

SHORE CLUBHOUSE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2025

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MEMBER:
NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

LICENSED:
NEW JERSEY & NEW YORK

INDEPENDENT AUDITOR'S REPORT

TO: THE BOARD OF TRUSTEES
SHORE CLUBHOUSE, INC.
LONG BRANCH, NEW JERSEY

Opinion

I have audited the accompanying financial statements of Shore Clubhouse, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shore Clubhouse, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I:

- 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 Shore Clubhouse, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shore Clubhouse, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



ROGER K. STEIN, CPA LLC

Neptune, New Jersey

June 2, 2026

SHORE CLUBHOUSE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

Current Assets:

Cash	\$	558,117
Grants receivable		17,500
Other receivable		42,425
		42,425

<u>Total Current Assets</u>		618,042
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Property, Buildings and Equipment:

Operating lease right-of-use asset		2,137
Land		235,217
Building and improvements		642,729
Office equipment and furniture		30,393
Vehicles		78,561
		989,037

Less: Accumulated depreciation		(123,412)
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<u>Net Property, Buildings and Equipment</u>		865,625
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<u>Total Assets</u>	\$	1,483,667
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LIABILITIES

Current Liabilities:

Accounts payable	\$	5,936
Accrued expenses		13,599
Operating lease liability - current portion		2,137
Notes payable - current portion		27,210
		27,210

<u>Total Current Liabilities</u>		48,882
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Other Liabilities:

Notes payable - long-term portion		262,656
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<u>Total Other Liabilities</u>		262,656
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<u>Total Liabilities</u>		311,538
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NET ASSETS

Without donor restrictions		980,377
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With donor restrictions		191,752
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<u>Total Net Assets</u>		1,172,129
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<u>Total Liabilities and Net Assets</u>	\$	1,483,667
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The accompanying notes are an integral
part of these Financial Statements.

SHORE CLUBHOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions of cash and other financial assets	\$ 363,720	\$ -	\$ 363,720
Program income	16,588		16,588
Fundraisers:			
Gross revenues	\$ 290,093		
Less: expenses	<u>(43,211)</u>	246,882	246,882
Realized gain on disposal of asset	4,582		4,582
Investment income	7,031	-	7,031
	<u>638,803</u>	<u>-</u>	<u>638,803</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	6,533	(6,533)	-
Total revenues, gains and other support	<u>645,336</u>	<u>(6,533)</u>	<u>638,803</u>
Expenses:			
Program services	518,983	-	518,983
Supporting services			
Management and general	99,606	-	99,606
Fundraising	119,268	-	119,268
Total expenses	<u>737,857</u>	<u>-</u>	<u>737,857</u>
<u>Change in net assets</u>	<u>(92,521)</u>	<u>(6,533)</u>	<u>(99,054)</u>
Net assets at beginning of year	<u>1,072,898</u>	<u>198,285</u>	<u>1,271,183</u>
Net assets at end of year	<u>\$ 980,377</u>	<u>\$ 191,752</u>	<u>\$ 1,172,129</u>

The accompanying notes are an integral
part of these Financial Statements.

SHORE CLUBHOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Supporting Services</u>			
	Program Services	Management and General	Fund- raising	Total
Salaries and wages	\$ 299,967	\$ 44,824	\$ -	\$ 344,791
Payroll taxes	25,844	3,862		29,706
Employee benefits	447			447
Professional fees		31,057	113,178	144,235
Office expenses	4,077	651		4,728
Operating lease cost	1,931	102		2,033
Repairs and maintenance	12,631	343		12,974
Transportation & travel	30,041	32		30,073
Telephone and internet	4,551	239		4,790
Continuing education		3,363		3,363
Program supplies and expense	27,814			27,814
Dues and subscriptions	5,469	608		6,077
Insurance expense	19,381	2,896		22,277
Accreditation fee	1,513			1,513
Bank charges		7,065		7,065
Payroll processing fees	765	114		879
Fundraising expense			6,090	6,090
Interest expense	14,088	741		14,829
Utilities	9,528	502		10,030
Depreciation expense	60,936	3,207	-	64,143
 Total	 <u>\$ 518,983</u>	 <u>\$ 99,606</u>	 <u>\$ 119,268</u>	 <u>\$ 737,857</u>

The accompanying notes are an integral
part of these Financial Statements.

SHORE CLUBHOUSE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (99,054)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	64,400
Realized gain on disposal of asset	(4,582)
(Increase) decrease in operating assets:	
Grants receivable	(17,500)
Other receivable	(42,425)
Increase (decrease) in operating liabilities:	
Accounts payable	2,186
Accrued expenses	554
	(96,421)
<u>NET CASH USED BY OPERATING ACTIVITIES</u>	<u>(96,421)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from disposal of asset	42,425
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CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on notes payable	(28,701)
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NET DECREASE IN CASH	(82,697)
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CASH AT JANUARY 1, 2025	640,814
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CASH AT DECEMBER 31, 2025	\$ 558,117
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The accompanying notes are an integral
part of these Financial Statements.

SHORE CLUBHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities - The Organization is a nonprofit corporation which is dedicated to improving the lives of adults living with mental illness through its resources and supportive services located in Long Branch, New Jersey. Services include providing recovery through work, education and socialization. The Organization helps its members find structured opportunities to access housing or health care, and to return to school or employment.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Resources available to support operations and are not subject to donor restrictions.

With donor restrictions - Resources that are subject to donor-imposed restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contributions - Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. If there is no unconditional promise, the contribution is recognized when received. Contributions received are recorded as support without donor restrictions or support with donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services - During the year ended December 31, 2025, no amounts have been reflected in the financial statements for contributed services; however, a substantial number of volunteers have donated significant amounts of their time in relation to the Organization's program services and other activities.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. Management believes that the estimates and assumptions are reasonable in the circumstances.

SHORE CLUBHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 1 - (continued)

Grants Receivable - Grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization had no grants receivable at the beginning of the year on January 1, 2025.

Other Receivable - At December 31, 2025, the Organization had an insurance claim receivable of \$42,425 related to a van being totaled in an accident in December 2025. The Organization received the insurance money in March 2026.

Revenue Recognition - The Organization has adopted the guidance under Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Members, which requires the recognition of revenue when promised services are transferred to members in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those services.

Grants - Some grants the Organization receives are cost reimbursement. They are billed after the cost has been incurred and are reviewed by the Organization for the amount earned and, if necessary, adjusted at year end.

Property and Equipment - Property and equipment are carried at cost. Depreciation and amortization are computed using the straight-line and accelerated methods over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense, as incurred. For the year ended December 31, 2025, depreciation and amortization expense was \$64,400.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Income Taxes - The Organization is a not-for-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization evaluates its uncertain tax positions and accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2025, the Organization recognized no liability on uncertain tax positions.

SHORE CLUBHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 2 - Notes Payable - Notes payable at December 31, 2025 consists of the following:

<p>In August 2020, the Organization received a Small Business Emergency Assistance loan from the New Jersey Economic Development Authority (NJEDA). The ten year loan bears interest at 0.00% for the first five years, and then bears interest at the NJEDA prevailing floor rate (capped at 3.00%) for the remaining five years. There is an initial twelve month moratorium on principal payments. The loan is due in August 2030</p>	<p>\$ 53,329</p>
<p>In November 2024, the Organization received a direct loan from the New Jersey Economic Development Authority (NJEDA). The loan, secured by the Long Branch property, is payable over 15 years, in monthly installments of principal in the amount of \$1,435 plus interest at a fixed rate of 5.81%. The loan is due in October 2039.</p>	<p><u>240,052</u></p>
<p>Total Notes Payable</p>	<p><u>\$ 293,381</u></p>

The Organization has adopted the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the statement of functional expenses.

Long-term debt at December 31, 2025, consisted of the following:

Notes Payable	\$ 293,381
Less: Unamortized debt issuance costs	(<u>3,515</u>)
Long-term debt, less unamortized Debt issuance costs	289,866
Less: current portion	(<u>27,210</u>)
Total long-term debt, less current portion	<u>\$ 262,656</u>

Maturity of long-term debt is as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2026	\$ 27,210
2027	27,469
2028	27,789
2029	28,118
2030	27,568
Thereafter	<u>151,712</u>
	<u>\$ 289,866</u>

SHORE CLUBHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 3 - Net Assets With Donor Restrictions - Activities related to net assets with donor restrictions in the current year are summarized as follows:

	Net Assets With Donor Restrictions- Beginning Of Year	Restricted Donations Received During Year	Restrict- ions Satisfied by Payments	Net Assets With Donor Restrictions- End of Year
Building improvements	\$ 31,205	\$ -	\$ 1,421	\$ 29,784
Garden & Horticulture	141,680	-	1,399	140,281
Vehicle expense	24,456	-	2,769	21,687
Various program related	<u>944</u>	<u>-</u>	<u>944</u>	<u>-</u>
Total	<u>\$ 198,285</u>	<u>\$ -</u>	<u>\$ 6,533</u>	<u>\$ 191,752</u>

Note 4 - Liquidity - The following reflects the Organization's financial assets as of December 31, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at December 31, 2025:	
Cash	\$ <u>558,117</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Building Improvements	(29,784)
Garden & Horticulture	(140,281)
Vehicles	(21,687)
	<u>(191,752)</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>366,365</u>

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as general expenditures and liabilities become due.

Note 5 - Functional Allocation of Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to the programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

SHORE CLUBHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 6 - Operating Lease - The Organization adopted ASC 842 under the modified retrospective method and has elected to apply the standard as of the December 31, 2023 financial statement. The Organization leases office equipment over a four-year period.

The following summarizes the line items in the statement of financial position which include amounts for the operating lease as of December 31, 2025:

Operating lease right-of-use asset	\$ <u>2,137</u>
Current portion of operating lease liability	\$ <u>2,137</u>

The components of operating lease expense that are included in the statement of functional expenses for the year ended December 31, 2025 are as follows:

Operating lease cost	\$ 2,033
Interest	162
	\$ <u>2,195</u>

Lease term and discount rate as of December 31, 2025 are as follows:

Remaining lease term	1 year
Discount rate	5.00%

The maturity of the operating lease liability as of December 31, 2025 is as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2026	\$ 2,195
Less: interest	(58)
Present value of lease liability	\$ <u>2,137</u>

Note 7 - Cash Flows - For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. For the year ended December 31, 2025, the Organization paid \$14,410 in interest expense.

Note 8 - Concentrations of Credit Risk - The Organization maintains cash balances at a financial institution which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2025, the Organization's uninsured cash balances totaled \$308,159.

As disclosed in Note 2, 100% of the Organization's long-term debt is with the New Jersey Economic Development Authority.

Note 9 - Subsequent Events - The Organization has evaluated subsequent events through June 2, 2026, which is the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified by management.