

**NEW JERSEY STATE INTERSCHOLASTIC
ATHLETIC ASSOCIATION**

**Financial Statements
June 30, 2014 and 2013**

The report accompanying these financial statements was issued by Spire Group, PC, a New Jersey Professional Corporation.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

Table of Contents

Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 12



INDEPENDENT AUDITORS' REPORT

To the Executive Committee
New Jersey State Interscholastic Athletic Association

We have audited the accompanying statements of financial position of New Jersey State Interscholastic Athletic Association (the "Association", a nonprofit organization), as of June 30, 2014 and 2013 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey State Interscholastic Athletic Association as of June 30, 2014 and 2013, 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.

Spire Group, PC

Clark, New Jersey
September 4, 2014

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

**Statements of Financial Position
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,949,592	\$ 1,658,628
Accounts receivable - net	165,639	151,634
Prepaid expenses	<u>39,298</u>	<u>49,948</u>
Total Current Assets	2,154,529	1,860,210
Property and equipment - net	<u>1,179,191</u>	<u>1,276,454</u>
Total Assets	<u>\$ 3,333,720</u>	<u>\$ 3,136,664</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 402,348	\$ 448,455
Deferred revenue	<u>434,768</u>	<u>392,603</u>
Total Current Liabilities	<u>837,116</u>	<u>841,058</u>
Net Assets - Unrestricted		
Board designated funds	220,000	220,000
Net investment in property and equipment	1,179,191	1,276,454
Operating	<u>1,097,413</u>	<u>799,152</u>
Total Net Assets - Unrestricted	<u>2,496,604</u>	<u>2,295,606</u>
Total Liabilities and Net Assets	<u>\$ 3,333,720</u>	<u>\$ 3,136,664</u>

See accompanying notes.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

**Statements of Activities
For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Revenue		
Sports activities	\$ 2,703,630	\$ 2,780,434
Dues	920,400	924,700
Officials	568,331	575,080
Corporate sponsorships	531,907	554,310
Steroid testing award	50,000	50,000
Scholar/athlete program	59,876	56,245
Coaches association	90,117	95,557
Workshop	140,364	128,536
National Association for Girls and Women in Sports	29,050	29,970
Corporate Hall of Fame	13,500	16,190
Federation rules and casebooks	44,316	37,152
History of wrestling	4,363	3,121
Interest income	13,811	11,433
Miscellaneous income	36,160	36,423
Total Revenue	<u>5,205,825</u>	<u>5,299,151</u>
Expenses		
Program Services		
Sports activities	1,776,682	2,146,068
Officials	337,342	303,273
Corporate sponsorships	273,137	222,254
Steroid testing	94,266	100,457
Scholar/athlete program	64,449	66,424
Coaches association	83,564	85,458
Workshop	109,030	96,411
National Association for Girls and Women in Sports	24,752	24,948
History of wrestling	4,593	5,039
Total Program Services	<u>2,767,815</u>	<u>3,050,332</u>
General and Administrative		
Personnel Costs		
Payroll and related taxes	1,032,935	1,065,179
Pension plan	107,418	115,700
Hospitalization and medical	229,904	232,863
Total Personnel Costs	<u>1,370,257</u>	<u>1,413,742</u>

See accompanying notes.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

**Statements of Activities (Continued)
For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Expenses		
Operational Costs		
Insurance	158,857	152,677
Depreciation	97,263	130,294
Building maintenance	61,248	46,454
Office equipment maintenance and leases	27,415	28,930
Automobile maintenance	25,319	25,470
Office supplies	14,432	14,381
Postage	25,896	27,425
Telephone	17,727	22,337
Stationery and printing	3,368	8,223
Total Operating Costs	<u>431,525</u>	<u>456,191</u>
General and Administrative		
Outside Services		
Legal fees and expenses	203,322	129,449
Accounting, audit and filing fees	25,398	22,180
Stenographic services	13,856	10,570
Project manager	21,700	21,700
Total Outside Services	<u>264,276</u>	<u>183,899</u>
Other Administrative and Miscellaneous Expenses		
Federation rules and casebooks	94,788	82,478
Corporate Hall of Fame	20,732	19,146
Technology	12,899	8,492
Executive committee	12,451	10,838
Administrative	10,027	8,268
National Federation meetings	8,766	17,213
Advisory committee	5,239	5,835
Membership and subscriptions	4,642	3,167
Annual meeting	1,410	825
Bad debts	-	8,000
Total Other Administrative and Miscellaneous Expenses	<u>170,954</u>	<u>164,262</u>
Total General and Administrative	<u>2,237,012</u>	<u>2,218,094</u>

See accompanying notes.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

**Statements of Activities (Continued)
For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Total Expenses	5,004,827	5,268,426
Change in Net Assets	200,998	30,725
Net Assets - Beginning of Years	<u>2,295,606</u>	<u>2,264,881</u>
Net assets - End of Years	\$ <u><u>2,496,604</u></u>	\$ <u><u>2,295,606</u></u>

See accompanying notes.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

Statements of Cash Flows For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Activities		
Change in net assets	\$ 200,998	\$ 30,725
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	97,263	130,294
Bad debts	-	8,000
Changes in operating assets and liabilities		
Accounts receivable	(14,005)	(11,302)
Prepaid expenses	10,649	(2,044)
Accounts payable and accrued expenses	(46,107)	(16,480)
Deferred revenue	42,166	(49,972)
Net Cash Provided by Operating Activities	<u>290,964</u>	<u>89,221</u>
Change in Cash and Cash Equivalents	<u>290,964</u>	<u>89,221</u>
Cash and Cash Equivalents - Beginning of Years	<u>1,658,628</u>	<u>1,569,407</u>
Cash and Cash Equivalents - End of Years	<u>\$ 1,949,592</u>	<u>\$ 1,658,628</u>

See accompanying notes.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

Notes to Financial Statements June 30, 2014 and 2013

Note 1 - Organization

New Jersey State Interscholastic Athletic Association (the "Association"), an organization exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code, was incorporated under the laws of the State of New Jersey. The Association is a voluntary organization made up of all approved public, private and parochial high schools in the State of New Jersey. These schools have been approved by the New Jersey State Department of Education as accredited secondary institutions.

The Association's purpose is to foster and administer interscholastic sports among member schools. The Association promotes participation and sportsmanship to develop good citizens through interscholastic activities which provide equitable opportunities, positive recognition and learning experiences to students while maximizing the achievement of educational goals.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Cash and cash equivalents includes all cash balances, money market funds and certificates of deposit with original maturities of three months or less when acquired. The Association places its cash and cash equivalents with high credit quality financial institutions. At times, such balances may exceed federally insured limits.

Concentrations of credit risk with respect to accounts receivable are limited due to the number of supporters comprising the Association's support base and generally short payment terms. In addition, the Association routinely assesses the financial strength of its supporters and establishes an allowance for doubtful accounts based on a history of past write-offs and collections and current credit considerations.

Accounts Receivable

Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. The Association estimates doubtful accounts based on historical bad debts, factors related to specific individual's ability to pay, and current economic trends.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased, fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures which substantially increase estimated useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in change in net assets. The Association reviews long-lived assets for impairment using an undiscounted cash flow method whenever events or circumstances indicate the carrying value of an asset may not be recoverable. There were no impairment losses related to long-lived assets as of June 30, 2014 and 2013.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable values. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions

Contributions are recorded as either temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue.

Contributed Services

The Association recognized contributions and related expenses of approximately \$253,700 and \$258,100 for donated products and print advertising services for the years ended June 30, 2014 and 2013, respectively. In addition, a substantial number of unpaid volunteers have made significant contributions of their time to develop the Association's programs and special events. The value of this contributed time is not reflected in the accompanying financial statements since it is not susceptible to objective measurement or valuation.

Revenue Recognition

Dues and officials revenue is assessed on an annual basis. Deferred revenue represents dues and officials revenue received in advance of the time period for which it applies. Activities revenue is recognized as each activity occurs.

Functional Expenses

Expenses are charged to program or general and administrative based on a combination of specific identification and allocation by management.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

The Association was incorporated as a not-for-profit organization under the laws of the State of New Jersey and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

The Organizations account for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2014.

The Organization's exempt from federal income tax returns are no longer subject to examination by federal taxing authorities for the years before 2011.

Reclassification

Certain amounts in the year ended June 30, 2013 Statement of Activities were reclassified to conform to the presentation used in the year ended June 30, 2014.

Subsequent Events

The Association has evaluated subsequent events through September 4, 2014, which is the date the financial statements were available to be issued.

Note 3 - Property and Equipment

Property and equipment consists of the following:

	Range of Estimated Useful Lives	2014	2013
Land		\$ 361,346	\$ 361,346
Buildings and improvements	10-39 Years	2,624,764	2,624,764
Furniture and equipment	3-5 Years	393,495	393,495
Automobiles	3 Years	121,058	121,058
Totals		<u>3,500,663</u>	<u>3,500,663</u>
Less accumulated depreciation		<u>(2,321,472)</u>	<u>(2,224,209)</u>
Net		<u>\$ 1,179,191</u>	<u>\$ 1,276,454</u>

Depreciation expense amount to \$97,263 and \$130,294 for the years ended June 30, 2014 and 2013, respectively.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

Notes to Financial Statements June 30, 2014 and 2013

Note 4 - Lease Commitments

The Association leases certain equipment under operating leases expiring through October 2018. Rent expense amounted to \$22,025 and \$23,355 for the years ended June 30, 2014 and 2013, respectively.

Minimum lease payments under noncancelable operating leases in each of the years subsequent to June 30, 2014 are as follows:

<u>Year June 30,</u>	<u>Amount</u>
2015	\$ 22,788
2016	22,788
2017	19,188
2018	15,588
2019	<u>5,196</u>
Total	\$ <u><u>85,548</u></u>

Note 5 - Net Assets - Unrestricted

At June 30, 2014 and 2013, net assets - unrestricted is comprised of the following:

	<u>2014</u>	<u>2013</u>
Executive Committee of the Board of Directors designated funds for future needs:		
Capital improvements	\$ 65,000	\$ 65,000
Computer equipment and software	5,000	5,000
Litigation/insurance reserve	75,000	75,000
Retirement benefits	<u>75,000</u>	<u>75,000</u>
Total designated funds	220,000	220,000
Net investment in property and equipment	1,179,191	1,276,454
Operating	<u>1,097,412</u>	<u>799,152</u>
Total net assets - unrestricted	\$ <u><u>2,496,603</u></u>	\$ <u><u>2,295,606</u></u>

Note 6 - Pension Plan

The Association maintains a defined contribution pension plan covering substantially all of its employees. Contributions, which are determined as a percentage of each covered employee's gross salary, amounted to \$106,387 and \$115,299 for the years ended June 30, 2014 and 2013, respectively. Other expenses related to the administration of the plan were \$1,031 and \$400 for the years ended June 30, 2014 and 2013, respectively.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

Notes to Financial Statements June 30, 2014 and 2013

Note 7 - Litigation

The Association is involved in various claims and legal actions arising in the ordinary course of business. Management believes that the ultimate disposition of these matters will not have a material adverse effect on the Association's financial position or activities.

Note 8 - Business Risks

The Association is significantly affected by market factors, including demand for and price of tournament games tickets. These factors are influenced by a variety of external forces, including weather conditions, enacted legislation, and heightened security concerns. Currently, regulation provides for fixed ticket prices for tournament games, which currently does not permit the Association to adjust ticket prices to respond to rising costs from changes in the market factors.