

FRIENDS OF CHILDREN'S HOSPITAL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

FRIENDS OF CHILDREN'S HOSPITAL, INC.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Friends of Children's Hospital, Inc. (a non-profit organization, the "Organization"), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgment there are conditions or events considered in the aggregate that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Tann, Brown & Russ Co.

October 5, 2026

FINANCIAL STATEMENTS

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2026 and 2025

ASSETS

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents	\$ 3,595,408	\$ 4,118,903
Accounts receivable (Note 2)	55,276	64,501
Prepaid expenses	7,481	9,462
Property and equipment (Note 3)	38,525	48,054
Right-of-use finance lease asset (Note 4)	10,591	15,059
Right-of-use operating lease asset (Note 5)	97,345	123,835
Total Assets	<u>\$ 3,804,626</u>	<u>\$ 4,379,814</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 1,421	\$ 5,260
Accrued wages	5,291	4,771
Promises to give to others (Note 7)	1,142,138	1,909,308
Finance lease liabilities (Note 4)	11,082	15,285
Building operating lease liability (Note 5)	97,345	123,835

Total Liabilities	<u>1,257,277</u>	<u>2,058,459</u>
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NET ASSETS

Without donor restrictions	<u>2,547,349</u>	<u>2,321,355</u>
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Total Net Assets	<u>2,547,349</u>	<u>2,321,355</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,804,626</u>	<u>\$ 4,379,814</u>
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The accompanying notes are an integral part of the financial statements.

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
CHANGES IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Special events (Note 10):		
Cash contributions	\$ 1,771,327	\$ 1,679,585
Noncash contributions (Note 9)	150,172	117,698
Expenses	<u>(334,207)</u>	<u>(305,221)</u>
Net revenue from special events	1,587,292	1,492,062
Memberships and contributions of cash	366,343	293,588
Noncash contributions (Note 9)	21,300	62,600
Specialty license plate fees	384,743	427,948
Check card logo fees	325,112	331,636
Interest and dividends	158,703	243,106
Gain on investments	-	5,331
Miscellaneous income	<u>129</u>	<u>-</u>
	2,843,622	2,856,271
Net assets released from donor restrictions	<u>5,575</u>	<u>26,654</u>
Total Support and Revenue	<u>2,849,197</u>	<u>2,882,925</u>
EXPENSES		
Program Services:		
Contributions	2,136,678	1,148,131
Other	<u>56,512</u>	<u>63,465</u>
Total Program Services	<u>2,193,190</u>	<u>1,211,596</u>
Support Services:		
Management and general	111,564	133,560
Fundraising	<u>318,449</u>	<u>395,866</u>
Total Support Services	<u>430,013</u>	<u>529,426</u>
Total Expenses	<u>2,623,203</u>	<u>1,741,022</u>

(Continued)

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF ACTIVITIES - CONTINUED
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Change in Net Assets without Donor Restrictions	<u>225,994</u>	<u>1,141,903</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	5,575	13,704
Net assets released from restrictions	<u>(5,575)</u>	<u>(26,654)</u>
Change in Net Assets with Donor Restrictions	<u>-</u>	<u>(12,950)</u>
CHANGE IN NET ASSETS	225,994	1,128,953
NET ASSETS, BEGINNING OF YEAR	<u>2,321,355</u>	<u>1,192,402</u>
NET ASSETS, END OF YEAR	<u>\$ 2,547,349</u>	<u>\$ 2,321,355</u>

The accompanying notes are an integral part of the financial statements.

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2026

	Program Services		Support Services		
	Contributions	Other	Management and General	Fund-raising	Total
Advertising and promotion	\$ -	\$ 87	\$ 147	\$ 23,275	\$ 23,509
Contributions to UMMC	2,136,678	-	-	-	2,136,678
Depreciation	-	1,820	3,079	9,098	13,997
Dues and subscriptions	-	326	552	1,632	2,510
Fees:					
Bank charges	-	1,801	3,047	9,003	13,851
Credit card processing	-	-	-	13,052	13,052
Payroll service	-	102	173	512	787
Information technology	-	4,189	7,090	20,946	32,225
Insurance	-	-	15,930	-	15,930
Interest	-	148	250	740	1,138
Janitorial	-	510	862	2,548	3,920
Meetings	-	457	773	2,285	3,515
Miscellaneous	-	63	107	315	485
Office supplies	-	1,032	1,746	5,158	7,936
Professional fees	-	6,572	11,122	32,859	50,553
Rent	-	4,680	7,920	23,400	36,000
Salaries, benefits and payroll taxes	-	34,231	57,930	171,155	263,316
Travel	-	494	836	2,471	3,801
	<u>2,136,678</u>	<u>56,512</u>	<u>111,564</u>	<u>318,449</u>	<u>2,623,203</u>
Special events	-	-	-	334,207	334,207
	<u>\$ 2,136,678</u>	<u>\$ 56,512</u>	<u>\$ 111,564</u>	<u>\$ 652,656</u>	<u>\$ 2,957,410</u>

The accompanying notes are an integral part of the financial statements.

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services		Support Services		Total
	Contributions	Other	Management and General	Fund-raising	
Advertising and promotion	\$ -	\$ 1,842	\$ 3,117	\$ 73,288	\$ 78,247
Contract labor	-	111	188	556	855
Contributions to UMMC	1,148,131	-	-	-	1,148,131
Depreciation	-	1,755	2,970	8,775	13,500
Dues and subscriptions	-	430	727	2,148	3,305
Fees:					
Bank charges	-	1,520	2,572	7,598	11,690
Credit card processing	-	-	-	14,465	14,465
Payroll service	-	511	865	2,554	3,930
Information technology	-	6,385	10,805	31,924	49,114
Insurance	-	-	19,610	-	19,610
Interest	-	169	287	847	1,303
Janitorial	-	589	996	2,943	4,528
Meetings	-	711	1,203	3,552	5,466
Miscellaneous	-	211	356	1,053	1,620
Moving expenses	-	-	6,547	-	6,547
Office supplies	-	1,827	3,093	9,137	14,057
Professional fees	-	7,427	12,569	37,137	57,133
Rent	-	4,131	6,992	20,657	31,780
Salaries, benefits and payroll taxes	-	35,574	60,202	177,870	273,646
Utilities	-	272	461	1,362	2,095
	<u>1,148,131</u>	<u>63,465</u>	<u>133,560</u>	<u>395,866</u>	<u>1,741,022</u>
Special events	-	-	-	305,221	305,221
	<u>\$ 1,148,131</u>	<u>\$ 63,465</u>	<u>\$ 133,560</u>	<u>\$ 701,087</u>	<u>\$ 2,046,243</u>

The accompanying notes are an integral part of the financial statements.

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 225,994	\$ 1,128,953
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	13,997	13,500
Gain on investments	-	(5,331)
(Increase) decrease in:		
Accounts receivable	9,225	17,350
Prepaid expenses	1,981	(1,034)
Increase (decrease) in:		
Accounts payable	(3,839)	244
Accrued wages	520	(1,030)
Advance receipts for special events	-	(15,000)
Promises to give to others	<u>(767,170)</u>	<u>(2,319,422)</u>
Net Cash Used In Operating Activities	<u>(519,292)</u>	<u>(1,181,770)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	999,911
Payments of financing lease liabilities	(4,203)	(3,953)
Purchases of property and equipment	<u>-</u>	<u>(11,076)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(4,203)</u>	<u>984,882</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(523,495)	(196,888)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,118,903</u>	<u>4,315,791</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,595,408</u>	<u>\$ 4,118,903</u>

(Continued)

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF CASH FLOWS - CONTINUED
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
SUPPLEMENTAL DATA:		
Interest paid during the year	\$ <u>1,138</u>	\$ <u>1,303</u>
Right-of-use lease assets obtained in exchange for lease liabilities:		
Finance leases	\$ <u>-</u>	\$ <u>19,238</u>
Operating lease	\$ <u>-</u>	\$ <u>147,259</u>

The accompanying notes are an integral part of the financial statements.

FRIENDS OF CHILDREN'S HOSPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 and 2025

NOTE 1. 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 metropolitan 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. The Organization has an affiliation agreement with UMMC, as discussed in Note 12.

Concentration of Support

A significant portion of the Organization's support and revenue was provided by Century Club Charities through the Sanderson Farms Championship, a Mississippi PGA TOUR golf event. During the years ended June 30, 2026 and 2025, 35% of the Organization's support and revenue was derived from the net proceeds of the Sanderson Farms Championship through a 10-year promise to give that ended in the year ended June 30, 2026, as discussed in Note 6.

Basis 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).

Cash and Cash Equivalents

All highly liquid investments with an initial maturity of three months or less and money market mutual funds are cash equivalents.

Investments

Investments in marketable securities are reported at fair value.

(Continued)

Notes to Financial Statements – Continued

NOTE 1. Summary of Significant Accounting Policies - Continued

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded at their estimated fair value at the date of donation. The Organization has implemented a \$500 capitalization threshold, and purchases below that amount are expensed as incurred. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

The estimated useful life for each major depreciable classification of property and equipment is as follows:

Leasehold improvements	3 years
Furniture and equipment	5 years
Artwork	15 years

Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization determines if an arrangement is a lease, or contains a lease at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The Organization uses its incremental borrowing rate at the commencement date of a lease when the implicit discount rate of the lease is not readily determinable. The lease liability is recognized based on the present value of the future lease payments. A finance lease ROU asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the asset, and the amortization is reflected in depreciation expense.

For leases of twelve months or less, the Organization has elected the option of not reflecting right-of-use lease assets and the related lease liabilities for these short-term leases.

Promises to Give to Others

Unconditional promises to give to be paid in future years are initially reported at fair value, which is determined by calculating the discounted present value of estimated future cash flows. The resulting discount is amortized using the level-yield method, and the annual amortization is reported as contributions expense.

(Continued)

Notes to Financial Statements – Continued

NOTE 1. Summary of Significant Accounting Policies - Continued

Contributions and Special Events

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Advances received on conditional promises to give are reflected as liabilities until the conditions are substantially met. Special event proceeds received in advance of a special event are implied to be conditioned upon the occurrence of the special event.

Unconditional promises to give are recognized as receivables when notifications of the promises to give are received by the Organization.

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The Organization reports contributions of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Specialty License Plate Fee Revenue

The Organization receives a portion of the proceeds from fees generated by certain Mississippi specialty license plates. The fees charged for specialty license plates are established by the provisions of Section 27-19-56, Miss. Code Ann. (1972) and can be changed by the Mississippi Legislature.

Check Card Logo Fee Revenue

A bank, as a part of its banking services and under an agreement with the Organization, offers its customers a check card and checks that feature the Organization's logo. A small fee is charged to each of these customers, and these fees are contributed to the Organization, as well as a portion of the swipe fees charged by the bank to merchants on transactions made with the check cards.

(Continued)

Notes to Financial Statements – Continued

NOTE 1. Summary of Significant Accounting Policies - Continued

Noncash Contributions

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. Contributions of tangible items are recognized as revenue at their estimated fair value.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State of Mississippi and has not been classified as a private foundation by the Internal Revenue Service.

The Organization files Form 990 information returns in the U.S. federal jurisdiction. The Organization is generally no longer subject to income tax examinations for the years ended June 30, 2022, and prior.

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the financial statements for the year ended June 30, 2026, have been reclassified to conform to the current year presentation.

(Continued)

Notes to Financial Statements – Continued

NOTE 2. Accounts Receivable

Accounts receivable consisted of the following as of June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Specialty license plate fees	\$ 29,331	\$ 35,020
Check card logo fees	25,680	27,233
Other	265	2,248
	<u>\$ 55,276</u>	<u>\$ 64,501</u>

NOTE 3. Property and Equipment

Property and equipment consist of the following as of June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Leasehold improvements	\$ 4,670	\$ 4,670
Office furnishings	38,644	41,896
Office equipment	30,807	30,807
Artwork	41,850	41,850
	115,971	119,223
Less accumulated depreciation	(77,446)	(71,169)
	<u>\$ 38,525</u>	<u>\$ 48,054</u>

NOTE 4. Financing Lease Liabilities

The Organization is the lessee of office equipment with noncancellable terms expiring in 2029, and the leases are classified as financing leases. Interest on the lease liabilities has been imputed at the rate implicit in each lease, which is 8.50%. At June 30, 2026, the right-of-use financing lease assets are reflected at \$19,238, less accumulated depreciation of \$8,647. At June 30, 2025, the right-of-use financing lease assets are reflected at \$19,238, less accumulated depreciation of \$4,179.

The weighted-average interest rate was 8.50% as of June 30, 2026 and 2025, respectively. The weighted average remaining term was 2.33 years and 3.32 years as of June 30, 2026 and 2025, respectively.

(Continued)

Notes to Financial Statements – Continued

NOTE 4. Financing Lease Liabilities – Continued

Finance lease costs consisted of the following for the years ended June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Depreciation of right-of-use finance lease asset	\$ 4,468	\$ 4,179
Interest expense on finance lease liabilities	<u>1,138</u>	<u>1,303</u>
	<u>\$ 5,606</u>	<u>\$ 5,482</u>

Cash paid under finance leases during the years ended June 30, 2026 and 2025, respectively was \$5,341 and \$5,256.

The future principal and interest payments for the finance leases as of June 30, 2026 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 4,575	\$ 766	\$ 5,341
2028	4,979	362	5,341
2029	<u>1,528</u>	<u>46</u>	<u>1,574</u>
	<u>\$ 11,082</u>	<u>\$ 1,174</u>	<u>\$12,256</u>

NOTE 5. Operating Lease Liabilities

The Organization has an obligation as a lessee for building space with an initial noncancellable term in excess of one year, and this lease is classified as an operating lease. Interest on the lease liability has been imputed at the Organization's incremental borrowing rate at the lease inception, which was 8.50%. At June 30, 2026 and 2025, the right-of-use lease asset is reflected as \$97,345 and \$123,835, respectively.

Rent expense consisted of the following for the years ended June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Operating lease	<u>\$ 36,000</u>	<u>\$ 31,780</u>

(Continued)

Notes to Financial Statements – Continued

NOTE 5. Operating Lease Liabilities – Continued

The future principal and interest payments for the building space lease as of June 30, 2026, were as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 28,832	\$ 7,168	\$ 36,000
2028	31,380	4,620	36,000
2029	34,154	1,846	36,000
2030	2,979	21	3,000
	<u>\$ 97,345</u>	<u>\$ 13,655</u>	<u>\$111,000</u>

NOTE 6. Conditional Promises to Give from Another Organization

In 2016, the Organization obtained a conditional promise to give from Century Club Charities related to a portion of the proceeds from the annual Sanderson Farms Championship during its 10-year commitment to sponsor the championship through June 30, 2026. The value of this conditional promise to give had not been established, as it was contingent on future event proceeds. As such, this conditional promise was recognized at the time that it became unconditional. Proceeds from this promise were used to fund a portion of the Organization's commitment to UMMC for the Children's of Mississippi Capital Campaign, as further discussed in Note 7. The Organization received contributions of \$1,000,000 for each of the years ended June 30, 2026 and 2025, from the Sanderson Farms Championship golf event.

NOTE 7. Promises to Give to UMMC

The Organization's 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 were funded by Century Club Charities through the Sanderson Farms Championship conditional promise to give, as described in Note 6.

(Continued)

Notes to Financial Statements – Continued

NOTE 7. Promises to Give to UMMC - Continued

The Organization's payments to UMMC under the promise to give were \$2,000,000 and \$2,545,000 for the years ended June 30, 2026 and 2025, respectively, and no future payments were owed under the promise to give as of June 30, 2026.

\$90,692 and \$225,578 of contribution expense was recognized in the years ended June 30, 2026 and 2025, respectively, for the amortization of the present value discount on the promise to give.

In February 2026, the board of directors approved and signed a pledge agreement with UMMC for the renovation of the Child Psychiatric Unit at Children's of Mississippi. The Organization pledged \$1,500,000 through January, 2031. The Organization's payments to UMMC under the promise to give were \$250,000 for the year ended June 30, 2026.

Future Schedule annual payments by the Organization under the promise to give to UMMC are as follows:

Fiscal Year Ending June 30

2027	\$ 312,500
2028	312,500
2029	312,500
2030	<u>312,500</u>
Total scheduled payments	1,250,000
Discount to present value at 3.71%	<u>(107,862)</u>
Present value of promise to give	<u>\$1,142,138</u>

In May, 2022, the Organization entered into a conditional pledge agreement with the University of Mississippi Foundation (the Foundation) for the Children's of Mississippi Growing Campaign. As of June 30, 2026, the Organization's remaining conditional pledge was \$2,100,000 to be paid in annual installments of \$300,000 through June 30, 2032. The Organization's promise to give to the Foundation is conditional upon receipt of revenues from the bank check card logo fee program discussed in Note 1, and the term of the agreement automatically extends for successive one-year periods as necessary until sufficient revenues to fulfill the pledge have been received from the bank check card logo fee program. Since the promise to give is conditional upon receipt of future revenues, a liability is not recognized until the associated revenue from the bank check card logo fee program is received by the Organization and the promise to give becomes unconditional.

(Continued)

Notes to Financial Statements – Continued

NOTE 8. Liquidity

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual, donor-imposed, or self-imposed restrictions within one year of the statement of financial position date:

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents	\$3,595,408	\$4,118,903
Accounts receivable	<u>55,276</u>	<u>64,501</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$3,650,684</u>	<u>\$4,183,404</u>

NOTE 9. Noncash Contributions

For the years ended June 30, 2026 and 2025, noncash contributions revenue recognized within the statements of activities consisted of the following:

	<u>2026</u>	<u>2025</u>
Advertising and promotion services	\$ 21,300	\$ 62,600
Special events supplies	54,262	42,593
Fundraising raffle prizes	26,345	25,855
Fundraising auction items	<u>69,565</u>	<u>49,250</u>
	<u>\$ 171,472</u>	<u>\$ 180,298</u>

Noncash contributions are reflected at the estimated fair values of the services and items received based on prices for comparable services and items, except that items contributed for fundraising auctions are valued based on the proceeds of the auctions as a net transaction.

(Continued)

Notes to Financial Statements – Continued

NOTE 10. Special Events

Special events consisted of the following for the years ended June 30, 2026 and 2025:

	<u>Support and Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
2026			
Friends of Children's Hospital Golf Tournament presented by Comcast	\$ 260,132	\$ 112,875	\$ 147,257
Clays for Kids	69,328	25,239	44,089
BankPlus presents Light-A-Light	42,344	13,133	29,211
Kites and Rainbows Run presented by Mutual Credit Union	73,832	26,154	47,678
Century Club Charities through Sanderson Farms Championship	1,000,000	11,127	988,873
An Evening with Friends presented by Trustmark	422,387	113,243	309,144
Other special events	53,476	32,436	21,040
	<u>\$ 1,921,499</u>	<u>\$ 334,207</u>	<u>\$ 1,587,292</u>
	<u>Support and Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
2025			
Friends of Children's Hospital Golf Tournament presented by Comcast	\$ 183,067	\$ 92,050	\$ 91,017
Clays for Kids	103,918	32,983	70,935
BankPlus presents Light-A-Light	38,320	12,702	25,618
Kites and Rainbows Run presented by Mutual Credit Union	86,710	32,803	53,907
Century Club Charities through Sanderson Farms Championship	1,000,000	10,877	989,123
An Evening with Friends presented by Trustmark	330,590	85,894	244,696
Other special events	54,678	37,912	16,766
	<u>\$ 1,797,283</u>	<u>\$ 305,221</u>	<u>\$ 1,492,062</u>

NOTE 11. Defined Contribution Retirement Plan

The Organization has a defined-contribution 401(k) retirement plan covering substantially all employees. Employees are allowed to make contributions to the plan subject to certain Internal Revenue Service limits. Additionally, the Organization makes discretionary matching contributions to the plan at amounts annually determined by the Organization's board of directors. Retirement plan expense was \$7,056 and \$9,044 for the years ended June 30, 2026 and 2025, respectively.

(Continued)

Notes to Financial Statements – Continued

NOTE 12. Related Party Transactions

In February, 2025, the Organization entered into an affiliation agreement with UMMC that expired in January, 2026. A new affiliation agreement was executed in January, 2026 and expires in January, 2031. This agreement, which was subject to approval by the Board of Trustees of the Mississippi Institutions of Higher Learning, formalizes the arrangement under which the Organization provides financial support to UMMC and, in turn, UMMC provides certain facilities and support services to the Organization on a cost reimbursement basis. The affiliation agreement is cancellable by UMMC, upon providing 30 days' written notice, and requires the Organization to transfer any remaining unrestricted gift funds to UMMC, or to another entity designated pursuant to the agreement, within 120 days from the date of termination or expiration. During the years ended June 30, 2026 and 2025, the Organization recognized expense for contributions to UMMC of \$2,136,678 and \$1,148,131, respectively. The terms of the Organization's promise to give are detailed in Note 7.

NOTE 13. Subsequent Events

Subsequent events have been evaluated by management of the Organization through October 5, 2026, which is the date that the financial statements were available to be issued.