

# **The Children's House at The Johns Hopkins Hospital, Inc.**

Financial Report  
December 31, 2024

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**Independent Auditor's Report**

Board of Directors  
The Children's House at The Johns Hopkins Hospital, Inc.

**Opinion**

We have audited the financial statements of The Children's House at The Johns Hopkins Hospital, Inc. (The Children's House), 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 Children's House as of December 31, 2024 and 2023, and the results of its operations 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 Children's House 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 Children's House'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 Children's House'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 Children's House'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 VS LLP*

Baltimore, Maryland  
June 27, 2025

**The Children's House at The Johns Hopkins Hospital, Inc.**

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

	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 127,347	\$ 108,418
Promises to give, current portion (Note 4)	39,887	35,569
Accrued revenue	56,990	35,634
Prepaid expenses	13,048	5,000
<b>Total current assets</b>	<b>237,272</b>	<b>184,621</b>
Property and equipment, net (Note 5)	-	844,199
Promises to give, net of current portion, net of allowance for uncollectible promises (2024—\$18,013; 2023—\$20,329) (Note 4)	<b>40,367</b>	<b>55,313</b>
<b>Total assets</b>	<b>\$ 277,639</b>	<b>\$ 1,084,133</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,380	\$ 30,054
<b>Total current liabilities</b>	<b>3,380</b>	<b>30,054</b>
Notes payable (Note 6)	-	197,591
Economic Injury Disaster Loan (Note 8)	150,000	150,000
Due to related party (Note 3)	598,619	443,635
<b>Total liabilities</b>	<b>751,999</b>	<b>821,280</b>
Commitments (Note 7)		
Net assets:		
Without donor restrictions	(474,360)	262,853
<b>Total net assets</b>	<b>(474,360)</b>	<b>262,853</b>
<b>Total liabilities and net assets</b>	<b>\$ 277,639</b>	<b>\$ 1,084,133</b>

See notes to financial statements.

**The Children's House at The Johns Hopkins Hospital, Inc.**

**Statements of Activities**

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

	<b>2024</b>	<b>2023</b>
Revenue and support:		
Contributions of nonfinancial assets	<b>\$ 348,558</b>	\$ 418,166
Indirect public support	<b>101,994</b>	109,441
Public contributions	<b>272,021</b>	175,160
Program service contributions	<b>2,285</b>	59,347
<b>Total revenue and support</b>	<b>724,858</b>	762,114
Expenses:		
Program services	<b>596,388</b>	1,010,811
Management and general	<b>12,306</b>	27,087
Fundraising	<b>18,819</b>	34,000
<b>Total expenses</b>	<b>627,513</b>	1,071,898
Other (loss):		
Loss of disposal of property and equipment	<b>(834,558)</b>	-
<b>Change in net assets</b>	<b>(737,213)</b>	(309,784)
Net assets without donor restrictions:		
Beginning	<b>262,853</b>	572,637
Ending	<b>\$ (474,360)</b>	\$ 262,853

See notes to financial statements.

**The Children's House at The Johns Hopkins Hospital, Inc.**

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

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Resident activities	\$ 328,073	-	-	\$ 328,073
Salaries	181,688	5,366	4,600	191,654
Depreciation (Note 5)	9,448	96	96	9,640
Janitorial	4,959	51	51	5,061
Occupancy	7,988	82	82	8,152
Payroll taxes and benefits (Note 7)	29,060	858	736	30,654
Equipment rental and maintenance	1,839	19	19	1,877
Professional fees	24,532	5,257	5,257	35,046
Office supplies and equipment	1,751	18	18	1,787
Dues and subscriptions	2,580		287	2,867
Miscellaneous	4,470	559	559	5,588
Fundraising	-	-	7,114	7,114
<b>Total functional expenses</b>	<b>\$ 596,388</b>	<b>\$ 12,306</b>	<b>\$ 18,819</b>	<b>\$ 627,513</b>

See notes to financial statements.

**The Children's House at The Johns Hopkins Hospital, Inc.**

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

	Program Services	Management and General	Fundraising	Total
Resident activities	\$ 276,834	\$ -	\$ -	\$ 276,834
Salaries	354,589	10,859	8,986	374,434
Depreciation (Note 5)	75,398	769	769	76,936
Janitorial	57,817	590	590	58,997
Occupancy	51,142	522	522	52,186
Payroll taxes and benefits (Note 7)	55,567	1,702	1,408	58,677
Equipment rental and maintenance	20,363	208	208	20,779
Professional fees	50,257	10,769	10,769	71,795
Volunteer services	37,940	387	387	38,714
Insurance	9,800	100	100	10,000
Office supplies and equipment	6,725	69	69	6,863
Dues and subscriptions	5,484	-	609	6,093
Miscellaneous	8,895	1,112	1,110	11,117
Fundraising	-	-	8,473	8,473
<b>Total functional expenses</b>	<b>\$ 1,010,811</b>	<b>\$ 27,087</b>	<b>\$ 34,000</b>	<b>\$ 1,071,898</b>

See notes to financial statements.



**The Children's House at The Johns Hopkins Hospital, Inc.**

**Statements of Cash Flows**

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

	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Change in net assets	\$ (737,213)	\$ (309,784)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,640	76,936
Loss of disposal of property and equipment	834,559	-
(Decrease) increase in allowance for promises to give	(2,316)	729
Changes in assets and liabilities:		
Decrease (increase) in:		
Promises to give	12,944	(3,302)
Accrued revenue	(21,356)	(1,649)
Prepaid expenses	(8,048)	-
Decrease (increase) in:		
Accounts payable and accrued expenses	(26,674)	5,496
Due to related party	154,984	(23,622)
<b>Net cash provided by (used in) operating activities</b>	<b>216,520</b>	<b>(255,196)</b>
Cash flows from financing activities:		
Repayment of notes payable	(197,591)	-
<b>Net cash used in operating activities</b>	<b>(197,591)</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>18,929</b>	<b>(255,196)</b>
Cash:		
Beginning of year	108,418	363,614
End of year	\$ 127,347	\$ 108,418
Supplemental disclosure of cashflow information:		
Cash paid for interest	\$ 7,692	\$ 7,692

See notes to financial statements.

## The Children's House at The Johns Hopkins Hospital, Inc.

### Notes to Financial Statements

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

**Nature of activities:** The Children's House at The Johns Hopkins Hospital, Inc. (The Children's House) was founded in 1989 for the purpose of providing temporary housing for family members of the children receiving treatment at The Johns Hopkins Hospital. Until February 2024, The Children's House consisted of a 15-bedroom, four-level facility that included living rooms, kitchens on each floor, a children's playroom and a large meeting room for groups. The sources of funds are primarily from contributions and various fundraising events.

A summary of The Children's House'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 Children's House 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 Children's House pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified purposes. The Children's House did not have any net assets with donor restrictions as of December 31, 2024 and 2023.

**Credit risk:** The Children's House has deposits in financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation. The Children's House has not experienced any losses in such account, and management believes it 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 Children's House that is, in substance, unconditional. The Children's House 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 received over the next two years.

**Property and equipment:** Property and equipment purchased by The Children's House 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 Children's House 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.

**Valuation of long-lived assets:** The Children's House 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.

## The Children's House at The Johns Hopkins Hospital, Inc.

### Notes to Financial Statements

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

**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
- 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 Children's House 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 Children's House 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 Children's House concluded it has no such unrelated business income.

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

**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.

## The Children's House at The Johns Hopkins Hospital, Inc.

### Notes to Financial Statements

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

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.

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

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

Utilization in Programs	Donor Restrictions	Valuation Techniques	2024	2023
		Fair market value		
Professional services and resident activities	No associated donor restrictions	provided by professional based on rate and hours worked	\$ 329,882	\$ 308,316
		Estimated fair market value		
Program support	No associated donor restrictions	based on values for similar items	18,676	109,850
			<u>\$ 348,558</u>	<u>\$ 418,166</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 vary from those estimates.

**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 Children's House is primarily supported by contributions, fundraising events and giving campaigns. As part of The Children's House'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. The Children's House does not have any donor restricted, board designated or other contractual limitations on its financial assets. 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 Children's House would obtain a related party loan from the Believe in Tomorrow National Children's Foundation (the Foundation).

## The Children's House at The Johns Hopkins Hospital, Inc.

### Notes to Financial Statements

#### Note 2. Liquidity and Availability (Continued)

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	\$ 127,347	\$ 108,418
Current portion of promises to give	39,887	35,569
Accrued revenue	56,990	35,634
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 224,224</u>	<u>\$ 179,621</u>

#### Note 3. Related-Party Transactions

The Foundation, a related party, advanced funds to The Children's House during the years ended December 31, 2024 and 2023. The Foundation's board of directors has committed to provide support to The Children's House by assisting in its fundraising efforts, including the solicitation of donated goods and services. There is also no formal payment arrangement.

The Foundation records salary expense related to operations of The Children's House as an in-kind contribution from the Foundation to The Children's House rather than requiring The Children's House to reimburse the Foundation for the related expense. The contribution totaled \$33,000 and \$122,980 for each of 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 Foundation at December 31, 2024 and 2023:

	2024	2023
Due to related party, beginning of year	\$ (443,635)	\$ (467,257)
Advances to related party	86,060	172,881
Advances from related party	(241,044)	(149,259)
Due to 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. 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. Once the land is purchased, the earliest construction would start is early 2025, and would last for approximately 18 months. In December 2024, BIT received a conditional payment related to the land construction for \$2,365,420 from JHU. 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 BIT in February 2025.

## The Children's House at The Johns Hopkins Hospital, Inc.

### Notes to Financial Statements

#### Note 4. Promises to Give

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

	2024	2023
Due in less than one year	\$ 39,887	\$ 35,569
Due in one to five years	58,380	75,642
	98,267	111,211
Less allowance for uncollectible promises	(18,013)	(20,329)
Net promises to give	<u>\$ 80,254</u>	<u>\$ 90,882</u>

#### Note 5. Property and Equipment

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

	Depreciable Life (Range)	2024	2023
Building and improvements	5-40 years	\$ -	\$ 2,198,374
Furniture and fixtures	5-10 years	-	174,284
Equipment	5-10 years	-	111,717
		-	2,484,375
Less accumulated depreciation		-	(1,824,310)
		-	660,065
Land		-	184,134
		<u>\$ -</u>	<u>\$ 844,199</u>

Due to the relocation of The Children's House, all property and equipment were disposed of as of December 31, 2024. This transaction resulted in a loss on disposal of property and equipment of \$834,559 for the year ended December 31, 2024.

#### Note 6. Notes Payable

On September 26, 2018, The Children's House entered into a loan agreement with the Community Development Administration, a unit of the Division of Development Finance of the Department of Housing and Community Development, of the state of Maryland, for energy efficiency and renewable energy improvements to the property for up to \$350,000. The loan is a non-interest-bearing promissory note and matures on September 1, 2053, whereby all principal becomes due. The loan balance was \$197,591 at December 31, 2023. The loan balance was paid in full in February 2024.

#### Note 7. Pension Plan

The Children's House has a defined contribution pension plan that covers substantially all of its full-time employees. The Children's House may contribute a discretionary amount each plan year, and employees can contribute a percentage of their compensation to the plan. There were no contributions to the plan from The Children's House for the years ended December 31, 2024 and 2023.

**The Children's House at The Johns Hopkins Hospital, Inc.**

**Notes to Financial Statements**

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**Note 8. Economic Injury Disaster Loan**

On May 14, 2020, The Children's House applied for and received an Economic Injury Disaster Loan (EIDL) of \$150,000 from the Small Business Administration (SBA). The interest rate is 2.75% per annum, payable in monthly installments of \$641 originally commencing on May 14, 2021, with the loan maturing on May 14, 2050. Monthly payments are applied to interest first. The loan is collateralized by The Children's House'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 14, 2022, and the loan matures on November 14, 2052. The loan balance was paid in full in April 2025.

**Note 9. Subsequent Events**

The EIDL balance of \$150,000 was paid in full in April 2025. Additionally, a design contract was signed between BIT and an architect in January 2025, thus in accordance with the purchase agreement JHU provided a \$2,000,000 payment to the BIT in February 2025 as an initial payment for the new facility project mentioned in Note 3.