the statement of financial position.
- Amounts and purposes of governing board designations and appropriations as of the end of the period are disclosed, if any.

This change had no impact on previously reported total change in net assets.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Check Card Contributions

BankPlus offers its customers a check card that includes the Organization's logo for a small fee to the customer. This fee is contributed to the Organization, as well as a portion of the swipe fee charged by BankPlus to the merchant. These contribution amounts are established by BankPlus and may be changed at the bank's discretion.

License Plate Revenues

The Organization receives a portion of the proceeds of the special tag fees from the sale of specialty Mississippi license plates, including those sold as Friends of Children's Hospital (FOCH), Louisiana State University (LSU) and University of Alabama (UofA). The fees for each license plate are established by the respective sections of Section 27-19-56, Miss. Code Ann. (1972) and can be changed by the Mississippi Legislature.

Contributed Services and In-kind Support

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated.

The Organization received a significant amount of skilled, contributed time from a substantial number of volunteers which does not meet the three recognition criteria above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

In addition to receiving cash contributions, the Organization receives in-kind contributions of noncash assets from various donors generally for use as auction or raffle at special events. These contributions are recorded as special events and activities revenues equal to the amount of proceeds from the auction or raffle.

The Organization received donated billboard advertising space, airtime and commercial production of approximately \$272,000 and \$233,000, respectively, which is included in the accompanying financial statements as both contributed services revenue and publicity expense. These contributed

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

services are recorded in the accompanying financial statements as contributions revenue and advertising expenses.

Promises to Give or Pledges

Unconditional promises to give or unconditional pledges to be paid in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contributions expense.

Deferred Revenue

Raffle event revenues and other similar amounts received prior to the end of the fiscal year, which apply to future events or other services, are not recognized as revenue until the year the raffle or similar event is held by the Organization. There was no deferred revenue recorded in the fiscal years 2019 or 2018.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, has made no provision for federal income taxes in the accompanying financial statements. The Organization has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Organization files Form 990 and Form 990-T tax returns in the U.S. federal jurisdiction and in Mississippi. In addition, the Organization has also been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the IRC.

The Organization recognizes the effect of the income tax provisions only if those positions are more likely than not of being sustained. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Management of the Organization believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

Functional Allocation of Expenses

The costs of providing programs and administration of the Organization have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefit based on the estimates made by management.

Revisions

Certain immaterial revisions have been made to the 2018 financial statements for a change in presentation related to net assets released from donor restrictions. These revisions did not have a significant impact on the financial statement line items impacted and had no impact on the change in net assets.

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Financial statement line items impacted are as follows:

	As Previously Reported	As Revised	Effect of Change
Special events and activities revenue	\$ 1,940,675	\$ 1,796,553	\$ (144,122)
Net revenue from special events and activities	1,781,706	1,637,584	(144,122)
Net assets released from donor restrictions	-	144,122	144,122

Note 2: Accounts Receivable

Accounts receivable consisted of the following as of June 30:

	2019	2018
License plates	\$ 40,402	\$ 38,936
BankPlus check card	28,963	28,562
	<u>\$ 69,365</u>	<u>\$ 67,498</u>

Note 3: Conditional Gifts

In 2016, the Organization obtained a conditional promise to give from Century Club Charities related to a portion of the proceeds from the sponsor of the Sanderson Farms Golf Championship through its 10-year commitment to sponsor the championship through 2026. The value of this intended gift has not been established, as it is contingent on future championship proceeds. As such, this conditional promise has not been recognized as an asset or contribution revenue in 2019 or 2018, and will be recognized at which time it becomes unconditional. Future proceeds from this promise are expected to be used to fund a portion of the commitment to UMMC for the Children's of Mississippi Capital Campaign noted below. The Organization received contributions of \$1,380,000 and \$1,200,000 during the years ended June 30, 2019 and 2018, respectively, as proceeds from this promise.

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 4: Special Events and Activities

The Organization presents the net results of special events and activities in the accompanying statements of activities. Detailed special events and activities results consisted of the following for the years ended June 30:

	Revenue	Expense	Net Revenue
2019			
Trustmark Pro-am Golf Tournament	\$ 147,815	\$ 56,490	\$ 91,325
BankPlus presents Enchanted Evening	85,745	64,186	21,559
BankPlus' Light-A-Light	95,937	8,487	87,450
Over the Edge presented by Trustmark Century Club Charities through Sanderson Farms Golf Championship	146,749	35,540	111,209
South Group 5-K run	1,380,000	12,113	1,367,887
Other activities	25,000	26	24,974
	16,693	10,572	6,121
	<u>\$ 1,897,939</u>	<u>\$ 187,414</u>	<u>\$ 1,710,525</u>
2018			
Trustmark Pro-am Golf Tournament	\$ 179,112	\$ 59,605	\$ 119,507
BankPlus presents Enchanted Evening	72,105	42,633	29,472
BankPlus' Light-A-Light	64,500	8,979	55,521
Over the Edge presented by Trustmark Century Club Charities through Sanderson Farms Golf Championship	135,282	33,895	101,387
South Group 5-K run	1,200,000	5,817	1,194,183
North Mississippi Classic Golf Tournament	30,025	158	29,867
Other activities	100,000	-	100,000
	15,529	7,882	7,647
	<u>\$ 1,796,553</u>	<u>\$ 158,969</u>	<u>\$ 1,637,584</u>

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 5: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, comprise the following:

Cash and cash equivalents	\$	6,898,820
Accounts receivable		<u>69,365</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>6,968,185</u></u>

The Organization receives contributions restricted for programs which are ongoing, but considers those contributions available to meet cash needs for general expenditures, as the restrictions are related to events that are expected to occur within one year. For the year ended June 30, 2019, restricted contributions of approximately \$266,000, were included in financial assets available to meet cash needs for general expenditures within one year.

The Organization's liquidity management process is structured such that financial assets are available to meet its general expenditures, liabilities and other obligations as they come due. The Organization's working capital and cash flows vary throughout the year due to the timing of receipt of contributions from donors and special events.

Note 6: Net Assets

Net Assets with Donor Restrictions

During the years ended June 30, 2019 and 2018, the Organization reported special events and activities income and expenses related to the aforementioned Enchanted Evening Benefit Party and Pro-am Golf Tournament. Planning and fund-raising for both events are started before the respective fiscal year-ends, but the events are not held until the next fiscal year. Therefore, the Organization considers funds received but not expended for these events as net assets with donor restrictions. Amounts received for these events during the years ended June 30 are as follows:

	2019	2018
Trustmark Pro-am Golf Tournament	\$ 5,000	\$ 2,500
BankPlus presents Enchanted Evening	<u>270,836</u>	<u>165,054</u>
	<u><u>\$ 275,836</u></u>	<u><u>\$ 167,554</u></u>

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose during the years ended June 30 as follows:

	2019	2018
Purpose restrictions accomplished		
Trustmark Pro-am Golf Tournament	\$ (2,000)	\$ (6,000)
BankPlus presents Enchanted Evening	(167,876)	(138,122)
	\$ (169,876)	\$ (144,122)

Note 7: Related Party Transactions

During 2014, the Organization entered into an affiliation agreement with UMMC, which was set to expire in 2019 but was extended through January 2020. Management intends to renew the affiliation prior to expiration. This agreement, which was subject to the approval of the Mississippi Institutions of Higher Learning Board of Trustees, formalizes the arrangement for the Organization to provide financial support to UMMC and for UMMC to provide certain facilities and support services to the Organization at varying costs. During the years ended June 30, 2019 and 2018, the Organization recognized contributions to UMMC of \$1,127,673 and \$931,249, respectively. The terms of the Organization's promise to give are detailed in *Note 10*.

Note 8: Operating Lease

During 2016, the Organization entered into a noncancelable operating lease for office space which was set to expire in August 2018 but was renewed for an additional 36 months through August 2021.

Future minimum lease payments are as follows:

2020	\$ 27,600
2021	27,600
2022	4,600
	\$ 59,800

Rent expense for all operating leases for 2019 and 2018 was \$26,910 and \$22,315, respectively.

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 9: Defined Contribution Retirement Plan

Effective October 1, 2014, the Organization adopted a defined contribution retirement plan covering substantially all employees who meet certain requirements. The plan was established under Section 401(k) of the IRC. Employees are allowed to make contributions subject to certain IRS limits. Additionally, the Organization may make discretionary matching contributions to the plan at an amount annually determined by the Board of Directors. Retirement expense was approximately \$8,000 during both 2019 and 2018.

Note 10: Commitments, Contingencies and Promises to Give

The Board of Directors routinely commits to funding specific projects or chaired faculty positions at UMMC. These commitments are considered by the Organization to be revocable unless a formal agreement is executed with UMMC.

In April 2016, the Board of Directors approved and signed a pledge agreement with UMMC for the Children's of Mississippi Capital Campaign. The Organization pledged \$20,000,000 to be paid in annual installments of \$2,000,000 through June 30, 2026. Portions of this commitment are expected to be funded by Century Club Charities through the Sanderson Farms Golf Championship conditional gift, as described in *Note 3*.

During 2019 and 2018, UMMC utilized \$0 and \$1,731,319, respectively, of unspent funds from previous contributions from the Organization to settle the balances owed for the years ended June 30, 2019 and 2018, respectively. Since these amounts were previously contributed as undesignated funds, they are recognized as forgiveness of promises to give in the statements of activities. Additionally, approximately \$620,000 and \$682,000 of program service contribution expense was recognized in 2019 and 2018, respectively, for the amortization of the discount for time value of money.

Future payments by the Organization's fiscal year under the pledge are:

2020	\$ 2,000,000
2021	2,000,000
2022	2,000,000
2023	2,000,000
2024-2026	<u>6,000,000</u>
Total pledge	14,000,000
Discount for time value of money	<u>(2,321,669)</u>
	<u><u>\$ 11,678,331</u></u>

The discount rate was 4.75% at both June 30, 2019 and 2018.

Friends of Children's Hospital, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 11: Concentrations

GAAP requires disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

Special Events and Activities Revenues

Approximately 44% and 25% of all support and revenue were received as proceeds from one special event in 2019 and 2018, respectively.

Other Income

Approximately 15% and 9% of all support and revenue were received as a part of the license plate program in 2019 and 2018, respectively. Also, approximately 10% and 8% of all support and revenue were received as a part of the check card program in 2019 and 2018, respectively. During 2019, a portion of the revenue generated as part of the check card program was allocated to various special events.

Note 12: Subsequent Events

Subsequent events have been evaluated through October 3, 2019, which is the date the financial statements were available to be issued.