



KABOOM!, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

KABOOM!, INC.

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DECEMBER 31, 2025 AND 2024**

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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, 2025 and 2024, 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, 2025 and 2024, 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.

Certified Public Accountants

Bethesda, Maryland
March 24, 2026

KABOOM!, INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024**

	2025	2024
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,354,998	\$ 1,333,411
Contributions and Program Services Receivable, Net	2,487,667	2,472,540
Accounts Receivable	349,204	368,504
Investments	4,730,268	5,024,643
Prepaid Expenses	162,942	306,181
Other Assets	229,783	241,138
Total Current Assets	9,314,862	9,746,417
Property and Equipment, Net	1,274,435	1,425,516
Operating Right-of-Use Assets	3,962,066	4,424,598
Intangibles, Net	83,444	99,339
Investments, Noncurrent	10,052,071	13,337,778
Total Assets	\$ 24,686,878	\$ 29,033,648
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,643,173	\$ 2,155,195
Grants Payable	21,473	16,000
Deferred Revenue	1,452,995	1,620,853
Loan Payable	3,982	3,867
Operating Lease Liabilities	615,214	585,201
Total Current Liabilities	3,736,837	4,381,116
Loan Payable, Net of Current Portion	132,873	136,746
Operating Lease Liabilities, Net of Current Portion	5,474,341	6,161,683
Total Liabilities	9,344,051	10,679,545
Net Assets		
Without Donor Restrictions		
Undesignated	7,289,626	9,826,382
Board Designated for Operations	4,500,000	4,500,000
Total Net Assets Without Donor Restrictions	11,789,626	14,326,382
Net Assets With Donor Restrictions	3,553,201	4,027,721
Total Net Assets	15,342,827	18,354,103
Total Liabilities and Net Assets	\$ 24,686,878	\$ 29,033,648

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, INC.

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Contracted Program Services	\$ 8,527,670	\$ -	\$ 8,527,670	\$ 8,073,365	\$ -	\$ 8,073,365
Contributions and Grants	9,060,336	2,902,955	11,963,291	9,946,844	2,283,076	12,229,920
In-Kind Contributions	248,300	-	248,300	168,606	-	168,606
Released from Restrictions	<u>3,377,475</u>	<u>(3,377,475)</u>	<u>-</u>	<u>1,778,103</u>	<u>(1,778,103)</u>	<u>-</u>
Total Support and Revenues	21,213,781	(474,520)	20,739,261	19,966,918	504,973	20,471,891
Expenses						
Programs	21,785,583	-	21,785,583	20,820,410	-	20,820,410
Development	1,955,033	-	1,955,033	1,675,299	-	1,675,299
Management and General	<u>1,480,192</u>	<u>-</u>	<u>1,480,192</u>	<u>1,137,956</u>	<u>-</u>	<u>1,137,956</u>
Total Expenses	<u>25,220,808</u>	<u>-</u>	<u>25,220,808</u>	<u>23,633,665</u>	<u>-</u>	<u>23,633,665</u>
Change in Net Assets from Operations (Note 18)	(4,007,027)	(474,520)	(4,481,547)	(3,666,747)	504,973	(3,161,774)
Investment Income, Net	<u>1,470,271</u>	<u>-</u>	<u>1,470,271</u>	<u>1,335,773</u>	<u>-</u>	<u>1,335,773</u>
Change in Net Assets	(2,536,756)	(474,520)	(3,011,276)	(2,330,974)	504,973	(1,826,001)
Net Assets, Beginning of Year	<u>14,326,382</u>	<u>4,027,721</u>	<u>18,354,103</u>	<u>16,657,356</u>	<u>3,522,748</u>	<u>20,180,104</u>
Net Assets, End of Year	<u><u>\$ 11,789,626</u></u>	<u><u>\$ 3,553,201</u></u>	<u><u>\$ 15,342,827</u></u>	<u><u>\$ 14,326,382</u></u>	<u><u>\$ 4,027,721</u></u>	<u><u>\$ 18,354,103</u></u>

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Program Services			Supporting Services			Total
	Direct Impact	Thought Leadership	Total Program Services	Development	Management and General	Total Supporting Services	
Employee Expenses	\$ 6,317,361	\$ 1,411,158	\$ 7,728,519	\$ 1,477,785	\$ 975,923	\$ 2,453,708	\$ 10,182,227
Construction	11,001,265	-	11,001,265	-	-	-	11,001,265
Professional Services	778,557	187,834	966,391	270,642	178,775	449,417	1,415,808
Property and Maintenance	8,982	2,006	10,988	2,101	4,204	6,305	17,293
Operating Lease Expense	323,223	72,201	395,424	75,610	151,299	226,909	622,333
Office Expenses	92,879	16,943	109,822	29,774	62,238	92,012	201,834
Information and Technology	136,046	26,962	163,008	30,280	34,918	65,198	228,206
Grants Expenses	400,573	-	400,573	-	-	-	400,573
Depreciation and Amortization	99,814	22,296	122,110	23,349	46,722	70,071	192,181
Travel	648,406	30,085	678,491	29,461	16,284	45,745	724,236
Telecommunications	40,117	5,843	45,960	7,630	3,413	11,043	57,003
Marketing	12,435	40,707	53,142	4,093	-	4,093	57,235
Reproduction and Delivery	62,578	7,569	70,147	4,023	6,416	10,439	80,586
Conferences	39,418	325	39,743	285	-	285	40,028
Total Expenses	<u>\$ 19,961,654</u>	<u>\$ 1,823,929</u>	<u>\$ 21,785,583</u>	<u>\$ 1,955,033</u>	<u>\$ 1,480,192</u>	<u>\$ 3,435,225</u>	<u>\$ 25,220,808</u>
Percentage			86%	8%	6%		

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			Total
	Direct Impact	Thought Leadership	Total Program Services	Development	Management and General	Total Supporting Services	
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	<u>\$ 19,292,734</u>	<u>\$ 1,527,676</u>	<u>\$ 20,820,410</u>	<u>\$ 1,675,299</u>	<u>\$ 1,137,956</u>	<u>\$ 2,813,255</u>	<u>\$ 23,633,665</u>
Percentage			88%	7%	5%		

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
Cash Flows from Operating Activities		
Change in Net Assets	\$ (3,011,276)	\$ (1,826,001)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation and Amortization	192,181	187,894
Realized/Unrealized Gain on Investments	(933,210)	(663,996)
Operating Lease Expense	671,701	695,974
<u>(Increase) Decrease in Assets</u>		
Contributions and Program Services Receivable, Net	(15,127)	1,538,070
Accounts Receivable	19,300	121,231
Prepaid Expenses	143,239	(178,296)
Other Assets	11,355	(14,770)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(512,022)	(876,807)
Grants Payable	5,473	(8,000)
Operating Lease Liabilities	(866,498)	(872,316)
Deferred Revenue	(167,858)	(379,981)
<u>Net Cash Used in Operating Activities</u>	<u>(4,462,742)</u>	<u>(2,276,998)</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment and Intangibles	(25,205)	(23,952)
Purchase of Investments	(589,570)	(782,190)
Proceeds from Sale of Investments	5,102,862	4,160,498
<u>Net Cash Provided by Investing Activities</u>	<u>4,488,087</u>	<u>3,354,356</u>
Cash Flows from Financing Activities		
Payment on Loan	(3,758)	(3,777)
<u>Net Cash Used in Financing Activities</u>	<u>(3,758)</u>	<u>(3,777)</u>
Increase in Cash and Cash Equivalents	21,587	1,073,581
Cash and Cash Equivalents at Beginning of Year	1,333,411	259,830
Cash and Cash Equivalents at End of Year	\$ 1,354,998	\$ 1,333,411

See accompanying Notes to Consolidated Financial Statements.

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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. 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. As KABOOM! celebrates its 30th year, the organization is focused on community investment, public-private partnerships, research, policy, and advocacy to elevate the state of our kids, address the youth mental health crisis, and center youth voice and well-being in shaping more equitable access to play and nature. Together with partners across sectors, KABOOM! is building the play infrastructure kids need to grow up happy and healthy for generations to come.
- **Thought Leadership:** Through media opportunities, conference attendance, and developing relationships with funders, city leaders, community advocates, and other key stakeholders. 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 2025 or 2024.

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).

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2025 and 2024, 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

KABOOM!, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment, and Intangibles (Continued)

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.

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. In addition, during the year ended December 31, 2025, KABOOM! elected a practical expedient for estimating expected credit losses on current accounts receivable. Under this expedient, KABOOM! assumes that current conditions, as of the consolidated statements of financial position date, do not change over the remaining life of KABOOM!'s current accounts receivable when estimating expected credit losses.

KABOOM!, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

KABOOM! also made an accounting policy election to consider subsequent cash collections received after the consolidated statements of financial position date when developing estimates of expected credit losses. Accordingly, KABOOM! evaluated subsequent cash collections through February 6, 2026, and balances collected through that date are not included in the allowance for credit losses. For the years ended December 31, 2025 and 2024, accounts receivable balances were \$349,204 and \$368,504, respectively. The balance of accounts receivable as of January 1, 2025 and 2024, were \$368,504 and \$489,735, 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.

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.

KABOOM!, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

3. ADOPTION OF ACCOUNTING STANDARDS UPDATES

Accounting Standards Update 2025-05

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. ASU 2025-05 provides (1) a practical expedient for estimating expected credit losses on current accounts receivable whereby KABOOM! assumes that current conditions as of the statements of financial position date do not change over the remaining life of its current accounts receivable when estimating expected credit losses, and (2) an accounting policy election to consider subsequent cash collections received after the consolidated statements of financial position date when developing estimates of expected credit losses. During the year ended December 31, 2025, KABOOM! early adopted ASU 2025-05 and the amendments were applied prospectively to estimates of expected credit losses for current accounts receivable as of the adoption date. Prior period amounts were not adjusted. No preferability assessment was required for this election 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:

	2025	2024
Contributions and Program Services Receivable	\$ 2,515,017	\$ 2,499,890
Less Allowance	(27,350)	(27,350)
Contributions and Program Services Receivable, Net	<u>\$ 2,487,667</u>	<u>\$ 2,472,540</u>

5. CONTRACTED PROGRAM SERVICES

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

	2025	2024
Playground Construction and Other Project Completion	<u>\$ 3,422,529</u>	<u>\$ 3,388,813</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.

KABOOM!, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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:

	2025	2024
Federated Prime Obligations Fund - Current	\$ 4,730,268	\$ 5,024,643
Conservative Intermediate Term	1,928,440	3,188,875
Moderate Growth Income Portfolio	8,123,631	10,148,903
Investments - Noncurrent	10,052,071	13,337,778
Total Investments	\$ 14,782,339	\$ 18,362,421

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.

Investment Income

The following schedule summarizes investment income:

	2025	2024
Interest and Dividends	\$ 656,202	\$ 800,923
Net Realized and Unrealized Gain	933,210	663,996
Total Investment Income	1,589,412	1,464,919
Less Investment Expense	(119,141)	(129,146)
Investment Income, Net	\$ 1,470,271	\$ 1,335,773

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.

KABOOM!, INC.

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6. INVESTMENTS (CONTINUED)

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:

<u>2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Federated Prime Obligations Fund	\$ 4,730,268	\$ -	\$ -
Conservative Intermediate Term	1,928,440	-	-
Moderate Growth Income Portfolio	8,123,631	-	-
	<u>\$ 14,782,339</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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>

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.

7. PREPAID EXPENSES

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

	<u>2025</u>	<u>2024</u>
Other Prepaid Expenses	\$ 162,942	\$ 167,849
Prepaid Insurance	-	138,332
Prepaid Expenses	<u>\$ 162,942</u>	<u>\$ 306,181</u>

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8. PROPERTY, EQUIPMENT, AND INTANGIBLES

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

	<u>2025</u>	<u>2024</u>
Property and Equipment	\$ 352,305	\$ 328,269
Leasehold Improvement	<u>1,627,705</u>	<u>1,626,536</u>
Total Property and Equipment	1,980,010	1,954,805
Less Accumulated Depreciation	<u>(705,575)</u>	<u>(529,289)</u>
Property and Equipment, Net	<u>\$ 1,274,435</u>	<u>\$ 1,425,516</u>

Depreciation expense for 2025 and 2024 was \$176,286 and \$175,973, respectively.

As of December 31, intangibles were as follows:

	<u>2025</u>	<u>2024</u>
Total Costs	\$ 716,650	\$ 716,650
Less Accumulated Amortization	<u>(633,206)</u>	<u>(617,311)</u>
Intangibles, Net	<u>\$ 83,444</u>	<u>\$ 99,339</u>

Amortization expense for 2025 and 2024 was \$15,895 and \$11,921, 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, 2025 and 2024, grants payable were \$21,473 and \$16,000, 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 2025 and 2024 were \$1,287,301 and \$1,200,327, respectively. Deferred revenue was \$1,452,995 and \$1,620,853 on December 31, 2025 and 2024, respectively.

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:

	<u>2025</u>	<u>2024</u>
Foundation Grants for Direct Impact Programming	<u>\$ 3,553,201</u>	<u>\$ 4,027,721</u>

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11. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions consisted of the following:

	2025	2024
Foundation Grants for Direct Impact Programming	\$ 3,377,475	\$ 1,778,103

12. IN-KIND CONTRIBUTIONS

For the years ended December 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025, are as follows:

	Program	Development	Management and General	Total
Professional Service	\$ 173,810	\$ 32,279	\$ 42,211	\$ 248,300
Total In-Kind Contributions	\$ 173,810	\$ 32,279	\$ 42,211	\$ 248,300

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	\$ 131,125	\$ 13,848	\$ 23,633	\$ 168,606

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.

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 2025 and 2024, contributions to the Plan were \$358,161 and \$333,868, respectively.

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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, 2025 and 2024, 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 2025 and 2024.

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. KABOOM! has a non-cancellable lease agreement for office space in San Bruno, California, which expired 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 expired September 30, 2025.

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 2025 or 2024.

The maturity of the operating lease liabilities under these agreements as of December 31, 2025, are as follows:

<u>For the Years Ending December 31,</u>	<u>Minimum Lease Payments</u>
2026	\$ 804,091
2027	824,194
2028	844,798
2029	865,918
2030	887,566
Thereafter	<u>2,717,308</u>
Total Undiscounted Minimum Lease Payments	6,943,875
Less Discount to Present Value	<u>(854,320)</u>
Total Operating Lease Liabilities	<u><u>\$ 6,089,555</u></u>

Supplementary qualitative operating lease information is as follows:

<u>Supplementary Qualitative Operating Lease Information</u>	<u>Amount</u>
Weighted-Average Remaining Lease Term (Years)	7.92 Years
Weighted-Average Discount Rate	3.25%

15. 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

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15. RELATED PARTY TRANSACTIONS (CONTINUED)

Joint Venture Agreement (Continued)

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.

16. 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:

	2025	2024
<i>Financial Assets</i>		
Cash and Cash Equivalents	\$ 1,354,998	\$ 1,333,411
Contributions and Program Services Receivable, Net	2,487,667	2,472,540
Accounts Receivable	349,204	368,504
Investments, Current	4,730,268	5,024,643
Investments, Noncurrent	10,052,071	13,337,778
Financial Assets at Year End	18,974,208	22,536,876
Less Unavailable for General Expenditures Due to Net Assets With Donor Restrictions	(3,553,201)	(4,027,721)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 15,421,007</u>	<u>\$ 18,509,155</u>

The total financial assets available within one year include the board designated reserve of \$4,500,000 for the years ended December 31, 2025 and 2024, 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.

17. ECONOMIC INJURY DISASTER LOAN PAYABLE

In 2020, KABOOM! applied for and receive 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.

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17. ECONOMIC INJURY DISASTER LOAN PAYABLE (CONTINUED)

The following summarizes future maturities of long-term debt as of December 31, 2025:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2026	\$ 3,982
2027	4,092
2028	4,206
2029	4,324
2030	4,444
Thereafter	<u>115,807</u>
Total Long-Term Obligation	<u>\$ 136,855</u>

18. 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 its ability to achieve its mission of ending playspace inequity. The change in net assets in the consolidated statements of activities in 2025 and 2024 includes the costs related to this work that were funded by this contribution.

19. SUBSEQUENT EVENTS

KABOOM! evaluated subsequent events and transactions through March 24, 2026, the date the consolidated financial statements were available to be issued.