

Financial Statements



Rails-to-Trails Conservancy

For the Years Ended
September 30, 2025 and 2024

Rails-to-Trails Conservancy

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rails-to-Trails Conservancy
Washington, D.C.

Opinion

We have audited the financial statements of Rails-to-Trails Conservancy (RTC), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RTC as of September 30, 2025 and 2024, and the results of its changes in 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RTC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 RTC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RTC'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 RTC'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.



February 4, 2026

Rails-to-Trails Conservancy

Statements of Financial Position As of September 30, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 660,931	\$ 454,437
Investments	3,186,344	3,767,749
Accounts receivable	119,984	154,614
Grants and contributions receivable	373,861	1,009,455
Inventory	192,375	158,681
Prepaid expenses	247,462	192,749
Total current assets	4,780,957	5,737,685
FIXED ASSETS		
Furniture	152,562	151,164
Computer equipment	103,670	108,829
Leasehold improvements	14,490	14,490
Software	323,603	218,603
	594,325	493,086
Less: Accumulated depreciation and amortization	(398,239)	(340,576)
Net fixed assets	196,086	152,510
NONCURRENT ASSETS		
Deposits	43,128	40,080
Investments, net	14,392,580	13,035,386
Grants and contributions receivable, net	78,322	54,630
Right-of-use assets, operating leases, net	3,553,219	3,804,218
Total noncurrent assets	18,067,249	16,934,314
TOTAL ASSETS	\$ 23,044,292	\$ 22,824,509
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,070,810	\$ 1,069,106
Deferred revenue	659,260	610,010
Operating lease liabilities	363,410	7,229
Total current liabilities	2,093,480	1,686,345
NONCURRENT LIABILITIES		
Operating lease liabilities, net	4,113,663	4,399,582
Total liabilities	6,207,143	6,085,927
NET ASSETS		
Without donor restrictions	12,146,376	11,848,603
With donor restrictions	4,690,773	4,889,979
Total net assets	16,837,149	16,738,582
TOTAL LIABILITIES AND NET ASSETS	\$ 23,044,292	\$ 22,824,509

See accompanying notes to financial statements.

Rails-to-Trails Conservancy

Statement of Activities and Changes in Net Assets For the Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 6,514,073	\$ 1,147,528	\$ 7,661,601
Membership	3,030,866	-	3,030,866
Net investment return	1,363,256	184,949	1,548,205
Grants	138,693	550,500	689,193
Digital and print products and subscriptions	666,078	-	666,078
Contracts	237,028	-	237,028
Workplace giving	146,401	-	146,401
Corporate sponsorships	8,421	91,695	100,116
Other revenue	97,328	-	97,328
Contributed nonfinancial assets	1,807,637	-	1,807,637
Net assets released from donor restrictions	2,173,878	(2,173,878)	-
Total support and revenue	<u>16,183,659</u>	<u>(199,206)</u>	<u>15,984,453</u>
EXPENSES			
Program Services:			
Trail Development	6,008,442	-	6,008,442
Public Information/Events	3,704,498	-	3,704,498
Trail Policy	1,928,995	-	1,928,995
Research	131,633	-	131,633
Total program services	<u>11,773,568</u>	<u>-</u>	<u>11,773,568</u>
Supporting Services:			
Management and General	1,146,546	-	1,146,546
Fundraising	2,339,251	-	2,339,251
Member Programs	626,521	-	626,521
Total supporting services	<u>4,112,318</u>	<u>-</u>	<u>4,112,318</u>
Total expenses	<u>15,885,886</u>	<u>-</u>	<u>15,885,886</u>
Changes in net assets	297,773	(199,206)	98,567
Net assets at beginning of year	11,848,603	4,889,979	16,738,582
NET ASSETS AT END OF YEAR	<u>\$ 12,146,376</u>	<u>\$ 4,690,773</u>	<u>\$ 16,837,149</u>

See accompanying notes to financial statements.

Rails-to-Trails Conservancy

Statement of Activities and Changes in Net Assets For the Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 6,023,124	\$ 1,721,407	\$ 7,744,531
Membership	3,122,216	-	3,122,216
Net investment return	2,154,171	331,283	2,485,454
Grants	75,630	1,635,600	1,711,230
Digital and print products and subscriptions	733,528	-	733,528
Contracts	204,739	-	204,739
Workplace giving	138,298	-	138,298
Corporate sponsorships	41,265	30,000	71,265
Other revenue	114,170	-	114,170
Contributed nonfinancial assets	1,103,501	-	1,103,501
Net assets released from donor restrictions	1,671,192	(1,671,192)	-
Total support and revenue	<u>15,381,834</u>	<u>2,047,098</u>	<u>17,428,932</u>
EXPENSES			
Program Services:			
Trail Development	5,132,574	-	5,132,574
Public Information/Events	4,019,226	-	4,019,226
Trail Policy	1,635,199	-	1,635,199
Research	62,202	-	62,202
Total program services	<u>10,849,201</u>	<u>-</u>	<u>10,849,201</u>
Supporting Services:			
Management and General	1,122,359	-	1,122,359
Fundraising	2,545,208	-	2,545,208
Member Programs	532,313	-	532,313
Total supporting services	<u>4,199,880</u>	<u>-</u>	<u>4,199,880</u>
Total expenses	<u>15,049,081</u>	<u>-</u>	<u>15,049,081</u>
Changes in net assets	332,753	2,047,098	2,379,851
Net assets at beginning of year	11,515,850	2,842,881	14,358,731
NET ASSETS AT END OF YEAR	<u>\$ 11,848,603</u>	<u>\$ 4,889,979</u>	<u>\$ 16,738,582</u>

See accompanying notes to financial statements.

Rails-To-Trails Conservancy

Statement of Functional Expenses For the Year Ended September 30, 2025

	Program Services				Supporting Services					Total Expenses
	Trail Development	Public Information/ Events	Trail Policy	Research	Total Program Services	Management and General	Fundraising	Member Programs	Total Supporting Services	
Salaries and benefits	\$ 2,617,846	\$ 1,503,682	\$ 1,373,921	\$ 70,834	\$ 5,566,283	\$ 572,631	\$ 866,659	\$ 86,556	\$ 1,525,846	\$ 7,092,129
Professional fees	1,364,287	517,440	293,296	55,390	2,230,413	180,474	196,559	236,562	613,595	2,844,008
Advertising and media	130,503	656,300	216	-	787,019	19,552	37,003	-	56,555	843,574
Postage	263,679	125,285	70	160	389,194	54,650	383,620	7,009	445,279	834,473
Grants and scholarships	614,890	45,000	77,500	-	737,390	-	-	-	-	737,390
Printing and production	189,824	247,756	313	-	437,893	27,032	234,494	37,084	298,610	736,503
Software and database	194,243	223,423	9,192	500	427,358	57,106	64,014	57,982	179,102	606,460
Occupancy	244,604	94,685	74,985	3,405	417,679	29,924	52,037	4,267	86,228	503,907
Travel, meetings and conferences	159,112	52,711	36,159	26	248,008	112,922	15,802	142	128,866	376,874
Merchandise and fulfillment	15,727	11,276	-	-	27,003	26,776	156,070	131,027	313,873	340,876
Bank fees	-	71,942	-	-	71,942	15,325	153,013	32,298	200,636	272,578
List management services	78,184	13,020	-	-	91,204	17,768	160,361	-	178,129	269,333
Voice and data services	28,682	47,920	9,639	534	86,775	3,595	6,064	497	10,156	96,931
Depreciation and amortization	22,519	26,999	8,678	394	58,590	5,180	6,022	16,535	27,737	86,327
Dues and subscriptions	11,884	41,787	18,713	-	72,384	9,043	1,648	-	10,691	83,075
Professional development	37,685	5,702	11,042	-	54,429	2,175	1,408	1,854	5,437	59,866
Business insurance	17,213	9,480	6,383	266	33,342	2,228	2,295	333	4,856	38,198
Office expenses and supplies	16,993	5,655	3,361	124	26,133	4,778	2,181	1,117	8,076	34,209
Taxes and licenses	567	4,435	46	-	5,048	5,387	1	13,258	18,646	23,694
State lobbying	-	-	5,481	-	5,481	-	-	-	-	5,481
TOTAL	\$ 6,008,442	\$ 3,704,498	\$ 1,928,995	\$ 131,633	\$ 11,773,568	\$ 1,146,546	\$ 2,339,251	\$ 626,521	\$ 4,112,318	\$ 15,885,886

See accompanying notes to financial statements.

Rails-To-Trails Conservancy

Statement of Functional Expenses For the Year Ended September 30, 2024

	Program Services				Supporting Services					Total Expenses
	Trail Development	Public Information/ Events	Trail Policy	Research	Total Program Services	Management and General	Fundraising	Member Programs	Total Supporting Services	
Salaries and benefits	\$ 2,490,329	\$ 1,366,816	\$ 1,245,467	\$ 33,992	\$ 5,136,604	\$ 532,792	\$ 837,430	\$ 72,637	\$ 1,442,859	\$ 6,579,463
Professional fees	588,286	970,082	109,831	19,927	1,688,126	143,071	233,274	144,333	520,678	2,208,804
Advertising and media	143,466	654,932	-	-	798,398	12,966	11,494	4,000	28,460	826,858
Postage	204,041	113,299	664	-	318,004	49,513	407,487	6,603	463,603	781,607
Grants and scholarships	675,500	24,000	67,500	-	767,000	-	-	-	-	767,000
Printing and production	233,417	266,920	96	4,463	504,896	49,971	276,733	34,744	361,448	866,344
Software and database	183,168	224,222	23,869	-	431,259	29,347	74,413	67,727	171,487	602,746
Occupancy	234,926	96,280	81,227	2,608	415,041	29,563	55,408	4,302	89,273	504,314
Travel, meetings and conferences	209,140	57,675	33,244	-	300,059	137,682	23,837	321	161,840	461,899
Merchandise and fulfillment	23,280	65,168	75	-	88,523	41,592	279,738	153,349	474,679	563,202
Bank fees	-	75,006	-	-	75,006	14,422	164,205	27,214	205,841	280,847
List management services	47,214	27,442	-	-	74,656	12,057	143,503	-	155,560	230,216
Voice and data services	20,426	12,543	8,934	300	42,203	9,449	6,341	423	16,213	58,416
Depreciation and amortization	21,058	11,189	9,440	303	41,990	3,237	7,489	500	11,226	53,216
Dues and subscriptions	6,325	27,672	19,866	-	53,863	9,912	1,173	-	11,085	64,948
Professional development	18,363	6,875	13,055	325	38,618	22,493	1,934	2,800	27,227	65,845
Business insurance	16,070	9,005	6,593	212	31,880	2,236	5,231	349	7,816	39,696
Office expenses and supplies	16,884	3,794	2,220	72	22,970	9,589	1,925	118	11,632	34,602
Taxes and licenses	-	6,306	-	-	6,306	7,024	12,788	12,893	32,705	39,011
State lobbying	-	-	13,118	-	13,118	-	-	-	-	13,118
Miscellaneous	681	-	-	-	681	5,443	805	-	6,248	6,929
TOTAL	\$ 5,132,574	\$ 4,019,226	\$ 1,635,199	\$ 62,202	\$ 10,849,201	\$ 1,122,359	\$ 2,545,208	\$ 532,313	\$ 4,199,880	\$ 15,049,081

See accompanying notes to financial statements.

Rails-to-Trails Conservancy

Statements of Cash Flows For the Years Ended September 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 98,567	\$ 2,379,851
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	86,327	53,216
Receipt of donated securities	(247,589)	(322,666)
Proceeds from sale of donated securities	247,315	321,701
Unrealized gain	(940,819)	(1,628,540)
Realized gain	(146,424)	(460,225)
Amortization of right-of-use assets, operating leases	348,888	304,520
Change in discount on long-term grants and contribution receivables	1,308	4,370
Decrease (increase) in:		
Accounts receivable	34,630	135,983
Pledges and grants receivable	610,594	(650,398)
Inventory	(33,694)	32,038
Prepaid expenses	(54,713)	34,267
Deposits	(3,048)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,704	(135)
Deferred revenue	49,250	(28,773)
Operating lease liabilities	(27,627)	147,089
Net cash provided by operating activities	24,669	322,298
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(129,903)	(31,736)
Purchases of investments	(1,974,270)	(1,762,346)
Proceeds from sales of investments	2,285,998	1,824,602
Net cash provided by investing activities	181,825	30,520
Net increase in cash and cash equivalents	206,494	352,818
Cash and cash equivalents at beginning of year	454,437	101,619
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 660,931	\$ 454,437
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use Assets	\$ 97,889	\$ -
Operating Lease Liabilities for Right-of-Use Assets	\$ 97,889	\$ -

See accompanying notes to financial statements.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

1. Summary of Significant Accounting Policies

Organization

Rails-to-Trails Conservancy (RTC) is a non-profit organization, located in the District of Columbia. RTC is building a nation connected by trails, reimagining public spaces to create safe ways to be active outdoors. RTC believes that communities are healthier and happier when trail networks are central to their design and since 1986, has worked to bring the power of trails to more communities across the country, serving as the national voice for the rail trail movement.

RTC is the nation's largest trails organization with more than one million grassroots supporters and donors. RTC is headquartered in Washington, D.C. and has offices in Maryland, Pennsylvania, Ohio, California, Wisconsin, and Florida. Funding for RTC's activities comes primarily through membership dues and contributions.

Program Services

Trail Development: Since its inception, RTC has worked to reimagine public corridors and rights of way to create safe ways for people to walk, bike and be active outside—creating equitable, vibrant public spaces that engage, inspire, and empower communities from coast to coast. This work embodies best practices and leading-edge initiatives to guide trail development in ways that promote community engagement and equitable distribution of trails, bring innovation to trail development and planning, prioritize trail networks and the connections that trails can deliver between people and places.

Through the TrailNation portfolio of projects, RTC's creating national models that showcase the outsized benefits that connected trails and active transportation routes can deliver—locally, regionally and nationally. The portfolio is focused on nine places across the country that are diverse in their geography, culture, size, and scope—southeast Wisconsin, the San Francisco Bay Area, the Industrial Heartland (Western Pennsylvania, West Virginia, Ohio and New York State), Greater Philadelphia, Maryland, Washington, D.C., Miami, Northern New Jersey and New England. The lessons from TrailNation are shared among RTC 's TrailNation Collaborative, a nationwide peer learning community that brings together advocates, leaders, and professionals from across disciplines to establish and accelerate trail networks across America. The collaborative provides proven tools, methods, and resources, combined with RTC 's expertise and network of partners across the country, to accelerate the development of connected trail systems.

The Great American Rail Trail is a flagship trail development project. It will be the nation's first cross-country multiuse trail, stretching more than 3,700 miles between Washington, D.C., and Washington State. This trail is an iconic piece of American infrastructure that will connect thousands of miles of rail-trails and other multiuse trails, serving tens of millions of people living along the route as well as those who visit the trail from around the country and the world. RTC provides the national leadership and on the ground support—the work to organize people, plans, and ideas; trail planning and community engagement; and the advocacy and marketing to eventually complete the Great American Rail Trail.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (Continued)

Program Services (Continued)

RTC continues to support trail builders nationwide in several ways, including managing an early warning system to notify stakeholders of upcoming railway abandonments; creating statewide trail inventories and development plans; providing technical assistance and grants for local trail development and management projects; and providing best practices training and education.

Public Information/Events: RTC serves as the voice of the trail's movement, speaking out about the transformative power of trails, encouraging their use, and generating demand for trails nationwide.

RTC's flagship initiative, TrailLink.com served millions of visitors in 2024 providing access to more than 5,300 trails representing 41,000 miles through its website and five-star rated apps. This trail content is also offered in a series of print guidebooks. Through storytelling and direct engagement, RTC shares information about trails across a variety of public channels that collectively reach millions of people, including its magazine, monthly eNews, social media, website, news media and publications. RTC also spearheads trail use campaigns and events designed to engage and inspire the public to use trails, including our Celebrate Trails Day event, Trail Moments campaign and Share the Trail campaign.

Trail Policy: As the nation's foremost advocacy organization for trails and active transportation, RTC seeks to grow and safeguard public funding for trails, walking and bicycling at every level—Federal, state and local—ensuring the investments needed to create a transformative 21st century active transportation system in America and promoting policies that make trail building possible.

At the Federal level, RTC leads efforts to grow and protect the legacy Transportation Alternatives Program (which includes the Recreational Trails Program)—the largest source of funding for trail development and maintenance—and advocates for innovations in public funding including championing the Active Transportation Infrastructure Investment Program, which establishes competitive grants that will strategically invest in projects that connect trails and active transportation infrastructure. As the country's only national organization solely committed to defending the preservation of former railroad corridors for continued public use, RTC has helped shape the legal framework around rail trails and continues to defend the Federal Railbanking Statute in Congress and the courts as an essential tool to preserve unused rail corridors. RTC also monitors litigation on cases involving enforcement of Federal laws related to railbanking.

Research: RTC's research program focuses on creating innovative tools that empower communities to advance trail systems in their cities, towns and regions, while also monitoring the benefits trails bring to communities, the impact trails have on people and places, and the implementation of state and Federal programs that provide the funding and resources to build and maintain trails.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (Continued)

Program Services (Continued)

Member Programs: In addition to the programs provided through public information and education, RTC also digitizes member and constituent information in alignment with its comprehensive GIS database of more than 45,000 miles of trails, creating a centralized resource that assists RTC in identifying opportunities for linking trail systems, and mobilizing grassroots support of trail projects. Other activities include delivery of member benefit and service programs.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follow:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and Cash Equivalents

RTC considers all cash and other highly liquid investments, including certificates of deposit, with initial maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amounts of \$313,131 and \$990,775 for the years ended September 30, 2025 and 2024, respectively. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, RTC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (Continued)

Investments

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in Investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. RTC's policy is to liquidate all gifts of investments as soon as possible after the gift.

Receivables

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to digital and print products and subscriptions and contract revenue. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are evaluated for an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. Based on management's assessment, RTC did not have any allowance for credit losses as of September 30, 2025 and 2024.

Pledges and grants receivable -

Pledges and grants receivable include unconditional promises to give that are expected to be collected in future years. Pledges and grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term pledges and grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions and grants.

Inventory

Inventory consists of member premiums, such as T-shirts and guidebooks that RTC gives to members when they make a donation of a certain dollar amount, as well as items for sale in RTC's online store. Inventory is stated at the lower of cost or net realizable value using the first in, first out (FIFO) method of valuation. Management performs an annual physical count of all merchandise and publications and, as a result, inventory is adjusted annually to agree to the physical count. Therefore, management has not established an allowance for obsolete inventory.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (Continued)

Fixed Assets

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$86,327 and \$53,216 for the years ended September 30, 2025 and 2024, respectively.

Income Taxes

RTC is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (IRC), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. RTC is not a private foundation.

Revenue from Contracts with Customers

RTC's digital and print products and subscriptions and contracts are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. RTC has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. RTC's contracts with customers generally have initial terms of one year or less.

The membership dues are bifurcated between the contribution and benefits received. Contribution revenue is recognized upon receipt. Benefit revenue is recognized as revenue when the performance obligations are met. The benefit revenue is associated with the delivery of RTC's magazine over the membership term and is valued based on cost and included in deferred revenue until earned.

RTC recognizes the TrailLink subscriptions on a pro-rata basis over the subscription period and has determined that this treatment is materially consistent with the requirements of ASC Topic 606. TrailLink subscriptions are included in Digital and print products and subscriptions on the accompanying Statements of Activities and Changes in Net Assets. The value of the subscription is based on the sales price. Deferred TrailLink Unlimited revenue is reported as deferred revenue until earned.

Support from Grants and Contributions

Contributions are recognized in the appropriate category of net assets in the period received. RTC performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (Continued)

Support from Grants and Contributions (Continued)

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, RTC had no refundable advances as of September 30, 2025 and 2024.

In addition, RTC may obtain funding source agreements related to conditional contributions, which will be received in future years. RTC's unrecognized conditional contributions to be received in future years totaled \$1,350,000 and \$1,800,000 as of September 30, 2025 and 2024, respectively.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are reported as contributions at their fair value if 1) such services create or enhance nonfinancial assets, or 2) would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising

RTC expenses advertising costs as incurred. Advertising expense was \$843,574 and \$826,858 and as of September 30, 2025 and 2024, respectively, and included \$540,603 and \$545,337 of contributed advertising, respectively.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing RTC's programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefitted more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

Risks and Uncertainties

RTC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. Investments and Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurement*, RTC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the accompanying Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market RTC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended September 30, 2025 and 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

2. Investments and Fair Value Measurements (Continued)

- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed Income (U.S. Government Securities)* - Valued at the closing price reported in the active market in which the individual securities are traded.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Equities	\$ 12,467,523	\$ -	\$ -	\$ 12,467,523
Fixed Income	2,927,409	-	-	2,927,409
Certificates of Deposit	-	1,870,861	-	1,870,861
Cash and Money				
Market Funds	313,131	-	-	313,131
TOTAL	<u>\$ 15,708,063</u>	<u>\$ 1,870,861</u>	<u>\$ -</u>	<u>\$ 17,578,924</u>

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Equities	\$ 7,874,390	\$ -	\$ -	\$ 7,874,390
Fixed Income	4,645,362	-	-	4,645,362
Certificates of Deposit	-	3,292,608	-	3,292,608
Cash and Money				
Market Funds	990,775	-	-	990,775
TOTAL	<u>\$ 13,510,527</u>	<u>\$ 3,292,608</u>	<u>\$ -</u>	<u>\$ 16,803,135</u>

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

2. Investments and Fair Value Measurements (Continued)

Net investment return consisted of the following for the years ended September 30, 2025 and 2024:

	2025	2024
Interest and dividends	\$ 526,686	\$ 455,326
Unrealized gain	940,819	1,628,540
Realized gain	146,424	460,225
Less: Management fees	(65,724)	(58,637)
NET INVESTMENT RETURN	\$ 1,548,205	\$ 2,485,454

3. Contract Assets and Liabilities

Contract assets consisted of the following revenue streams as of:

	September 30, 2025	September 30, 2024	October 1, 2023
Subscriptions	\$ 77,593	\$ 79,403	\$ 78,712
Contracts	42,032	74,223	90,795
Other	359	988	121,090
RECEIVABLES FROM CONTRACTS	\$ 119,984	\$ 154,614	\$ 290,597

Contract liabilities consisted of the following revenue streams as of:

	September 30, 2025	September 30, 2024	October 1, 2023
Subscriptions	\$ 386,186	\$ 390,045	\$ 426,880
Membership	212,174	219,965	211,903
Other	60,900	-	-
TOTAL CONTRACT LIABILITIES	\$ 659,260	\$ 610,010	\$ 638,783

Rails-to-Trails Conservancy

**Notes to Financial Statements
September 30, 2025 and 2024**

4. Grants and Contributions Receivable

RTC has received written promises to give from various donors totaling \$457,861 and \$1,068,455 as of September 30, 2025 and 2024, respectively. Pledges and grants that are due in more than one year have been recorded at the net present value of their estimated future cash flows using discount rates ranging from 7.25% to 8%. Grants and contributions receivable are expected to be collected as follows as of September 30, 2025 and 2024:

	2025	2024
Less than one year	\$ 373,861	\$ 1,009,455
One to five years	84,000	59,000
Total	457,861	1,068,455
Less: Allowance to discount balance to present value	(5,678)	(4,370)
NET GRANTS AND CONTRIBUTIONS RECEIVABLE	\$ 452,183	\$ 1,064,085

5. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of September 30, 2025 and 2024:

	2025	2024
Subject to expenditure for specified purpose:		
Trail Development	\$ 2,696,037	\$ 2,990,163
Trail Policy	-	12,500
Public Information/Events	10,000	-
General Support - Time or Match Restriction	10,642	10,642
Contributions to be invested in perpetuity	823,328	823,328
Accumulated earnings on endowment funds	1,150,766	1,053,346
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 4,690,773	\$ 4,889,979

Rails-to-Trails Conservancy

**Notes to Financial Statements
September 30, 2025 and 2024**

5. Net Assets with Donor Restrictions (Continued)

The following net assets with donor restrictions were released for donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended September 30, 2025 and 2024:

	2025	2024
Purpose restrictions accomplished:		
Trail Development	\$ 1,690,313	\$ 1,447,083
Public Information/Events	190,500	30,000
Trail Policy	102,500	-
General Support - Time or Match Restriction	103,036	115,000
Appropriation of endowment assets for expenditure	87,529	79,109
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 2,173,878	\$ 1,671,192

6. Liquidity and Availability

RTC has a policy to structure its financial assets to be available and liquid as its obligations become due. Additionally, RTC has a significant reserve of net assets with donor restrictions to support programmatic operations.

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following as of September 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 660,931	\$ 454,437
Investments	17,578,924	16,803,135
Accounts receivable	154,614	154,614
Grants and contributions receivable	452,183	1,064,085
Subtotal financial assets available within one year	18,846,652	18,476,271
Less: Donor-restricted funds	(4,690,773)	(4,889,979)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 14,155,879	\$ 13,586,292

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

7. Contributed Nonfinancial Assets

During the years ended September 30, 2025 and 2024, RTC was the beneficiary of contributed nonfinancial assets which allowed RTC to provide greater resources toward various programs. Contributed nonfinancial assets are recorded as contribution revenue and allocated across the functional categories within the accompanying Statements of Activities and Changes in Net Assets. Contributed nonfinancial assets are valued at the standard hourly rates charged for those services, or the prices that would be charged for the product in the normal market. There were no donor restrictions over the contributed nonfinancial assets received by RTC.

The contributed nonfinancial assets consisted of the following for the years ended September 30 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Donated advertising	\$ 540,603	\$ 545,337
Donated technology	292,337	293,900
Donated rent	8,400	8,400
Donated travel	-	603
Donated legal services	966,297	255,261
	<u>\$ 1,807,637</u>	<u>\$ 1,103,501</u>

The following programs have benefited from these donated services during the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Trail Development	\$ 1,119,865	\$ 408,861
Public Information/Events	685,772	690,537
Management and General	2,000	4,103
	<u>\$ 1,807,637</u>	<u>\$ 1,103,501</u>

8. Lease Commitments

RTC follows FASB ASC 842 for leases. RTC has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. RTC has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Short-term Leases:

RTC received donated office space in Wisconsin under a one-year agreement (Note 7). RTC also has a short term office lease in California. RTC has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. For the year ended September 30, 2025, total lease cost and total cash paid was \$4,370 for the short-term leases.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

8. Lease Commitments (Continued)

Operating Leases:

RTC relocated its headquarters office in Washington D.C. in June 2023 and entered into a twelve-year lease. Base rent is \$460,554 per year, plus a proportionate share of expenses, increasing by a factor of 2.5% per year. Additionally, the landlord provided a \$117,090 lease incentive for furniture, fixtures, equipment and moving costs.

RTC also has office space in Maryland. The lease commenced in April 2025 and expires March 2028. Base rent is \$24,000 per year increasing by a factor of 3% per year.

RTC also has office space in Ohio. The lease commenced in May 2025 and expires April 2028. Base rent is \$9,360 per year increasing by \$420 per year.

For the year ended September 30, 2025, total lease cost was \$499,537 and total cash paid was \$144,147 for all operating leases. As of September 30, 2025, the weighted-average remaining lease term and rate for operating leases is 9.53 years and 3.69%, respectively. For the year ended September 30, 2024, total lease cost was \$495,914 and total cash paid was \$12,165 for all operating leases. As of September 30, 2024, the weighted-average remaining lease term and rate for operating leases is 11.62 years and 3.68%, respectively.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of September 30, 2025:

Year Ending September 30,	
2026	\$ 520,789
2027	534,112
2028	530,224
2029	524,331
2030	537,440
Thereafter	2,690,355
	<hr/>
	5,337,251
Less: Imputed interest	(860,178)
Less: Current portion	(363,410)
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OPERATING LEASE LIABILITIES, LONG-TERM PORTION	\$ 4,113,663
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9. Retirement Plan

RTC provides retirement benefits to its employees through a 403(b) tax-deferred annuity plan (the Plan) covering all full-time employees. After six months of service, RTC will make a discretionary contribution to the Plan in such amount equal to 6% of the employee's gross income per pay period. Contributions to the Plan during the years ended September 30, 2025 and 2024 totaled \$316,581 and \$287,483, respectively, and are included in Salaries and benefits in the accompanying Statements of Functional Expenses.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

10. Endowment Funds

RTC's endowment consists of multiple donor-restricted funds to generate a permanent source of income for RTC's programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

During the year ended September 30, 1997, RTC established the Langdon Gates Burwell Endowment Fund ("Fund 1"). This fund was established with a gift of stock valued at \$334,645 at the date of the gift plus an additional \$44,433 in accumulated investment earnings, which are also considered to be restricted in perpetuity. The donor stipulated that the principal be invested in perpetuity; however, 30 years from the date of the gift, the fund will revert to RTC's general endowment.

An additional \$31,000 of contributions to be restricted in perpetuity were added to Fund 1 in the fiscal years 2011, 2016 and 2021. In accordance with the donor's instructions, earnings on Fund 1 are available to support RTC's general operations.

During the year ended September 30, 1998, RTC established the Wyss Endowment Fund ("Fund 2"). This fund was established with a gift of cash of \$250,000.

For investment earnings on Fund 2, the donor recommended that half of the annual earnings from the endowment be used for general operating expenses and the other half be used to increase the endowment, with an allowance for the Board of Directors to override this provision. In prior years, RTC's Board of Directors resolved that all the investment earnings on Fund 2 be considered without donor restriction and available to support general operations.

During the year ended September 30, 2018, RTC established the Keith Laughlin Legacy Endowment Fund. RTC's Board of Directors established this fund to honor the 18 years of service of its President Keith Laughlin. The Board made personal pledges in excess of \$500,000, of which \$163,250 was restricted in perpetuity. In accordance with the donor's instructions, earnings on Fund 3 are available to support RTC's general operations.

Interpretation of Relevant Law -

RTC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by Washington, D.C. as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, RTC classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

10. Endowment Funds (Continued)

Interpretation of Relevant Law (continued) -

Additionally, in accordance with UPMIFA, RTC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Return Objectives and Risk Parameters -

RTC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of those assets of donor-restricted funds that RTC must hold in perpetuity or for a donor-specified period(s).

Under the investment policy, as approved by the Board of Directors, the endowment's assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark including 45% S&P 500 index and 40% Barclays US Aggregate Index and 15% MCI World ex USA.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, RTC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RTC targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

Under RTC's Endowment Spending Policy, up to 5% of Fund 1, 2 and 3's average market value as of the prior fiscal year are considered available for current operations. In establishing this policy, RTC considered the long-term expected return on its endowment. Accordingly, over the long-term, RTC expects the current spending policy to allow its endowment to grow at an average sufficient to maintain the purchasing power of the endowment assets held in perpetuity.

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires RTC to maintain as a fund of perpetual duration. However, there were no funds with deficiencies as of September 30, 2025 and 2024.

Rails-to-Trails Conservancy

**Notes to Financial Statements
September 30, 2025 and 2024**

10. Endowment Funds (Continued)

Endowment funds consisted of the following as of September 30, 2025:

	With Donor Restrictions
Donor restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 823,328
Accumulated investment earnings	1,150,766
ENDOWMENT FUND	\$ 1,974,094

Changes in endowment funds consisted of the following as of and for the year ended September 30, 2025:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,876,674
Net investment return	184,949
Appropriations	(87,529)
ENDOWMENT NET ASSETS, END OF YEAR	\$ 1,974,094

Endowment funds consisted of the following as of September 30, 2024:

	With Donor Restrictions
Donor restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 823,328
Accumulated investment earnings	1,053,346
TOTAL ENDOWMENT FUNDS	\$ 1,876,674

Rails-to-Trails Conservancy

Notes to Financial Statements September 30, 2025 and 2024

10. Endowment Funds (Continued)

Changes in endowment funds consisted of the following as of and for the year ended September 30, 2024:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,624,500
Net investment return	331,283
Appropriations	(79,109)
ENDOWMENT NET ASSETS, END OF YEAR	\$ 1,876,674

11. Allocation of Joint Costs

During the years ended September 30, 2025 and 2024, RTC incurred joint costs of \$1,363,919 and \$2,670,967, respectively, from activities that included both educational materials and fundraising appeals, as follows:

Description	2025	2024
Program Services	\$ 1,017,209	\$ 861,396
Supporting Services:		
Management and General	211,438	211,504
Fundraising	1,363,919	1,598,067
Total Supporting Services	1,575,357	1,809,571
TOTAL JOINT COSTS	\$ 2,592,566	\$ 2,670,967

12. Subsequent Events

In preparing these financial statements, RTC has evaluated events and transactions for potential recognition or disclosure through February 4, 2026, the date the financial statements were issued.