LENGTH OF SERVICE

AWARD PROGRAM (LOSAP)

UPPER TWP FIRE DISTRICT #3

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2025 and 2024

LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
Upper Township Fire District #3

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Program Sponsor of the Upper Twp. Fire District #3
Length of Service Award Program (LOSAP)

We have reviewed the accompanying financial statements of the Upper Township Fire District #3 Length of Service Award Program (LOSAP), which comprise the statements of net assets available for benefits as of December 31, 2025 and 2024, and the related statements of changes in net assets available for benefits for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to plan management's financial data and making inquiries of plan management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Plan 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Township of Upper Fire District #3 Length of Service Award Program and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Ford, Scott & Associates, L.L.C.

Ford, Scott & Associates, L.L.C.
Certified Public Accountants

April 10, 2026

Length of Service Award Program (LOSAP)
Upper Township Fire District 3
Statements of Net Assets Available for Benefits
December 31,

		2025	2024
ASSETS			
Investments			
Annuity	$	458,026	350,165
Employer Contribution Receivable			41,806
TOTAL ASSETS		458,026	391,971
NET ASSETS AVAILABLE FOR BENEFITS	$	458,026	391,971

See accompanying notes and independent accountant's review report

Length of Service Award Program (LOSAP)
Upper Township Fire District 3
Statements of Changes in Net Assets Available for Benefits
Years ended December 31,

		2025	2024
ADDITIONS			
Additions to net assets attributed to:			
Investment Income			
Interest Income	$	49,670	34,280
Contributions			
Employer		40,517	41,806
TOTAL ADDITIONS		90,187	76,086
DEDUCTIONS			
Deductions from net assets attributable to:			
Benefits paid to individuals		20,834	37,273
Administration expenses		3,298	2,937
TOTAL DEDUCTIONS		24,132	40,210
NET INCREASE/(DECREASE)		66,055	35,876
NET ASSETS AVAILABLE FOR BENEFITS			
Beginning of Year		391,971	356,095
END OF YEAR	$	458,026	391,971

See accompanying notes and independent accountant's review report

NOTE A - DESCRIPTION OF PROGRAM

The following description of the Length of Service Award Program (LOSAP) for Upper Township Fire District #3 provides only general information. Participants should refer to the Program agreement for a more complete description of the Program's provisions. The Township of Upper Fire District #3 is the Program sponsor.

General - The Program is a defined benefit Program covering volunteers in the Upper Twp. Fire District #3 who have performed sufficient services to earn 50 "points" as defined in an ordinance adopted by the Board of Commissioners in 1995.

Contributions - The Fire District contribution each year is determined based on the Actuarial Valuation Report.

Participant Accounts - Each participant's account reflects the total amount of contributions that are allocated to the account and the earnings thereon, any payments or withdrawals on the participant's behalf from the account and any expenses. Under the enabling legislation, the amount in each participants account is subject to the general creditors of the fire district.

Vesting - Participants are 100% vested after 7 years of service. Benefits will cease if a firefighter does not maintain his/her 50 points. Vested members may opt to be paid a lump sum for their accrued points. Other benefits remain in escrow until age 62, provided a firefighter has been vested by virtue of at least 7 years of eligible service. Benefits accrued to any firefighter who leaves the program before being vested is returned to the program. Those that leave after being vested will receive a payment from the insurance company.

Participant Loans - Loans are not permitted under the Program.

Payment of Benefits - A fully taxable distribution may be made at any time for the full amount of the participant's vested interest in his or her account.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Program administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fees and Costs

The Program participants pay all fees and costs related to administration of the Program.

Employer Contributions

All employer contributions are paid to Lincoln Financial Group within a reasonable time in the year subsequent to the year in which the required points have been earned and certified by the chief of the fire company or rescue squad as applicable.

Contributions Receivable

As set forth in the resolution adopted by the Board of Commissioners, the Plan Sponsor is obligated to make contributions for participants in the plan who meet the service requirements in any qualifying year.

NOTE C - INVESTMENTS

All investment balances at December 31, 2025 and 2024 are certified by Lincoln Financial Group and are valued at market value as stated by Lincoln Financial Group.

During 2025 and 2024 the Program's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $49,670 and $34,280 respectively:

	2025	2024
Interest Income	$ 49,670	$ 34,280

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS

Length of Service Award Program (LOSAP) of the Township of Upper Fire District #3 investments are reported at fair value in the accompanying statement of financial position.

	Fair Value Measurerments Using:	
	Fair Value	Other Significant Observable Inputs (Level 2)
December 31, 2025		
Annuity	$ 458,026	458,026
Total	458,026	458,026
December 31, 2024		
Annuity	$ 350,165	350,165
Total	$ 350,165	350,165

Generally Accepted Accounting Principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. Length of Service Award Program (LOSAP) of the Upper Twp. Fire District #3 uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Length of Service Award Program (LOSAP) of the Upper Twp Fire District #3 measures fair value using Level 2 inputs. No Level 1 or 3 inputs were available to Length of Service Award Program (LOSAP) of the Upper Twp. Fire District #3 in years ended December 31, 2025 and 2024.

Level 2 Fair Value Measurements

The fair value of the equity securities is based on quoted prices of similar assets in a non-active market held by Length of Service Award Program (LOSAP) of the Upper Twp Fire District #3 at year-end.

NOTE E - PARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets and the significant components of the changes in net assets relating to the participant-directed investments is as follows:

	December 31, 2025	December 31, 2024
Net Assets:		
Annuity	$ 458,026	$ 350,165
Employer Contribution Receivable	-	41,806
	$ 458,026	$ 391,971

	Year Ended December 31, 2025	Year Ended December 31, 2024
Changes in Net Assets:		
Beginning of the Year	$ 391,971	$ 356,095
Contributions	40,517	41,806
Benefits paid to individuals	(20,834)	(37,273)
Administration expenses	(3,298)	(2,937)
Interest Income	49,670	34,280
	$ 458,026	$ 391,971

NOTE F - PROGRAM TERMINATION

The Fire District's resolution and the enabling legislation do not have any provisions for program termination.

NOTE G - TAX STATUS

The LOSAP was established as a Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code (IRC) of 1986, as amended, except for specific provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document.

Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Upper Twp. Fire District #3 subject only to the claims of the Fire District's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the Fire District, and each participant's rights are equal to his or her share of the fair market value of the plan assets.

NOTE H - SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through April 10, 2026, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.