NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

FINANCIAL STATEMENTS

June 30, 2026 and 2025

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, 2026 and 2025, 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, 2026 and 2025, 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

October 22, 2026

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2026 and 2025

	2026	2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,217,057	$ 3,661,460
Accounts receivable - net of allowance of $15,000 in 2026 and 2025	661,539	635,417
Prepaid expenses and other assets	99,695	66,343
Total Current Assets	4,978,291	4,363,220
Property and equipment, net	1,104,688	1,136,372
Total Assets	$ 6,082,979	$ 5,499,592
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 423,429	$ 499,959
Deferred revenue	229,810	225,158
Total Liabilities	653,239	725,117
Net Assets		
Without donor restrictions	5,421,590	4,774,475
With donor restrictions	8,150	-
Total Net Assets	5,429,740	4,774,475
Total Liabilities and Net Assets	$ 6,082,979	$ 5,499,592

See notes to financial statements.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2026 and 2025

	2026			
	Without Donor Restrictions	With Donor Restrictions	Total	2025*
Support and Revenues				
Sports activities	$ 3,062,217	$ -	$ 3,062,217	$ 2,934,922
Membership dues	1,098,500	-	1,098,500	1,101,500
Officials' and coaches' dues	496,784	-	496,784	487,496
Corporate sponsorships	962,966	-	962,966	811,142
Broadcast/media	274,838	-	274,838	248,646
Workshops	55,225	-	55,225	60,088
Grants	50,360	-	50,360	80,000
Scholar athlete scholarship income	194,650	8,150	202,800	197,350
Banquet and event income	14,933	-	14,933	11,569
Rulebook income	29,017	-	29,017	26,604
Interest income	149,779	-	149,779	177,395
Miscellaneous income	36,545	-	36,545	18,456
Total Support and Revenues	6,425,814	8,150	6,433,964	6,155,168
Expenses				
Program services	4,677,823	-	4,677,823	4,685,197
Management and general	1,100,876	-	1,100,876	1,134,120
Total Expenses	5,778,699	-	5,778,699	5,819,317
Change in net assets from operations	647,115	8,150	655,265	335,851
Other changes in net assets				
Loss on disposal of property and equipment	-	-	-	(39,638)
Change in net assets	647,115	8,150	655,265	296,213
Net assets, beginning of year	4,774,475	-	4,774,475	4,478,262
Net assets, end of year	$ 5,421,590	$ 8,150	$ 5,429,740	$ 4,774,475

*Reclassified

See notes to financial statements.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2026

	Program Services	Management and General	Total
Payroll	$ 727,995	$ 366,503	$ 1,094,498
Payroll taxes	60,582	30,499	91,081
Employee benefits	249,325	125,521	374,846
Grants and sponsorships	206,276	-	206,276
Steroid testing	118,384	-	118,384
Professional fees	229,840	189,954	419,794
Sports activities	2,150,240	-	2,150,240
Officials	238,367	-	238,367
Workshops	8,243	-	8,243
Coaches association	34,791	-	34,791
Rulebooks	74,604	-	74,604
Banquet and events	135,480	-	135,480
Office expense	52,503	43,391	95,894
Postage and delivery	18,512	15,301	33,813
Printing and reproduction	9,087	7,509	16,596
Information technology	97,968	80,967	178,935
Conferences and meetings	32,781	27,091	59,872
Repairs and maintenance	70,002	57,854	127,856
Depreciation	26,575	21,964	48,539
Business insurance	136,268	112,622	248,890
Miscellaneous	-	21,700	21,700
Total	$ 4,677,823	$ 1,100,876	$ 5,778,699

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	254,991	-	254,991
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	31,872	-	31,872
Rulebooks	70,741	-	70,741
Banquet and events	151,862	-	151,862
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	$ 4,685,197	$ 1,134,120	$ 5,819,317

*Reclassified

See notes to financial statements.

NEW JERSEY STATE INTERSCHOLASTIC ATHLETIC ASSOCIATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2026 and 2025

	2026	2025
Cash Flows from Operating Activities		
Change in net assets	$ 655,265	$ 296,213
Loss on disposal of property and equipment	-	39,638
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	48,539	24,153
Current expected credit losses	498	3,726
Increase (decrease) in cash from		
Accounts receivable	(26,620)	(53,518)
Deferred revenue	4,652	(7,985)
Prepaid expenses	(33,352)	6,061
Accounts payable and accrued expenses	(76,530)	(16,493)
Net cash from operating activities	572,452	291,795
Cash Flows from Investing Activities		
Purchases of property and equipment	(16,855)	(646,094)
Net cash used in investing activities	(16,855)	(646,094)
Net change in cash and cash equivalents	555,597	(354,299)
Cash and cash equivalents, beginning of year	3,661,460	4,015,759
Cash and cash equivalents, end of year	$ 4,217,057	$ 3,661,460

See notes to financial statements.

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.

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.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Membership, officials' and coaches' 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, workshops, and banquet and event 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, 2025, was recognized as revenue in 2026.

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,	
	2026	2025*
Revenue recognized at a point in time (ASC 606)		
Sports activities	$ 3,062,217	$ 2,934,922
Corporate sponsorships	962,966	811,142
Broadcast/media	274,838	248,646
Workshops	55,225	60,088
Banquet and event income	14,933	11,569
Rulebook income	29,017	26,604
Total Revenue recognized at a point in time	4,399,196	4,092,971
Revenue recognized over time (ASC 606)		
Membership dues	1,098,500	1,101,500
Officials' and coaches' dues	496,784	487,496
Total Revenue recognized over time	1,595,284	1,588,996
Other revenue not subject to ASC 606		
Scholar athlete scholarship income	202,800	197,350
Grants	50,360	80,000
Interest income	149,779	177,395
Miscellaneous income	36,545	18,456
Total Other Revenue	439,484	473,201
Total Revenue	$ 6,433,964	$ 6,155,168

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 contributions of non-financial assets consisting of donated sports equipment totaling $31,346 and $28,848 for years ended June 30, 2026 and 2025, respectively. These amounts are included in sports activities revenue and expense in the statements of activities and statements of functional expenses for years ended June 30, 2026 and 2025, respectively.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications have no effect on the change in net assets.

*Reclassified

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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, 2026 and 2025.

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, 2026 and 2025, 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 October 22, 2026, 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, 2026 and 2025:

	2026	2025
Financial assets at year end:		
Cash and cash equivalents	$ 4,217,057	$ 3,661,460
Accounts receivable	661,539	635,417
Total financial assets available within one year	$ 4,878,596	$ 4,296,877

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, 2026	June 30, 2025
Land	$ 361,346	$ 361,346
Buildings and improvements	3,155,002	3,148,737
Furniture and equipment	263,878	253,288
Subtotal	3,780,226	3,763,371
Less: accumulated depreciation	2,675,538	2,626,999
Total	$ 1,104,688	$ 1,136,372

Depreciation expense for the years ended June 30, 2026 and 2025, was $48,539 and $24,153, respectively.

E. NET ASSETS

As of June 30, 2026, the Association holds donor restricted net assets totaling $8,150 specifically designated for the scholar athlete scholarship program. These funds are subject to restrictions imposed by donors and are utilized exclusively to provide scholarships to eligible student-athletes in accordance with the Association's scholarship guidelines and donor agreements.

Donor-restricted contributions received during the years ended June 30, 2026 and 2025, amounted to $202,800 and $195,500, respectively, and scholarship awards totaled $194,650 and $195,500, respectively.

F. 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 $123,876 and $116,987 for the years ended June 30, 2026 and 2025, respectively.

G. CONCENTRATION OF RISK AND UNCERTAINTIES

The Association maintains cash and cash equivalent balances which may, at times, exceed federally insured limits. Historically, the Association 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.

H. 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, 2026.