



KABOOM!, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

KABOOM!, INC.

TABLE OF CONTENTS
DECEMBER 31, 2024 AND 2023

	<u>Pages</u>
Independent Auditor's Report	3-4
Consolidated Financial Statements	
Consolidated Statements of Financial Position.....	5
Consolidated Statements of Activities	6
Consolidated Statements of Functional Expenses.....	7-8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10-20

Independent Auditor's Report

Board of Directors
KABOOM!, Inc.
Bethesda, Maryland

Opinion

We have audited the accompanying consolidated financial statements of KABOOM!, Inc. (KABOOM!) (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of KABOOM! 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of KABOOM! 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 KABOOM!'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KABOOM!'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 audit.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
March 27, 2025

Certified Public Accountants

KABOOM!, INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,333,411	\$ 259,830
Contributions and Program Services Receivable, Net	2,472,540	4,010,610
Accounts Receivable	368,504	489,735
Investments	5,024,643	7,211,696
Prepaid Expenses	306,181	127,885
Other Assets	<u>241,138</u>	<u>226,368</u>
Total Current Assets	9,746,417	12,326,124
Property and Equipment, Net	1,425,516	1,601,489
Operating Right-of-Use Assets	4,424,598	4,889,832
Intangibles, Net	99,339	87,308
Investments, Noncurrent	<u>13,337,778</u>	<u>13,865,037</u>
Total Assets	<u><u>\$ 29,033,648</u></u>	<u><u>\$ 32,769,790</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 2,155,195	\$ 3,032,002
Grants Payable	16,000	24,000
Deferred Revenue	1,620,853	2,000,834
Loan Payable	3,867	3,540
Operating Lease Liabilities	<u>585,201</u>	<u>641,576</u>
Total Current Liabilities	4,381,116	5,701,952
Loan Payable, Net of Current Portion	136,746	140,850
Operating Lease Liabilities, Net of Current Portion	<u>6,161,683</u>	<u>6,746,884</u>
Total Liabilities	<u>10,679,545</u>	<u>12,589,686</u>
Net Assets		
Without Donor Restrictions		
Undesignated	9,826,382	12,157,356
Board Designated for Operations	<u>4,500,000</u>	<u>4,500,000</u>
Total Net Assets Without Donor Restrictions	14,326,382	16,657,356
Net Assets With Donor Restrictions	<u>4,027,721</u>	<u>3,522,748</u>
Total Net Assets	<u>18,354,103</u>	<u>20,180,104</u>
Total Liabilities and Net Assets	<u><u>\$ 29,033,648</u></u>	<u><u>\$ 32,769,790</u></u>

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, INC.

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Contracted Program Services	\$ 8,073,365	\$ -	\$ 8,073,365	\$ 9,508,759	\$ -	\$ 9,508,759
Contributions and Grants	9,946,844	2,283,076	12,229,920	9,161,147	1,880,442	11,041,589
In-Kind Contributions	168,606	-	168,606	159,651	-	159,651
Released from Restrictions	1,778,103	(1,778,103)	-	3,336,916	(3,336,916)	-
Total Support and Revenues	19,966,918	504,973	20,471,891	22,166,473	(1,456,474)	20,709,999
Expenses						
Programs	20,820,410	-	20,820,410	22,105,123	-	22,105,123
Development	1,675,299	-	1,675,299	1,816,597	-	1,816,597
Management and General	1,137,956	-	1,137,956	1,152,485	-	1,152,485
Total Expenses	23,633,665	-	23,633,665	25,074,205	-	25,074,205
Change in Net Assets from Operations (Note 19)	(3,666,747)	504,973	(3,161,774)	(2,907,732)	(1,456,474)	(4,364,206)
Investment Income, Net	1,335,773	-	1,335,773	2,017,689	-	2,017,689
Change in Net Assets	(2,330,974)	504,973	(1,826,001)	(890,043)	(1,456,474)	(2,346,517)
Net Assets, Beginning of Year	16,657,356	3,522,748	20,180,104	17,547,399	4,979,222	22,526,621
Net Assets, End of Year	\$ 14,326,382	\$ 4,027,721	\$ 18,354,103	\$ 16,657,356	\$ 3,522,748	\$ 20,180,104

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Program Services			Supporting Services			
	Direct Impact	Thought Leadership	Total Program Services	Development	Management and General	Total Supporting Services	Total
Employee Expenses	\$ 6,165,556	\$ 1,136,467	\$ 7,302,023	\$ 1,321,678	\$ 745,504	\$ 2,067,182	\$ 9,369,205
Construction	10,377,030	-	10,377,030	-	-	-	10,377,030
Professional Services	1,033,017	188,015	1,221,032	154,250	106,571	260,821	1,481,853
Property and Maintenance	25,959	4,785	30,744	5,565	9,497	15,062	45,806
Operating Lease Expense	350,739	64,650	415,389	75,186	128,314	203,500	618,889
Office Expenses	99,729	20,390	120,119	33,878	59,606	93,484	213,603
Information and Technology	154,085	25,201	179,286	24,903	25,413	50,316	229,602
Grants Expenses	261,035	-	261,035	-	-	-	261,035
Depreciation and Amortization	106,484	19,628	126,112	22,826	38,956	61,782	187,894
Travel	573,573	35,738	609,311	16,304	17,959	34,263	643,574
Telecommunications	43,940	4,795	48,735	7,397	3,147	10,544	59,279
Marketing	25,005	20,649	45,654	7,024	-	7,024	52,678
Reproduction and Delivery	36,244	4,354	40,598	2,196	2,989	5,185	45,783
Conferences	40,338	3,004	43,342	4,092	-	4,092	47,434
Total Expenses	\$ 19,292,734	\$ 1,527,676	\$ 20,820,410	\$ 1,675,299	\$ 1,137,956	\$ 2,813,255	\$ 23,633,665
Percentage			88%	7%	5%		

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services			Supporting Services			
	Direct Impact	Thought Leadership	Total Program Services	Development	Management and General	Total Supporting Services	Total
Employee Expenses	\$ 5,604,218	\$ 1,455,240	\$ 7,059,458	\$ 1,520,105	\$ 739,048	\$ 2,259,153	\$ 9,318,611
Construction	11,416,062	-	11,416,062	-	-	-	11,416,062
Professional Services	1,036,324	265,777	1,302,101	47,252	126,949	174,201	1,476,302
Property and Maintenance	17,287	4,489	21,776	4,689	6,643	11,332	33,108
Operating Lease Expense	315,133	81,830	396,963	85,478	121,121	206,599	603,562
Office Expenses	80,767	24,862	105,629	46,715	54,971	101,686	207,315
Information and Technology	151,908	44,127	196,035	34,695	29,253	63,948	259,983
Grants Expenses	725,666	-	725,666	-	-	-	725,666
Depreciation and Amortization	95,371	24,766	120,137	25,869	36,656	62,525	182,662
Travel	564,070	47,292	611,362	33,733	21,780	55,513	666,875
Telecommunications	37,283	5,400	42,683	7,197	3,213	10,410	53,093
Marketing	14,995	25,274	40,269	8,698	10,798	19,496	59,765
Reproduction and Delivery	35,923	1,722	37,645	1,524	2,053	3,577	41,222
Conferences	29,337	-	29,337	642	-	642	29,979
Total Expenses	\$ 20,124,344	\$ 1,980,779	\$ 22,105,123	\$ 1,816,597	\$ 1,152,485	\$ 2,969,082	\$ 25,074,205
Percentage			88%	7%	5%		

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,826,001)	\$ (2,346,517)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation and Amortization	187,894	182,662
Realized/Unrealized Gain on Investments	(663,996)	(1,308,817)
Operating Lease Expense	695,974	707,918
(Increase) Decrease in Assets		
Contributions and Program Services Receivable, Net	1,538,070	(1,440,672)
Accounts Receivable	121,231	(189,115)
Prepaid Expenses	(178,296)	78,832
Other Assets	(14,770)	(11,419)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(876,807)	1,316,244
Grants Payable	(8,000)	(53,608)
Operating Lease Liabilities	(872,316)	(166,975)
Deferred Revenue	(379,981)	(306,123)
Net Cash Used in Operating Activities	<u>(2,276,998)</u>	<u>(3,537,590)</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment and Intangibles	(23,952)	(132,927)
Purchase of Investments	(782,190)	(774,678)
Proceeds from Sale of Investments	<u>4,160,498</u>	<u>3,609,254</u>
Net Cash Provided by Investing Activities	<u>3,354,356</u>	<u>2,701,649</u>
Cash Flows from Financing Activities		
Payment on Loan	<u>(3,777)</u>	<u>(5,610)</u>
Net Cash Used in Financing Activities	<u>(3,777)</u>	<u>(5,610)</u>
Increase (Decrease) in Cash and Cash Equivalents	1,073,581	(841,551)
Cash and Cash Equivalents at Beginning of Year	<u>259,830</u>	<u>1,101,381</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,333,411</u></u>	<u><u>\$ 259,830</u></u>

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

1. ORGANIZATION

KABOOM!, Inc., a District of Columbia nonprofit corporation which we refer to as “KABOOM!,” is a publicly supported 501(c)(3) national nonprofit that works to end playspace inequity by building kid-designed playspaces that can spark joy and foster a sense of belonging for the kids who are often denied opportunities to thrive. Since 1996, KABOOM! has collaborated with partners to create or transform 17,000+ playspaces and brought joy to nearly 12 million kids. KABOOM! is headquartered in Bethesda, Maryland.

KABOOM! has teamed up with bold, inspiring partners and community members, starting with the kids themselves, to build incredible places to play, inspired by their design, courage, and leadership. KABOOM! does this through:

- **Direct Impact Offerings:** KABOOM! seeks to end playspace inequity by addressing disparities in access to quality places to play. In 2022, KABOOM! launched the 25 in 5 Initiative to End Playspace Inequity, the plan to accelerate its mission in 25 high-priority locations over five years. KABOOM! playspaces include playspace projects (playgrounds, multisport courts and adventure courses) and Play Everywhere grants, each designed to meet the unique needs and desires of the communities KABOOM! works alongside.
- **Thought Leadership:** Through media opportunities, conference attendance and developing relationships with funders, city leaders, community advocates, and other key stakeholder. KABOOM! seeks to lead the conversation and drive communications to raise the awareness of playspaces as an equity issue and to educate and inspire stakeholders and communities to take action to ensure kids have the opportunities to thrive.

KABOOM! Play Initiatives, LLC (KPI), a wholly owned subsidiary of KABOOM!, is a Delaware limited liability company that was formed in 2013 to pursue certain play initiatives in furtherance of KABOOM!’s mission. KPI had no activity in 2024 or 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements were prepared on a consolidated basis in accordance with generally accepted accounting principles in the United States and, as a result, all significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

KABOOM! has presented its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Revenue Recognition

Contracted program services are deemed to be exchange transactions, which are recorded as deferred revenue when received and recognized as revenue without donor restrictions upon performance or incurrence of expenditures related to such services. Contributions and grants received without restrictions are recognized as revenue without donor restrictions when received or unconditionally promised, whichever comes first. Contributions and grants received with donor-imposed restrictions are reported as revenue with donor restrictions.

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions or conditions. Accordingly, the net assets of KABOOM! and changes therein are classified and reported as follows:

With Donor Restrictions

Contributions and grants pending satisfaction of donor-imposed, time or purpose restrictions are reported as revenue with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-imposed restrictions satisfied in the year received are recognized as revenue without donor restrictions.

Without Donor Restrictions

Net assets without donor restrictions result from revenues and other inflows of assets, the use of which by KABOOM! is not limited by donor-imposed restrictions or conditions and are available for use in the general operations of KABOOM!.

The Board of Directors has designated \$4,500,000 as of December 31, 2024 and 2023, to be held in reserve to support future years' operations, provide a resource for unexpected downturns, and provide a source of investment in KABOOM!. Any use of these funds must be approved by the Board.

Cash and Cash Equivalents

KABOOM! considers all unrestricted highly liquid investments with an original maturity of less than 90 days to be cash equivalents excluding amounts held as investments.

Investments

Investments are reported at the fair value based on quoted market prices on national exchanges.

Property, Equipment, and Intangibles

KABOOM! capitalizes all property and equipment acquisitions of \$2,000 and above. Property, equipment, and intangibles are stated at cost if purchased and at fair market value if donated. Property, equipment, and intangibles are depreciated and amortized using the straight-line method over estimated useful lives of three to seven years with no salvage value. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term and is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Expenditures for major additions and improvements that extend the useful lives of fixed assets are capitalized as property and equipment while maintenance and repairs are expensed in the year incurred.

Intangibles consist of the cost of developing the KABOOM! internet website and staff intranet. This cost is amortized by the straight-line method over an estimated useful life of three years and seven years, respectively.

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Other assets consist of inventory of build day supplies, publications, and deposits. The inventory is stated at cost determined by the specific identification method.

Right-of-Use Assets and Lease Liabilities

Lease liabilities are initially measured at the present value of minimum lease payments using a prime rate that approximates the remaining term of the lease. The right-of-use assets are the lease liabilities adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring KABOOM!'s right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

KABOOM! considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, KABOOM! does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

Accounts Receivable

Accounts receivable mainly consist of amounts owed to KABOOM! from supplier contracts. These amounts are expected to be collected within one year at net realizable value. KABOOM! uses the loss-rate aging method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Historical credit loss experience provides the basis for the estimation of expected credit losses and adjustments are made for differences in current and forecasted risk characteristics and economic conditions. The key risk characteristics for accounts receivable are type of organization, ability to pay the amounts due, and timing of payments to be made in comparison to the costs to be incurred. For the years ended December 31, 2024 and 2023, accounts receivable balances were \$368,504 and \$489,735, respectively. The balance of accounts receivable as of January 1, 2024 and 2023, were \$489,735 and \$300,620, respectively.

Contributions and Program Services Receivable

Contributions and program services receivable include amounts due for contracted program services for which all donor-imposed restrictions have been met and all amounts committed but not yet paid under contribution and grant agreements at net realizable value.

In-Kind Support

KABOOM! receives building supplies and materials, marketing, advertising, legal and consulting services that are recorded at fair value as income and expense at the time the items are received or services are provided.

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Concentrations of Credit Risk

KABOOM! bank accounts, consisting of checking and money market accounts, are insured by the Federal Deposit Insurance Corporation up to \$250,000 and at times may exceed federally insured limits. KABOOM! has not experienced any losses in such accounts and management believes KABOOM! is not exposed to any significant credit risks.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. Allocated accounts include employee expenses, office expenses, reproduction and delivery, operating lease expense, property and maintenance, information and technology, depreciation and amortization, and travel. Overhead costs that cannot be specifically identified with a program or supporting service are allocated to the programs and supporting services based on salary allocations and management estimates.

3. ADOPTION OF ACCOUNTING STANDARDS UPDATES

Adoption of Accounting Standards Codification Topic 326

During the year ended December 31, 2023, KABOOM! adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the consolidated financial statements at the net amount expected to be collected. All assets that fall within the scope of ASU 2016-13 were evaluated to determine if the measurement of expected credit losses is material. KABOOM! adopted ASU 2016-13 and the effect of the adoption was not material to the consolidated financial statements.

4. CONTRIBUTIONS AND PROGRAM SERVICES RECEIVABLE

Contributions and program services receivable, net of allowances, as of December 31 are as follows:

	2024	2023
Contributions and Program Services Receivable	\$ 2,499,890	\$ 4,037,960
Less Allowance	(27,350)	(27,350)
Contributions and Program Services Receivable, Net	<u>\$ 2,472,540</u>	<u>\$ 4,010,610</u>

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

5. CONTRACTED PROGRAM SERVICES

KABOOM! has executed program service contracts that are conditional upon future events, as follows:

	2024	2023
Playground Construction and Other Project Completion	<u>\$ 3,388,814</u>	<u>\$ 4,956,168</u>

These promises will not be recognized as contracted program services receivable or revenue until the conditions on which they depend are substantially met and, accordingly, are not included as receivables in the consolidated statements of financial position. Funds for contracted program services have not been received.

6. INVESTMENTS

KABOOM! classifies investments as current or noncurrent based on duration of original maturity, with current investments having original maturity of one year or less and noncurrent investments having original maturity of greater than one year. As of December 31, investments consisted of the following:

	2024	2023
Federated Prime Obligations Fund - Current	<u>\$ 5,024,643</u>	<u>\$ 7,211,696</u>
Conservative Intermediate Term	<u>3,188,875</u>	<u>3,029,418</u>
Moderate Growth Income Portfolio	<u>10,148,903</u>	<u>10,835,619</u>
Investments - Noncurrent	<u>13,337,778</u>	<u>13,865,037</u>
Total Investments	<u>\$ 18,362,421</u>	<u>\$ 21,076,733</u>

Current Investments

The federated prime obligations fund is a mutual fund that seeks current income consistent with minimum volatility and invests primarily in securities that are issued or guaranteed by the U.S. government, its agencies, or instrumentalities. KABOOM! invested cash in excess of weekly requirements.

Noncurrent Investments

The conservative intermediate term portfolio is a managed selection of mutual funds to fit a conservative investment style that has an average maturity of five years. The moderate growth income portfolio is a managed selection of mutual funds compiled to fit a moderate growth and income investment style utilizing a broad spectrum of asset classes.

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

6. INVESTMENTS (CONTINUED)

Investment Income

The following schedule summarizes investment income:

	2024	2023
Interest and Dividends	\$ 800,923	\$ 834,909
Net Realized and Unrealized Gain	663,996	1,308,817
Total Investment Income	1,464,919	2,143,726
Less Investment Expense	(129,146)	(126,037)
Investment Income, Net	\$ 1,335,773	\$ 2,017,689

Fair Value Measurement

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements*, requires disclosure of a fair-value hierarchy of inputs KABOOM! uses to value an asset or liability. The three levels of the fair-value hierarchy are described as follows:

Level 1 - Quoted prices in active markets for identical assets and liabilities;

Level 2 - inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace; and

Level 3 - Unobservable inputs which reflect KABOOM!'s assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments, recorded at fair value, consisted of the following at December 31:

	Level 1	Level 2	Level 3
2024			
Federated Prime Obligations Fund	\$ 5,024,643	\$ -	\$ -
Conservative Intermediate Term	3,188,875	-	-
Moderate Growth Income Portfolio	10,148,903	-	-
	<u>\$ 18,362,421</u>	<u>\$ -</u>	<u>\$ -</u>
	Level 1	Level 2	Level 3
2023			
Federated Prime Obligations Fund	\$ 7,211,696	\$ -	\$ -
Conservative Intermediate Term	3,029,418	-	-
Moderate Growth Income Portfolio	10,835,619	-	-
	<u>\$ 21,076,733</u>	<u>\$ -</u>	<u>\$ -</u>

KABOOM! invests in various investments. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amount reported in the consolidated financial statements.

KABOOM!, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023****7. PREPAID EXPENSES**

As of December 31, prepaid expenses consisted of the following:

	<u>2024</u>	<u>2023</u>
Other Prepaid Expenses	\$ 167,849	\$ 101,227
Prepaid Insurance	<u>138,332</u>	<u>26,658</u>
Prepaid Expenses	<u><u>\$ 306,181</u></u>	<u><u>\$ 127,885</u></u>

8. PROPERTY, EQUIPMENT, AND INTANGIBLES

As of December 31, property and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Property and Equipment	\$ 328,269	\$ 328,269
Leasehold Improvement	<u>1,626,536</u>	<u>1,626,536</u>
Total Property and Equipment	1,954,805	1,954,805
Less Accumulated Depreciation	<u>(529,289)</u>	<u>(353,316)</u>
Property and Equipment, Net	<u><u>\$ 1,425,516</u></u>	<u><u>\$ 1,601,489</u></u>

Depreciation expense for 2024 and 2023 was \$187,894 and \$182,662, respectively.

As of December 31, intangibles were as follows:

	<u>2024</u>	<u>2023</u>
Total Costs	\$ 716,650	\$ 692,698
Less Accumulated Amortization	<u>(617,311)</u>	<u>(605,390)</u>
Intangibles, Net	<u><u>\$ 99,339</u></u>	<u><u>\$ 87,308</u></u>

Amortization expense for 2024 and 2023 was \$11,921 and \$-0-, respectively.

9. GRANTS PAYABLE

Grants payable consist of commitments outstanding related to amounts awarded to community groups to fund all or a portion of playground-related or similar projects under initiatives underwritten by corporate or other funding sponsors. These one-year commitments are fulfilled at the time such projects are completed. On December 31, 2024 and 2023, grants payable were \$16,000 and \$24,000, respectively.

10. DEFERRED REVENUE

Deferred revenue is comprised of contracted program services for projects and programs that have not yet been completed but for which payments have been received in advance. The terms of the agreements for these services require that certain obligations must be met, or the unspent funds are to be returned. Once these obligations are satisfied, the funds are moved from deferred and recognized as revenue without donor restrictions. Deferred revenue recognized as income in 2024 and 2023 were \$1,200,327 and \$2,011,102, respectively. Deferred revenue was \$1,620,853 and \$2,000,834 on December 31, 2024 and 2023, respectively.

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

11. NET ASSETS WITH DONOR RESTRICTIONS

Contributions and grants pending satisfaction of donor-imposed restrictions are reported as revenue with donor restrictions. At December 31, net assets with donor restrictions consisted of:

	2024	2023
Foundation Grants for Direct Impact Programming	<u>\$ 4,027,721</u>	<u>\$ 3,522,748</u>

Net assets released from restrictions consisted of the following:

	2024	2023
Foundation Grants for Direct Impact Programming	<u>\$ 1,778,103</u>	<u>\$ 3,336,916</u>

12. IN-KIND CONTRIBUTIONS

For the years ended December 31, 2024 and 2023, the fair value of in-kind services and materials are included in in-kind contributions in the consolidated statements of activities. The value of in-kind contributions is based on current market rates for similar services or materials. All in-kind contributions received by KABOOM! for the years ended December 31, 2024 and 2023, were considered without donor restrictions and able to be used by KABOOM! as determined by the Board of Directors and management.

The expenses for the year ended December 31, 2024, are as follows:

	Program	Development	Management and General	Total
Professional Service	\$ 76,508	\$ 13,848	\$ 23,633	\$ 113,989
Marketing	8,804	-	-	8,804
Construction	45,813	-	-	45,813
Total In-Kind Contributions	<u>\$ 131,125</u>	<u>\$ 13,848</u>	<u>\$ 23,633</u>	<u>\$ 168,606</u>

The expenses for the year ended December 31, 2023, are as follows:

	Program	Development	Management and General	Total
Professional Service	\$ 92,376	\$ 16,715	\$ 23,685	\$ 132,776
Marketing	26,875	-	-	26,875
Total In-Kind Contributions	<u>\$ 119,251</u>	<u>\$ 16,715</u>	<u>\$ 23,685</u>	<u>\$ 159,651</u>

Additionally, volunteers have donated significant amounts of time to KABOOM! in various capacities. However, these services have not been reflected in the consolidated financial statements since they neither require specialized skills nor would have been typically purchased had they not been donated. The value of these services is not readily determinable.

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

13. PENSION PLAN

KABOOM! has a 403(b) defined contribution retirement savings plan (the Plan) which covers all full-time employees. Employees can make voluntary contributions to the Plan. KABOOM! contributed a discretionary contribution to each eligible employee in an amount equal to 6% of their total compensation. In 2024 and 2023, contributions to the Plan were \$333,868 and \$320,858, respectively.

14. INCOME TAXES

Under Section 501(c)(3) of the Internal Revenue Code, KABOOM! is exempt from federal taxes on income other than unrelated business income. At December 31, 2024 and 2023, no provision was made as KABOOM! had no net unrelated business income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

As a single-member limited liability company, KPI is treated as a “disregarded entity” for federal and state income tax purposes in 2024 and 2023.

15. LEASE COMMITMENTS

KABOOM! has a non-cancellable lease agreement for office space in San Bruno, California, which expires September 30, 2025. The terms of these leases include rent abatement, tenant improvements, and escalation clauses. On July 1, 2019, KABOOM! subleased its San Bruno office, the lease for which expires September 30, 2025. In November 2021, KABOOM! entered into a 136-month lease for new office space in Bethesda, Maryland, with a commencement date of August 1, 2022.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. KABOOM! had no variable or short-term lease expense in 2024 or 2023.

The maturity of the operating lease liabilities under these agreements as of December 31, 2024, are as follows:

<u>For the Years Ending December 31,</u>	<u>Minimum Lease Payments</u>
2025	\$ 866,499
2026	804,091
2027	824,194
2028	844,798
2029	865,918
Thereafter	<u>3,604,832</u>
Total Undiscounted Minimum Lease Payments	7,810,332
Less Discount to Present Value	<u>(1,063,448)</u>
Total Operating Lease Liabilities	<u>\$ 6,746,884</u>

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

15. LEASE COMMITMENTS (CONTINUED)

Supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information	Amount
Weighted-Average Remaining Lease Term (Years)	8.82 Years
Weighted-Average Discount Rate	3.25%

16. RELATED PARTY TRANSACTIONS

Joint Venture Agreement

Imagination Playground, LLC, is a Delaware limited liability company owned by KABOOM! and MHSCO Holdings, LLC, an affiliate of The M.H. Stallman Company, a manufacturer of certain Imagination Playground play equipment. Imagination Playground, LLC, focuses on the design, development, production, manufacturing, marketing, distribution, sales, and installation of playspaces and related play equipment associated with the Imagination Playground concept, which was conceived and designed by architect David Rockwell to encourage child-directed, unstructured “free-play.”

Imagination Playground, LLC, is a vendor to KABOOM! which from time to time may purchase Imagination Playground products from the joint venture on behalf of certain communities that may receive such products in connection with KABOOM!-led playground builds or KABOOM!-administered grant programs.

17. FINANCIAL ASSETS AND LIQUIDITY

KABOOM! financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

	2024	2023
<i>Financial Assets</i>		
Cash and Cash Equivalents	\$ 1,333,411	\$ 259,830
Contributions and Program Services Receivable, Net	2,472,540	4,010,610
Accounts Receivable	368,504	489,735
Investments, Current	5,024,643	7,211,696
Investments, Noncurrent	13,337,778	13,865,037
Financial Assets at Year End	22,536,876	25,836,908
Less Unavailable for General Expenditures Due to Net Assets With Donor Restrictions	(4,027,721)	(3,522,748)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 18,509,155</u>	<u>\$ 22,314,160</u>

The total financial assets available within one year include the board designated reserve of \$4,500,000 for the years ended December 2024 and 2023, which was available for general operating purposes with board approval.

KABOOM! invests its net assets under an investment policy that requires intermediate and long-term investment balances to be adjusted to allow adequate funds in cash and short-term investments to fulfill donor restrictions and meet expected annual operating needs.

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

18. ECONOMIC INJURY DISASTER LOAN PAYABLE

In 2020, KABOOM! applied for and received an Economic Injury Disaster Loan (EIDL loan) in the amount of \$150,000. The EIDL Loan has an effective date of June 9, 2020, and an interest rate of 2.75%. The repayment terms require a monthly payment of \$641 starting June 10, 2021, and lasting for thirty years.

The following summarizes future maturities of long-term debt as of December 31, 2024:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2025	\$ 3,631
2026	3,975
2027	4,086
2028	4,199
2029	4,316
Thereafter	120,406
Total Long-Term Obligation	<u>\$ 140,613</u>

19. SIGNIFICANT UNRESTRICTED CONTRIBUTION

In November 2021, KABOOM! received a significant unrestricted contribution in the amount of \$14,000,000 which was reflected in the contributions and grants revenue total in the 2021 consolidated financial statements. KABOOM! has been using these funds to undergo a strategic realignment in order to scale and increase their ability to achieve their mission of ending playspace inequity. The change in net assets in the consolidated statements of activities in 2024 and 2023 includes the costs related to this work which were funded by this gift.

20. SUBSEQUENT EVENTS

KABOOM! evaluated subsequent events and transactions through March 27, 2025, the date the consolidated financial statements were available to be issued.