

# **Believe in Tomorrow National Children's Foundation, Inc.**

Financial Report  
December 31, 2024

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**Independent Auditor's Report**

Board of Directors  
Believe in Tomorrow National Children's Foundation, Inc.

**Opinion**

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

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

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

*RSM US LLP*

Baltimore, Maryland  
June 27, 2025

**Believe in Tomorrow National Children's Foundation, Inc.**

**Statements of Financial Position  
December 31, 2024 and 2023**

	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,157,971	\$ 3,701,273
Restricted cash, escrow account	2,365,420	-
Short-term investments (Note 3)	5,324,246	3,286,532
Promises to give, current portion (Note 5)	3,046	9,960
Other receivables, current portion	51,747	55,526
Prepaid expenses	49,666	49,778
<b>Total current assets</b>	<b>9,952,096</b>	<b>7,103,069</b>
Other receivables, noncurrent portion (Note 11)	-	302,115
Property and equipment, net (Note 6)	5,026,706	4,514,270
Promises to give, net of current portion, net of allowance for uncollectible promises (2024—\$4,518 and 2023—\$4,789) (Note 5)	19,757	13,445
Due from related party (Note 4)	598,619	443,635
<b>Total assets</b>	<b>\$ 15,597,178</b>	<b>\$ 12,376,534</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Economic Injury Disaster loan, current portion (Note 8)	\$ 1,327	\$ -
Accounts payable and accrued expenses	76,788	53,961
Refundable advance (Note 4)	2,388,470	-
<b>Total current liabilities</b>	<b>2,466,585</b>	<b>53,961</b>
Noncurrent liabilities:		
Economic Injury Disaster Loan, net of current portion (Note 8)	148,673	150,000
<b>Total liabilities</b>	<b>2,615,258</b>	<b>203,961</b>
Commitments (Note 8)		
Net assets:		
Without donor restrictions	12,981,920	12,142,100
With donor restrictions (Note 9)	-	30,473
<b>Total net assets</b>	<b>12,981,920</b>	<b>12,172,573</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,597,178</b>	<b>\$ 12,376,534</b>

See notes to financial statements.

**Believe in Tomorrow National Children's Foundation, Inc.**

**Statements of Activities**

**Years Ended December 31, 2024 and 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:						
Public contributions (Note 4)	\$ 1,101,741	\$ -	\$ 1,101,741	\$ 3,241,719	\$ 60,000	\$ 3,301,719
Contributions of nonfinancial assets	754,094	-	754,094	621,208	-	621,208
Fundraisers, net of direct costs (2024—\$295,599; 2023—\$302,038)	477,569	-	477,569	645,612	-	645,612
Indirect public support	54,139	-	54,139	45,661	-	45,661
Investment income (Note 3)	382,036	-	382,036	187,803	-	187,803
Employee Retention Tax Credit (Note 11)	-	-	-	302,115	-	302,115
Net assets released from restrictions (Note 9)	30,473	(30,473)	-	69,800	(69,800)	-
<b>Total revenue, support and gains</b>	<b>2,800,052</b>	<b>(30,473)</b>	<b>2,769,579</b>	<b>5,113,918</b>	<b>(9,800)</b>	<b>5,104,118</b>
Expenses:						
Program services:						
Children's housing	1,803,308	-	1,803,308	1,721,519	-	1,721,519
<b>Total program services</b>	<b>1,803,308</b>	<b>-</b>	<b>1,803,308</b>	<b>1,721,519</b>	<b>-</b>	<b>1,721,519</b>
Supporting services:						
Management and general	96,118	-	96,118	87,587	-	87,587
Fundraising and development	60,806	-	60,806	65,004	-	65,004
<b>Total supporting services</b>	<b>156,924</b>	<b>-</b>	<b>156,924</b>	<b>152,591</b>	<b>-</b>	<b>152,591</b>
<b>Total expenses</b>	<b>1,960,232</b>	<b>-</b>	<b>1,960,232</b>	<b>1,874,110</b>	<b>-</b>	<b>1,874,110</b>
<b>Change in net assets</b>	<b>839,820</b>	<b>(30,473)</b>	<b>809,347</b>	<b>3,239,808</b>	<b>(9,800)</b>	<b>3,230,008</b>
Net assets:						
Beginning of year	12,142,100	30,473	12,172,573	8,902,292	40,273	8,942,565
End of year	\$ 12,981,920	\$ -	\$ 12,981,920	\$ 12,142,100	\$ 30,473	\$ 12,172,573

See notes to financial statements.

**Believe in Tomorrow National Children's Foundation, Inc.**

**Statement of Functional Expenses**  
**Year Ended December 31, 2024**

	<b>Supporting Services</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising and Development</b>
	<b>Children's Housing</b>		
			<b>Total</b>
Salaries	\$ 517,156	\$ 38,781	\$ 28,932 \$ 584,869
Donation to affiliate	251,676	-	- 251,676
Resident activities	292,113	-	- 292,113
Depreciation (Note 6)	129,149	2,704	676 132,529
Payroll taxes and employee benefits (Note 10)	116,811	8,431	6,290 131,532
Occupancy	63,864	1,172	293 65,329
Volunteer services	73,844	1,566	40 75,450
Miscellaneous	47,907	9,284	229 57,420
Office supplies and equipment	47,831	4,283	1,047 53,161
Professional fees	71,687	11,948	11,948 95,583
Insurance	61,910	9,953	524 72,387
Janitorial	40,265	317	79 40,661
Maintenance and repairs	42,695	1,472	368 44,535
Automobile and travel	14,663	379	189 15,231
Dues and subscriptions	30,155	5,729	147 36,031
Publicity	1,582	99	297 1,978
Fundraising	-	-	9,747 9,747
<b>Total functional expenses</b>	<b>\$ 1,803,308</b>	<b>\$ 96,118</b>	<b>\$ 60,806 \$ 1,960,232</b>

See notes to financial statements.

**Believe in Tomorrow National Children's Foundation, Inc.**

**Statement of Functional Expenses  
Year Ended December 31, 2023**

	Program Services	Supporting Services		
	Children's Housing	Management and General	Fundraising and Development	Total
Salaries	\$ 353,569	\$ 32,002	\$ 24,658	\$ 410,229
Donation to affiliate	307,830	-	-	307,830
Resident activities	317,943	-	-	317,943
Depreciation (Note 6)	129,149	2,704	676	132,529
Payroll taxes and employee benefits (Note 10)	98,172	7,301	5,625	111,098
Occupancy	77,622	1,213	303	79,138
Volunteer services	76,665	1,455	37	78,157
Miscellaneous	25,669	8,229	196	34,094
Office supplies and equipment	35,110	2,564	881	38,555
Professional fees	100,738	16,790	16,790	134,318
Insurance	54,970	8,837	465	64,272
Janitorial	39,530	362	90	39,982
Maintenance and repairs	49,750	1,239	310	51,299
Automobile and travel	19,333	239	120	19,692
Dues and subscriptions	20,913	3,742	96	24,751
Publicity	14,556	910	2,729	18,195
Fundraising	-	-	12,028	12,028
<b>Total functional expenses</b>	<b>\$ 1,721,519</b>	<b>\$ 87,587</b>	<b>\$ 65,004</b>	<b>\$ 1,874,110</b>

See notes to financial statements.



**Believe in Tomorrow National Children's Foundation, Inc.**

**Statements of Cash Flows**

**Years Ended December 31, 2024 and 2023**

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 809,347	\$ 3,230,008
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	132,529	132,529
Decrease in allowance for promises to give	(271)	(5,039)
Donated stock	(14,369)	-
Donations of property and equipment	(246,975)	(25,217)
Net realized and unrealized (gain) loss on investments	(9,047)	813
Changes in assets and liabilities:		
Decrease (increase) in:		
Promises to give	873	5,631
Other receivables	305,894	(300,937)
Prepaid expenses	112	(634)
Due from related party	(154,984)	23,622
Increase (decrease) in:		
Accounts payable and accrued expenses	22,827	10,084
Refundable advance	2,388,470	(30,023)
<b>Net cash provided by operating activities</b>	<b>3,234,406</b>	<b>3,040,837</b>
Cash flows from investing activities:		
Purchase of property and equipment	(397,990)	(40,115)
Purchases of investments	(6,732,631)	(5,716,000)
Proceeds from sale of investments	4,718,333	4,151,821
<b>Net cash used in investing activities</b>	<b>(2,412,288)</b>	<b>(1,604,294)</b>
<b>Net increase in cash and cash equivalents</b>	<b>822,118</b>	<b>1,436,543</b>
Cash and cash equivalents:		
Beginning	3,701,273	2,264,730
Ending	\$ 4,523,391	\$ 3,701,273
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 4,182	\$ 4,125
Supplemental schedule of noncash investing and financing activities:		
Donations of property and equipment	\$ 246,975	\$ 25,217
Donated stock	\$ 14,369	\$ -

See notes to financial statements.

## Believe in Tomorrow National Children's Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Founded in 1982, Believe in Tomorrow National Children's Foundation, Inc. (the Foundation) provides comprehensive hospital and respite housing services to critically ill children and their families. The source of funds is primarily from public contributions, various fundraising events and federal, state, corporate and United Way employee-giving campaigns.

A summary of the Foundation's significant accounting policies follows:

**Basis of presentation:** The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). As required by the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification (ASC), the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions:** Net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

**Net assets with donor restrictions:** Net assets with donor restrictions are contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified purposes.

**Cash and cash equivalents:** Cash and cash equivalents consist of demand deposits and short-term investments with original maturities at acquisition of three months or less.

**Credit risk:** The Foundation has deposits in financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses in such accounts, and management believes the Foundation is not exposed to any significant credit risk on cash.

**Promises to give:** Promises to give are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The Foundation uses the allowance method to determine uncollectible promises to give. Promises to give are written off at the time they are determined to be uncollectible. Net promises to give are expected to be collected over the next two years.

**Investments:** Short-term investments include stocks and certificates of deposit with original maturities at acquisition of greater than three months. Certificates of deposit are valued at cost, while stocks are recorded at fair value. Accordingly, the change in net unrealized appreciation (depreciation) of marketable securities for the year is reflected in the statements of activities. Realized gains and losses on sales of investments are computed on a specific identification basis and are recorded on the settlement date of the transaction in the appropriate net asset category.

**Investment risk and uncertainties:** The Foundation invests in a portfolio that contains certificates of deposit. Such investments are exposed to various risks, such as interest rate, market and credit.

**Property and equipment:** Property and equipment purchased by the Foundation is recorded at cost. Donated property and equipment is recorded at the fair value at the date of the gift. Depreciation is provided on the straight-line method over the estimated useful lives of the depreciable assets, which range from five to 40 years. The Foundation capitalizes all property and equipment purchased with a unit cost of \$1,000 or more or donated with a fair value per unit of \$1,000 or more and a useful life of more than one year.

## Believe in Tomorrow National Children's Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Valuation of long-lived assets:** The Foundation reviews the valuation of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

**Functional allocation of expenses:** The costs of providing various program and supporting activities have been presented on a detailed functional bases in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain expenses are attributable to more than one program or supporting function. These expenses are allocated consistently based on the following:

- Volunteer services, personnel related costs and other miscellaneous costs are allocated based on estimates of time and effort for each functional area.
- Depreciation, occupancy and janitorial costs are allocated based on the percentage of fixed assets utilized by each functional area.
- Donation to affiliate costs and resident activities costs are allocated entirely to program services provided to participants.
- Fundraising costs are allocated entirely to fundraising and development supporting services.

**Income taxes:** The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as a charitable organization, whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC, is subject to federal income tax. The Foundation is not considered to be a private foundation. Income, which is not related to exempt purposes, less applicable deductions, may be subject to federal and state corporate income taxes. For the years ended December 31, 2024 and 2023, the Foundation concluded it has no such unrelated business income.

The Foundation adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition classification, interest and penalties on income taxes and accounting in interim periods.

Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the guidance. Generally, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2021.

## Believe in Tomorrow National Children's Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Support and revenue—contributions:** Unconditional contributions received, including grants and contracts deemed to be nonexchange transactions, are recorded as support to net assets with or without donor restrictions depending on the existence and/or nature of donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a 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 restrictions. Conditional contributions are those contributions that contain donor-imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recognized into revenue when conditions are satisfied and then follow the above policies for unconditional contributions. Conditional contributions received in advance of satisfying conditions are recorded as deferred revenue.

Indirect public support consists of contributions collected by a third party and employee-giving campaigns held by various companies. Indirect public support is recognized as revenue in accordance with the contributions above.

Fundraising revenue is generated by events that take place throughout the year. Fundraising revenue consists of registration fees, admission tickets, sponsorships and raffle ticket sales for the events. The Foundation recognizes revenue for events as conditional contributions and conditions are satisfied in the fiscal year that the event occurs. Monies received prior to year-end that are related to an event occurring in the following fiscal year are recorded as deferred revenue until the earnings process is complete.

**Contributions of nonfinancial assets:** Contributions of donated noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributions of nonfinancial assets utilized in programs for the years ended December 31, 2024 and 2023, are as follows:

Utilization in Programs	Donor Restrictions	Valuation Techniques	2024	2023
Professional services	No associated donor restrictions	Fair market value provided by professional based on rate and hours worked	\$ 307,926	\$ 139,986
Program support	No associated donor restrictions	Estimated fair market value based on values for similar items	446,168	481,222
			<u>\$ 754,094</u>	<u>\$ 621,208</u>

**Use of estimates:** The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results may differ from those estimates.

**Reclassifications:** For comparative purposes, certain items related to the prior year have been reclassified to conform to the current year presentation with no effect on the previously reported net assets or change in net assets.

## Believe in Tomorrow National Children's Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Subsequent events:** Subsequent events have been evaluated through June 27, 2025, which is the date the financial statements were available to be issued.

#### Note 2. Liquidity and Availability

The Foundation is primarily supported by contributions, fundraising events and giving campaigns. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities, the Foundation would attempt to obtain a loan, secured by its real estate assets.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2024 and 2023, are as follows:

	2024	2023
Cash and cash equivalents	\$ 2,157,971	\$ 3,701,273
Restricted cash, escrow account	2,365,420	-
Short-term investments	5,324,246	3,286,532
Current portion of promises to give	3,046	9,960
Other receivables	51,747	55,526
Total liquidity	9,902,430	7,053,291
Less escrow account for building costs	(2,365,420)	-
Less financial assets with donor restrictions	-	(30,473)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,537,010</u>	<u>\$ 7,022,818</u>

#### Note 3. Fair Value Measurement and Investments

The Foundation defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and within a fair value hierarchy. The fair value hierarchy gives the highest rank to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest rank to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy are described below:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities and holdings in mutual funds are the types of investments included in Level 1. Investments in securities traded on a national securities exchange or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. Fair value of exchange-traded contracts is based upon exchange settlement prices. These financial instruments are classified as Level 1 in the fair value hierarchy. The Foundation had \$15,999 and \$1,155 of Level 1 investments in the form of stocks at December 31, 2024 and 2023, respectively.

## Believe in Tomorrow National Children's Foundation, Inc.

### Notes to Financial Statements

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#### Note 3. Fair Value Measurement and Investments (Continued)

**Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments, which are generally included in this category include corporate loans, less liquid,

restricted equity securities, certain corporate bonds and over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement. The Foundation has no Level 2 investments at December 31, 2024 and 2023.

**Level 3:** Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. The Foundation has no Level 3 investments at December 31, 2024 and 2023.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following table presents the Foundation's short-term investments as of December 31, 2024 and 2023:

	2024	2023
Stocks	\$ 15,999	\$ 1,155
Certificates of deposit	5,324,246	3,286,532
Total short-term investments	<u>\$ 5,324,246</u>	<u>\$ 3,286,532</u>

Investment income was composed of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Interest and dividends	\$ 372,989	\$ 188,616
Net realized and unrealized gain (loss)	9,047	(813)
Total	<u>\$ 382,036</u>	<u>\$ 187,803</u>

#### Note 4. Related-Party Transactions

The Children's House at The Johns Hopkins Hospital, Inc. (The Children's House) is a related party that provides temporary housing to children with life-threatening illnesses and their families. The Foundation's Board of Directors has committed to provide substantial support to The Children's House by assisting in its fundraising efforts, including the solicitation of donated goods and services. The Foundation manages the operations of The Children's House and there is no formal payment arrangement.

## Believe in Tomorrow National Children's Foundation, Inc.

### Notes to Financial Statements

#### Note 4. Related-Party Transactions (Continued)

In 2016, the Foundation began recording salary expense related to operation of The Children's House as a contribution from the Foundation to The Children's House rather than requiring The Children's House to reimburse the Foundation for the related expenses. The contribution totaled \$33,000 and \$122,980 for the years ended December 31, 2024 and 2023, respectively. The following table reflects the activity of such support and outstanding balances due to/from The Children's House at December 31, 2024 and 2023:

	2024	2023
Due from related party, beginning of year	\$ 443,635	\$ 467,257
Advances to related party	241,044	149,259
Advances from related party	(86,060)	(172,881)
Due from related party, end of year	<u>\$ 598,619</u>	<u>\$ 443,635</u>

On November 2, 2023, the Foundation and The Children's House entered into a relocation and lease termination agreement with Johns Hopkins University (JHU) related to the land where The Children's House is located. Under the agreement, the lease terminated in February 2024 and the operations of The Children's House were relocated to a temporary facility in a hotel where rooms are available to The Children's House on a daily basis until construction of their new building is completed. The hotel rooms and parking spaces were received as an in-kind donation from JHU for a total value of \$268,700 at December 31, 2024. As part of the relocation costs, JHU also paid \$2,500,000 as an unrestricted contribution to the Foundation that the Foundation intends to utilize in connection with its relocation to the temporary facility. This contribution was received in full by the Foundation in November 2023. Additionally, JHU will pay for certain construction costs associated with the acquisition of a parcel of property and construction of the new building up to the agreed upon amounts and terms per the agreement. In December 2024, the Foundation received a conditional payment of \$2,365,420 from JHU to be used towards the new facility, which was recorded as a refundable advance as of December 31, 2024. As of June 27, 2025, the parcel of property purchase was not yet finalized. A design contract was signed with an architect in January 2025, thus in accordance with the purchase agreement JHU provided a \$2,000,000 payment to the Foundation in February 2025.

#### Note 5. Promises to Give

Promises to give of \$22,803 and \$23,405 at December 31, 2024 and 2023, respectively, consisted of gross promises to give of \$27,321 and \$28,194, respectively, net of allowances for doubtful promises to give of \$4,518 and \$4,789, respectively, for the years then ended. Promises to give are expected to be received over the next two years. The present value discount on promises to give is insignificant at December 31, 2024 and 2023.

Promises to give at December 31, 2024 and 2023, are summarized and anticipated to be received as follows:

	2024	2023
Due in less than 1 year	\$ 3,046	\$ 9,960
Due in 1 to 5 years	24,275	18,234
	27,321	28,194
Less allowance for uncollectible promises	(4,518)	(4,789)
Net promises to give	<u>\$ 22,803</u>	<u>\$ 23,405</u>

## Believe in Tomorrow National Children's Foundation, Inc.

### Notes to Financial Statements

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#### Note 5. Promises to Give (Continued)

In addition to the above balances, from time to time, the Foundation receives conditional grants that have not yet been recognized as of the end of the year. As of December 31, 2024, there were no conditional grants which have not been recorded in the financial statements. Conditional grants are recognized as revenue when the specified conditions of the grant are met, such as documented expenses.

#### Note 6. Property and Equipment

Property and equipment consisted of the following at December 31, 2024 and 2023:

	Depreciable Life (Range)	2024	2023
Buildings and improvements	5-40 years	\$ 3,848,855	\$ 3,750,482
Automobile	5 years	75,811	75,811
Equipment	5-10 years	421,469	412,767
Construction in progress	N/A	1,107,066	569,176
		5,453,201	4,808,236
Less accumulated depreciation		(2,173,786)	(2,041,257)
		3,279,415	2,766,979
Land		1,747,291	1,747,291
		<u>\$ 5,026,706</u>	<u>\$ 4,514,270</u>

#### Note 7. Paycheck Protection Program Promissory Note

On April 23, 2020, the Foundation applied for and received a loan of \$189,223 from Truist Bank pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. Proceeds were to be used to pay compensation and benefit costs in order to retain workers and to make mortgage interest payments, lease payments and utility payments. The Foundation used the entire loan amount for qualifying expenses. The Foundation applied for and received forgiveness for \$179,223 of the loan amount on December 23, 2020. The SBA can audit the forgiveness of the loan for up to six years after it was received. The remaining loan amount of \$10,000 was forgiven on February 12, 2021.

On March 24, 2021, the Foundation applied for and received a loan of \$200,085 from Truist Bank pursuant to the PPP. Proceeds were to be used to pay compensation and benefit costs in order to retain workers and to make mortgage interest payments, lease payments and utility payments. The Foundation used the entire loan amount for qualifying expenses. The Foundation applied for and received forgiveness for the full loan amount on October 18, 2021. The SBA can audit the forgiveness of the loan for up to six years after it was received.



## **Believe in Tomorrow National Children's Foundation, Inc.**

### **Notes to Financial Statements**

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#### **Note 8. Economic Injury Disaster Loan**

On May 13, 2020, the Foundation applied for and received an Economic Injury Disaster Loan (EIDL) of \$150,000 from the SBA. The interest rate is 2.75% per annum, payable in monthly installments of \$641 originally commencing on May 13, 2021, with the loan maturing on May 13, 2050. Monthly payments are applied to interest first. The loan is collateralized by the Foundation's tangible and intangible personal property. On March 26, 2021, the SBA granted a 24-month deferment of principal and interest payments from the original date of the note for EIDLs approved in 2020. On March 15, 2022, the SBA granted an additional six-month deferment for a total 30-month deferment of principal and interest payments from the original date of the note for EIDLs approved in 2020. Monthly installments commenced on November 13, 2022, and the loan matures on November 13, 2052.

Maturities of the EIDL at December 31, 2024, are due in future years as follows:

Years ending December 31:	
2025	\$ 1,327
2026	3,567
2027	3,567
2028	3,567
2029	3,567
Thereafter	134,405
	<u>\$ 150,000</u>

#### **Note 9. Net Assets With Donor Restrictions**

At December 31, 2024 and 2023, the Foundation had net assets with donor restrictions of \$0 and \$30,473, respectively, which were restricted for the property in Ocean City. Net assets with donor restrictions released from restrictions for the years ended December 31, 2024 and 2023, were \$30,473 and \$69,800, respectively, for expenditures related to The Children's House Cottage by the Sea.

#### **Note 10. Pension Plan**

The Foundation has a defined contribution pension plan that covers substantially all of its full-time employees. The Foundation may contribute a discretionary amount each plan year and employees can contribute a percentage of their compensation to the Plan. Contributions by the Foundation for the years ended December 31, 2024 and 2023, were \$14,038 and \$10,776, respectively.

#### **Note 11. Employee Retention Tax Credit**

The Foundation applied for a payroll tax credit under the Employee Retention Tax Credit (ERTC) program authorized by the CARES Act. The ERTC program allowed eligible employers to apply for a refund of payroll taxes paid in 2021 equal to 70% of qualifying wages up to \$10,000 of wages per employee, which had not been paid with proceeds from the forgiven PPP loans described in Note 7. The Foundation met all eligibility requirements for the ERTC for four eligible quarters under the program and recorded a refund receivable and corresponding revenue of \$302,115 as of and for the year ended December 31, 2023. The Foundation received payment of the refund receivable in 2024.

#### **Note 12. Subsequent Event**

A design contract was signed with an architect in January 2025, thus in accordance with the purchase agreement JHU provided a \$2,000,000 payment to the Foundation in February 2025 as an initial payment for the new facility project mentioned in Note 4.