Life Town, Inc. and Friendship Circle New Jersey, Inc.
Combined Financial Statements
June 30, 2025 and 2024
With Independent Auditor's Report

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ADVISORY TAX AUDIT

Life Town, Inc. and Friendship Circle New Jersey, Inc.
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Independent Auditor's Report

To The Board of Directors of
Life Town, Inc. and Friendship Circle New Jersey, Inc.:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Life Town, Inc. and Friendship Circle New Jersey, Inc. (the "Organization"), which comprise the combined statements of financial position as of June 30, 2025 and 2024, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in their net assets and their 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") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 and *Government 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 combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedules of financial position as of June 30, 2025 and 2024, combining schedules of activities and changes in net assets for the years ended June 30, 2025 and 2024, and the schedule of expenditures of state financial assistance for the year ended June 30, 2025 are presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Withum Smith + Brown, PC

February 3, 2026

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Combined Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash	$ 1,823,162	$ 1,050,611
Pledges receivable, net	1,138,068	242,874
Certificate of deposit	-	512,286
Other current assets	25,980	23,482
Total current assets	2,987,210	1,829,253
Property and equipment, net	16,976,256	16,605,183
Pledges receivable, noncurrent	25,000	50,000
Investments	1,569,462	1,438,837
Total assets	$ 21,557,928	$ 19,923,273
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Line of credit	$ 300,096	$ 94
Current portion of long-term debt	134,378	126,978
Accounts payable and accrued expenses	132,626	439,902
Total current liabilities	567,100	566,974
Long-term debt, net of current portion	917,445	1,048,235
Total liabilities	1,484,545	1,615,209
Net assets		
Without donor restrictions	16,695,831	15,828,466
With donor restrictions	3,377,552	2,479,598
Net assets	20,073,383	18,308,064
Total liabilities and net assets	$ 21,557,928	$ 19,923,273

The Notes to Combined Financial Statements are an integral part of these statements.

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Combined Statements of Activities and Changes in Net Assets
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and revenues						
Contributions of cash and other financial assets	$ 1,250,300	$ 1,549,990	$ 2,800,290	$ 1,436,035	$ 1,680,713	$ 3,116,748
Grants	500,000	-	500,000	82,500	-	82,500
Fundraising events	1,789,594	-	1,789,594	1,117,465	-	1,117,465
Program income	806,233	-	806,233	479,549	-	479,549
Investment income, net	23,082	124,191	147,273	13,772	108,831	122,603
Rental income	15,630	-	15,630	44,325	-	44,325
Other income	14,610	-	14,610	9,049	-	9,049
Net assets released from restriction	776,227	(776,227)	-	1,623,292	(1,623,292)	-
Total support and revenues	5,175,676	897,954	6,073,630	4,805,987	166,252	4,972,239
Expenses						
Program services	3,375,594	-	3,375,594	3,105,883	-	3,105,883
Management and general	540,291	-	540,291	521,652	-	521,652
Fundraising	392,426	-	392,426	251,938	-	251,938
Total expenses	4,308,311	-	4,308,311	3,879,473	-	3,879,473
Changes in net assets	867,365	897,954	1,765,319	926,514	166,252	1,092,766
Net assets						
Beginning of year	15,828,466	2,479,598	18,308,064	14,901,952	2,313,346	17,215,298
End of year	$ 16,695,831	$ 3,377,552	$ 20,073,383	$ 15,828,466	$ 2,479,598	$ 18,308,064

The Notes to Combined Financial Statements are an integral part of these statements.

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Combined Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	2025				2024			
	Program Services	**Management and General**	**Fundraising**	**Total**	**Program Services**	**Management and General**	**Fundraising**	**Total**
Salaries	$ 961,991	$ 200,283	$ 34,328	$ 1,196,602	$ 721,469	$ 211,526	$ 33,960	$ 966,955
Payroll taxes and fringe benefits	339,498	49,632	45,433	434,563	308,437	50,155	39,462	398,054
Professional fees	137,998	164,715	-	302,713	165,329	85,375	-	250,704
Repairs and maintenance	268,210	14,891	14,891	297,992	176,771	9,821	9,821	196,413
Occupancy	44,121	2,823	2,823	49,767	33,724	1,874	1,874	37,472
Office expense, printing and postage	152,097	49,920	8,148	210,165	155,876	49,920	8,148	213,944
Interest expenses	51,064	19,547	2,837	73,448	64,870	34,432	3,604	102,906
Depreciation and amortization	435,871	24,017	24,017	483,905	405,837	22,283	22,283	450,403
Insurance	55,303	12,859	2,300	70,462	45,692	12,859	2,300	60,851
Advertising and promotion	104,811	-	62,577	167,388	24,301	2,255	130,199	156,755
Travel	16,339	1,604	5,599	23,542	7,216	-	287	7,503
Food, supplies and client assistance	808,291	-	189,473	997,764	996,361	-	-	996,361
Bad debt expenses	-	-	-	-	-	41,152	-	41,152
Total expenses	$ 3,375,594	$ 540,291	$ 392,426	$ 4,308,311	$ 3,105,883	$ 521,652	$ 251,938	$ 3,879,473

The Notes to Combined Financial Statements are an integral part of these statements.

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Combined Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating activities		
Change in net assets	$ 1,765,319	$ 1,092,766
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Bad debt expenses	-	41,152
Depreciation and amortization	483,905	450,403
Realized and unrealized gains on investments	(121,554)	(102,784)
Donated investments	-	(10,000)
Proceeds from contributions restricted for construction and endowment	(537,490)	(1,359,309)
Changes in operating assets and liabilities		
Pledges receivable	(903,320)	1,061,636
Other current assets	(2,498)	(2,864)
Accounts payable and accrued expenses	(274,150)	264,730
Net cash provided by operating activities	410,212	1,435,730
Investing activities		
Purchase of certificates of deposit and reinvestment of interest	-	(512,286)
Maturity of certificates of deposit	512,286	500,000
Purchases of property and equipment	(854,978)	(812,286)
Purchase of investments	(9,071)	(1,068,049)
Net cash used in investing activities	(351,763)	(1,892,621)
Financing activities		
Changes in line of credit	300,002	(200,002)
Proceeds from contributions restricted for construction	504,490	287,309
Proceeds from contributions restricted for endowment	33,000	1,072,000
Payment of long-term debt	(123,390)	(824,079)
Net cash provided by financing activities	714,102	335,228
Net change in cash	772,551	(121,663)
Cash		
Beginning of year	1,050,611	1,172,274
End of year	$ 1,823,162	$ 1,050,611
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 73,448	$ 86,880

The Notes to Combined Financial Statements are an integral part of these statements.

1. Organization and Purpose of Corporation

Life Town, Inc. ("Life Town") was incorporated in 2012 in New Jersey as a nonprofit corporation. Life Town's primary function is to create a center for therapeutic services and life-skills training to engage children and teens, including those with special needs, in a thoroughly enriching experience through extensive recreational, educational and therapeutic programs; develop independence for people with disabilities through role-play in Life Village, a real-life town square; be a resource for special education schools into an inclusive setting and greater involvement in the general community and to provide them with much needed respite and support; and to motivate, inspire and enrich teen and adult volunteers through sharing of themselves with others.

Friendship Circle was founded in 1996 as a project of the Rabbinical College of America. On June 18, 2013, it was incorporated in New Jersey as its own entity, Friendship Circle New Jersey, Inc. ("FCNJ"), a nonprofit corporation. FCNJ is a primary resource for families who have children or teens with special needs. Participants and their families benefit from a wide array of innovative respite, social and recreational programs. The parents enjoy some much-needed respite, secure in the knowledge that their children are in a safe, warm and welcoming environment. FCNJ's distinctive approach of pairing participants with teen volunteers, motivates, inspires and enriches everyone involved. At the heart of all FCNJ programming is the belief that each and every individual can be a productive member of the community and benefit from inclusive programming. FCNJ also provides other educational programs and services.

Chabad of Livingston, Inc. was incorporated in New Jersey on October 27, 2014 and established as a Type III supporting organization, parent organization, and Sole Member to support Friendship Circle New Jersey, Inc. and Life Town, Inc. and is an exempt organization in accordance with IRS section 501(c)(3). There was no activity for Chabad of Livingston, Inc. during the years ended June 30, 2025 and 2024.

The Organization receives significant involvement from volunteers. The value of these services has not been reflected in the combined financial statements as they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America ("US GAAP").

2. Summary of Significant Accounting Policies

a. Basis of Combination

The combined financial statements include the accounts of Life Town and FCNJ. The entities are affiliated by means of overlapping boards of directors and common management. Collectively, the two organizations are referred to in the combined financial statements as the "Organization." All significant intercompany accounts and transactions have been eliminated in combination.

b. Basis of Presentation

The combined financial statements have been prepared on the accrual basis in conformity with US GAAP.

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to donor-imposed restrictions.

The net assets of the Organization are reported as follows:

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 Organization's management and the Board of Directors.

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets received and spent in the same reporting period are reflected as net assets without restrictions.

c. Estimates

The preparation of combined financial statements in conformity with US 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 combined financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

d. Income Taxes

Life Town and FCNJ are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and state income taxes under similar provisions. They are required to file charitable registrations in states where they solicit contributions. Accordingly, no provision or liability for income taxes has been recorded in the combined financial statements. There were no uncertain tax positions at June 30, 2025 and 2024. Life Town and FCNJ did not have any income tax related penalties or interest for the years ended June 30, 2025 and 2024.

e. Revenue and Support Recognition

Contributions and Grants
The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right to return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as refundable advances. Grant funds expended in advance of reimbursement from the funding source are classified as grants and contracts receivable in the combined statements of financial position. The Organization had no conditional awards at June 30, 2025 and 2024.

Fundraising Events
Fundraising revenue is comprised of payments received from third parties (individuals and corporations) to support and/or attend fundraising events. Fundraising revenue includes an exchange transaction component for the value of the goods or services received, which follows revenue recognition guidance under ASC Topic 606. The amount paid by individuals and corporations that is above the value of goods or services received is considered a contribution. Revenue is recognized at the point in time the fundraising event occurs.

Fee for Service
The Organization's fee for service revenues, including program fees and relate to contracts with consumers in which the performance obligation is to provide certain counseling and related services. The Organization recognizes revenues in the period in which obligations to provide such services are satisfied and reports the amount that reflects the consideration to which the Organization is expected to be entitled. The Organization's performance obligations are generally satisfied over time. The Organization is paid for program services under the state of New Jersey Medicaid program for certain services. State regulations provide certain adjustments to current and prior years' payment rates, based on published rates. Generally, the Organization bills the fee for service revenue to the state of New Jersey through the Medicaid program on a weekly basis.

Laws and regulations governing the Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates could change by a material amount if, under audit, charges are disallowed. Management periodically reviews recorded amounts receivable from, or payable to third- party payors and adjusts these balances as new information becomes available.

Pledges Receivable
Management records unconditional pledges receivable that are expected to be collected within one year at net realizable value. Pledges receivable with expected collection past one year are recorded at net present value using risk-free rates applicable to the years in which the promises are received. Management monitors the collectability of these receivables and an allowance for uncollectable promises to give is recorded based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

f. Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the combined statements of activities and changes in net assets and detailed within the combined statements of functional expenses. Expenses directly attributed to a specific function are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense Category	Allocation Methodology
Salaries and fringe benefits	Time and effort
Occupancy	Square footage
Depreciation	Square footage
Interest	Square footage
Repairs and maintenance	Square footage
Office expense, printing and postage	Salaries
Insurance	Salaries
Travel	Salaries

g. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Organization did not have cash equivalents at June 30, 2025 and 2024.

h. Certificate of Deposit

The Organization had certificates of deposit amounting to $0 and $512,286 at June 30, 2025 and 2024, respectively. Certificates of deposit are valued at cost plus accrued interest which approximates fair value. Such interest-bearing deposits in banks have original maturities of 6 months, with penalties for early withdrawal. The interest rate was approximately 5% as of June 30, 2025 and 2024. In accordance with US GAAP, interest is recorded when earned. The certificate of deposit at June 30, 2024 matured in fiscal 2025.

i. Investments

The Organization's investments in equity securities with readily determinable fair values and all investments in traded debt securities are reported at fair value. Security transactions and related expenses are accounted for on a trade date basis. Realized and unrealized gains and losses are included in investment income (loss) in the accompanying combined statements of activities and changes in net assets. Investment expenses, including direct internal and external investment expenses, are shown net of investment income (loss). Investment income (loss) is allocated between with and without donor restrictions based on state law.

j. Fair Value Measurements

The Organization measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

Fair Value Hierarchy
Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of valuation inputs:

Level 1 - Fair value measurements based on quoted prices (unadjusted) in active markets that the has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such instruments.

Level 2 - Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Organization must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

The Organization maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

k. Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation, except for donated items which are recorded at fair value based on the assessed value at the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restricted support. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The depreciable years utilized by major asset categories are as follows:

	Estimated Life (Years)
Building	40
Building improvements	10
Equipment	5
Website	3

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

l. Valuation of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. Management has determined that no impairment charge was required for the years presented in these combined financial statements.

m. Advertising Expenses

Advertising expenses are expensed in the period incurred. Advertising expenses amounted to $167,388 and $154,500 at June 30, 2025 and 2024**,** respectively.

n. Leases

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of twelve months or less are not recorded on the combined statements of financial position. The Organization had no finance or operating leases during 2025 and 2024.

o. Reclassification

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net assets.

3. Liquidity and Availability of Resources

As of June 30, 2025 and 2024, the Organization's liquidity resources and financial assets available within one year for general expenditures, such as operating expenses, payment of accounts payable and other expenditures, were as follows:

	2025	2024
Financial assets		
Cash	$ 1,823,162	$ 1,050,611
Pledges receivable, net	1,163,068	292,874
Certificates of deposit	-	512,286
Investments	1,569,462	1,438,837
Total financial assets available	4,555,692	3,294,608
Less: Net assets with donor restrictions (Note 9)	(3,377,552)	(2,479,598)
Add: Available line of credit	699,904	999,906
Total financial assets and liquidity resources available within one year	$ 1,878,044	$ 1,814,916

The Organization receives funding from individual donors and program fees. The majority of the fundraising activities are used to pay for operating expenditures. Bills are paid as they come due, and a line of credit is available and will be utilized in the event of a cash flow shortfall (Note 7).

4. Pledges Receivable, Net

Pledges are recognized when the donor's commitment is received. The pledges are recognized at the estimated present value of future cash flows. Pledges receivable at June 30, 2025 and 2024 are as follows:

	2025	2024
Due in one year or less	$ 1,184,310	$ 289,116
Due between one and five years	25,000	50,000
Pledges receivable, gross	1,209,310	339,116
Allowance for uncollectible pledges	(46,242)	(46,242)
Pledges receivable, net	$ 1,163,068	$ 292,874

5. Investments

Carrying value of investments was as follows as of June 30, 2025 and 2024:

	2025	2024
Investments in pooled funds	$ 1,559,462	$ 1,428,837
Bonds	10,000	10,000
	$ 1,569,462	$ 1,438,837

Net investment return related to the pooled investments was comprised of the following for the years ended June 30, 2025 and 2024:

	2025	2024
Realized gains	$ 135,509	$ 47,647
Unrealized gains	(13,955)	55,137
Interest and dividends	40,436	31,263
Investment fees	(14,717)	(11,444)
	$ 147,273	$ 122,603

Investments at fair value are as follows at June 30, 2025 and 2024:

	2025		
	Level 2	Net Asset Value	Total
Investments in pooled funds	$ -	$ 1,559,462	$ 1,559,462
Bonds	10,000	-	10,000
	$ 10,000	$ 1,559,462	$ 1,569,462

	2024		
	Level 2	**Net Asset Value**	**Total**
Investments in pooled funds	$ -	$ 1,428,837	$ 1,428,837
Bonds	10,000	-	10,000
	$ 10,000	$ 1,428,837	$ 1,438,837

The follow information relates to the investments in pooled funds at net asset value at June 30, 2025 and 2024:

Category of Investment	Investment Strategy	2025	2024	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Pooled fund	Long-term growth	$ 1,559,462	$ 1,428,837	None	None	None

6. Property and Equipment, Net

The historical costs of the Organization's property and equipment and related accumulated depreciation balances at June 30, 2025 and 2024 were as follows:

	2025	2024
Land	$ 775,000	$ 775,000
Building	18,870,519	17,872,978
Equipment	29,744	40,649
Website	57,228	55,233
Construction in progress	12,894	504,437
Deposits on capital assets	357,890	-
Total property and equipment, at cost	20,103,275	19,248,297
Less: Accumulated depreciation	3,127,019	2,643,114
Total property and equipment, net	$ 16,976,256	$ 16,605,183

Depreciation expense amounted to $483,905 and $450,403 for the years ended June 30, 2025 and 2024, respectively.

7. Line of Credit

Life Town has a $1,000,000 line of credit, bearing interest at the prevailing prime rate (7.50% and 8.50% at June 30, 2025 and 2024, respectively), as published in the *Wall Street Journal*, plus 1.50% with a floor of 5%. The line of credit has a maturity date of June 2026. The line of credit is secured by the building located at 10 Microlab Road, Livingston, NJ. The outstanding line of credit balance at June 30, 2025 and 2024 was $300,096 and $94, respectively.

8. Long-Term Debt

A summary of long-term debt obligations at June 30, 2025 and 2024 is as follows:

	2025	2024
Mortgage note collateralized by building of Life Town. The note bears interest at 5.375% per annum for a term of 25 years through July 2038. Monthly payment including interest is $12,127.	$ 561,537	$ 675,213
Loan payable - $500,000 from the Small Business Administration ("SBA"), an agency of the U.S. Government, through the Economic Injury Disaster Loan program. The loan is payable in monthly installments of principal and interest of $2,202 beginning in December 15, 2022 for a term of 30 years at an interest rate of 2.75%.	490,286	500,000
	1,051,823	1,175,213
Less: Current portion of long-term debt	134,378	126,978
	$ 917,445	$ 1,048,235

The aggregate amounts of principal maturities and sinking fund requirements of long-term debt outstanding at June 30, 2025 are as follows:

2026	$ 134,378
2027	142,222
2028	150,540
2029	159,356
2030	43,770
Thereafter	421,557
	$ 1,051,823

9. Net Assets

Net assets with donor restrictions are composed of the following at June 30, 2025 and 2024:

	2025	2024
Purpose restricted for programmatic use as follows		
Building Fund	$ 755,590	$ 938,261
Soul Center	1,012,500	-
Endowment	1,559,462	1,428,837
	3,327,552	2,367,098
Time restricted	50,000	112,500
	$ 3,377,552	$ 2,479,598

Net assets with donor restrictions released in the years ended June 30, 2025 and 2024 were as follows:

	2025	2024
Building Fund	$ 687,159	$ 1,614,702
Endowment	26,568	7,385
Virtual programming	-	1,205
Time restricted	62,500	-
Net assets released from restrictions	$ 776,227	$ 1,623,292

10. Endowment Funds

Description of Fund

The Organization established its Legacy Endowment Campaign which is intended to help the Organization provide a steady investment revenue stream to fund future operations.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") provides guidance on the maintenance and spending of endowment funds when the intent of the donors is not clear. UPMIFA provides guidelines for the expenditure of an endowment fund, absent explicit donor stipulations. UPMIFA eliminated the requirement for a permanent endowment to be maintained at its historic dollar value amount and instead allows not-for-profits to adopt prudent spending policies. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

The Organization restricts the investment earnings on the endowment funds until appropriated for expenditure. The Organization considers the following factors in making a determination to distribute or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for long-term assets that attempt to provide a predictable stream of funding to programs supported by its long-term assets while seeking to maintain the purchasing power of these assets. Under this policy, as approved by the Board of Directors, long-term assets are invested with a community foundation in a manner that is intended to accomplish these goals.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of distributing annually each year 5% of its long-term assets' average fair value over the prior ending thirteen quarters through the fiscal year-end of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its assets. This is consistent with the Organization's objective to maintain the purchasing power of the long-term assets held, as well as to provide additional real growth through new gifts and investment return.

The following table provides information regarding the change in endowment net assets for the years ended June 30, 2025 and 2024:

	2025	2024
Endowment net assets, beginning of year	$ 1,428,837	$ 248,004
Contributions received	33,000	1,072,000
Expenditures	(26,568)	-
Investment income	124,193	108,833
Endowment net assets, end of year	$ 1,559,462	$ 1,428,837
Investment by type of fund		
Donor restricted "true" endowment		
Historical gift value	$ 1,340,836	$ 1,307,836
Net accumulated earnings	218,626	121,001
	$ 1,559,462	$ 1,428,837

Underwater Endowment Funds
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature exist for accumulated donor-restricted endowment funds. There were no funds with historical gift value deficiencies as of June 30, 2025 and 2024.

11. Related Party Transactions

Life Town has a line of credit and mortgage with an institution in which a board member of the Organization is the Chairman of the Board of the financial institution (Notes 7 and 8).

12. Concentrations

Concentration of Credit Risk
Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and pledges receivable.

The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, changes in net assets, and cash flows.

Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the Organization’s contributor base. There were no donor concentrations at June 30, 2024. One donor concentration existed at June 30, 2025, which resulted in a 86% concentration of the total pledges receivable balance due.

Two donors comprised 25% of revenue for the year ended June 30, 2025. One donor comprised 21% of revenue for the year ended June 30, 2024.

Investment Risk
The Organization invests in various investments which are exposed to various risks such as interest rates, credit and overall volatility risks. Due to the level of risk with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the Organization's account balances and the amounts reported in the accompanying combined financial statements.

13. Commitments

Solar Agreement
In April 2019, the Organization entered into an agreement to utilize solar panels expiring in April 2029. The Organization is responsible for early termination fees if the agreement is cancelled before 10 years and is responsible for energy output costs. The output costs are considered variable lease payments based on energy output and are included in occupancy expense on the combined statements of functional expenses.

Lease Agreement
Life Town entered into a lease agreement with FCNJ in June 2013. The term of the lease is for seven years through June 2020 at $350,000 per year. The lease was extended five years with an expiration of June 2025. Rental income and expense have been eliminated in the combination.

14. Subsequent Event

The Organization has evaluated subsequent events occurring after the combined statement of financial position date through February 3, 2026, the date the combined financial statements were available to be issued. Based upon this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in or adjustment to the combined financial statements.

Supplementary Information

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Consolidating Schedule of Financial Position
June 30, 2025

	2025			
	LIFE TOWN, INC	Friendship Circle	Eliminating	Total
Assets				
Current assets				
Cash	$ 256,611	$ 1,566,551	$ -	$ 1,823,162
Pledges receivable, net	47,513	1,206,588	(116,033)	1,138,068
Other current assets	6,194	19,786	-	25,980
Due from affiliate	354,092	-	(354,092)	-
Total current assets	664,410	2,792,925	(470,125)	2,987,210
Property and equipment	16,612,091	364,165	-	16,976,256
Investments	1,559,462	10,000	-	1,569,462
Pledges receivable, noncurrent	25,000	-	-	25,000
Total assets	$ 18,860,963	$ 3,167,090	$ (470,125)	$ 21,557,928
Liabilities and Net Assets				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	$ 169,895	$ 78,764	$ (116,033)	$ 132,626
Line of credit	300,096	-	-	300,096
Current portion of long-term debt	121,273	13,105	-	134,378
Due to affiliate	-	354,092	(354,092)	-
Total current liabilities	591,264	445,961	(470,125)	567,100
Long-term debt, net of current portion	440,264	477,181	-	917,445
Total liabilities	1,031,528	923,142	(470,125)	1,484,545
Net assets				
Without donor restrictions	15,464,381	1,231,448	-	16,695,829
With donor restrictions	2,365,054	1,012,500	-	3,377,554
Total net assets	17,829,435	2,243,948	-	20,073,383
Total liabilities and net assets	$ 18,860,963	$ 3,167,090	$ (470,125)	$ 21,557,928

See Independent Auditor's Report.

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Consolidating Schedule of Financial Position
June 30, 2024

	2024			
	LIFE TOWN, INC	Friendship Circle	Eliminating	Total
Assets				
Current assets				
Cash	$ 32,780	$ 1,017,831	$ -	$ 1,050,611
Pledges receivable, net	153,235	230,415	(140,776)	242,874
Other current assets	3,801	19,681	-	23,482
Due from affiliate	569,113	-	(569,113)	-
Certificates of deposit	-	512,286	-	512,286
Total current assets	758,929	1,780,213	(709,889)	1,829,253
Property and equipment	16,597,331	7,852	-	16,605,183
Investments	1,428,837	10,000	-	1,438,837
Pledges receivable, noncurrent	50,000	-	-	50,000
Total assets	$ 18,835,097	$ 1,798,065	$ (709,889)	$ 19,923,273
Liabilities and Net Assets				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	$ 427,899	$ 152,779	$ (140,776)	$ 439,902
Line of credit	94	-	-	94
Current portion of long-term debt	126,978	-	-	126,978
Due to affiliate	-	569,113	(569,113)	-
Total current liabilities	554,971	721,892	(709,889)	566,974
Mortgage loans payable, noncurrent	548,235	500,000	-	1,048,235
Total liabilities	1,103,206	1,221,892	(709,889)	1,615,209
Net assets				
Net assets with donor restrictions	15,252,293	576,173	-	15,828,466
Net assets without donor restrictions	2,479,598	-	-	2,479,598
Total net assets	17,731,891	576,173	-	18,308,064
Total liabilities and net assets	$ 18,835,097	$ 1,798,065	$ (709,889)	$ 19,923,273

See Independent Auditor's Report.

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Combining Schedule of Activities
Year Ended June 30, 2025

	Life Town, Inc.			Friendship Circle				Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue										
Contributions of cash and other financial assets	$ 132,581	$ 537,490	$ 670,071	$ 1,117,719	$ 1,012,500	$ 2,130,219	$ -	$ 1,250,300	$ 1,549,990	$ 2,800,290
Grants	500,000	-	500,000	150,000	-	150,000	(150,000)	500,000	-	500,000
Fundraising events	-	-	-	1,789,594	-	1,789,594	-	1,789,594	-	1,789,594
Program income	204,259	-	204,259	601,974	-	601,974	-	806,233	-	806,233
Investment income	2,552	124,193	126,745	20,528	-	20,528	-	23,080	124,193	147,273
Rental income	365,630	-	365,630	-	-	-	(350,000)	15,630	-	15,630
Other income	-	-	-	14,610	-	14,610	-	14,610	-	14,610
	1,205,022	661,683	1,866,705	3,694,425	1,012,500	4,706,925	(500,000)	4,399,447	1,674,183	6,073,630
Net assets released from restriction	776,227	(776,227)	-	-	-	-	-	776,227	(776,227)	-
Total support and revenue	1,981,249	(114,544)	1,866,705	3,694,425	1,012,500	4,706,925	(500,000)	5,175,674	897,956	6,073,630
Expenses										
Program services	1,260,617	-	1,260,617	2,579,977	-	2,579,977	(465,000)	3,375,594	-	3,375,594
Management and general	115,930	-	115,930	441,861	-	441,861	(17,500)	540,291	-	540,291
Fundraising	42,614	-	42,614	367,312	-	367,312	(17,500)	392,426	-	392,426
Total expenses	1,419,161	-	1,419,161	3,389,150	-	3,389,150	(500,000)	4,308,311	-	4,308,311
Change in net assets before forgiveness of debt from affiliates	562,088	(114,544)	447,544	305,275	1,012,500	1,317,775	-	867,363	897,956	1,765,319
Forgiveness of debt from affiliates	(350,000)	-	(350,000)	350,000	-	350,000	-	-	-	-
Changes in net assets	212,088	(114,544)	97,544	655,275	1,012,500	1,667,775	-	867,363	897,956	1,765,319
Net assets										
Beginning of year	15,252,293	2,479,598	17,731,891	576,173	-	576,173	-	15,828,466	2,479,598	18,308,064
End of year	$ 15,464,381	$ 2,365,054	$ 17,829,435	$ 1,231,448	$ 1,012,500	$ 2,243,948	$ -	$ 16,695,829	$ 3,377,554	$ 20,073,383

See Independent Auditor's Report.

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Combining Schedule of Activities
Year Ended June 30, 2024

	Life Town, Inc.			Friendship Circle				Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue										
Contributions of cash and other financial assets	$ 8,232	$ 1,680,711	$ 1,688,943	$ 1,427,805	$ -	$ 1,427,805	$ -	$ 1,436,037	$ 1,680,711	$ 3,116,748
Grants	-	-	-	82,500	-	82,500	-	82,500	-	82,500
Fundraising events	-	-	-	1,117,465	-	1,117,465	-	1,117,465	-	1,117,465
Program income	212,234	-	212,234	267,315	-	267,315	-	479,549	-	479,549
Investment income (loss)	-	108,833	108,833	13,770	-	13,770	-	13,770	108,833	122,603
Rental income	394,325	-	394,325	-	-	-	(350,000)	44,325	-	44,325
Other income	-	-	-	9,049	-	9,049	-	9,049	-	9,049
	614,791	1,789,544	2,404,335	2,917,904	-	2,917,904	(350,000)	3,182,695	1,789,544	4,972,239
Net assets released from restriction	1,623,292	(1,623,292)	-	-	-	-	-	1,623,292	(1,623,292)	-
Total support and revenue	2,238,083	166,252	2,404,335	2,917,904	-	2,917,904	(350,000)	4,805,987	166,252	4,972,239
Expenses										
Program services	863,876	-	863,876	2,557,007	-	2,557,007	(315,000)	3,105,883	-	3,105,883
Management and general	131,991	-	131,991	407,161	-	407,161	(17,500)	521,652	-	521,652
Fundraising expenses	41,335	-	41,335	228,103	-	228,103	(17,500)	251,938	-	251,938
Total expenses	1,037,202	-	1,037,202	3,192,271	-	3,192,271	(350,000)	3,879,473	-	3,879,473
Changes in net assets	1,200,881	166,252	1,367,133	(274,367)	-	(274,367)	-	926,514	166,252	1,092,766
Net assets										
Beginning of year	14,051,412	2,313,346	16,364,758	850,540	-	850,540	-	14,901,952	2,313,346	17,215,298
End of year	$ 15,252,293	$ 2,479,598	$ 17,731,891	$ 576,173	$ -	$ 576,173	$ -	$ 15,828,466	$ 2,479,598	$ 18,308,064

See Independent Auditor's Report.

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2025

State Grantor/Program Title	Award Number	Award Period	Expenditures	Expenditures - Life of Contract
State of New Jersey, Department of Community Affairs - Friendship Circle 2025	2025-05446-0206-00	07/01/2024 - 06/30/2025	$ 500,000	$ 500,000

Basis of Presentation

The schedule of expenditures of state financial assistance includes the state grant activity of Life Town, Inc. and Friendship Circle New Jersey, Inc. (the “Organization”) for the year ended June 30, 2025 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Organization’s grant agreement with the State of New Jersey, Department of Community Affairs. Because the schedule presents only a selected portion of the operations of the Organization, it does not present the financial position, changes in net assets, or cash flows of the Organization.

Life Town, Inc. and Friendship Circle New Jersey, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material Weaknesses identified?	_____ Yes	___X__ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___X__ No
Noncompliance material to the financial statements noted?	_____ Yes	___X__ No

Section II - Financial Statement Findings

None

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors of
Life Town, Inc. and Friendship Circle New Jersey, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Life Town, Inc. and Friendship Circle New Jersey, Inc. (the "Organization"), which comprise the combined statement of financial position as of June 30, 2025, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to combined financial statements, and have issued our report thereon date February 3, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Withum Smith+Brown, PC

February 3, 2026