

**ROAD RUNNERS CLUB OF AMERICA, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

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## **Independent Auditor's Report**

To the Board of Directors  
Road Runners Club of America, Inc.

### **Opinion**

We have audited the accompanying financial statements of Road Runners Club of America, Inc. (a nonprofit organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of Road Runners Club of America, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Road Runners Club of America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

## Independent Auditor's Report (Continued)

### **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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Road Runners Club of America, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Road Runners Club of America, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Gross, Mendelsohn & Associates, P.A.*

Baltimore, Maryland  
May 19, 2026

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Statements of Financial Position**  
**December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,136,852	\$ 1,017,618
Investments	2,224,496	2,126,818
Accounts receivable	4,478	-0-
Inventory	13,968	20,428
Prepaid expenses	40,138	42,042
Total Current Assets	<u>3,419,932</u>	<u>3,206,906</u>
<b>Property</b>		
Equipment	14,609	12,540
Web development	116,782	114,282
Course development	25,000	-0-
Furniture and fixtures	2,899	1,115
Total Cost	<u>159,290</u>	<u>127,937</u>
Less: Accumulated depreciation	129,509	120,832
Net Property	<u>29,781</u>	<u>7,105</u>
<b>Other Assets</b>		
Operating lease right-of-use assets	23,310	47,694
Investments - Board designated and restricted in perpetuity	610,000	610,000
Deposits	2,095	2,095
	<u>635,405</u>	<u>659,789</u>
<b>Total Assets</b>	<u><u>\$ 4,085,118</u></u>	<u><u>\$ 3,873,800</u></u>

	<u>2025</u>	<u>2024</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 66,443	\$ 47,909
Accrued expenses	47,179	37,327
Agency funds held	7,020	11,972
Deferred revenue	1,236,786	1,168,034
Current maturities of operating lease liabilities	24,015	24,441
Total Current Liabilities	<u>1,381,443</u>	<u>1,289,683</u>
<b>Non-Current Liabilities</b>		
Operating lease liabilities, net of current maturities	-0-	24,015
<b>Total Liabilities</b>	<u>1,381,443</u>	<u>1,313,698</u>
<b>Commitments and Contingencies</b> (Notes 9 and 12)		
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	1,986,739	1,854,381
Board designated	600,000	600,000
Total without donor restrictions	<u>2,586,739</u>	<u>2,454,381</u>
With donor restrictions	116,936	105,721
Total Net Assets	<u>2,703,675</u>	<u>2,560,102</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,085,118</u>	<u>\$ 3,873,800</u>

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

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**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
<b>Support and Revenue</b>						
Insurance program	\$ 1,721,080	\$ -0-	\$ 1,721,080	\$ 1,599,183	\$ -0-	\$ 1,599,183
Coaching certifications	339,668	-0-	339,668	330,586	-0-	330,586
Net investment return	97,526	350	97,876	265,755	1,100	266,855
Membership dues and fees	593,191	-0-	593,191	556,330	-0-	556,330
Licensing income	241,581	-0-	241,581	234,656	-0-	234,656
Contribution revenue	84,004	65,114	149,118	34,942	92,475	127,417
Special programs	57,352	-0-	57,352	72,356	-0-	72,356
Sponsorships	45,900	-0-	45,900	47,500	-0-	47,500
Publications	48	-0-	48	53	-0-	53
In-kind contributions	3,221	-0-	3,221	2,930	-0-	2,930
Other income	10,864	-0-	10,864	10,620	-0-	10,620
Net assets released from restrictions:						
Satisfaction of program restrictions	54,249	(54,249)	-0-	44,250	(44,250)	-0-
Total Support and Revenue	<u>3,248,684</u>	<u>11,215</u>	<u>3,259,899</u>	<u>3,199,161</u>	<u>49,325</u>	<u>3,248,486</u>
<b>Expenses</b>						
Program services:						
Insurance and music group licensing	2,117,550	-0-	2,117,550	2,011,488	-0-	2,011,488
Certification programs	341,585	-0-	341,585	355,220	-0-	355,220
Championship events and state programs	184,304	-0-	184,304	193,924	-0-	193,924
Education programs	199,154	-0-	199,154	210,245	-0-	210,245
RunPro and Roads Scholars	25,524	-0-	25,524	45,377	-0-	45,377
Kids Run the Nation	77,593	-0-	77,593	61,859	-0-	61,859
Total program services	<u>2,945,710</u>	<u>-0-</u>	<u>2,945,710</u>	<u>2,878,113</u>	<u>-0-</u>	<u>2,878,113</u>
Support services:						
General and administrative	116,774	-0-	116,774	135,513	-0-	135,513
Fundraising	53,842	-0-	53,842	52,999	-0-	52,999
Total support services	<u>170,616</u>	<u>-0-</u>	<u>170,616</u>	<u>188,512</u>	<u>-0-</u>	<u>188,512</u>
Total expenses	<u>3,116,326</u>	<u>-0-</u>	<u>3,116,326</u>	<u>3,066,625</u>	<u>-0-</u>	<u>3,066,625</u>
<b>Change in Net Assets</b>	<b>132,358</b>	<b>11,215</b>	<b>143,573</b>	<b>132,536</b>	<b>49,325</b>	<b>181,861</b>
<b>Net Assets at Beginning of Year</b>	<u><b>2,454,381</b></u>	<u><b>105,721</b></u>	<u><b>2,560,102</b></u>	<u><b>2,321,845</b></u>	<u><b>56,396</b></u>	<u><b>2,378,241</b></u>
<b>Net Assets at End of Year</b>	<u><u><b>\$ 2,586,739</b></u></u>	<u><u><b>\$ 116,936</b></u></u>	<u><u><b>\$ 2,703,675</b></u></u>	<u><u><b>\$ 2,454,381</b></u></u>	<u><u><b>\$ 105,721</b></u></u>	<u><u><b>\$ 2,560,102</b></u></u>

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

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2025**

	Program Services						Total Program Services	Support Services			Total Expenses
	Insurance and Music Group Licensing	Certification Programs	Championship Events and State Programs	Education Programs	RunPro and Roads Scholars	Kids Run the Nation		General and Administrative	Fundraising	Total Support Services	
Personnel Costs:											
Salaries	\$ 116,670	\$ 97,225	\$ 77,780	\$ 38,890	\$ 11,667	\$ 19,445	\$ 361,677	\$ 19,445	\$ 7,778	\$ 27,223	\$ 388,900
Payroll taxes	8,655	7,213	5,770	2,885	866	1,443	26,832	1,443	577	2,020	28,852
Retirement plan	3,321	2,767	2,214	1,107	332	553	10,294	553	221	774	11,068
Total personnel costs	128,646	107,205	85,764	42,882	12,865	21,441	398,803	21,441	8,576	30,017	428,820
Annual convention room and board	-0-	-0-	-0-	117,539	-0-	-0-	117,539	-0-	-0-	-0-	117,539
Awards	-0-	-0-	-0-	2,510	-0-	-0-	2,510	-0-	-0-	-0-	2,510
Charitable registration fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	14,063	14,063	14,063
Coaching travel, lodging and stipends	-0-	175,782	-0-	-0-	-0-	-0-	175,782	-0-	-0-	-0-	175,782
Credit card fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	39,411	25,066	64,477	64,477
Depreciation and amortization	2,603	2,169	1,735	868	260	434	8,069	433	174	607	8,676
Grants	-0-	-0-	-0-	-0-	-0-	29,926	29,926	-0-	-0-	-0-	29,926
Information technology	11,456	9,547	7,637	3,819	1,444	1,909	35,812	1,909	764	2,673	38,485
Insurance	1,692,329	10,813	8,651	4,325	1,298	2,163	1,719,579	2,163	865	3,028	1,722,607
Marketing	16,753	-0-	-0-	6,207	-0-	-0-	22,960	16,753	2,402	19,155	42,115
Music licensing	236,776	-0-	-0-	-0-	-0-	-0-	236,776	-0-	-0-	-0-	236,776
Lease expense	7,790	6,491	5,193	2,597	779	1,298	24,148	1,298	519	1,817	25,965
Office expenses	2,638	2,198	1,758	879	264	440	8,177	6,999	176	7,175	15,352
Professional fees	13,491	11,242	11,537	10,833	1,349	2,248	50,700	3,973	899	4,872	55,572
Scholarship	-0-	-0-	-0-	575	-0-	-0-	575	-0-	-0-	-0-	575
Race marketing and supplies	-0-	11,915	36,427	4,431		16,889	69,662	-0-	-0-	-0-	69,662
Travel	5,068	4,223	25,602	1,689	7,265	845	44,692	22,394	338	22,732	67,424
Total expenses reported in the Statement of Activities	\$ 2,117,550	\$ 341,585	\$ 184,304	\$ 199,154	\$ 25,524	\$ 77,593	\$ 2,945,710	\$ 116,774	\$ 53,842	\$ 170,616	\$ 3,116,326

The accompanying notes are an integral part of this financial statement.

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2024**

	Program Services						Total Program Services	Support Services			Total Expenses
	Insurance and Music Group Licensing	Certification Programs	Championship Events and State Programs	Education Programs	RunPro and Roads Scholars	Kids Run the Nation		General and Administrative	Fundraising	Total Support Services	
Personnel Costs:											
Salaries	\$ 112,438	\$ 93,698	\$ 74,959	\$ 37,479	\$ 11,244	\$ 18,740	\$ 348,558	\$ 18,740	\$ 7,496	\$ 26,236	\$ 374,794
Payroll taxes	8,182	6,818	5,455	2,727	818	1,364	25,364	1,364	545	1,909	27,273
Retirement plan	3,236	2,697	2,157	1,079	324	539	10,032	539	216	755	10,787
Total personnel costs	123,856	103,213	82,571	41,285	12,386	20,643	383,954	20,643	8,257	28,900	412,854
Annual convention room and board	-0-	-0-	-0-	131,401	-0-	-0-	131,401	-0-	-0-	-0-	131,401
Awards	-0-	-0-	-0-	4,966	-0-	-0-	4,966	-0-	-0-	-0-	4,966
Charitable registration fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,612	7,612	7,612
Coaching travel, lodging and stipends	-0-	188,135	-0-	-0-	-0-	-0-	188,135	-0-	-0-	-0-	188,135
Credit card fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	44,134	28,154	72,288	72,288
Depreciation and amortization	6,662	5,552	4,442	2,221	666	1,110	20,653	1,110	444	1,554	22,207
Grants	-0-	-0-	-0-	-0-	9,000	30,000	39,000	-0-	-0-	-0-	39,000
Information technology	8,101	6,751	5,401	2,700	1,074	1,350	25,377	1,350	540	1,890	27,267
Insurance	1,578,079	9,227	7,382	3,691	1,107	1,845	1,601,331	1,845	738	2,583	1,603,914
Marketing	14,519	-0-	-0-	4,596	-0-	-0-	19,115	13,672	4,489	18,161	37,276
Music licensing	236,653	-0-	-0-	-0-	-0-	-0-	236,653	-0-	-0-	-0-	236,653
Lease expense	14,801	12,334	9,867	4,934	1,480	2,467	45,883	2,467	987	3,454	49,337
Office expenses	8,182	5,027	4,022	2,011	603	1,005	20,850	5,929	402	6,331	27,181
Professional fees	13,493	11,244	10,386	5,623	1,349	2,249	44,344	2,854	900	3,754	48,098
Race marketing and supplies	-0-	7,785	38,651	4,436	-0-	-0-	50,872	-0-	-0-	-0-	50,872
Travel	7,142	5,952	31,202	2,381	17,712	1,190	65,579	41,509	476	41,985	107,564
Total expenses reported in the Statement of Activities	\$ 2,011,488	\$ 355,220	\$ 193,924	\$ 210,245	\$ 45,377	\$ 61,859	\$ 2,878,113	\$ 135,513	\$ 52,999	\$ 188,512	\$ 3,066,625

The accompanying notes are an integral part of this financial statement.

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 143,573	\$ 181,861
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Unrealized loss (gain) on investments	538,581	(59,582)
Realized gain on investments	(587,641)	(162,651)
Depreciation and amortization	8,676	22,207
Changes in operating assets and liabilities:		
Accounts receivable	(4,478)	16,003
Inventory	6,460	(5,834)
Prepaid expenses	1,904	18,948
Operating lease right-of-use assets	24,384	41,250
Deposits	-0-	4,738
Accounts payable	18,534	(48,877)
Accrued expenses	9,852	(51,117)
Agency funds held	(4,952)	(362)
Deferred revenue	68,752	27,273
Operating lease liabilities	(24,441)	(41,411)
Net Cash Provided by (Used in) Operating Activities	<u>199,204</u>	<u>(57,554)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(1,397,198)	(438,419)
Proceeds from sale of investments	1,348,580	394,015
Purchase of property	(31,352)	(5,089)
Net Cash Used in Investing Activities	<u>(79,970)</u>	<u>(49,493)</u>
<b>Net Increase (Decrease) in Cash</b>	<b>119,234</b>	<b>(107,047)</b>
<b>Cash - Beginning of Year</b>	<u>1,017,618</u>	<u>1,124,665</u>
<b>Cash - End of Year</b>	<u>\$ 1,136,852</u>	<u>\$ 1,017,618</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for operating leases	<u>\$ 25,959</u>	<u>\$ 43,956</u>

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

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies**

Road Runners Club of America, Inc. ("RRCA") is a 501(c)(3) organization incorporated in 1976 under the laws of the Commonwealth of Virginia. Established in 1958, the Road Runners Club of America is the oldest and largest national association of runners and running organizations dedicated to growing the sport of running. RRCA's main mission is to champion the development and success of community-based running organizations that empower people to participate in the sport of running in pursuit of enjoyment, health, well-being and competition.

The accounting and reporting policies of RRCA conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Basis of Accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: RRCA classifies all investments not held by investment custodians which are readily convertible to cash, and which have an original maturity of three months or less as cash equivalents. Cash and cash equivalents held by investment custodians are not included in cash and cash equivalents but are reported as investments.

Investments: Investments with readily determinable fair value are reported at fair value in the statements of financial position. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in net investment return on the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by the donor or law.

Accounts Receivable: RRCA's accounts receivable are derived based on contract prices when RRCA obtains an unconditional right to payment under terms of the contract. Accounts receivable are presented at face value, net of allowance for credit losses. RRCA provides for credit losses based on anticipated collection losses. RRCA has elected the current conditions practical expedient and the subsequent collections accounting policy to estimate expected credit losses on its accounts receivables arising from services rendered on its contracts. Receivables are generally considered delinquent when they are more than ninety days past due. Receivables are written off by management when, in their determination, all collection efforts have been exhausted. Recoveries of receivables previously written off are recorded when received. RRCA does not require collateral or other security to support accounts receivables.

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

For purposes of estimating expected credit losses, management classifies outstanding receivables on the basis of the number of days past due when a receivable has not been collected in accordance with the payment terms. RRCA uses its historical collection information to calculate a credit loss rate for each segment of receivables. Management has determined its historical loss rates are a reasonable basis on which to estimate expected credit losses because of the similar risk characteristics of its customer payments and payment terms have not changed significantly over time. Management has determined that current conditions as of the statement of financial position date are consistent with conditions that existed during the period that historical data were collected. Accordingly, management determined no adjustment to historical loss information is necessary.

RRCA applies the subsequent collection policy election by considering activity through March 21, 2026. Management develops its estimate of expected credit losses by determining which accounts receivable have been collected between the statement of financial position date and March 21, 2026, and by applying the practical expedient in recognizing an allowance for the amounts that are uncollected based on its historical loss rates as of the statement of financial position date. RRCA did not record an allowance for credit losses at December 31, 2025 and 2024, based on management's estimate of expected credit losses. There were no write-offs in 2025 or 2024.

Inventory: Inventory consists of books and other materials to be provided in conjunction with RRCA's coaching certification program and is stated at the lower of cost or net realizable value by the first-in-first-out (FIFO) method.

Property and Depreciation: Property is stated at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. RRCA's threshold for capitalization is any acquisition that meets the above criteria and is greater than or equal to \$750. Depreciation is computed using the straight-line method over the estimated useful lives of the assets identified below:

	<u>Useful Lives</u>
Equipment	3 - 5 years
Furniture and fixtures	7 - 10 years
Course development	5 years
Web development	3 years

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions*: Net assets available for use in general operations and not subject to donor restrictions. As of December 31, 2025 and 2024, RRCA maintained \$600,000 of board-designated funds. These funds are to be used for RRCA's expenditures and must be approved by the Board. During the years ended December 31, 2025 and 2024, no board-designated funds were used.

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

*Net Assets with Donor Restrictions:* Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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.

Contributions: Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition: RRCA is funded by various sources, such as corporations, foundations, and individuals. RRCA's policy is to recognize contributions of cash, securities, or other assets when an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been met. Contributions are recorded as restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to RRCA's programs or a future year. When a donor restriction expires, either by the passage of time or other events specified by the donor, net assets with donor restrictions are reclassified to net assets without donor restrictions in the accompanying statements of activities as net assets released from restrictions.

RRCA recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards ASU No 2014-09, *Revenue from Contracts with Customers*, as amended. ASU No. 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. RRCA records the following exchange transaction revenue in its statements of activities for the years ended December 31, 2025 and 2024:

*Insurance Program:* RRCA provides insurance for a set annual fee. The performance obligation consists of providing members with access to insurance benefits and is considered fulfilled upon the purchase of the policy. Insurance fees received in advance that are applicable to future periods are included in deferred revenue in the accompanying statements of financial position.

*Coaching Certification:* RRCA provides coaching and other programs, which allow members to receive certifications by completing a one-time course and passing an exam. The performance obligations are the completion of the course and the taking of the exam. Revenue is recognized at a point in time, when the course is complete, or the applicant takes the exam. Course or exam fees related to future periods are included in deferred revenue in the accompanying statements of financial position.

*Licensing:* RRCA provides affordable group music licensing. The performance obligation consists of the obligation to provide members with access to music licensing for their event. The fees are based on the number of participants at an event and revenue is recognized at a point in time, when the event takes place. Fees received related to future periods are included in deferred revenue in the accompanying statements of financial position.

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

*Dues:* Membership dues, which is a set, nonrefundable, fee for annual dues, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. RRCA recognizes the contribution element upon receipt of the dues. The exchange portion has a performance obligation that consists of an obligation to provide members with continuous access to information, insurance, programs, and use of RRCA's logo, and is recognized ratably over the period using the time elapsed method, and input measure, as it best depicts the simultaneous consumption and delivery of these services. These items are considered to be one performance obligation, as the included services are substantially the same and have a similar pattern of transfer. Membership dues received in advance that are applicable to future periods are included in deferred revenue in the accompanying statements of financial position.

*Sponsorship and Special Programs:* Special program revenue is for registration for the annual convention. RRCA also receives revenue for convention sponsorships. The performance obligation is access to the convention and the prices are set by RRCA. For sponsors, the performance obligation is recognition at the event and complimentary admission. Revenues from conventions are recognized at the time of the associated event. Registrations received relating to future periods are included in deferred revenue in the accompanying statements of financial position.

*Publication Income:* RRCA receives income from banner advertising. The performance obligation is the publishing of the ad and the price for the advertising is set by RRCA. Revenues from publication income are recognized at the time of the publication.

Refunds are provided in the case of overpayment of membership dues or insurance fees. Generally, no insurance or music license refunds are provided for event cancellations. Refunds for coaching courses are provided for cancellations up to two weeks prior to the course date.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable and deferred revenue on the accompanying statements of financial position. Coaching certification, licensing and special program revenues are invoiced at the time of the participant's registration with fees being collected prior to the event. Sponsorships are invoiced at the time of the sponsor agreement with fees due 30 days after the invoice date. Insurance program and membership dues are invoiced annually and the fees due within 30 days of the invoice.

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Leases: RRCA determines if an arrangement is a lease at the inception of the contract. As of the lease commencement date, each lease is evaluated to determine if it will be classified as an operating or finance lease. Leases with an initial term of 12 months or less are considered short-term leases. Lease assets and liabilities are not recognized, and lease expense is recognized on a straight-line basis over the lease term. Lease terms include the noncancellable portion of the leases and reasonably certain renewal periods, termination options and purchase options. RRCA accounts for lease and non-lease components as a single lease. RRCA uses the risk-free discount rate when the rate implicit in the lease is not available. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the lease asset or liabilities.

In-Kind Contributions: Donated materials, services, and use of facilities are recorded at their estimated fair value when an unconditional commitment is received and is recognized as in-kind contributions. Contributions of services are recognized when services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are valued at fair market value as of the date of the gift. The value of materials donated to RRCA was \$3,221 and \$2,930 for the years ended December 31, 2025 and 2024, respectively. The corresponding expenses are recorded in the appropriate expense categories in the statements of functional expenses.

Income Taxes: RRCA is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3). Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. RRCA had no unrelated business taxable income for either of the years ended December 31, 2025 and 2024. Accordingly, no provision for income taxes is reflected in these financial statements. RRCA's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for a period of three years after the returns are filed.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis in the statements of activities and by natural classification in the statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated, generally based on estimates of the portion of time expended by the staff on the various functions.

Subsequent Events: In preparing these financial statements, RRCA has evaluated events and transactions for potential recognition or disclosure through May 19, 2026, the date the financial statements were available to be issued. During the period from January 1, 2026 through May 19, 2026, there are no subsequent events that require recognition or disclosure.

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 2: Liquidity and Availability of Funds**

A summary of the financial assets available for the general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of the financial position date comprise the following:

	2025	2024
Cash	\$ 1,136,852	\$ 1,017,618
Investments	2,834,496	2,736,818
Accounts receivable	4,478	-0-
Total financial assets	3,975,826	3,754,436
Less:		
Board-designated investments, reserves	(600,000)	(600,000)
Endowment funds	(10,000)	(10,000)
Net assets with donor restrictions	(106,936)	(95,721)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,258,890</u>	<u>\$ 3,048,715</u>

RRCA's goal is to maintain financial assets to meet 10 months of operating reserves, approximately \$500,000. The Board examines this amount annually to determine if additional funds should be designated to operating reserves, or if the reserves will be allocated for operational or programmatic purposes. RRCA's policy is that the board designated fund should be no less than six months, or \$250,000, of basic operating reserves. Cash in excess of operating reserves is invested in short-term investments.

**Note 3: Investments**

A summary of the investment portfolio is as follows at December 31, 2025 and 2024:

	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 599,740	\$ 599,740	\$ 336,007	\$ 336,007
Equities	1,224,949	904,118	1,726,401	874,361
Corporate bonds	705,896	700,041	387,405	400,752
Exchange traded funds	303,911	290,556	287,005	255,101
Total	<u>\$ 2,834,496</u>	<u>\$ 2,494,455</u>	<u>\$ 2,736,818</u>	<u>\$ 1,866,221</u>

Investments are reflected in the statement of financial position at December 31, 2025 and 2024 as:

	2025	2024
Investments	\$ 2,224,496	\$ 2,126,818
Investments - Board designated and restricted in perpetuity	610,000	610,000
	<u>\$ 2,834,496</u>	<u>\$ 2,736,818</u>

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 3: Investments (Continued)**

Net investment return is summarized as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Investment income	\$ 58,327	\$ 53,825
Net realized gain	587,641	162,651
Unrealized gain (loss)	(538,581)	59,582
Investment expenses	(9,511)	(9,203)
Net investment return	<u>\$ 97,876</u>	<u>\$ 266,855</u>

**Note 4: Deferred Revenue**

Deferred revenue consists of the following at December 31, 2025, 2024 and 2023:

	2025	2024	2023
Deferred revenue			
Insurance revenue	\$ 696,964	\$ 716,182	\$ 700,804
Membership dues	320,319	323,485	301,037
Licensing income	145,618	76,944	102,109
Sponsorships	47,424	11,039	11,352
Coaching	26,461	40,384	25,459
	<u>\$ 1,236,786</u>	<u>\$ 1,168,034</u>	<u>\$ 1,140,761</u>

**Note 5: Fair Value Measurement**

Generally accepted accounting principles (GAAP) provides a framework for measuring fair value. The 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 5: Fair Value Measurement (Continued)**

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

The asset's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by RRCA include the following:

Equities: Valued at the last sales price reported in the active market in which the individual fund is traded.

Corporate Bonds: The investment grade corporate bonds held by RRCA generally do not trade in the active markets on the measurement date. Therefore, corporate debt securities are valued using inputs including yields currently available on comparable securities of issues with similar credit rates, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Exchange Traded Funds: Valued at the last sales price reported in the active market in which the individual fund is traded.

In determining the appropriate levels, RRCA performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

The table below presents the balances of investments as of December 31, 2025, measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Equities	\$ 1,224,949	\$ 1,224,949	\$ -0-	\$ -0-
Corporate bonds	705,896	-0-	705,896	-0-
Exchange traded funds	303,911	303,911	-0-	-0-
Total assets at fair value	2,234,756	\$ 1,528,860	\$ 705,896	\$ -0-
Cash and cash equivalents, reported at cost	599,740			
Total investments	\$ 2,834,496			

The table below presents the balances of investments as of December 31, 2024, measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Equities	\$ 1,726,401	\$ 1,726,401	\$ -0-	\$ -0-
Corporate bonds	387,405	-0-	387,405	-0-
Exchange traded funds	287,005	287,005	-0-	-0-
Total assets at fair value	2,400,811	\$ 2,013,406	\$ 387,405	\$ -0-
Cash and cash equivalents, reported at cost	336,007			
Total investments	\$ 2,736,818			

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 6: Endowment Funds**

The Financial Accounting Standards Board (FASB) has issued guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Commonwealth of Virginia has enacted UPMIFA. The FASB guidance also requires additional disclosures about an organization's funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

RRCA's endowment consists of donor restricted funds whose purpose is to provide long-term support for RRCA's programs. Endowment funds are classified as net assets with or without donor restrictions depending on which classification is determined by the donors and, where applicable, the provisions of the laws of the Commonwealth of Virginia. The portion of donor-restricted endowment funds that can be spent are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by RRCA in a manner consistent with the standard of prudence prescribed by UPMIFA and the stipulations imposed by the original donor. In accordance with UPMIFA, RRCA considers the following factors in making a determination to the appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of RRCA and the donor-restricted endowment fund; (3) general economic conditions; (4) other resources of RRCA; and (5) investment policies of RRCA.

Endowment net asset as of December 31, 2025 and 2024 is as follows:

	2025	2024
Balance January 1	\$ 10,000	\$ 10,000
Investment income, net	350	1,100
Appropriation of expenditure	(350)	(1,100)
Balance, December 31	<u>\$ 10,000</u>	<u>\$ 10,000</u>

**Note 7: Net Assets**

As of December 31, 2025 and 2024, RRCA's board designated net assets are available for the following purposes:

	2025	2024
Undesignated	<u>\$ 1,986,739</u>	<u>\$ 1,854,381</u>
Board-designated		
Operating reserve fund	<u>600,000</u>	<u>600,000</u>
Total net assets without donor restrictions	<u>\$ 2,586,739</u>	<u>\$ 2,454,381</u>

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 7: Net Assets (Continued)**

As of December 31, 2025 and 2024, RRCA's net assets with donor restrictions are available for the following purposes:

	2025	2024
Subject to expenditure for specified purpose:		
Kids Run the Nation	\$ 87,250	\$ 67,432
Coaches Scholarship	16,640	10,687
RunPro Fund	3,046	952
Technology	-0-	16,650
Total	<u>106,936</u>	<u>95,721</u>
Held in perpetuity:		
Endowment	10,000	10,000
Total net assets with donor restrictions	<u>\$ 116,936</u>	<u>\$ 105,721</u>

**Note 8: Net Assets Released from Restrictions**

Net assets were released from donor restrictions during the years ended December 31, 2025 and 2024, respectively, by incurring expenses satisfying the restricted purposes or by occurrence of other events by donors are as follows:

	2025	2024
Kids Run the Nation	\$ 29,926	\$ 30,000
Technology	16,650	3,350
Coaches Scholarship	7,375	4,900
RunPro Fund	298	6,000
	<u>\$ 54,249</u>	<u>\$ 44,250</u>

**Note 9: Retirement Plan**

RRCA has a SEP-IRA retirement plan available for all employees. Employees may contribute to the plan through elective deferrals of salary up to the limitation specified by the IRS. RRCA makes automatic 3% contributions on a quarterly basis. RRCA contributed \$11,068 and \$10,787 in matching contributions for the years ended December 31, 2025 and 2024, respectively.

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 10: Leases**

RRCA leases office space under a non-cancellable operating lease agreement that expires November 2026. RRCA had leased an additional office space and a piece of equipment under non-cancellable operating lease agreements that expired in March 2024 and May 2024, respectively. All leases require monthly payments.

RRCA's total lease expense for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Fixed office leases	\$ 25,901	\$ 43,105
Variable office leases	64	3,996
Fixed equipment leases	-0-	690
Variable equipment leases	-0-	747
Short term leases	-0-	799
Total lease expense	<u>\$ 25,965</u>	<u>\$ 49,337</u>

As of December 31, 2025 and 2024, the right-of-use assets and operating lease liabilities related to operating leases were as follows:

	2025	2024
Operating lease right-of-use assets	<u>\$ 23,310</u>	<u>\$ 47,694</u>
Operating lease liabilities:		
Current maturities of operating lease liabilities	\$ 24,015	\$ 24,441
Operating lease liabilities, net of current maturities	-0-	24,015
	<u>\$ 24,015</u>	<u>\$ 48,456</u>

Other lease details as of December 31, 2025 and 2024 are as follows:

	2025	2024
Weighted average remaining lease term in years	0.91	1.91
Weighted average discount rate	4.31%	4.31%

As of December 31, 2025, future minimum lease payments under operating leases are as follows:

Year Ending December 31:	
2026	\$ 24,447
Less: Amount representing interest	<u>432</u>
Present value of future minimum lease payments	<u>\$ 24,015</u>

**ROAD RUNNERS CLUB OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 11: Revenue from Contracts with Customers**

The following table provides disaggregation of revenue from contracts with customers based on the timing of revenue recognition for the years ended December 31, 2025 and 2024:

	2025	2024
Revenue from contracts with customers recognized at a point in time:		
Insurance program	\$ 1,721,080	\$ 1,599,183
Coaching certifications	339,668	330,586
Licensing income	241,581	234,656
Special programs	57,352	72,356
Sponsorships	45,900	47,500
Publications	48	53
Total revenue recognized at a point in time	2,405,629	2,284,334
Revenue from contracts with customers recognized over time:		
Membership dues	593,191	556,330
Total revenue from contracts with customers	\$ 2,998,820	\$ 2,840,664

Various economic factors affect the recognition of revenue and cash flows, including the RRCA's ability to run programs, hold events, and retain and attract members. No significant events occurred that had a material impact on RRCA's revenue recognition or cash flows for the years ended December 31, 2025 and 2024.

**Note 12: Litigation and Claims**

RRCA is a party to a legal claim that has arisen in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to this matter will not have a material adverse effect on RRCA's results of operations or financial condition.

**Note 13: Risks and Uncertainties**

Uninsured Deposits: RRCA maintains its cash balances at one financial institution. Periodically during the year, RRCA's cash balances may exceed federally insured limits. RRCA has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Financial Risk: RRCA's investment portfolio is a professionally managed portfolio that contains equities, exchange-traded funds and corporate bonds. Such investments are exposed to various investment risks such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

