

Believe in Tomorrow National Children's Foundation, Inc.

Financial Report
December 31, 2017

Contents

Independent auditor's report	1
<hr/>	
Financial statements	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Notes to financial statements	5-12
<hr/>	
Independent auditor's report on the supplementary information	13
<hr/>	
Supplementary information	
Schedules of functional expenses	14-15
<hr/>	



RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Believe in Tomorrow National Children's Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Believe in Tomorrow National Children's Foundation, Inc. as of December 31, 2017 and 2016, 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.

RSM US LLP

Baltimore, Maryland
June 7, 2018

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Believe in Tomorrow National Children's Foundation, Inc.

**Statements of Financial Position
December 31, 2017 and 2016**

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,915,989	\$ 2,137,063
Investments (Notes 2 and 3)	324,245	32,864
Promises to give, net of allowance for uncollectible promises (2017 - \$7,799; 2016 - \$14,677) (Note 5)	65,765	96,286
Prepaid expenses	2,833	16,000
Due from related party (Note 4)	32,739	-
Total current assets	2,341,571	2,282,213
Property and equipment, net (Notes 6 and 7)	4,381,719	3,987,824
Total assets	\$ 6,723,290	\$ 6,270,037
Liabilities and Net Assets		
Current liabilities:		
Current portion of notes payable (Note 7)	\$ 23,419	\$ 22,323
Accounts payable and accrued expenses	51,597	40,254
Due to related party (Note 4)	-	53,325
Deferred revenue	34,403	19,926
Total current liabilities	109,419	135,828
Notes payable, less current portion (Note 7)	261,353	284,776
Total liabilities	370,772	420,604
Commitments (Notes 6 and 9)		
Net assets:		
Unrestricted	6,110,910	5,774,433
Temporarily restricted (Note 8)	241,608	75,000
Total net assets	6,352,518	5,849,433
Total liabilities and net assets	\$ 6,723,290	\$ 6,270,037

See notes to financial statements.

Believe in Tomorrow National Children's Foundation, Inc.

**Statements of Activities
Years Ended December 31, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
In-kind contributions	\$ 930,562	\$ -	\$ 930,562	\$ 771,442	\$ -	\$ 771,442
Public contributions	780,667	241,608	1,022,275	1,466,717	-	1,466,717
Fundraisers	332,179	-	332,179	270,374	-	270,374
Indirect public support	103,011	-	103,011	84,815	-	84,815
Investment income (Note 3)	34,466	-	34,466	2,061	-	2,061
Net assets released from restriction	75,000	(75,000)	-	-	-	-
Total revenue and support	2,255,885	166,608	2,422,493	2,595,409	-	2,595,409
Expenses:						
Program services						
Children's housing	1,823,342	-	1,823,342	1,593,139	-	1,593,139
Hands-on adventures	-	-	-	241,681	-	241,681
Total program services	1,823,342	-	1,823,342	1,834,820	-	1,834,820
Supporting services:						
Management and general	60,514	-	60,514	65,696	-	65,696
Fundraising and development	35,552	-	35,552	46,564	-	46,564
Total supporting services	96,066	-	96,066	112,260	-	112,260
Total expenses	1,919,408	-	1,919,408	1,947,080	-	1,947,080
Change in net assets	336,477	166,608	503,085	648,329	-	648,329
Net assets:						
Beginning of year	5,774,433	75,000	5,849,433	5,126,104	75,000	5,201,104
End of year	\$ 6,110,910	\$ 241,608	\$ 6,352,518	\$ 5,774,433	\$ 75,000	\$ 5,849,433

See notes to financial statements.

Believe in Tomorrow National Children's Foundation, Inc.

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 503,085	\$ 648,329
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(29,820)	(1,805)
Depreciation	121,096	116,996
(Decrease) increase in allowance for promises to give	(6,878)	5,646
In-kind contributions of fixed assets	(200,771)	(3,325)
Noncash contribution	(256,930)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Promises to give	37,399	(55,349)
Prepaid expenses	13,167	300
Due to/from related party	(86,064)	163
Increase in:		
Accounts payable and accrued expenses	11,343	7,014
Deferred revenue	14,477	19,926
Net cash provided by operating activities	120,104	737,895
Cash flows from investing activities:		
Purchase of investments	(4,631)	(31,059)
Purchase of property and equipment	(314,220)	(309,599)
Net cash used in investing activities	(318,851)	(340,658)
Cash flows from financing activities:		
Principal payments on note payable	(22,327)	(21,219)
Net (decrease) increase in cash and cash equivalents	(221,074)	376,018
Cash and cash equivalents:		
Beginning of year	2,137,063	1,761,045
End of year	\$ 1,915,989	\$ 2,137,063
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 14,255	\$ 15,363
Stock contributions received	\$ 256,930	\$ -
Supplemental disclosure of noncash investing activities:		
Donations of property and equipment	\$ 200,771	\$ 3,325

See notes to financial statements.

Believe in Tomorrow National Children's Foundation, Inc.

Notes to Financial Statements

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets: Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets: Temporarily restricted net assets result from 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 temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets: Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation's actions. As of December 31, 2017 and 2016, the Foundation has no permanently restricted net assets.

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 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 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. Promises to give are expected to be collected in 2018.

Investments: Investment securities are carried 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 common stocks. 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. Depreciation is provided on the straight-line method over the estimated useful lives of the depreciable assets, which range from 5 to 40 years.

Believe in Tomorrow National Children's Foundation, Inc.

Notes to Financial Statements

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.

In-kind contributions: 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.

The Foundation, through fundraising efforts, generated donated goods and services aggregating \$930,562 and \$771,442 for the years ended December 31, 2017 and 2016, respectively.

Expenses: Functional expenses are allocated to appropriate program and supporting services based on time and facility usage studies.

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, 2017 and 2016, 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 2014.

Revenue recognition: Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. For the years ended December 31, 2017 and 2016, there were no permanently restricted contributions received.

The Foundation recognizes revenue for events in the fiscal year that the event occurs. Monies received prior to year-end that is related to an event occurring in the following fiscal year is recorded as deferred revenue until the earnings process is complete.

Believe in Tomorrow National Children's Foundation, Inc.

Notes to Financial Statements

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

Unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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: Certain 2016 amounts have been reclassified to conform to the 2017 presentation. These reclassifications had no effect on the previously reported change in net assets or net assets.

Subsequent events: Subsequent events have been evaluated through June 7, 2018, which is the date the financial statements were available to be issued.

Accounting pronouncements pending: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018. The impact of adopting ASU 2014-09 on the Foundation's financial statements for subsequent periods has not yet been determined.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in the financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Foundation is in the process of evaluating the impact of this ASU on its financial statements.

Note 2. Fair Value Measurements

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 types of investments included in Level 1.

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 Foundation loans, less liquid, restricted equity securities and certain corporate bonds and over-the-counter derivatives.

Believe in Tomorrow National Children’s Foundation, Inc.

Notes to Financial Statements

Note 2. Fair Value Measurements (Continued)

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.

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 section describes the valuation techniques used by the Foundation:

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. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: The Foundation does not have any investments within this level of the fair value hierarchy as of December 31, 2017 and 2016.

Level 3: The Foundation does not have any investments within this level of the fair value hierarchy as of December 31, 2017 and 2016.

The following table presents the Foundation’s fair value hierarchy for those assets measured at fair value as of December 31, 2017 and 2016:

Description	Total	2017		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable equity securities:				
Industrials	\$ 4,149	\$ 4,149	\$ -	\$ -
Basic materials	30,126	30,126	-	-
Technology	1,339	1,339	-	-
Financial services	5,247	5,247	-	-
Healthcare	40,776	40,776	-	-
Consumer	188,243	188,243	-	-
Mutual funds:				
Large value	31,373	31,373	-	-
	<u>\$ 301,253</u>	<u>\$ 301,253</u>	<u>\$ -</u>	<u>\$ -</u>

Believe in Tomorrow National Children’s Foundation, Inc.

Notes to Financial Statements

Note 2. Fair Value Measurements (Continued)

Description	Total	2016		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable equity securities:				
Industrials	\$ 3,466	\$ 3,466	\$ -	\$ -
Technology	1,052	1,052	-	-
Healthcare	567	567	-	-
Consumer	16,700	16,700	-	-
	<u>\$ 21,785</u>	<u>\$ 21,785</u>	<u>\$ -</u>	<u>\$ -</u>

The Foundation excludes cash and cash equivalents from the fair value hierarchy as cash is generally measured at cost. As such, \$22,992 and \$11,079 of money markets and cash, in the Foundation’s investment portfolio years ended December 31, 2017 and 2016, respectively, have been excluded from this table.

Note 3. Investments

Investment income was composed of the following for the years ended December 31, 2017 and 2016:

	2017	2016
Interest and dividends	\$ 4,646	\$ 256
Net realized and unrealized gains	29,820	1,805
Total	<u>\$ 34,466</u>	<u>\$ 2,061</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 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 expenses. The contribution totaled \$122,980 and \$129,626 for the years ended December 31, 2017 and 2016, respectively. The following table reflects the activity of such support and outstanding balances due to/from The Children's House at December 31, 2017 and 2016:

	2017	2016
Due from related party, beginning of year	\$ (53,325)	\$ (53,162)
Advances to related party	350,514	517,728
Advances from related party	(264,450)	(517,891)
Due from (to) related party, end of year	<u>\$ 32,739</u>	<u>\$ (53,325)</u>

Note 5. Promises to Give

Promises to give consisted of the following at December 31, 2017 and 2016:

	2017	2016
Independent Charities of America	\$ 16,464	\$ 35,100
America's Charities	16,873	-
Other	40,227	75,863
	<u>73,564</u>	<u>110,963</u>
Less allowance	(7,799)	(14,677)
	<u>\$ 65,765</u>	<u>\$ 96,286</u>

Note 6. Property and Equipment

Property and equipment consisted of the following at December 31, 2017 and 2016:

	Depreciable Life (Range)	2017	2016
Buildings and improvements	5-40 years	\$ 3,844,594	\$ 3,782,905
Automobile	5 years	165,079	141,705
Equipment	5-10 years	402,840	398,329
Construction in progress	N/A	362,324	9,407
		<u>4,774,837</u>	<u>4,332,346</u>
Less accumulated depreciation		1,774,011	1,652,915
		<u>3,000,826</u>	<u>2,679,431</u>
Land		1,380,893	1,308,393
		<u>\$ 4,381,719</u>	<u>\$ 3,987,824</u>

As of December 31, 2017, the maximum remaining construction commitment is approximately \$175,000.

Believe in Tomorrow National Children's Foundation, Inc.

Notes to Financial Statements

Note 7. Notes Payable

On July 8, 2009, the Foundation entered into a \$439,939 mortgage note with SunTrust Bank to purchase the headquarters building in Catonsville, Maryland. Monthly principal and interest payments of \$3,308 commenced on August 13, 2009, and continued through September 13, 2012. The loan bore interest at a rate of 6.50% and was to mature on September 13, 2027.

On September 18, 2012, the note was refinanced with SunTrust Bank at a fixed interest rate of 4.73%, whereby monthly principal and interest payments of \$3,049 commenced on October 13, 2012. The note matures on September 13, 2027, whereby all remaining principal and accrued interest become due. The loan is collateralized by a mortgage on the property.

Notes payable consisted of the following at December 31, 2017 and 2016:

	2017	2016
Mortgage loan	\$ 284,772	\$ 307,099
Less current portion	(23,419)	(22,323)
	<u>\$ 261,353</u>	<u>\$ 284,776</u>

Maturities of long-term debt at December 31, 2017, are due in future years as follows:

Years ending December 31:		
2018		\$ 23,419
2019		24,570
2020		25,745
2021		27,041
2022		28,369
Thereafter		155,628
		<u>\$ 284,772</u>

Note 8. Temporarily Restricted Net Assets

At December 31, 2017 and 2016, the Foundation had temporarily restricted net assets consisting of the following:

	2017	2016
Believe in Tomorrow House at Deep Creek	\$ -	\$ 75,000
The Children's House Cottage by the Sea	241,608	-
Total	<u>\$ 241,608</u>	<u>\$ 75,000</u>

Temporarily restricted net assets released from restriction for the years ended December 31, 2017 and 2016, were for the following funds:

	2017	2016
Believe in Tomorrow House at Deep Creek	\$ 75,000	\$ -

Believe in Tomorrow National Children's Foundation, Inc.

Notes to Financial Statements

Note 9. 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, 2017 and 2016, were \$12,038 and \$10,251, respectively.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

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

We have audited the financial statements of Believe in Tomorrow National Children's Foundation, Inc. (the Foundation) as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon which contained an unmodified opinion on those financial statements (see page 1). Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Baltimore, Maryland
June 7, 2018

Believe in Tomorrow National Children's Foundation, Inc.

Schedule of Functional Expenses
Year Ended December 31, 2017

	Program Services			Supporting Services			
	Children's Housing	Hands-On Adventures	Total	Management and General	Fundraising and Development	Total	Total
Direct expenses	\$ 1,094,237	\$ -	\$ 1,094,237	\$ -	\$ -	\$ -	\$ 1,094,237
Other expenses:							
Payroll and related expenses:							
Salaries and wages	418,911	-	418,911	18,115	15,851	33,966	452,877
Employee benefits	72,532	-	72,532	3,136	2,745	5,881	78,413
Payroll taxes	30,149	-	30,149	1,304	1,141	2,445	32,594
Total payroll and related expenses	521,592	-	521,592	22,555	19,737	42,292	563,884
Depreciation	30,422	-	30,422	2,704	676	3,380	33,802
Office supplies and equipment	34,002	-	34,002	4,126	959	5,085	39,087
Insurance	28,412	-	28,412	6,748	355	7,103	35,515
Volunteer services	41,788	-	41,788	10,186	261	10,447	52,235
Professional fees	23,000	-	23,000	3,833	3,833	7,666	30,666
Miscellaneous	19,329	-	19,329	6,430	1,120	7,550	26,879
Utilities	8,086	-	8,086	719	180	899	8,985
Maintenance and repairs	8,830	-	8,830	785	196	981	9,811
Dues and subscriptions	7,848	-	7,848	1,913	49	1,962	9,810
Interest	5,796	-	5,796	515	129	644	6,440
Fundraising	-	-	-	-	8,057	8,057	8,057
Total other expenses	729,105	-	729,105	60,514	35,552	96,066	825,171
Total functional expenses	\$ 1,823,342	\$ -	\$ 1,823,342	\$ 60,514	\$ 35,552	\$ 96,066	\$ 1,919,408

Believe in Tomorrow National Children's Foundation, Inc.

**Schedule of Functional Expenses
Year Ended December 31, 2016**

	Program Services			Supporting Services			
	Children's Housing	Hands-On Adventures	Total	Management and General	Fundraising and Development	Total	Total
Direct expenses	\$ 938,443	\$ 181,303	\$ 1,119,746	\$ -	\$ -	\$ -	\$ 1,119,746
Other expenses:							
Payroll and related expenses:							
Salaries and wages	379,225	26,366	405,591	19,335	14,501	33,836	439,427
Employee benefits	59,231	5,697	64,928	4,747	3,360	8,107	73,035
Payroll taxes	25,434	1,768	27,202	1,297	972	2,269	29,471
Total payroll and related expenses	463,890	33,831	497,721	25,379	18,833	44,212	541,933
Depreciation	24,928	4,986	29,914	2,659	665	3,324	33,238
Office supplies and equipment	28,102	6,239	34,341	4,001	1,048	5,049	39,390
Insurance	26,940	1,797	28,737	6,825	359	7,184	35,921
Volunteer services	46,274	3,085	49,359	12,031	308	12,339	61,698
Professional fees	16,330	4,081	20,411	3,402	3,402	6,804	27,215
Miscellaneous	21,776	2,313	24,089	7,146	524	7,670	31,759
Utilities	7,332	1,466	8,798	782	196	978	9,776
Maintenance and repairs	4,566	913	5,479	487	122	609	6,088
Dues and subscriptions	9,334	622	9,956	2,427	62	2,489	12,445
Interest	5,224	1,045	6,269	557	139	696	6,965
Fundraising	-	-	-	-	20,906	20,906	20,906
Total other expenses	654,696	60,378	715,074	65,696	46,564	112,260	827,334
Total functional expenses	\$ 1,593,139	\$ 241,681	\$ 1,834,820	\$ 65,696	\$ 46,564	\$ 112,260	\$ 1,947,080