

LEVELING THE PLAYING FIELD, INC.

FINANCIAL REPORT

December 31, 2024

LEVELING THE PLAYING FIELD, INC.

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Independent Auditors' Report

To the Board of Directors of
Leveling the Playing Field, Inc.
Silver Spring, Maryland

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leveling the Playing Field, Inc. 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leveling the Playing Field, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Leveling the Playing Field, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Leveling the Playing Field, Inc.'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.

Other Information Included in the Organization's Annual Report

Management is responsible for the other information included in the organization's annual report. The other information comprises a balance sheet, revenue, and expenses, but it does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



*North Bethesda, Maryland
April 22, 2025*

LEVELING THE PLAYING FIELD, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash	\$ 596,820	\$ 718,473
Pledges receivable	192,500	-
Prepaid expense	5,677	19,436
Inventory	<u>2,002,403</u>	<u>1,324,564</u>
Total current assets	<u>2,797,400</u>	<u>2,062,473</u>
Non-Current Assets		
Property and equipment, at cost		
Metal bins	273,334	203,814
Leasehold improvements	95,539	95,539
Vehicles and trailers	252,036	252,036
Equipment	<u>59,453</u>	<u>47,780</u>
	680,362	599,169
Less accumulated depreciation	<u>203,890</u>	<u>107,683</u>
	<u>476,472</u>	<u>491,486</u>
Right of use asset - operating lease	833,565	1,075,608
Deposits	<u>22,220</u>	<u>14,220</u>
Total non-current assets	<u>1,332,257</u>	<u>1,581,314</u>
Total assets	<u><u>\$ 4,129,657</u></u>	<u><u>\$ 3,643,787</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 28,619	\$ 111,365
Current maturities of operating lease liability	<u>211,575</u>	<u>234,863</u>
Total current liabilities	<u>240,194</u>	<u>346,228</u>
Noncurrent Liabilities		
Operating lease liability, less current maturities	<u>653,545</u>	<u>865,120</u>
Net Assets		
With donor restrictions	215,911	-
Without donor restrictions	<u>3,020,007</u>	<u>2,432,439</u>
	<u>3,235,918</u>	<u>2,432,439</u>
Total liabilities and net assets	<u><u>\$ 4,129,657</u></u>	<u><u>\$ 3,643,787</u></u>

The accompanying notes are an integral part of these financial statements.

LEVELING THE PLAYING FIELD, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024			2023		
	With Donor Restrictions	Without Donor Restrictions	Total	With Donor Restrictions	Without Donor Restrictions	Total
Revenue						
Contributions						
Noncash	\$ -	\$ 5,231,291	\$ 5,231,291	\$ -	\$ 4,132,468	\$ 4,132,468
Other	645,000	1,691,186	2,336,186	-	1,732,259	1,732,259
Government grants	-	60,834	60,834	-	67,787	67,787
Products and services						
Program service revenue (loss), net of COGS of \$ 184,734 and \$ 204,680, respectively	-	(28,425)	(28,425)	-	41,092	41,092
Other income	-	14,922	14,922	-	13,453	13,453
Net assets released from restrictions	(429,089)	429,089	-	(50,000)	50,000	-
Total revenue	<u>215,911</u>	<u>7,398,897</u>	<u>7,614,808</u>	<u>(50,000)</u>	<u>6,037,059</u>	<u>5,987,059</u>
Expenses						
Program services	-	5,115,350	5,115,350	-	4,381,278	4,381,278
General and administrative	-	1,681,955	1,681,955	-	1,345,904	1,345,904
Fundraising	-	14,024	14,024	-	9,615	9,615
Total expenses	<u>-</u>	<u>6,811,329</u>	<u>6,811,329</u>	<u>-</u>	<u>5,736,797</u>	<u>5,736,797</u>
Change in net assets	<u>215,911</u>	<u>587,568</u>	<u>803,479</u>	<u>(50,000)</u>	<u>300,262</u>	<u>250,262</u>
Net assets, beginning of year	<u>-</u>	<u>2,432,439</u>	<u>2,432,439</u>	<u>50,000</u>	<u>2,132,177</u>	<u>2,182,177</u>
Net assets, end of year	<u>\$ 215,911</u>	<u>\$ 3,020,007</u>	<u>\$ 3,235,918</u>	<u>\$ -</u>	<u>\$ 2,432,439</u>	<u>\$ 2,432,439</u>

The accompanying notes are an integral part of these financial statements.

LEVELING THE PLAYING FIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 3,459,566	\$ 234,633	\$ -	\$ 3,694,199
Salary	906,499	447,398	-	1,353,897
Inventory write off	-	677,270	-	677,270
Lease costs	337,002	29,078	-	366,080
Cost of goods sold	184,734	-	-	184,734
Professional fees	11,634	135,214	5,000	151,848
Supplies	112,647	-	-	112,647
Depreciation	-	96,207	-	96,207
Utilities	79,223	1,632	-	80,855
Travel	57,395	10,709	-	68,104
Insurance	31,813	30,394	-	62,207
Website and technology	56,763	3,564	-	60,327
Postage	41,288	-	-	41,288
Advertising	12,096	4,001	9,020	25,117
Other	5,001	8,957	-	13,958
Bank fees	859	2,898	4	3,761
Telecommunications	<u>3,564</u>	<u>-</u>	<u>-</u>	<u>3,564</u>
 Total expenses by function	 <u>5,300,084</u>	 <u>1,681,955</u>	 <u>14,024</u>	 <u>6,996,063</u>
 Less: Items included within revenue				
Cost of goods sold	<u>184,734</u>	<u>-</u>	<u>-</u>	<u>184,734</u>
 Total expenses as shown on the statement of activities	 <u>\$ 5,115,350</u>	 <u>\$ 1,681,955</u>	 <u>\$ 14,024</u>	 <u>\$ 6,996,063</u>

The accompanying notes are an integral part of these financial statements.

LEVELING THE PLAYING FIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 3,011,016	\$ -	\$ -	\$ 3,011,016
Salary	736,930	284,162	-	1,021,092
Inventory write off	-	797,050	-	797,050
Lease costs	247,083	14,051	-	261,134
Cost of goods sold	204,680	-	-	204,680
Supplies	128,954	2,562	3,895	135,411
Professional fees	12,013	107,632	-	119,645
Utilities	70,214	8,421	-	78,635
Travel	48,852	19,080	-	67,932
Depreciation	-	56,991	-	56,991
Website and technology	27,967	19,690	1,000	48,657
10th year anniversary event	19,432	14,145	1,850	35,427
Postage	29,804	835	2,620	33,259
Advertising	19,821	7,199	-	27,020
Insurance	15,620	4,312	-	19,932
Bank fees	3,579	7,702	-	11,281
Other	7,278	2,072	250	9,600
Telecommunications	<u>2,715</u>	<u>-</u>	<u>-</u>	<u>2,715</u>
Total expenses by function	<u>4,585,958</u>	<u>1,345,904</u>	<u>9,615</u>	<u>5,941,477</u>
Less: Items included within revenue				
Cost of goods sold	<u>204,680</u>	<u>-</u>	<u>-</u>	<u>204,680</u>
Total expenses as shown on the statement of activities	<u><u>\$ 4,381,278</u></u>	<u><u>\$ 1,345,904</u></u>	<u><u>\$ 9,615</u></u>	<u><u>\$ 5,941,477</u></u>

The accompanying notes are an integral part of these financial statements.

LEVELING THE PLAYING FIELD, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flow from operating activities:		
Change in net assets	\$ 803,479	\$ 250,262
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	96,207	56,991
Inventory write off	677,270	797,050
Operating lease right of use asset amortization	242,043	193,105
Payments to settle lease liability	(234,863)	(173,620)
(Increase) decrease in assets:		
Pledges receivable	(192,500)	25,392
Prepaid expense	13,759	(19,436)
Inventory	(1,355,109)	(916,986)
Deposits	(8,000)	(8,677)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(82,746)	79,426
Net cash (used in) provided by operating activities	<u>(40,460)</u>	<u>283,507</u>
 Cash flow from investing activities:		
Purchase of fixed assets	<u>(81,193)</u>	<u>(367,231)</u>
 Net decrease in cash	 (121,653)	 (83,724)
 Cash - beginning of the year	 <u>718,473</u>	 <u>802,197</u>
 Cash - end of the year	 <u><u>\$ 596,820</u></u>	 <u><u>\$ 718,473</u></u>

The accompanying notes are an integral part of these financial statements.

LEVELING THE PLAYING FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 1. **Organization and Nature of Activities**

Leveling the Playing Field, Inc. (LPF) is a not-for-profit organization established in 2013 in response to the growing inequity between those that can afford to play sports and those that cannot, and the prominent role the cost of sporting goods was playing in the gap. LPF gives underprivileged children the opportunity to enjoy the mental and physical benefits of youth sports participation by the donation of used and excess sporting equipment to programs and schools serving low-income communities. These donations allow programs to allocate funds saved by lowering registration fees, expanding their scholarship programs, enhancing their existing athletic program, and/or developing new athletic programs.

Note 2. **Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

LPF is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represent the expendable net assets that are available for support of LPF. Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met by actions of LPF and/or the passage of time and those that are subject to donor-imposed stipulations that LPF maintain them permanently.

Pledges Receivable

Pledges receivable are presented at the gross amount due to LPF. LPF periodically reviews the status of all pledges receivable balances for collectability, and each receivable balance is assessed based on the LPF's knowledge of the customer, relationship with the customer, and age of the receivable balances. As a result of these reviews, customer balances suspected to be uncollectible are offset by an allowance for doubtful accounts and recorded as bad debt expense. If additional collection attempts indicate that payment will not be received, the pledge receivable and corresponding allowance are written off. LPF believes an allowance for doubtful accounts is not needed as of December 31, 2024. All pledges receivable are expected to be collected during the year ended December 31, 2025.

LEVELING THE PLAYING FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 2. Summary of Significant Accounting Policies (continued)

Inventories

Inventory of donated sporting equipment is valued at the lower of cost or market value, using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are recorded at cost or fair market value on the date of donation or purchase and are depreciated using the straight line method over 5 to 10 years. LPF capitalizes all purchases above \$ 1,500.

Revenue Recognition

LPF's products and services revenue are recognized at a point in time based on the performance obligations of each contract. Various economic factors affect revenues and cash flows. Substantially all customers are in the United States.

Revenue is generated from the following:

Contributions - LPF received unconditional contributions from a local government agency, corporations, foundations, and the general public in the form of grants and non-cash donations. These contributions have no conditions or performance obligations, and therefore, revenue is recognized upon notice of the donation, usually upon receipt. There were \$ 192,500 of contributions in receivables as of December 31, 2024. There were no contributions in receivables as of December 31, 2023.

Program Service Revenue - These are exchange transactions, wherein LFP sells excess inventory to other organizations and individuals. Revenue is recognized after the sale, once LPF's performance obligations have been fulfilled.

Other Income - Other income is small in nature and recognized when received.

All streams of revenue are driven by LPF's mission to offer sporting equipment to those in need. LPF has a long history of fulfilling this mission and is unaware of anything that may negatively impact it.

Functional Allocation of Expenses

The costs of providing various program and administrative services have been summarized on a functional basis in the statement of activities. Expenses that are related to a specific program or supporting activity are charged directly to that program or supporting activity. Expenses attributable to more than one program or supporting activity require allocation on a reasonable basis that is consistently applied. These expenses are allocated on the basis of time and effort.

LEVELING THE PLAYING FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 2. Summary of Significant Accounting Policies (continued)

Advertising Costs

All advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing its financial statements, LPF has evaluated subsequent events through April 22, 2025, which is the date the financial statements were available to be issued.

Note 3. Concentration of Credit Risk

LPF maintains its cash accounts at institutions with balances that may exceed \$ 250,000, which is the amount insured by the Federal Deposit Insurance Corporation (FDIC). LPF has not experienced any losses in such accounts and monitors the creditworthiness of the financial institutions with which it conducts business. Management believes that LPF is not exposed to any significant credit risk with respect to its cash balances.

Note 4. Income Taxes

LPF is exempt from the payment of income taxes on its exempt activities under the provisions of Section 501(c)(3) of the Internal Revenue Code. Under these provisions, no tax is imposed on any income related to LPF's tax-exempt purpose. LPF has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2024, and 2023. LPF is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. LPF's federal and state income tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

LEVELING THE PLAYING FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 5. Operating Leases

LPF leases office locations under operating leases. The leases expire at various dates through 2030. Certain leases provide for payment by operating expenses, real estate taxes and other adjustments at the discretion of the lessor.

Additional information about LPF's leases as of December 31, is as follows:

	<u>2024</u>	<u>2023</u>
<u>Lease Costs (included in operating expenses)</u>		
Operating lease cost	\$ 272,720	\$ 218,975
Short-term lease cost	<u>93,360</u>	<u>42,159</u>
Total lease costs	<u>\$ 366,080</u>	<u>\$ 261,134</u>

Other Information

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$ 265,541	\$ 218,975
ROU assets obtained in exchange for new operating lease liabilities	\$ -	\$ 789,975
Weighted-average remaining lease term (years)	4.18	4.96
Weighted average discount rate	3.13%	3.11%

The estimated future minimum lease payments under the lease are as follows for year ending December 31, 2024:

2025	\$ 235,732
2026	235,911
2027	206,781
2028	129,404
2029	80,159
Thereafter	<u>40,672</u>
Undiscounted cash flows	928,659
Less: imputed interest	<u>(63,539)</u>
Total present value	<u>\$ 865,120</u>

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2024, totaled \$ 215,911 and were restricted by the donor for use in exploring Detroit, Michigan and Atlanta, Georgia as locations for a future branch of Leveling the Playing Field, Inc.

There were no net assets with donor restrictions as of December 31, 2023.

LEVELING THE PLAYING FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 7. Contributions In-Kind

The Organization received donated sports equipment from individuals. The approximate value of donated sports equipment included in the financial statements for the years ending December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Sports Equipment	\$ 5,231,291	\$ 4,132,468

The sports equipment is used to carry out the mission of the Organization. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Inventory is valued at FMV by asset type (for example, all baseball gloves are \$5). There is no mark up when donated, the glove is received at \$5 and donated at \$5.

Note 8. Liquidity and Availability

The following reflects LPF's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor imposed restrictions:

	<u>2024</u>	<u>2023</u>
Financial assets, as of December 31,		
Cash	\$ 596,820	\$ 718,473
Pledges receivable	<u>192,500</u>	<u>-</u>
Financial assets	789,320	718,473
Less: net assets with donor restrictions	<u>215,911</u>	<u>-</u>
Financial assets available to meet cash needs for		
General expenditures within one year	<u>\$ 573,409</u>	<u>\$ 718,473</u>

LPF manages its liquid position by maintaining adequate net assets without donor restrictions. Contributions and grants are received throughout the year to cover that year's expenses. As part of LPF's liquidity plan, excess cash is kept in various checking accounts.