



FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

C&O CANAL TRUST, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
C&O Canal Trust, Inc.
Hagerstown, Maryland

Opinion

We have audited the financial statements of **C&O Canal Trust, Inc.** (a Not-For-Profit Organization), which comprise the statements of financial position as of September 30, 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 C&O Canal Trust, Inc. (the Trust) as of September 30, 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 the Trust 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 the Trust's ability to continue as a going concern for one year after the date that the financial statements are 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 the Trust'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 the Trust'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.

ACMI LLC

Hagerstown, Maryland
December 18, 2025

C&O CANAL TRUST, INC.

STATEMENTS OF FINANCIAL POSITION

<i>September 30,</i>	2025	2024
ASSETS		
Cash and cash equivalents	\$ 1,734,969	\$ 1,537,638
Restricted cash and cash equivalents	54,042	59,984
Pledges receivable	501,789	130,796
Prepaid expenses	5,284	3,196
Property and equipment, net of accumulated depreciation	4,119	-
Collections	34,548	34,548
	\$ 2,334,751	\$ 1,766,162
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 165,864	\$ 108,009
Current maturities of long-term debt	3,595	-
Compensated absences	17,645	14,512
Agency funds payable	54,042	59,984
Deferred revenue	43,195	45,530
Long-term debt, less current maturities	145,595	150,000
	429,936	378,035
NET ASSETS		
Without donor restrictions		
Undesignated	727,635	686,819
Board designated	28,791	-
	756,426	686,819
With donor restrictions	1,148,389	701,308
	1,904,815	1,388,127
	\$ 2,334,751	\$ 1,766,162

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

C&O CANAL TRUST, INC.

STATEMENTS OF ACTIVITIES

<i>Years ended September 30,</i>			2025	2024
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
CHANGES IN SUPPORT AND REVENUE				
Administration fee revenue	\$ 36,527	\$ -	\$ 36,527	\$ 31,156
Canal Quarters, net of refunds	169,534	-	169,534	162,270
Event revenue, net of expenses of \$53,030 and \$49,702	103,755	28,587	132,342	140,868
Grants and contributions of cash and other financial assets	583,992	787,928	1,371,920	674,344
Contributions of nonfinancial assets	163,048	-	163,048	153,640
Workplace giving	32,757	-	32,757	31,146
Other income	57,030	-	57,030	73,211
	1,146,643	816,515	1,963,158	1,266,635
Restrictions satisfied by purpose or time	369,434	(369,434)	-	-
TOTAL SUPPORT AND REVENUE	1,516,077	447,081	1,963,158	1,266,635
EXPENSES				
Program services	1,230,577	-	1,230,577	1,073,195
General and administrative	198,795	-	198,795	142,997
Fundraising	17,098	-	17,098	8,754
TOTAL EXPENSES	1,446,470	-	1,446,470	1,224,946
CHANGE NET ASSETS	69,607	447,081	516,688	41,689
NET ASSETS - beginning of year	686,819	701,308	1,388,127	1,346,438
NET ASSETS - end of year	\$ 756,426	\$ 1,148,389	\$ 1,904,815	\$ 1,388,127

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

C&O CANAL TRUST, INC.

STATEMENTS OF ACTIVITIES

Year ended September 30,

2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CHANGES IN SUPPORT AND REVENUE			
Administration fee revenue	\$ 31,156	\$ -	\$ 31,156
Canal Quarters, net of refunds	162,270	-	162,270
Event revenue, net of expenses of \$49,702	102,793	38,075	140,868
Grants and contributions of cash and other financial assets	474,127	200,217	674,344
Contributions of nonfinancial assets	153,640	-	153,640
Workplace giving	31,146	-	31,146
Other income	73,211	-	73,211
	1,028,343	238,292	1,266,635
Restrictions satisfied by purpose or time	195,237	(195,237)	-
TOTAL SUPPORT AND REVENUE	1,223,580	43,055	1,266,635
EXPENSES			
Program services	1,073,195	-	1,073,195
General and administrative	142,997	-	142,997
Fundraising	8,754	-	8,754
TOTAL EXPENSES	1,224,946	-	1,224,946
CHANGES IN NET ASSETS	(1,366)	43,055	41,689
NET ASSETS - beginning of year	688,185	658,253	1,346,438
NET ASSETS - end of year	\$ 686,819	\$ 701,308	\$ 1,388,127

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

C&O CANAL TRUST, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended September 30,

2025

	EDUCATION, INTERPRETATION AND OUTREACH	OTHER PROGRAMS	TOTAL PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUNDRAISING	TOTAL EXPENSES
Advertising	\$ 9,581	\$ 1,445	\$ 11,026	\$ 1,522	\$ 166	\$ 12,714
Computer and technology	20,050	3,183	23,233	10,837	3,981	38,051
Consultant and program expense	125,305	26,560	151,865	17,363	5,442	174,670
Contribution to CHOH NPS	43,562	127,346	170,908	-	-	170,908
Fundraising and special events direct expenses	-	-	-	-	53,030	53,030
Interest	2,966	459	3,425	4,616	2	8,043
Insurance	6,166	322	6,488	545	1	7,034
Miscellaneous expense	10,860	584	11,444	1,562	1,158	14,164
Office supplies	8,694	1,049	9,743	1,726	55	11,524
Postage and delivery	3,112	404	3,516	665	276	4,457
Printing and reproduction	11,289	4,520	15,809	1,281	3,702	20,792
Professional fees and services	19,019	3,801	22,820	3,442	1,685	27,947
Professional development	-	-	-	1,273	-	1,273
Rent	17,636	2,734	20,370	4,618	12	25,000
Repairs and maintenance	74,293	7,534	81,827	57	-	81,884
Salary, taxes and benefits	577,322	89,518	666,840	146,979	351	814,170
Travel and meetings	18,755	5,579	24,334	2,309	267	26,910
Utilities	6,929	-	6,929	-	-	6,929
Total expenses	955,539	275,038	1,230,577	198,795	70,128	1,499,500
Less: fundraising and special events expenses included with revenue in the statement of activities	-	-	-	-	(53,030)	(53,030)
Total expenses reported on the statement of activities	\$ 955,539	\$ 275,038	\$ 1,230,577	\$ 198,795	\$ 17,098	\$ 1,446,470

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

C&O CANAL TRUST, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended September 30,

2024

	EDUCATION, INTERPRETATION AND OUTREACH	OTHER PROGRAMS	TOTAL PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUNDRAISING	TOTAL EXPENSES
Advertising	\$ 10,132	\$ 1,173	\$ 11,305	\$ 1,025	\$ 324	\$ 12,654
Computer and technology	9,328	4,904	14,232	2,101	2,943	19,276
Consultant and program expense	101,937	71,346	173,283	9,224	135	182,642
Contribution to CHOH NPS	52,363	75,000	127,363	-	-	127,363
Fundraising and special events direct expenses	-	-	-	-	49,702	49,702
Interest	2,994	631	3,625	3,957	9	7,591
Insurance	7,758	538	8,296	544	8	8,848
Miscellaneous expense	4,147	3,298	7,445	2,170	12	9,627
Office supplies	6,469	2,347	8,816	975	19	9,810
Postage and delivery	2,036	599	2,635	606	1,084	4,325
Printing and reproduction	19,488	618	20,106	402	165	20,673
Professional fees and services	19,092	3,573	22,665	2,627	1,018	26,310
Professional development	-	-	-	11,051	-	11,051
Rent	17,525	3,690	21,215	3,730	55	25,000
Repairs and maintenance	56,663	4,483	61,146	-	-	61,146
Salary, taxes and benefits	466,128	99,266	565,394	100,342	1,463	667,199
Travel and meetings	15,807	3,045	18,852	4,243	1,519	24,614
Utilities	6,817	-	6,817	-	-	6,817
Total expenses	798,684	274,511	1,073,195	142,997	58,456	1,274,648
Less: fundraising and special events expenses included with revenue in the statement of activities	-	-	-	-	(49,702)	(49,702)
Total expenses reported on the statement of activities	\$ 798,684	\$ 274,511	\$ 1,073,195	\$ 142,997	\$ 8,754	\$ 1,224,946

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

C&O CANAL TRUST, INC.

STATEMENTS OF CASH FLOWS

<i>Years ended September 30,</i>	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 516,688	\$ 41,689
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Donated collection items	-	(12,000)
(Increase) decrease in operating assets		
Pledges receivable	(370,993)	(61,775)
Agency funds receivable	-	4,229
Prepaid expenses	(2,088)	744
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	57,855	40,766
Compensated absences	3,133	3,387
Agency funds payable	(5,942)	59,304
Conditional contributions	-	(21,817)
Deferred revenue	(2,335)	(2,650)
NET CASH PROVIDED BY OPERATING ACTIVITIES	196,318	51,877
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,119)	-
NET CASH USED IN INVESTING ACTIVITIES	(4,119)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(810)	-
NET CASH USED IN FINANCING ACTIVITIES	(810)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	191,389	51,877
Cash and cash equivalents, beginning	1,597,622	1,545,745
Cash and cash equivalents, ending	\$ 1,789,011	\$ 1,597,622
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 1,734,969	\$ 1,537,638
Restricted cash and cash equivalents	54,042	59,984
	\$ 1,789,011	\$ 1,597,622
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the years for		
Interest	\$ 6,526	\$ 7,692

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

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of **C&O Canal Trust, Inc.** (the Trust) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Trust's management, who is responsible for their integrity and objectivity.

Nature of activity: The Trust is a Not-For-Profit Organization formed in 2007 to pursue the charitable objectives of protecting, restoring, and promoting the Chesapeake and Ohio Canal National Historical Park. The Trust seeks to ensure that the park's natural, historical, and recreational potential is fully realized.

Basis of presentation: The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Trust to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Trust's management and the board of directors. In addition, the Board of Trustees may designate resources for specific purposes, for example, a particular program activity, investment, or capital addition. Designated amounts are reported as board designated without donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trust or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Donor restricted contributions whose restrictions are met in the year of contribution are shown in net assets without donor restriction.

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. Significant estimates for the Trust include fair value estimates of collections and in-kind contributions.

Cash and cash equivalents: The Trust considers all short-term, highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions of cash and other financial assets and pledges: Unconditional promises to give are recognized as revenues when the donor makes a promise to give to the Trust. Contributions are considered to be available for the general programs of the Trust, unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Donor-restricted contributions are reported as increases in net assets with donor restriction. When a donor restriction expires via the passage of time or fulfillment of the intended purpose, net assets with donor restrictions are reclassified to net assets without donor restriction.

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

The Trust uses the allowance method to determine uncollectable pledge receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. Management considers all amounts to be fully collectible. Accordingly, after evaluation under ASC 326 an allowance for credit losses has not been established.

Exchange revenue recognition: The Trust recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Under FASB ASU 2014-09, revenue from exchange transactions is allocated and recognized for each performance obligation included in the customer contract or similar arrangement. The Trust's exchange transaction revenue streams are as follows:

Special events: The Trust conducts special fundraising events whose gross proceeds include both a contribution and an exchange transaction component. The exchange transaction component is the fair value of the benefit received by the participant, typically the meals and entertainment provided at the event. Unless another objective means is available to provide evidence of the fair value of the donor benefit, the fair value is measured at the actual cost to the Trust. The contribution component is the excess of the gross proceeds over the fair value of the donor benefit. See Note 6 for the allocation of special event revenue between the exchange and contribution components.

Canal Quarters: The Trust operates seven lock houses along the C&O Canal. These lock houses are available to the general public too as an overnight lodging experience. Reservation can be made up to 12 months in advance and must be prepaid when the reservation is made. The Trust recognizes this revenue at a point in time when the lodging experience occurs. Reservations not satisfied at the end of the period are deferred until subsequent periods when the obligation can be satisfied.

Exchange revenue is recognized at both a point in time and over time, depending on the timing of the transfer of goods or services. For the years ended September 30, 2025 and 2024, the Trust's exchange revenue was recognized at a point in time.

FASB ASU 2014-09 allows for certain practical expedients which the Trust has elected to apply as follows:

Portfolio approach: The Trust has applied the portfolio approach to those contracts within a revenue stream that have similar characteristics, as management has determined that this would produce the same results if each contract within a portfolio was analyzed individually.

Contract costs: The Trust has elected to expense all incremental contract acquisition costs as they are incurred, as the amortization period of the asset that the Trust would have recognized is one year or less.

Financing component: The Trust does not adjust the promised amount of consideration from customers for the effects of a significant financing component due to the Trust's expectation that the period between the time the service is provided to a customer and the time the customer pays for the service will be one year or less.

Prepaid expenses: The Trust considers expenses paid for in the current year that are for the next fiscal year as prepaid expenses in the statements of financial position.

Investment: The Trusts policy is to sell donated stocks as soon as reasonably possible once transferred to the Trust. Donated stocks that have not yet been sold are listed as investments on the statement of financial position.

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

Property and equipment: Property and equipment is stated at cost, if purchased, or fair market value, if donated. Maintenance and repairs are charged to expense as incurred; major improvements over \$1,000 that increase the useful lives of the assets are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current income in the period realized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to five years.

Collections: Collections consist of antiques that have been donated to furnish lock houses as part of the Canal Quarters program and are carried at fair value. The Trust's collections are held and maintained for the purpose of public exhibition and education in furtherance of public service rather than individual or collective financial gain. The collections are protected, kept unencumbered, cared for, and preserved. All proceeds from deaccessioned objects shall be used only to replenish the collection through acquisition of antiques. There were no objects sold from the collection during 2025 and 2024.

Fair value measurements: The Trust conforms with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2: Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Compensated absences: The Trust permits employees to carry over a maximum of eighty hours of accumulated earned but unused vacation to the next fiscal year. It is the Trust's policy to pay out the unused vacation upon separation of service.

Agency funds payable: The Trust enters into agreements with various organizations for the benefit of the C&O Canal National Historical Park. These agreements provide funds to the Trust, although the provider of the funds grants variance power to other organizations or retains variance power itself. In conformity with FASB ASC 958-605, a liability for the funds received (less applicable administration fees) has been recorded on the statements of financial position.

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

Deferred revenue: Guest service fees for Canal Quarters and grant revenue are recognized when earned. Advance guest fees and grant payments received are recognized as deferred revenue.

Contributions of nonfinancial assets: Donated assets are recorded as support at their estimated fair values on the date of the gift and are depreciated, if appropriate, over their estimated useful lives, except for antiques not expected to depreciate in value. Such donations are reported as unrestricted support unless the donor placed specific restrictions on the donated asset. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Trust reports expirations of donor restrictions when the donated or acquired assets are placed in service and reclassifies assets with donor restriction to assets without donor restriction at that time. Contributions of donated services that create or enhance nonfinancial assets, which would typically need to be purchased from individuals with specialized skills if not provided by donation, are recorded at their fair values in the period received. No amounts have been reflected in the financial statements for donated services by volunteers who donated their time to the Trust's service or fundraising campaigns since there is no objective basis available to measure the value of the services received, and the conditions for recognition have not been met. See note 7 for additional information on contributions of nonfinancial assets.

Functional allocation of expenses: The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocations of costs by function are based principally on specific identification of costs to either program, general and administrative, or fundraising. Non-specifically identified costs are allocated to each function based on management's historical analysis of time, effort and purpose.

Advertising and marketing costs: Advertising and marketing costs are expensed as incurred. Advertising costs totaled \$12,714 and \$12,654, respectively, for the years ended September 30, 2025 and 2024.

Income tax status: The Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The entity complies with ASC 740-10, *Income Taxes*, which establishes a threshold for determining when an income tax benefit of a tax position can be recognized. Under ASC 740-10, a tax position includes, among other things, (a) a decision not to file a tax return, (b) an allocation or a shift of income between jurisdictions, (c) the characterization of income or a decision to exclude reporting taxable income in a tax return, (d) a decision to classify a transaction, entity, or other position in a tax return as tax exempt, and (e) an entity's status, including its status as a tax-exempt not-for-profit entity. Based on its interpretation of the requirements of ASC 740-10, Management believes that the Trust has no uncertain tax positions that qualify for either recognition or disclosure. The Trust is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Trust believes they are no longer subject to income tax examinations for years prior to 2021.

2. RISKS AND UNCERTAINTIES

The Trust maintains its cash balances in a local financial institution, which at times may exceed federally insured limits. As of September 30, 2025 and 2024, \$1,568,585 and \$1,323,679 of the respective cash balance was unsecured. The Trust's management considers those circumstances to be a normal business risk.

As of September 30, 2025, amounts due from one donor comprised of 86% of the total pledge receivables. Additionally, contributions from one donor comprised 25% of total revenues as of September 30, 2025.

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

3. AVAILABILITY AND LIQUIDITY

As of September 30, 2025 and 2024, the Trust has working capital of approximately \$780,000 and \$742,000, respectively, and average days (based on normal expenditures) cash on hand of approximately 255 and 260 days, respectively. The Trust has a \$60,000 line of credit available to meet cash flow needs (Note 9).

Additionally, a portion of the Trust's assets consist of board-designated and donor restricted funds, which are not considered available for current operating expenditures and are therefore excluded from working capital.

The following represents the Trust's financial assets available within one year as of September 30:

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	\$ 1,734,969	\$ 1,537,638
Pledges receivable	501,789	130,796
Total financial assets available at year end	2,236,758	1,668,434
Less amounts not available to be used within one year		
Net assets with donor restrictions	1,148,389	701,308
Less net assets with donor restrictions to be met in less than a year	(25,000)	(25,000)
	1,123,389	676,308
Financial assets available to meet general expenditures over the next twelve months	\$ 1,113,369	\$ 992,126

4. PLEDGES RECEIVABLE

Pledges receivable consist of the following as of September 30:

	2025		
	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
Less than 1 year	\$ 49,289	\$ 452,500	\$ 501,789

	2024		
	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
Less than 1 year	\$ 94,796	\$ 36,000	\$ 130,796

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

5. LONG TERM DEBT

In 2020, the Trust executed a loan agreement with the SBA under the Economic Injury Disaster Loan (EIDL) program.

Long-term debt on the EIDL loan consisted of the following as of September 30:

	2025	2024
Note payable, secured by the general lien on the personal property owned by the Trust, payments due in monthly installments of \$641, including an interest rate of 2.75%; final payment due through April of 2050.	\$ 149,190	\$ 150,000
	149,190	150,000
Less current maturities	3,595	0
	<u>\$ 145,595</u>	<u>\$ 150,000</u>

Aggregate future principal payments for the years ending September 30 are as follows:

2026	\$ 3,595
2027	3,695
2028	3,798
2029	3,904
2030	4,012
Thereafter	130,186
	<u>\$ 149,190</u>

6. EVENT REVENUE

Gross receipts from special fundraising events consist of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Trust is required to separately present the components of this revenue. For the year ended September 30, the components of special event revenue were as follows:

	2025	2024
Contributions	\$ 171,172	\$ 176,170
Special event revenue	14,200	14,400
	185,372	190,570
Less: event expense	(53,030)	(49,702)
	<u>\$ 132,342</u>	<u>\$ 140,868</u>

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

7. CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets consisted of the following as of September 30:

	2025	2024	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated collection items	\$ -	\$ 12,000	Programmatic	No associated donor restrictions	The Trust estimated the fair value of the basis on estimated retail values that would be received for selling similar products.
Donated services	118,024	107,943	Programmatic	No associated donor restrictions	Contributed services include volunteer hours for interns and quarter masters as well as video production services and are valued at the estimated fair value based on state volunteer rates.
Professional services	13,642	3,500	General and Administrative	No associated donor restrictions	Contributed services from accountants and IT professionals are valued at the estimated fair value based on current rates for similar services.
Rent	25,000	25,000	General and Administrative	No associated donor restrictions	In valuing the contributed rent, which is located in Washington County, MD, the Trust estimated the fair value on the basis of recent comparable rental prices in Washington County MD's real estate market.
Supplies	6,382	5,197	Programmatic	No associated donor restrictions	The Trust estimated the fair value of the basis on estimated retail values that would be received for selling similar products Washington County MD.
	\$ 163,048	\$ 153,640			

8. RETIREMENT PLAN

The Trust sponsors a Savings Incentive Match Plan for Employees covering all eligible full-time personnel. Contributions are matched up to three percent of each eligible participant's compensation. Total contributions to the plan were \$15,887 and \$11,516 for 2025 and 2024, respectively, and have been reported in salary, taxes and benefits on the schedules of functional expenses.

9. LINE OF CREDIT

The Trust has available a \$60,000 unsecured line of credit with a local bank. Interest is payable at the prime rate plus 1.5%. The rate is adjustable daily.

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

10. NET ASSETS

Net assets with donor restrictions as of September 30, consisted of the following:

	BALANCE AT SEPTEMBER 30, 2024	CONTRIBUTIONS	SATISFACTION OF RESTRICTIONS	BALANCE AT SEPTEMBER 30, 2025
Subject to purpose restrictions				
Billy Goat Trail Fund	\$ 8,499	\$ -	\$ -	\$ 8,499
Bench Replacement Fund	38,500	3,500	-	42,000
Beautification Fund	229,357	83,875	(40,983)	272,249
Canal Qtrs. Fund	12,806	7,130	(7,019)	12,917
Canal Qtrs. Maintenance	121,930	-	(37,040)	84,890
Canal Qtrs. Rehab	18,075	-	-	18,075
Canal Towns	12,499	6,156	(11,017)	7,638
Canal for All	63,057	29,909	(35,535)	57,431
Capacity Building Grant	-	64,780	(14,780)	50,000
Eagle Scout Fund	1,757	-	-	1,757
Education Program	11,722	37,400	(49,122)	-
Henry Diamond Fund	55,000	-	-	55,000
Natural Resources Conservation	20,487	134,122	(50,166)	104,443
NPS Housing	-	360,000	-	360,000
Towpath Forever	98,492	88,841	(123,753)	63,580
Various	9,127	802	(19)	9,910
	\$ 701,308	\$ 816,515	\$ (369,434)	\$ 1,148,389

C&O CANAL TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

	BALANCE AT SEPTEMBER 30, 2023	CONTRIBUTIONS	SATISFACTION OF RESTRICTIONS	BALANCE AT SEPTEMBER 30, 2024
Subject to purpose restrictions				
Billy Goat Trail Fund	\$ 8,499	\$ -	\$ -	\$ 8,499
Bench Replacement Fund	33,600	4,900	-	38,500
Beautification Fund	222,279	43,475	(36,397)	229,357
Canal Qtrs. Fund	8,216	5,400	(810)	12,806
Canal Qtrs. Maintenance	139,662	-	(17,732)	121,930
Canal Qtrs. Rehab	21,462	-	(3,387)	18,075
Canal Towns	9,567	7,370	(4,438)	12,499
Canal for All	55,327	12,499	(4,769)	63,057
Eagle Scout Fund	1,757	-	-	1,757
Education Program	6,848	67,410	(62,536)	11,722
Henry Diamond Fund	55,000	-	-	55,000
Natural Resources Conservation	10,846	40,506	(30,865)	20,487
Towpath Forever	75,736	55,962	(33,206)	98,492
Various	9,454	770	(1,097)	9,127
	\$ 658,253	\$ 238,292	\$ (195,237)	\$ 701,308

11. RECLASSIFICATIONS

Certain accounts in the prior-year financial statement have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

12. SUBSEQUENT EVENTS

In preparing these financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through December 18, 2025, the date the financial statements were available to be issued. Based on the definitions and requirements of accounting principles generally accepted in the United States of America, management has not identified any events that have occurred subsequent to September 30, 2025 through December 18, 2025, that require recognition or disclosure in the financial statements.