

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

FINANCIAL STATEMENTS

December 31, 2025 and 2024

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Association of Railroad Passengers
Washington, D.C.

Opinion

We have audited the financial statements of National Association of Railroad Passengers, which comprise the statements of financial position as of December 31, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of National Association of Railroad Passengers 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 (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 National Association of Railroad Passengers 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.

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 National Association of Railroad Passengers' 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 National Association of Railroad Passengers' 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 National Association of Railroad Passengers' 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.



Wegner CPAs, LLP
Alexandria, Virginia
June 15, 2026

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash	\$ 117,447	\$ 126,899
Unconditional promises to give	33,547	9,330
Other receivables	-	1,771
Prepaid expenses and other assets	17,838	766
Operating lease right-of-use asset	485,084	552,952
Investments	694,312	795,380
Total assets	<u>\$ 1,348,228</u>	<u>\$ 1,487,098</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 59,112	\$ 88,980
Deferred revenue	-	2,276
Operating lease liability	590,586	656,839
Total liabilities	649,698	748,095
NET ASSETS		
Without donor restrictions	622,137	647,882
With donor restrictions	76,393	91,121
Total net assets	<u>698,530</u>	<u>739,003</u>
Total liabilities and net assets	<u>\$ 1,348,228</u>	<u>\$ 1,487,098</u>

See accompanying notes.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
STATEMENTS OF ACTIVITIES
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 REVENUE						
Contributions	\$ 564,288	\$ -	\$ 564,288	\$ 467,236	\$ 27,500	\$ 494,736
Bequests	59,365	-	59,365	6,177	-	6,177
Membership support Programs	469,768	-	469,768	502,949	-	502,949
Meetings	33,603	-	33,603	53,071	-	53,071
Research	25,000	-	25,000	-	-	-
Other	2,668	-	2,668	3,446	-	3,446
Investment return, net	70,692	-	70,692	64,810	3,483	68,293
Total support and revenue	1,225,384	-	1,225,384	1,097,689	30,983	1,128,672
EXPENSES						
Program Services	822,812	-	822,812	928,537	-	928,537
Management and General	381,016	-	381,016	284,621	-	284,621
Fundraising	62,029	-	62,029	307,408	-	307,408
Total expenses	1,265,857	-	1,265,857	1,520,566	-	1,520,566
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	14,728	(14,728)	-	10,000	(10,000)	-
Change in net assets	(25,745)	(14,728)	(40,473)	(412,877)	20,983	(391,894)
Net assets at beginning of year	647,882	91,121	739,003	1,060,759	70,138	1,130,897
Net assets at end of year	<u>\$ 622,137</u>	<u>\$ 76,393</u>	<u>\$ 698,530</u>	<u>\$ 647,882</u>	<u>\$ 91,121</u>	<u>\$ 739,003</u>

See accompanying notes.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2025 and 2024

	Program Services	Management and General	Fundraising	Total Expenses
<u>2025</u>				
Personnel	\$ 427,136	\$ 160,661	\$ 27,856	\$ 615,653
Advertising and marketing	73,701	13,479	4,070	91,250
Travel and conferences	47,259	12,022	-	59,281
Professional fees	81,388	93,051	17,508	191,947
Occupancy	65,082	24,475	4,249	93,806
Office expenses	22,234	14,149	4,604	40,987
Information technology	41,341	15,550	2,696	59,587
Council meetings	30,647	115	-	30,762
Dues and subscriptions	34,024	5,782	1,046	40,852
Bank and merchant fees	-	41,732	-	41,732
Total expenses	<u>\$ 822,812</u>	<u>\$ 381,016</u>	<u>\$ 62,029</u>	<u>\$ 1,265,857</u>
<u>2024</u>				
Personnel	\$ 552,076	\$ 61,342	\$ 153,354	\$ 766,772
Advertising and marketing	59,590	-	111,446	171,036
Travel and conferences	64,079	10,554	754	75,387
Professional fees	50,152	124,997	-	175,149
Occupancy	62,374	6,930	17,327	86,631
Office expenses	32,864	18,121	9,186	60,171
Information technology	31,909	14,767	8,333	55,009
Council meetings	50,416	-	-	50,416
Dues and subscriptions	22,676	8,773	6,338	37,787
Bank and merchant fees	-	38,208	-	38,208
Depreciation and amortization	2,401	929	670	4,000
Total expenses	<u>\$ 928,537</u>	<u>\$ 284,621</u>	<u>\$ 307,408</u>	<u>\$ 1,520,566</u>

See accompanying notes.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (40,473)	\$ (391,894)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	-	4,000
Amortization of operating lease right-of-use asset	67,868	61,722
Net realized and unrealized gain on investments	(40,633)	(37,333)
(Increase) decrease in assets		
Unconditional promises to give	(24,217)	24,760
Other receivables	1,771	(1,771)
Prepaid expenses and other assets	(17,072)	25,145
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(29,868)	7,708
Deferred revenue	(2,276)	(2,508)
Operating lease liability	(66,253)	35,564
Net cash flows from operating activities	(151,153)	(274,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	180,987	366,706
Purchases of and interest and dividends retained in investments	(39,286)	(45,966)
Net cash flows from investing activities	141,701	320,740
Change in cash	(9,452)	46,133
Cash at beginning of year	126,899	80,766
Cash at end of year	<u>\$ 117,447</u>	<u>\$ 126,899</u>

See accompanying notes.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

National Association of Railroad Passengers (the Association) was organized in 1967 to perform research and inform the public about passenger railroad operations, facilities, and passenger services, and to encourage and promote the maintenance and improvement of the American passenger railroad system. It is an independent, non-profit, non-partisan organization. The Association is based in Washington, D.C. and has approximately 7,000 members. The Association is supported primarily by contributions and membership support.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2025 and 2024, all unconditional promises to give are collectible within one year.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized and realized gains and losses are included in the statements of activities in the period in which such changes occur. Interest and dividends are recorded when earned.

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

Property and Equipment

The Association capitalizes all expenditures for property and equipment in excess of \$2,500 with expected useful lives greater than one year. Purchases of property and equipment are carried at cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years.

Leases

The Association does not recognize short-term leases in the statements of financial position. For these leases, the Association recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Association also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

determinable, the Association uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Revenue Recognition

The Association's revenue streams primarily consist of contributions, bequests, membership support, convention revenue, and research income. Program fees consist primarily of convention revenue and fee for service contracts.

The Association receives annual support from members. Management has concluded that the value of any benefits received by the members is de minimis and the support does not represent and exchange for goods and services. Members are notified of the contribution element of their support in annual statements. Due to the non-binding nature of the support and uncertainty of member renewals, revenue is recorded when received as support without donor restrictions.

Convention revenue is recognized in the period the convention is held. Fee for service contract revenue is recognized when performance contracts under the contract, typically specific deliverables, are completed.

The Association conducts educational research for third party payors in which a contract is entered into specifying specific deliverables and the fixed fees earned for the research. Revenue from this research is recognized at the point in time when the Association provides the particular service.

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Association's liabilities from contracts with customers are as follows:

	<u>2025</u>	<u>2024</u>
Deferred revenue at beginning of year	\$ 2,276	\$ 4,784
Deferred revenue at end of year	-	2,276

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy, office expenses, information technology, dues and subscriptions, and depreciation and amortization, which are allocated on the basis of estimates of time and effort.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed in the period incurred.

Income Tax Status

The Association is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Date of Management's Review

Management has evaluated subsequent events through June 15, 2026, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments are comprised of the following:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 9,123	\$ 8,014
Exchange traded funds	357,451	617,553
Mutual funds	<u>327,738</u>	<u>169,813</u>
Investments	<u>\$ 694,312</u>	<u>\$ 795,380</u>

Fair values of exchange traded funds and mutual funds are valued at the closing price reported on the active market on which the funds are traded and are considered Level 1 fair value measurements.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 3 – NET ASSETS

Net assets without donor restrictions are comprised of the following funds designated for specific purposes or initiatives:

	2025	2024
Undesignated	\$ 5,832	\$ (74,032)
Designated for Strategic Investment Fund	616,305	721,914
Net assets without donor restrictions	<u>\$ 622,137</u>	<u>\$ 647,882</u>

Net assets with donor restrictions are comprised of the following:

	2025	2024
Jim Hamre Memorial Scholarship Fund	\$ 76,393	\$ 73,621
Staff support	-	17,500
Net assets with donor restrictions	<u>\$ 76,393</u>	<u>\$ 91,121</u>

NOTE 4 – LIQUIDITY AND AVAILABILITY

The following table reflects the Association's financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions.

	2025	2024
Financial assets at end of year		
Cash	\$ 117,447	\$ 126,899
Investments	694,312	795,380
Unconditional promises to give, net	33,547	9,330
Other receivables	-	1,771
Total financial assets	845,306	933,380
Less amounts unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(76,393)	(73,621)
Board-designated net assets	<u>(616,305)</u>	<u>(721,914)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 152,608</u>	<u>\$ 137,845</u>

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2025 and 2024, the Association has \$616,305 and \$721,914, respectively, of board-designated net assets that could be made available, if necessary.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 5 – RETIREMENT PLAN

The Association offers a 401(k) plan in which all employees are eligible to participate. At the end of 2019, due to financial constraints, the Board directed the CEO to suspend all employer matching contributions until such time that the Board believes it is financially prudent to resume making those contributions. For the years ended December 31, 2025 and 2024, no employer contributions were made.

NOTE 6 – LEASE

The Association has an operating lease for office space, which expires in January 2032. There are no variable lease components associated with the Association's operating lease. For the years ended December 31, 2025 and 2024, total lease cost was \$92,015 and \$84,347, respectively.

Other information related to leases are as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 90,400	\$ -
Right-of-use assets obtained in exchange for new operating lease liability	-	614,674
Weighted average remaining lease term	6.1 years	7.1 years
Weighted average discount rate	3.83%	3.83%

The maturities of lease liabilities as of December 31, 2025 are as follows:

Year ending December 31:	
2026	\$ 101,330
2027	104,370
2028	107,501
2029	110,726
2030	114,048
Thereafter	<u>127,285</u>
Total minimum lease payments	665,260
Imputed interest	<u>(74,674)</u>
Total lease liabilities	<u><u>\$ 590,586</u></u>