NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

FINANCIAL STATEMENTS

June 30, 2025 and 2024

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Jersey State Interscholastic Athletic Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the New Jersey State Interscholastic Athletic Association (the “Association”), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Association’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 GAAS, we:

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

Mercadien, P.C.
Certified Public Accountants

November 3, 2025

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,661,460	$ 4,015,759
Accounts receivable - net of allowance of $15,000 in 2025 and 2024	635,417	585,625
Prepaid expenses and other assets	66,343	72,404
Total Current Assets	4,363,220	4,673,788
Property and equipment, net	1,136,372	554,069
Total Assets	$ 5,499,592	$ 5,227,857
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 499,959	$ 516,452
Deferred revenue	225,158	233,143
Total Liabilities	725,117	749,595
Net assets without donor restrictions	4,774,475	4,478,262
Total Liabilities and Net Assets	$ 5,499,592	$ 5,227,857

See notes to financial statements.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

	2025	2024
Support and Revenues		
Sports activities	$ 2,934,922	$ 2,988,217
Membership dues	1,101,500	1,103,000
Officials' dues	484,476	530,057
Corporate sponsorships	811,142	753,007
Broadcast/media	248,646	177,750
Workshops	60,088	99,562
Grants	80,000	80,000
Contributions	7,260	25,340
Other program service revenue	35,783	42,387
Interest income	177,395	97,221
Miscellaneous income	18,456	18,452
Total Support and Revenues	5,959,668	5,914,993
Expenses		
Program services	4,489,697	4,481,428
Management and general	1,134,120	975,998
Total Expenses	5,623,817	5,457,426
Change in net assets from operations	335,851	457,567
Other changes in net assets		
Loss on disposal of property and equipment	(39,638)	-
Change in net assets	296,213	457,567
Net assets, beginning of year	4,478,262	4,020,695
Net assets, end of year	$ 4,774,475	$ 4,478,262

See notes to financial statements.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025

	Program Services	Management and General	Total
Payroll	$ 660,287	$ 390,538	$ 1,050,825
Payroll taxes	55,035	32,551	87,586
Employee benefits	208,687	123,433	332,120
Grants and sponsorships	158,965	-	158,965
Steroid testing	114,482	-	114,482
Professional fees	261,332	213,684	475,016
Sports activities	2,139,592	-	2,139,592
Officials	341,451	-	341,451
Workshops	1,811	-	1,811
Coaches association	56,393	-	56,393
Rulebooks	70,741	-	70,741
Corporate Hall of Fame	27,867	-	27,867
Office expense	49,489	40,466	89,955
Postage and delivery	18,769	15,349	34,118
Printing and reproduction	8,104	6,626	14,730
Information technology	89,994	73,586	163,580
Conferences and meetings	25,775	21,075	46,850
Repairs and maintenance	58,245	47,626	105,871
Depreciation	13,288	10,865	24,153
Business insurance	129,390	105,799	235,189
Miscellaneous	-	52,522	52,522
Total	$ 4,489,697	$ 1,134,120	$ 5,623,817

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services	Management and General	Total
Payroll	$ 665,150	$ 327,765	$ 992,915
Payroll taxes	57,218	28,195	85,413
Employee benefits	176,338	86,894	263,232
Grants and sponsorships	157,163	-	157,163
Steroid testing	97,770	-	97,770
Professional fees	270,314	199,779	470,093
Sports activities	1,907,203	-	1,907,203
Officials	604,700	-	604,700
Workshops	9,205	-	9,205
Coaches association	42,768	-	42,768
Rulebooks	67,068	-	67,068
Corporate Hall of Fame	30,605	-	30,605
Office expense	39,319	29,059	68,378
Postage and delivery	21,274	15,721	36,995
Printing and reproduction	7,919	5,853	13,772
Information technology	103,567	76,543	180,110
Conferences and meetings	26,832	19,830	46,662
Repairs and maintenance	56,060	41,433	97,493
Depreciation	21,109	15,602	36,711
Business insurance	119,846	88,573	208,419
Miscellaneous	-	40,751	40,751
Total	$ 4,481,428	$ 975,998	$ 5,457,426

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ 296,213	$ 457,567
Loss on disposal of property and equipment	39,638	-
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	24,153	36,711
Current expected credit losses	3,726	17,621
Increase (decrease) in cash from		
Accounts receivable	(53,518)	(11,550)
Deferred revenue	(7,985)	18,160
Prepaid expenses	6,061	(17,363)
Accounts payable and accrued expenses	(16,493)	59,759
Net cash from operating activities	291,795	560,905
Cash flows from Investing Activities		
Purchases of property and equipment	(646,094)	(31,849)
Net cash used in investing activities	(646,094)	(31,849)
Net change in cash and cash equivalents	(354,299)	529,056
Cash and cash equivalents, beginning of year	4,015,759	3,486,703
Cash and cash equivalents, end of year	$ 3,661,460	$ 4,015,759

A. NATURE OF ORGANIZATION

The New Jersey State Interscholastic Athletic Association ("NJSIAA" or the "Association") is a nonprofit organization incorporated under the laws of the State of New Jersey in 1918. The Association is a voluntary association made up of accredited public and non-public high schools in the State of New Jersey. The Association's mission is to assist member schools in providing equitable education-based interscholastic athletic opportunities that support academic achievement, good sportsmanship, and fair play for student-athletes.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The Association is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions - net assets not subject to donor-imposed stipulations, and therefore, are expendable for operating purposes.

- Net assets with donor restrictions - net assets subject to donor-imposed stipulations that will be met by actions of the Association and/or by the passage of time.

The Association has no net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Association considers cash equivalents to be all highly liquid debt instruments with an initial maturity of ninety days or less. Cash and cash equivalents consist mainly of cash and money market funds.

Accounts Receivable

Accounts receivable consist primarily of payments due for sports activities and corporate sponsorship payments. The change in net assets is charged with an allowance for expected credit losses based on past experience and an analysis of current accounts collectability. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment purchased, in excess of $2,500, are capitalized as assets and recorded at cost, except for donated items, which are recorded at the fair value on the date of donation. Depreciation is computed on the straight-line method for financial reporting purposes over the following estimated useful lives:

Buildings and improvements	3-39 years
Furniture and equipment	3-20 years

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Revenue Recognition

Contributions and grants are recognized when the donor or grantor makes a promise to give to the Association that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Membership and officials' dues revenue is recognized ratably over the membership period, which aligns with the Association's fiscal year. The benefits derived as part of the dues are not distinct within the contracts. The performance obligation is met over the membership or dues period of one year. The Association bills annually for the entire year.

Sports activities and workshop revenue is recognized as each activity or event occurs. Corporate sponsorships and broadcast media revenue are recognized as per terms of contracts. The benefits derived are listed in the contract and are satisfied throughout the contract year, which aligns with the fiscal year. The Association recognizes revenue as the performance obligations are satisfied.

The Association's deferred revenue (contract liability) reflects timing differences between payments received for member dues and officials' dues collected prior to the start of the fiscal year and the Association's satisfaction of its performance obligations. The entire amount of deferred revenue at June 30, 2024, was recognized as revenue in 2025.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Association's revenue disaggregated according to the timing of when revenue is recognized is as follows:

	Years Ended June 30,	
	2025	2024
Revenue recognized at a point in time (ASC 606)		
Sports activities	$ 2,934,922	$ 2,988,217
Corporate sponsorships	811,142	753,007
Broadcast/media	248,646	177,750
Workshops	60,088	99,562
Other program service revenue	35,783	42,387
Total Revenue recognized at a point in time	4,090,581	4,060,923
Revenue recognized over time (ASC 606)		
Officials' dues	484,476	530,057
Membership dues	1,101,500	1,103,000
Total Revenue recognized over time	1,585,976	1,633,057
Other revenue not subject to ASC 606		
Grants	80,000	80,000
Contributions	7,260	25,340
Interest income	177,395	97,221
Miscellaneous income	18,456	18,452
Total Other Revenue	283,111	221,013
Total Revenue	$ 5,959,668	$ 5,914,993

Contributed Nonfinancial Assets

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Association records the value of in-kind goods and services as revenue and expense when the in-kind contribution is both budget-relieving and relates to events and programs under the Association's control. There were no contributions of noncash assets or services requiring recognition in the years ended June 30, 2025 and 2024.

Income Taxes

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to the Association's mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized for the years ended June 30, 2025 and 2024.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

U.S. GAAP requires management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Association’s tax positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

The Association did not record any interest or penalties on uncertain tax positions in the accompanying statements of financial position as of June 30, 2025 and 2024, or in the accompanying statements of activities for the years then ended. If the Association were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Association are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the percentage of direct program expenses to total expenses.

Subsequent Events

Management has evaluated subsequent events for potential recognition and disclosure through November 3, 2025, the date the financial statements were available to be issued. No items were determined by management to require disclosure.

C. LIQUIDITY AND AVAILABILITY

The following table represents the Association's financial assets at June 30, 2025 and 2024:

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	$ 3,661,460	$ 4,015,759
Accounts receivable	635,417	585,625
Total financial assets available within one year	$ 4,296,877	$ 4,601,384

The Association's goal is generally to maintain financial assets to meet operating expenses as they come due. As part of its liquidity plan, excess cash is invested in interest-bearing money market accounts. Should unanticipated liquidity needs arise, the Association would liquidate its excess cash in money market accounts or seek to leverage its relationships with various financial institutions to establish a credit facility.

D. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2025	2024
Land	$ 361,346	$ 361,346
Buildings and improvements	3,148,737	2,776,711
Furniture and equipment	253,288	723,473
Subtotal	3,763,371	3,861,530
Less accumulated depreciation	2,626,999	3,307,461
Total	$ 1,136,372	$ 554,069

Depreciation expense for the years ended June 30, 2025 and 2024, was $24,153 and $36,711, respectively.

E. RETIREMENT PLAN

The Association has a defined contribution plan covering substantially all of its employees. Under the terms of this plan, contributions begin for full-time staff members after completing one year of service. Currently, for employees hired on or after January 1, 2001, the Association contributes ten percent of each eligible staff member's salary on a quarterly basis to the retirement plan. For employees hired on or before December 31, 2000, the Association contributes nineteen percent of each eligible staff member's salary on a quarterly basis to the retirement plan. Contributions and other expenses related to the administration of the plan totaled $116,987 and $112,720 for the years ended June 30, 2025 and 2024, respectively.

F. CONCENTRATION OF RISK AND UNCERTAINTIES

The Association maintains cash and cash equivalent balances which may, at times, exceed federally insured limits. The Association historically has not experienced any credit related losses. Management believes that it is not subject to any significant credit risk on its cash and cash equivalent accounts.

The Association is significantly affected by market factors, including demand for and price of tournament game tickets. These factors are influenced by a variety of external forces, including weather conditions, heightened security concerns, and corporate sponsorships.

G. LITIGATION

From time to time, the Association, or the Association on behalf of its members, is subject to litigation that arises in the ordinary course of conducting activities. In management's opinion, the resolution of litigation matters, if any, would not have a material effect on the financial position of the Association at June 30, 2025.