NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2025 AND 2024

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Financial Statements

Years Ended December 31, 2025 and 2024

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Management and Members
of the New Jersey Economic Development Authority
Trenton, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary fund of the New Jersey Economic Development Authority ("Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Authority, as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

We draw attention to Note 15 in the notes to the financial statements which discloses the effects of the Authority's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences".* Our opinion is not modified with respect to this matter.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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 Authority's

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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Basis for Opinions

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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 Authority's

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ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 Authority'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
October 1, 2026

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Management's Discussion and Analysis

Years Ended December 31, 2025 and 2024

This section of the New Jersey Economic Development Authority's ("Authority" or "NJEDA") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal years ended on December 31, 2025 and 2024. Please read it in conjunction with the Authority's financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis, the basic financial statements, and required supplementary information. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business engaged in such activities as real estate development, investment banking, commercial lending, construction management and consultation. While detailed sub-fund information is not presented, separate accounts are maintained for each program to ensure that funds are used for their intended purposes in compliance with specific appropriations, grant awards, federal regulations, and bond requirements.

2025 FINANCIAL HIGHLIGHTS

- The Authority's total net position increased $367.3 million (or 18.4%) primarily due to receipt of State appropriations for new economic development initiatives and Federal American Rescue Plan Act funds for COVID-19 emergency assistance programs, all of which had not been disbursed before the end of the year.
- State and Federal appropriations increased $400.5 million (or 109.5%) and program payments increased $137.1 million (or 87.8%) driven largely by the timing of the receipt and subsequent disbursement of a broader range of state and federal funds supporting business emergency assistance and economic recovery initiatives.
- Program costs increased $20.8 million (or 46.6%) due largely to the administration of a greater number of initiatives.
- Program Services fees decreased $1.8 million (or -14.9%) due to lower levels of servicing for existing programs. The decrease was partially offset by growth in new initiatives.
- Interest income from investments increased $6.5 million (or 15.3%) primarily due to higher investment balances in 2025.
- Interest income on notes increased $1.8 million (or 28.2%), driven primarily by new lending activity, while financing fees rose $1.1 million (or 16.5%).

2024 FINANCIAL HIGHLIGHTS

- The Authority's total net position increased $138.3 million (or 7.4%) primarily due to receipt of State appropriations for new economic development initiatives and Federal American Rescue Plan Act funds for COVID-19 emergency assistance programs, all of which had not been disbursed before the end of the year.
- Program Services fees decreased $3.6 million (or -22.9%) due to a decrease in post-closing servicing fees for new initiatives.
- Interest income from investments increased $14.7 million (or 52.3%) due to an increase in interest rates.
- The net pension liability increased $5.7 million (or 10.0%) while administrative expenses increased $18.0 million (or 25.8%) due to a change in the Authority's proportionate share of the State of New Jersey's net pension liability, coupled with an increase in expenses related to the administration of new initiatives.
- Program costs increased $9.7 million (or 27.9%) due largely to increased expenditures for the administration of new initiatives.
- Loss provision expense-net decreased $12.1 million (or -56.8%) due to a decrease in disbursements related to Authority loan programs.
- State and Federal appropriations decreased $411.6 million (or -53.0%) and program payments increased $54.9 million (or 54.2%) due largely to the timing of receipt and subsequent disbursement of various state and federal funds for business emergency assistance and economic recovery programs.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position. The following table summarizes the Statement of Net Position at December 31, 2025, 2024 and 2023:

	2025	2024 (Restated)	2023
Assets:			
Other assets	$ 1,990,358,173	$ 1,664,246,069	$ 1,627,625,052
Capital assets, net	582,395,083	524,777,410	391,379,425
Total assets	2,572,753,256	2,189,023,479	2,019,004,477
Deferred outflows of resources:			
Deferred outflow Pension related	24,021,552	24,535,867	21,383,393
Deferred outflow OPEB related	11,823,183	2,027,448	4,131,940
Total deferred outflows of resources	35,844,735	26,563,315	25,515,333
Liabilities:			
Current liabilities	117,742,606	100,965,023	66,853,347
Net pension liability	62,899,162	62,246,933	56,591,208
Other noncurrent liabilities	20,158,463	18,645,020	14,701,449
Total liabilities	200,800,231	181,856,976	138,146,004
Deferred inflows of resources:			
Deferred inflow Pension related	6,036,830	3,760,165	3,690,501
Deferred inflow OPEB related	9,918,743	9,667,862	12,118,493
Deferred inflow Lease related	24,633,296	20,367,339	24,077,316
Total deferred inflows of resources	40,588,869	33,795,366	39,886,310
Net position:			
Net investment in capital assets	568,072,575	514,492,913	383,286,234
Restricted	72,366,470	78,355,923	79,419,033
Unrestricted	1,726,769,846	1,407,085,616	1,403,782,229
Total net position	$ 2,367,208,891	$ 1,999,934,452	$ 1,866,487,496

During 2025, the Authority's combined net position increased by $367.3 million due to:

$445.5 Million	State and Federal appropriations to the Authority – net of program payments and return of grant funds, for various economic initiatives, including Strategic Innovation Centers; Small Business Emergency Assistance; Regional Greenhouse Gas Initiative; and American Rescue Plan Act funds for COVID-19 emergency assistance programs.
$(167.3) Million	Operating expenses including administrative and program costs
$49.3 Million	Interest income earned on Authority investments and cash holdings
$39.8 Million	Other Authority program activity

During 2024 the Authority's combined net position increased by $138.3 million due to:

$70.2 Million	State appropriations to the Authority Economic Recovery Fund - net of program payments, for various economic initiatives, including Strategic Innovation Centers, Small Business Emergency Assistance, and Regional Greenhouse Gas Initiative
$17.7 Million	Federal American Rescue Act appropriations received for COVID-19 programs - net of disbursements
$42.8 Million	Interest income earned on Authority investments and cash holdings
$7.6 Million	Other Authority program activity

Operating Activities. The Authority charges financing fees that may include an application fee, commitment fee, closing fee, document execution fee and an annual servicing fee. The Authority also charges an agency fee for the administration of financial programs for various government agencies; a program service fee for the administration of Authority programs that are service provider based, rather than based on the exchange of assets such as the commercial lending program; and a real estate development fee for real estate activities undertaken on behalf of governmental entities and commercial enterprises. The Authority may also generate a return on investments in venture capital funds which invest, in whole or in part, in New Jersey based businesses. Interest income on investments, notes and intergovernmental obligations is recognized as earned. The Authority also earns income from operating leases and interest income on lease revenue from capital lease financings. Late fees are charged to borrowers who are delinquent in their monthly loan payments. All forms of revenue accrue to the benefit of the program for which the underlying source of funds is utilized. The Authority considers all activity to be operating activities, except as described in the following section.

Non-operating Activities. The Authority earns interest on idle cash and investments and may derive income from the sale of capital assets, as well as the receipt of state and federal appropriations which are used to administer specific programs on behalf of the State of New Jersey, and which directly benefit New Jersey based businesses. The Authority considers this activity to be non-operating in nature.

The following table summarizes the changes in operating and non-operating activities between fiscal years 2025, 2024 and 2023:

	2025	2024 (Restated)	2023
Operating revenues:			
Financing fees	$ 7,802,255	$ 6,696,538	$ 9,383,884
Lease revenue	9,622,491	9,602,741	9,196,572
Interest income - notes and leases	7,958,158	6,205,336	5,431,482
Other	16,178,485	20,444,029	24,563,917
Total operating revenues	41,561,389	42,948,644	48,575,855
Operating expenses:			
Administrative expenses	89,920,353	87,660,454	69,695,549
Interest expense	641,482	694,273	505,717
Depreciation	2,637,491	3,299,073	3,386,997
Lease Amortization	872,834	839,173	867,644
Loss provisions – net	7,714,169	9,199,693	21,307,606
Program costs	65,504,849	44,670,644	34,929,479
Total operating expenses	167,291,178	146,363,310	130,692,992
Operating (loss)	(125,729,789)	(103,414,666)	(82,117,137)
Nonoperating revenues and (expenses):			
Interest income – investments	49,294,444	42,758,036	28,076,562
Gain on sale of assets-net	-	-	8,379,846
Investment Loss provisions – net	(6,166,952)	-	-
State and Federal appropriations	766,091,038	365,600,207	777,184,437
Program payments	(293,274,521)	(156,177,416)	(101,255,024)
Return of grant funds	(27,276,764)	(12,886,625)	
Other (expense) revenue	4,336,983	2,432,998	5,323,930
Total nonoperating revenues and (expenses), net	493,004,228	241,727,200	717,709,751
Change in net position	367,274,439	138,312,534	635,592,614
Net position, beginning of year - as previously reported	1,999,934,452	1,866,487,496	1,230,894,882
Restatement - adoption of new accounting standard	-	(4,865,578)	-
Net position, beginning of year - as restated	1,999,934,452	1,861,621,918	1,230,894,882
Net position, end of year	$ 2,367,208,891	$ 1,999,934,452	$ 1,866,487,496

Operating Revenues

In 2025, the Authority's operating revenue increased on financing fees and interest income on notes due to new loan activity, while operating revenue from program services declined.

In 2024, the Authority's operating revenues decreased in the areas of financing fees and program services as the Authority made fewer loans.

Operating Expenses

In 2025, total operating expenses increased largely as a result of increases in program costs, due to an increase in the administration of new programs.

In 2024, total operating expenses increased largely as a result of increases in both general and administrative expenses and program costs, the former due to an increase in the Authority's proportionate share of the State of New Jersey's pension liability and the latter related to the administration of new programs. Loss provision expense decreased due to fewer loan closings.

Non-Operating Revenues and Expenses – Net

In 2025, non-operating revenues and expenses – net, increased by $251.3 million, primarily due to receipts of new State economic development initiatives and Federal American Rescue Plan Act appropriations, many of which had not yet been disbursed by year-end.

In 2024, non-operating revenues and expenses – net, decreased by $476.0 million due to the timing of receipts and disbursements of state appropriations and reductions in the amount of State and Federal appropriations and the timing of disbursements related to programs related to those funding sources.

Allowance for Credit Losses

Allowances for doubtful notes and guarantee payments are determined in accordance with guidelines established by the Office of the Comptroller of the Currency. The Authority accounts for its potential loss exposure through the use of risk ratings.

These specifically assigned risk ratings are updated to account for changes in financial condition of the borrower or guarantor, delinquent payment history, loan covenant violations, and changing economic conditions. The assigned risk rating classifications are consistent with the ratings used by the Office of the Comptroller of the Currency. Each risk rating is assigned a specific loss factor in accordance with the severity of the classification. Each month an analysis is prepared using the current loan balances, existing exposure on guarantees, and the assigned risk rating to determine the adequacy of the reserve. Any adjustments needed to adequately provide for potential credit losses (recoveries) are reported as a Loss Provision (Recovery).

The following table summarizes the Loan Allowance activity for the end of the period from December 31, 2023 through December 31, 2025:

December 31, 2023		
Allowance for loan losses	$ 55,473,799	
Accrued guarantee losses	3,603,000	
Total allowance		$ 59,076,799
2024 Provision for credit losses-net	8,765,148	
2024 Write-offs	(502,002)	8,263,146
December 31, 2024		
Allowance for loan losses	62,851,513	
Accrued guarantee losses	4,488,432	
Total allowance		67,339,945
2025 Provision for credit losses-net	7,497,347	
2025 Write-offs	(6,291,307)	1,206,040
December 31, 2025		
Allowance for loan losses	62,991,650	
Accrued guarantee losses	5,554,335	
Total allowance		$ 68,545,985

When management determines that the probability of collection is less than 50% of the remaining balance, it is the policy to assign a loss rating to the account. For an account rated as loss, a loss provision is recognized for the entire loan balance.

Loans are written-off against the loss allowance when it is determined that the probability of collection within the near term is remote. The recognition of a loss does not automatically release the borrower from the obligation to pay the debt. Should the borrower, guarantors, or collateral position improve in the future, any and all steps necessary to preserve the right to collect these obligations will be taken.

Aggregate gross loan and guarantee exposure at December 31, 2025 was $259,668,234, of which $248,870,573 or 96% is for loans and $10,797,661 for issued loan guarantees.

Aggregate gross loan and guarantee exposure at December 31, 2024 was $287,682,961, of which $277,803,442 or 97% is for loans and $9,879,519 for issued loan guarantees.

At December 31, 2025, the Authority maintained a Credit Loss Allowance of $62,991,650 or 24.3% of total exposure to cover potential losses in the loan and guaranty portfolio. Total write-offs for the year ended December 31, 2025, were $6,291,307 or 2.4% of the loan and guaranty exposure.

At December 31, 2024, the Authority maintained a Credit Loss Allowance of $62,851,513 or 21.9% of total exposure to cover potential losses in the loan and guaranty portfolio. Total write-offs for the year ended December 31, 2024, were $502,002 or 0.2% of the loan and guaranty exposure.

The Authority is a limited partner in various early-stage venture funds with the purpose of providing venture capital to exceptionally talented entrepreneurs to facilitate the growth of these companies. These investments are accounted for using the cost basis as they do not have a readily determinable market value. The Authority will establish a valuation allowance for these investments when it determines through a series of events that an other-than-temporary decrease in value has occurred.

The 2025 Loss Provisions – Net, of $8.7 million, including venture capital detail, are related to the following:

$	7,497,347	Loan and Guarantee Program activity
$	1,211,592	Venture Capital Funds and Capital Investments

The 2024 Loss Provisions – Net, of $9.2 million, including venture capital detail, are related to the following:

$	8,765,148	Loan and Guarantee Program activity
$	383,231	Venture Capital Funds and Capital Investments

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority independently, or in cooperation with a private or governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed, and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for the municipalities. Sites developed for governmental use for a fee may be leased to the State or State entities. For the majority of these leases, future minimum lease rental payments are equal to the debt service payments related to the bonds or notes issued for the applicable property. The following table summarizes the change in Capital Assets-Net between fiscal year 2025, 2024 and 2023:

	2025	2024	2023
Land	$ 86,714,434	$ 48,629,422	$ 48,629,422
Construction in progress	478,241,816	456,762,614	325,266,814
Total non-depreciable Capital assets	564,956,250	505,392,036	373,896,236
Buildings	85,067,130	85,067,129	81,722,446
Capital asset right to use lease	13,496,659	8,790,098	7,375,059
Leasehold improvements	37,325,056	37,325,055	36,883,519
Total depreciable/amortizable Capital assets	135,888,845	131,182,282	125,981,024
Less: accumulated depreciation/ amortization	(118,450,012)	(111,796,908)	(108,497,835)
Capital assets – net	$ 582,395,083	$ 524,777,410	$ 391,379,425

More detailed information about the Authority's capital assets is presented in the Notes to the financial statements.

Capital Debt. At year end, the Authority had no gross note principal outstanding; unchanged from the prior year.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide New Jersey citizens, and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional information, contact Customer Care at (844) 965-1125, CustomerCare@njeda.gov, NJEDA, P.O. Box 990, Trenton, NJ 08625-0990, or visit our web site at: www.njeda.gov.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Net Position

	December 31, 2025	December 31, 2024 (Restated)
Assets		
Current assets:		
Cash and cash equivalents – restricted	$ 1,250,202,852	$ 970,766,634
Cash and cash equivalents – unrestricted	185,214,224	150,140,263
Investments	117,725,316	43,702,136
Receivables:		
Notes	32,482,597	32,691,114
Accrued interest on notes	510,721	341,602
Accrued interest on investments	1,753,039	1,478,134
Leases	5,358,298	2,779,146
Other receivables	17,949,131	21,148,673
Total receivables	58,053,786	58,438,669
Prepaid and other current assets	335,070	1,850,828
Total current assets	1,611,531,248	1,224,898,530
Noncurrent assets:		
Investments – unrestricted	101,744,193	161,346,854
Venture capital partnerships, net	64,588,896	45,776,818
Equity investments	30,286,653	14,101,634
Net other postemployment benefits asset	8,049,964	17,015,803
Prepaid and other noncurrent assets	1,457,657	1,363,657
Receivables:		
Notes	216,387,976	245,112,328
Accrued interest on notes	28,238	89,566
Leases	19,274,998	17,588,193
Unamortized discount	-	(195,801)
Total receivables	235,691,212	262,594,286
Allowance for doubtful notes receivable	(62,991,650)	(62,851,513)
Net receivables	172,699,562	199,742,773
Non-depreciable capital assets	564,956,250	505,392,036
Right to use lease assets, net	9,481,047	8,790,098
Depreciable/amortizable capital assets, net	7,957,786	10,595,276
Total capital assets, net	582,395,083	524,777,410
Total noncurrent assets	961,222,008	964,124,949
Total assets	2,572,753,256	2,189,023,479
Deferred outflows of resources		
Pension related	24,021,552	24,535,867
OPEB related	11,823,183	2,027,448
Total deferred outflows of resources	$ 35,844,735	$ 26,563,315

See notes to the financial statements.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Net Position (continued)

	December 31, 2025	December 31, 2024 (Restated)
Liabilities		
Current liabilities:		
Accrued liabilities	$ 18,704,016	$ 32,169,338
Unearned lease revenues	664,178	1,115,203
Leases payable	723,236	613,366
Lessee interest payable	344,261	348,425
Escrow deposits	94,178,914	63,581,248
Compensated absences	3,128,001	3,137,443
Total current liabilities	117,742,606	100,965,023
Noncurrent liabilities:		
Net pension liability	62,899,162	62,246,933
Leases payable	10,463,027	9,671,132
Unearned lease revenues	-	526,924
Accrued guarantee losses	5,554,335	4,488,432
Compensated absences	4,141,101	3,958,532
Total noncurrent liabilities	83,057,625	80,891,953
Total liabilities	200,800,231	181,856,976
Deferred inflows of resources		
Pension related	6,036,830	3,760,165
OPEB related	9,918,743	9,667,862
Lease related	24,633,296	20,367,339
Total deferred inflows of resources	40,588,869	33,795,366
Net position		
Net investment in capital assets	568,072,575	514,492,913
Restricted by Federal and State agreement	72,366,470	78,355,923
Unrestricted	1,726,769,846	1,407,085,616
Total net position	$ 2,367,208,891	$ 1,999,934,452

See notes to the financial statements.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31,	
	2025	2024 (Restated)
Operating revenues		
Financing fees	$ 7,802,255	$ 6,696,538
Interest income – notes	6,450,921	4,927,044
Interest income – leases	1,507,237	1,278,292
Operating lease revenue	9,622,491	9,602,741
Agency fees	2,088,181	2,292,302
Program services	10,389,753	12,204,889
Real estate development	1,517,233	3,076,370
Distributions and warrants	1,199,243	836,578
Other	984,075	2,033,890
Total operating revenue	41,561,389	42,948,644
Operating expenses		
Salaries and benefits	64,691,263	64,777,386
General and administrative	25,229,090	22,883,068
Interest	641,482	694,273
Program costs	65,504,849	44,670,644
Depreciation	2,637,491	3,299,073
Lease amortization	872,834	839,173
Loss provisions – net	7,714,169	9,199,693
Total operating expenses	167,291,178	146,363,310
Operating loss	(125,729,789)	(103,414,666)
Nonoperating revenues (expenses)		
Interest income – investments	49,294,444	42,758,036
Unrealized gain on investment securities	4,336,983	2,432,998
State and Federal appropriations	766,091,038	365,600,207
Investment Loss provisions – net	(6,166,952)	-
Return of grant funds	(27,276,764)	(12,886,625)
Program payments	(293,274,521)	(156,177,416)
Nonoperating revenues – net	493,004,228	241,727,200
Change in net position	367,274,439	138,312,534
Net position, beginning of year - as previously reported	1,999,934,452	1,866,487,496
Restatement - adoption of new accounting standard	-	(4,865,578)
Net position, beginning of year - as restated	1,999,934,452	1,861,621,918
Net position – end of year	$ 2,367,208,891	$ 1,999,934,452

See notes to the financial statements.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Cash Flows

	Year Ended December 31, 2025	2024
Cash flows from operating activities		
Cash receipts from financing fees	$ 7,802,255	$ 6,770,060
Interest from notes	6,175,025	4,640,546
Lease rents	10,244,158	10,011,378
Agency fees	2,125,681	2,254,801
Program services	11,098,679	14,130,061
Real estate development	1,598,876	3,062,349
General and administrative expenses paid	(84,056,609)	(98,992,855)
Program costs paid	(63,075,273)	(44,375,022)
Collection of notes receivable	56,683,654	20,811,866
Loans disbursed	(29,186,589)	(37,289,609)
Deposits received	137,640,407	50,051,475
Deposits released	(107,042,741)	(13,953,257)
Net cash (used in) operating activities	(49,992,477)	(82,878,207)
Cash flows from noncapital financing activities		
Appropriations received	766,091,038	365,600,207
Return of grant funds	(27,276,764)	(12,886,625)
Program payments	(293,274,521)	(156,177,416)
Net cash provided by noncapital financing activities	445,539,753	196,536,166
Cash flows from capital and related financing activities		
Purchase of capital assets	(79,984,275)	(147,291,841)
Net cash (used in) capital and related financing activities	(79,984,275)	(147,291,841)
Cash flows from investing activities		
Interest from investments	49,019,538	42,386,820
Return on capital investments	(40,181,627)	(7,460,204)
Purchase of investments	(10,083,537)	(8,875,445)
Proceeds from sales and maturities of investments	192,804	2,599,113
Net cash (used in) by investing activities	(1,052,822)	28,650,284
Net increase/(decrease) in cash and cash equivalents	314,510,179	(4,983,598)
Cash and cash equivalents – beginning of year	1,120,906,897	1,125,890,495
Cash and cash equivalents – end of year	$ 1,435,417,076	$ 1,120,906,897
Cash and cash equivalents - restricted	$ 1,250,202,852	$ 970,766,634
Cash and cash equivalents - unrestricted	185,214,224	150,140,263
Cash and cash equivalents total	$ 1,435,417,076	$ 1,120,906,897

See notes to the financial statements.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Cash Flows (continued)

	Year Ended December 31, 2025	2024
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (125,729,789)	$ (103,414,666)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Loss provisions - net	7,714,169	9,151,728
Depreciation	2,637,491	3,299,073
Lease amortization	872,834	839,173
Amortization of discounts	(195,801)	(111,079)
Change in assets and liabilities:		
Notes receivables	28,932,869	(16,487,218)
Accrued interest receivables-notes	(107,791)	(226,648)
Lease payment receivables		-
Other receivables	1,744,216	(8,071,789)
Prepaid and other noncurrent assets	1,421,758	(1,015,926)
Capital investments	(1,199,243)	(836,578)
Accrued liabilities	13,465,322	(185,572)
Unearned lease revenues	(977,949)	(1,077,748)
Deposits	30,597,666	36,098,218
Other liabilities	(9,168,229)	(839,175)
Net cash (used in) operating activities	$ (49,992,477)	$ (82,878,207)
Noncash investing activities		
Unrealized gain in investment securities	$ 4,336,983	$ 2,432,998

See notes to the financial statements.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Employee Benefit Trust

Statements of Fiduciary Net Position

	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents	$ 229,794	$ 652,814
Investments:		
U.S. Treasury securities	17,643,048	16,197,677
U.S. Agency securities	2,470,503	2,416,763
Corporate bonds	14,703,842	13,413,302
Municipal bonds	213,560	308,822
Total Fixed Income	35,030,953	32,336,564
Mutual Funds	18,715,750	15,936,278
Total investments	53,746,703	48,272,842
Accrued interest receivable	284,467	264,630
Total Assets	54,260,964	49,190,286
Liabilities		
Accounts payable and accrued expenses	-	12,483
Total liabilities	-	12,483
Net position – restricted for OPEB	$ 54,260,964	$ 49,177,803

See notes to the financial statements.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Employee Benefit Trust

Statements of Changes in Fiduciary Net Position

	Year Ended December 31, 2025	2024
Additions		
Employer contributions	$ 1,060,997	$ 889,343
Total contributions	1,060,997	889,343
Investment income:		
Interest and dividends	1,940,166	1,481,318
Net increase in fair value of investments	3,134,141	2,569,614
Net investment income	5,074,307	4,050,932
Total additions	6,135,304	4,940,275
Deductions		
Insurance premiums	1,040,513	889,343
Administrative expense	8,000	8,323
Other fees	3,630	3,630
Total deductions	1,052,143	901,296
Net change in Fiduciary Net Position	5,083,161	4,038,979
Net position – restricted for OPEB		
Beginning of year	49,177,803	45,138,824
End of year	$ 54,260,964	$ 49,177,803

See notes to the financial statements.

Note 1: Nature of the Authority

The New Jersey Economic Development Authority ("Authority") is a public body corporate and politic, constituting an instrumentality and component unit of the State of New Jersey ("State"). The Authority was established by Chapter 80, P.L. 1974 ("Act") on August 7, 1974, as amended and supplemented, primarily to provide financial assistance to companies for the purpose of maintaining and expanding employment opportunities in the State and increasing tax ratables in underserved communities. The Act prohibits the Authority from obligating the credit of the State in any manner.

On March 7, 2024, the Authority established a new subsidiary, New Jersey Green Bank ("NJGB"), which commenced operations in fiscal year 2024. The organization was created to assist the Authority in making climate and clean energy investments in order to help facilitate an equitable clean energy transition in New Jersey. NJGB is considered a blended component unit of the Authority. Although NJGB is a legally separate entity, the Authority is its sole member, has various operational powers, and appoints most of the Board members. See note 14 for additional information.

The Authority assists for-profit and non-profit enterprises with access to capital and primarily offers the following products and services:

(a) Bond Financing

The Authority issues tax-exempt private activity bonds and taxable bonds. The proceeds from these single issue or composite series bonds are used to provide long-term, below-market interest loans to eligible entities, which include certain 501(c)(3) nonprofit organizations, manufacturers, exempt public facilities, solid waste facilities, and local, county, and State governmental agencies for capital improvements including real estate acquisition, equipment, machinery, building construction and renovations. All such bonds are special conduit debt obligations of the Authority, are payable solely from the revenues pledged with respect to the issue, and do not constitute an obligation against the general credit of the Authority.

(b) Loans/Guarantees/Investments and Tax Incentives

The Authority directly provides loans, loan participations, loan guarantees and line of credit guarantees to for-profit and not-for-profit enterprises for various purposes to include: the acquisition of fixed assets; building construction and renovation; financing for working capital; technological development; and infrastructure improvements. The Authority also may provide financial assistance in the form of convertible debt and take an equity position in technology and life sciences companies through warrant options. In addition to lending and investing its own financial resources, the Authority administers several business growth programs supported through State appropriation/allocation, including the technology business tax certificate transfer program, the angel investor tax credit program, tax credits for film industry and digital media projects, job creation and retention incentive grants and tax credits, tax credits for capital investment in urban areas, and reimbursement grants based on incremental revenues generated by redevelopment projects. Other state mandated programs include loans/grants to support

hazardous discharge site remediation and petroleum underground storage tank remediation.

(c) Real Estate Development

The Authority independently, or in cooperation with a private or another governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed, and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities.

(d) Stronger NJ Business Programs

In 2013, the Authority was awarded a sub-grant from the New Jersey Department of Community Affairs for the purpose of administering a portion of the State's Community Development Block Grant Disaster Recovery allocation to support the recovery of businesses impacted by Superstorm Sandy. To achieve this, the Authority may provide grants and loans to eligible businesses, as well as financial assistance to governmental entities to support community development, neighborhood revitalization and other public improvement projects.

(e) COVID-19 Emergency Response Programs

In 2020, the Authority was awarded a sub-grant from the New Jersey Department of Treasury for the purpose of administering a portion of the State's federal CARES Act and American Rescue Plan Act allocations to support the recovery of businesses and economic disruptions caused by the COVID-19 pandemic. To achieve this, the Authority may provide grants, loans and guarantees to eligible businesses, to support emergency response programs aimed at stabilizing the state's economy.

(f) New Jersey Economic Development Authority Employee Benefit Trust

In 1988, the New Jersey Economic Development Authority ("Authority") established a single-employer post-employment defined benefit healthcare plan ("Plan") whereby the Authority provides the full cost of group health insurance and prescription coverage to those retirees and surviving spouses (and qualifying dependents) who have retired under the Authority's retirement system.

In October 2006, the Authority created the Employee Benefits Trust ("Trust"), an irrevocable trust to fund its Plan obligations. In no event shall any part of the principal or income of the Trust be paid or revert back to the Authority or be used for any purpose whatsoever other than for the exclusive benefit of retirees and their beneficiaries as defined by the Members of the Authority (the "Board"). No part of the assets of the Trust may inure to the exclusive benefit of any retiree or beneficiary other than by benefit payments for services provided in the administration of the Trust.

The State has the authority to establish and amend the benefit provisions offered and contribution requirements. There is no separate Board for the Trust as the Trust is administered by the Authority's management.

In compliance with GASB 84, *Fiduciary Activities*, the Authority reports the financial position of the Plan in its Financial Statements and Notes. Accordingly, the Financial Statements are included after those of the Authority and details of the Plan assets (investments) are contained in Note 3, Deposits and Investments. Additional information is included in the Required Supplementary Information section.

(g) Related-Party Transactions

The Authority has contracted with several other State entities to administer certain loan programs on their behalf for a fee. In order for the Authority to effectively administer the programs, the Authority has custody of the cash accounts for each program. The cash in these accounts, however, is not an asset of the Authority and, accordingly, the balances in these accounts have not been included in the Authority's statements of net position. The cash balances total $61,722,682 and $58,025,588 at December 31, 2025 and 2024, respectively. The following is a summary of the programs that the Authority manages on behalf of other State entities:

Department/Board	Program	2025	2024
Treasury	Local Development Financing Fund	$ 55,198,840	$ 51,497,910
Treasury	Business Employment Incentive Program	6,523,842	6,527,678

Note 2: Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. While detailed sub-fund information is not presented, separate accounts are maintained for each program and include certain funds that are legally designated as to use. Administrative expenses are allocated to the various programs.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standards setting body for establishing government accounting and financial reporting principles. The accounts of the Authority and its blended component unit are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

(b) Revenue Recognition

The Authority charges various program financing fees that may include an application fee, commitment fee, closing fee, issuance fee, annual servicing fee and a document execution fee. The Authority also charges a fee for the administration of financial programs for various government agencies and for certain real estate development and management activities. Fees are recognized when earned. State and Federal (passed-through the State) appropriations received for economic development or other programs that the State requests the Authority to administer are recognized when received by the Authority. When the Authority is the recipient of a grant, grant revenue is recognized when the Authority has complied with the terms and conditions of the grant agreements. The Authority recognizes interest income on lease revenue by amortizing the discount over the life of the related agreement. Operating lease revenue is recognized pursuant to the terms of the lease.

When available, it is the Authority's policy to first use restricted resources for completion of specific projects.

(c) Cash Equivalents

Cash equivalents are highly liquid debt instruments with original maturities of three months or less and units of participation in the State of New Jersey Cash Management Fund ("NJCMF").

(d) Investments

All investments, except for investment agreements, are stated at fair value. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. The Authority also invests in various types of joint ventures and uses the cost method to record the acquisition of such investments, as the Authority lacks the ability to exercise significant control in the ventures. Under the cost method, the Authority records the investment at its historical cost and recognizes as income dividends received from net earnings of the Fund. Dividends received in excess of earnings are considered a return of investment and reduce the cost basis. These investments typically have a long-time horizon from when the Authority makes its initial investment to when it may receive any return on the investment. The Authority maintains a valuation allowance on specific investments when there is either a series of taxable losses or other factors may indicate that a decrease in value has occurred that is other than temporary. Capital investments are reported net of this valuation allowance.

(e) Guarantees Receivable

Payments made by the Authority under its various guarantee programs are reported as Guarantees Receivable. These receivables are expected to be recovered either from the lender, as the lender continues to service the loan, or from the liquidation of the underlying collateral. Recoveries increase Worth (the amount on deposit and available for payment) (see Note 7).

(f) Allowance for Doubtful Notes and Accrued Guarantee Losses

Allowances for doubtful notes and accrued guarantee losses are determined in accordance with guidelines established by the Office of the Comptroller of the Currency. These guidelines include classifications based on routine portfolio reviews of various factors that impact collectability.

(g) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(h) Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB (asset)/liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Employee Benefit Trust (the "Trust") and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(i) Leases

Authority as a Lessee

The Authority is a lessee for noncancellable leases of various building facilities. At the commencement of a lease, the Authority initially measures the lease obligation at the present value of payments expected to be made during the lease term. Subsequently, the lease obligation is reduced by the principal portion of lease payments made. Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority recognizes lease liabilities with an initial, individual value of $150,000 or more.

The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease obligation are composed of fixed payments and any purchase option price that the Authority is reasonably certain to exercise. The Authority monitors changes in circumstances that would require a remeasurement

of its lease obligation and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease obligation.

See Note 5 (ii) for detail.

Authority as a Lessor

The Authority is a lessor for noncancellable leases of various assets of the Authority with lease agreements that vary in length. The Authority initially measures the lease at the present value of payments expected to be received during the lease term. Key estimates and judgments to the lessor include (1) the discount rate used to determine the present value of expected lease payments, based on the lessee's estimated incremental borrowing rate, (2) the lease term including any non-cancellable period of the lease, and (3) the lease payments determined by the lease receipts included in the measurement of the lease that are composed of fixed payments from the lessee and any payment renewal option that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

See Note 5 (i) for detail.

(j) Operating and Non-Operating Revenues and Expenses

The Authority defines operating revenues and expenses as relating to activities resulting from providing bond financing, direct lending, incentives, and real estate development to commercial businesses, certain not-for-profit entities, and to local, county and State governmental entities. Non-operating revenues and expenses include income earned on the investment of funds, proceeds from the sale of certain assets, State and Federal appropriations and program payments.

(k) Net Position

The Authority classifies its Net Position into three categories: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation/amortization used in the Authority's operations as well as capital assets that result from the Authority's real estate development and operating lease activities. Restricted net position includes net position that has been restricted in use in accordance with State law, as well as Federal grant proceeds intended for specific projects, such as the State Small Business Credit Initiative ("SSBCI"). Unrestricted net position includes all net position not included above.

(l) Taxes

The Authority is exempt from all Federal and State income taxes and real estate taxes.

(m) Capitalization Policy

Unless material, it is the Authority's policy to expense all expenditures of an administrative nature. Administrative expenditures typically include expenses directly incurred to support staff operations, such as automobiles, information technology hardware and software, office furniture, and equipment.

With the exception of immaterial tenant fit-out costs of retail space that is sublet from the State of New Jersey, the Authority capitalizes all expenditures related to the acquisition of land, construction and renovation of buildings.

(n) Depreciation/Amortization Policy

Capital assets are stated at cost. Depreciation/Amortization is computed using the straight-line method over the following estimated economic useful lives of the assets:

Building	20 years
Building improvements	20 years
Camden Amphitheater, per terms of agreement	31 years
Leasehold improvements	Term of the lease
Tenant fit-out	Term of the lease
Vehicles	Expensed
Furniture and equipment	Expensed
Right to use lease assets	Term of the lease

(o) Recent and Upcoming Accounting Pronouncements

GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Although not material to the Authority's financial statements, the Authority has adopted the Statement in the year ended December 31, 2025.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority has evaluated the requirements of this statement and determined that its adoption did not have a material impact on the Authority's financial statements for the year ended December 31, 2025.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of adoption on the financial statements.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. This Statement enhances the clarity and usefulness of financial statements by requiring separate disclosures for certain capital assets, including lease assets, subscription-based IT arrangements, and intangible right-to-use assets. It also establishes disclosure requirements for capital assets held for sale to improve transparency regarding governmental asset management and disposition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of adoption on the financial statements.

GASB issued Statement No. 105, *Subsequent Events*, in April 2025. This Statement establishes accounting and financial reporting requirements for subsequent events, including defining the subsequent-events time frame, distinguishing recognized from non-recognized subsequent events, and requiring disclosure of the date through which subsequent events were evaluated. The requirements are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of adoption on the financial statements.

(p) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The Authority reported deferred inflow amounts relating to the lease receivables. These amounts are deferred and amortized to lease revenue in a systematic and rational manner over the lease terms. The Authority also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities. These amounts are detailed in the discussion of the Authority's Employee Retirement Systems in Note 10.

(q) Reclassifications

Certain reclassifications have been made to prior year balances to conform to current year presentation.

Note 3: Deposits and Investments

(a) Deposits

Operating cash is held in the form of Negotiable Order of Withdrawal ("NOW") accounts and money market accounts. At December 31, 2025, the Authority's bank balance was $197,591,315. Of the bank balance, $1,000,000 was insured with Federal Depository Insurance (FDIC).

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Authority's NOW accounts, as well as money market accounts and certificates of deposit, are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Authority would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uninsured, uncollateralized (securities are not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's (NJEDA) name. At December 31, 2025 and 2024, all of the Authority's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

Cash deposits at December 31, 2025 and 2024 were as follows:

Deposit Type	2025	2024
NOW Accounts	$ 178,129,102	$ 140,074,488
Money Market Accounts	7,085,122	10,065,775
Total Deposits	$ 185,214,224	$ 150,140,263

(b) Investments

Pursuant to the Act, the funds of the Authority may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Authority may approve. Accordingly, the Authority directly purchases permitted securities and enters into interest-earning investment contracts.

As of December 31, 2025 and 2024, the Authority's total investments, excluding capital investments, amounted to $219,469,509 and $205,048,990, respectively. The Authority's investment portfolio ("Portfolio") is comprised of short to medium term bonds and is managed by a financial institution for the Authority. These investments include obligations guaranteed by the U.S. Government, Government Sponsored Enterprises, Money Market Funds, Corporate Debt rated at least A- by Standard & Poor's ("S&P") or equivalent by Moody's and Repurchase Agreements. The Portfolio is managed with the investment objectives of: preserving capital, maintaining liquidity, achieving superior yields, and providing consistent returns over time. In order to limit interest rate risk, investments are laddered, with maturities ranging from several months to a maximum of five years.

Investment of bond proceeds is made in accordance with the Authority's various bond resolutions. The bond resolutions generally permit the investment of funds held by the trustee in the following: (a) obligations of, or guaranteed by, the State or the U.S. Government; (b) repurchase agreements secured by obligations noted in (a) above; (c) interest-bearing deposits, in any bank or trust company, insured or secured by a pledge of obligations noted in (a) above; (d) State of New Jersey Cash Management Fund (NJCMF); (e) shares of an open-end diversified investment company which invests in obligations with maturities of less than one year of, or guaranteed by, the U.S. Government or Government Agencies; and (f) non-participating guaranteed investment contracts.

In order to maximize liquidity, the Authority utilizes the NJCMF as an investment. All investments in the NJCMF are governed by the regulations of the State of New Jersey, Department of Treasury, Division of Investment, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. The NJCMF invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries; short-term commercial paper; U.S. Agency Bonds; Corporate Bonds; and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates.

Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2025 and 2024, the Authority's balance in the NJCMF is $1,169,093,607 and $884,533,662, respectively. The fair value is measured based on net asset value ("NAV") which approximates $1 per share.

Custodial Credit Risk

Pursuant to GASB 40, the Authority's investments are profiled to determine if they are exposed to custodial credit risk. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government (NJEDA), and are held by either: the counterparty (institution that pledges collateral to government or that buys/sells investments for government) or the counterparty's trust department or agent but not in the name of the government. Investment pools such as the NJCMF and open-ended mutual funds including Mutual Bond Funds are deemed not to have custodial credit risk. As of December 31, 2025 and 2024, no investments are subject to custodial credit risk as securities in the Portfolio are held in the name of the Authority.

Concentration of Credit Risk

The Authority does not have an investment policy regarding concentration of credit risk; however, the Authority's practice is to limit investments in certain issuers. No more than 5% of the Authority funds may be invested in individual corporate and municipal issuers; and no more than 10% in individual U.S. Government Agencies. As of December 31, 2025 and 2024, no investments exceeded 5% of the total. Investments issued by or guaranteed by the U.S. Government, mutual fund investments, and pooled investments are exempt from this requirement.

Credit Risk

The Authority does not have an investment policy regarding the management of credit risk, as outlined above. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S.

Government. All investments in U.S. Agencies are rated Aaa by Moody's and AA+ by S&P. The mutual bond fund was rated AAA by S&P. Corporate bonds were rated AAA,AA,AA-,A+,A,A-,BBB+ by S&P. Municipal bonds were rated AAA,AA+,AA by S&P and Aa1,Aa2 by Moody's. The NJCMF is not rated.

Interest Rate Risk

The Authority does not have a policy to limit interest rate risk, however, its practice is to hold investments to maturity.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets;
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for an asset or liability.

As of December 31, 2025 and 2024, the Authority had the following investments and maturities:

		December 31, 2025			
Investment Type	Level	Fair Value	Maturities Less than 1 Year	Maturities 1–5 Years	Fair Value as of December 31, 2024
Investments by fair value level					
Debt Securities:					
U.S. Treasuries	1	$ 141,253,588	$ 33,112,970	$ 108,140,618	$ 128,932,738
U.S. Agencies	2	1,783,744	-	1,783,744	9,247,414
Corporate Bonds	2	71,949,043	3,310,298	68,638,745	62,128,462
Municipal Bonds	2	1,460,728	-	1,460,728	1,912,824
Certificate of deposit	2	2,829,603	-	2,829,603	2,827,552
Mutual Bond Funds	1	78,034,919	78,034,919	-	86,232,972
Total investments by fair value level		297,311,625	$ 114,458,188	$ 182,853,437	291,281,962
Investment Pool at NAV					
State of NJ Cash Management Fund		1,169,093,607			884,533,662
Total investments measured at fair value		1,466,405,232			1,175,815,624
Less: amounts reported as cash equivalents		(1,246,935,723)			(970,766,634)
Total investments		$ 219,469,509			$ 205,048,990

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

(c) Special Purpose Investments

Pursuant to the Authority's mission, from time to time, in order to expand employment opportunities in the State and to spur economic development opportunities, the Authority, with

the authorization of the Board, will make special purpose investments. These special purpose investments include the Authority's participation as a limited partner in various venture funds formed with the primary purpose of providing venture capital to exceptionally talented entrepreneurs dedicated to the application of proprietary technologies or unique services in emerging markets and whose companies are in the expansion stage. At December 31, 2025 and 2024, the aggregate value of the Authority's investment in these funds is $64,588,896 and $45,776,818, respectively. As a limited partner, the Authority receives financial reports from the managing partner of the funds, copies of which may be obtained by contacting the Authority.

For the purpose of financial reporting, the ownership in stock or equity interest in connection with economic development activities, such as providing venture capital, does not meet the definition of an investment because the asset is held primarily to further the economic development objectives of the Authority. Accordingly, the Authority uses the cost method as the measurement basis.

At December 31, 2025 and 2024, the Authority also held other equity investments of $30,286,653 and $14,101,634, respectively. The investments were held in the form of stock.

(d) Fiduciary Activities – OPEB Trust

OPEB Trust Deposits and Investments

The Trust's investments are made in accordance with the provisions of the Authority's Investment Policy (the "Investment Policy"). The goals of the Investment Policy are to invest for the sole purpose of funding the OPEB Plan obligation of the Authority in a prudent manner, and to conserve and enhance the value of the Trust assets through appreciation and income generation while maintaining a moderate investment risk.

The Trust has retained an investment consultant to ensure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Trust is currently invested in the following securities within the current investment policy limitations:

Asset Class	2025 Exposure	2024 Exposure
Equities	34.7%	32.6%
Fixed Income:		
U.S. Treasury	32.7	33.1
U.S. Agency	4.6	5.0
Corporate bonds	27.2	27.4
Municipal	0.4	0.6
Cash and cash equivalents	0.4	1.3

The current investment policy restricts the investments to a target allocation of 30% of investments in U.S. equities with 70% in fixed income as follows: U.S. Treasury obligations, federal instrumentality securities, corporate debt, taxable municipal bonds, commercial paper, repurchase agreements and money market mutual funds.

The Trust does not have an investment policy regarding concentration of credit risk, however, the Trust's practice is to limit investments in certain issuers. The current investment philosophy represents a long-term perspective. When asset weightings fall outside the Investment Policy range, the investment advisor shall advise the Trust on potential investment courses of action and the Trust may elect to rebalance the Trust asset mix.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – value based on quoted prices in active markets for identical assets.
- Level 2 – value based on significant other observable inputs such as a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.
- Level 3 – value based on inputs that are unobservable and significant to the fair value measurement such as discounted cash flows.

		December 31, 2025				
Investment Type	Level	Fair Value	Investments Less than 1 Year	Maturities 1–5 Years	Maturities 6-10 Years	Fair Value as of December 31, 2024
Investments by fair value level						
U.S. Treasuries	1	$ 17,643,048	$ 1,353,869	$ 9,822,089	$ 6,467,090	$ 16,197,677
U.S. Agencies	2	2,470,503		846,193	1,624,310	2,416,763
Corporate Bonds	2	14,703,842	847,061	9,076,696	4,780,085	13,413,302
Municipal Bonds	2	213,560	-	213,560	-	308,822
Mutual bond funds	1	229,794	229,794	-	-	652,814
Mutual funds	1	18,715,750	18,715,750	-	-	15,936,278
Total investments by fair value level		53,976,497	21,146,474	19,958,538	12,871,485	48,925,656
Less amounts reported as cash equivalents per the financial statements		(229,794)				(652,814)
Total investments per the financial statements		$ 53,746,703				$ 48,272,842

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

The following discusses the Trust's exposure to common deposit and investment risks related to custodial credit, credit, concentration of credit, interest rate and foreign currency risks as of December 31, 2025.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the Trust's deposits may not be returned. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Trust and are held by either the depository financial institution or the depository financial institution's trust department or agent but not in the Trust's name.

The Trust manages custodial credit risk by limiting its investments to highly rated institutions and or requiring high quality collateral be held by the trustee in the name of the Trust.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Trust has an investment policy regarding the management of Credit Risk, as outlined above. GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. All investments in U.S. Agencies ($2,470,503) and U.S. Treasuries ($17,643,048) are rated AA+ by Standard & Poor's ("S&P"). Corporate bonds were rated AA+/AA/AA-/A+/A/A-/BBB+/BBB ($14,703,842) by S&P. Municipal bonds were rated AAA and AA+ ($213,560) by S&P. The Dreyfus Cash Management Fund ($229,794) was rated AAA by S&P.

As of December 31, 2025, the Trust's fixed income investments totaled $35,030,953.

Corporate debt, when purchased, must be rated no less than BBB or the equivalent by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO"). Taxable municipal bonds should be rated at least A- or the equivalent at the time of purchase by at least two NRSROs. Commercial paper and repurchase agreements should have the ratings of at least A-1 by two or more NRSROs. Money market mutual funds and local government investment pools must have a rating of AAA by one or more NRSROs.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Trust's investment in a single issuer. Investments of Trust assets are diversified in accordance with the Authority's investment policy that defines guidelines for the investment holdings. The asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy and the securities markets. As of December 31, 2025, none of the Trust's individual investments comprised more than 5% of total investments. U.S. Government issued securities (U.S. Treasury securities) are exempt from this requirement.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Within the fixed income and cash portions of the portfolio it is managed using the effective duration methodology.

This methodology is widely used in the management of fixed income portfolios in that it quantifies with greater precision the amount of risk due to interest rate changes. The weighted duration of the fixed income portfolio at December 31, 2025 is 3.65 years. In the equities section of the portfolio interest rate risk is managed by limiting equity exposure to approximately 30% of the portfolio and investing in mutual funds that limit risk by diversifying holdings and purchasing companies of lower risk.

Rate of Return

As required by GASB Statement 74, the annual money weighted rate of return on trust investments, net of investment expenses was 9.92% and 8.49% for the years ended December 31, 2025 and 2024, respectively. The calculation is based on monthly income and average monthly investment balances.

Note 4: Notes Receivable

Notes receivable consist of the following:

	December 31, 2025	December 31, 2024
Economic Development Fund ("EDF") loan program; interest ranging up to 4.8%; maximum term of 16 years	$ 31,352,188	$ 29,694,454
Economic Recovery Fund ("ERF") loan and guarantee programs; interest ranging up to 6.9%; maximum term of 30 years	130,011,063	157,379,249
Hazardous Discharge Site Remediation ("HDSR") loan program; interest ranging up to 5.0%; maximum term of 7 years	867,075	738,864
Stronger NJ Business (SNJ) loan program; interest ranging up to 2.6%; maximum term of 30 years	79,993,443	81,199,174
United States Economic Development Authority (USEDA) loan program; interest rate of 0.0%; maximum term of 10 years	6,646,804	8,791,701
	$ 248,870,573	$ 277,803,442

Aggregate Notes Receivable activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Loan Disbursements	Loan Receipts	Write-offs, Adjustments, Restructures – Net	Ending Balance	Amounts Due Within One Year
EDF/ERF	$ 187,073,703	$ 24,466,543	$ (49,708,312)	$ (468,683)	$ 161,363,251	$ 27,389,004
HDSR	738,864	277,410	(149,199)	-	867,075	518,778
SNJ	81,199,174	4,442,636	(5,628,654)	(19,713)	79,993,443	3,500,394
USEDA	8,791,701	-	(1,197,489)	(947,408)	6,646,804	1,074,421
	$ 277,803,442	$ 29,186,589	$ (56,683,654)	$ (1,435,804)	$ 248,870,573	$ 32,482,597

Note 5: Leases

(i) Authority as Lessor

At December 31, 2025, capital assets with a carrying value of $134,219,034 and accumulated depreciation of $104,157,636 are leased to commercial enterprises. These leases generally provide the tenant with renewal and purchase options. Aggregate minimum lease receipts are expected as follows, which include leases under one year in term not subject to GASB Statement No. 87 and leases capitalized in prior years prior to implementation of GASB Statement No. 87:

2026	$ 7,116,887
2027	3,975,368
2028	3,577,798
2029	3,675,166
2030	3,105,145
2031-2034	8,871,613
	$ 30,321,977

Certain leases of the Authority are subject to GASB Statement No. 87 which covers leases that are over one year in length. A receivable is recognized for the total discounted present value of future lease payments. The interest rate used in this calculation is the Authority's long-term annual rate of return which was 5.0% for 2025 and 2024. Interest income and lease revenue is recognized over the life of the lease. The receivable was $24,633,295 as of December 31, 2025, and $20,367,339 as of December 31, 2024.

The receivable is offset by a corresponding amount in deferred inflows due to leases representing income to be recognized over the life of the lease. Interest revenue related to leases was $1,507,237 for 2025 and $1,278,292 for 2024.

Future expected lease payments are summarized in the following table:

	Lease Interest Revenue	Lease Receivables/ Deferred Inflows	Total
2026	$ 1,231,665	$ 5,358,298	$ 6,589,963
2027	963,750	3,011,618	3,975,368
2028	813,169	2,764,629	3,577,798
2029	674,937	3,000,228	3,675,165
2030	524,926	2,580,219	3,105,145
2031-2034	953,310	7,918,303	8,871,613
	$ 5,161,757	$ 24,633,295	$ 29,795,052

(ii) Authority as Lessee

The Authority leases commercial property, buildings, and office space for use by Authority staff. Aggregate rental payments for the current year amounted to $1,633,631. The respective lease terms for these leasehold interests in commercial property are over one year in length and are, similarly, subject to GASB Statement No. 87. A lease liability is recognized for the total discounted present value of the future lease payments. A right-to-use asset is also recognized in an amount equivalent to the initial measurement of the lease liability. Separate calculations were made for each leasehold interest, based on property-significant annual rates ranging from 5.398% to 8.540%. Interest expense and lease amortization expense are recognized over the life of each respective leasehold interest.

The lease liability was $11,530,524 as of December 31, 2025, and $10,284,498 as of December 31, 2024. The net right-to-use lease asset was $9,481,047 as of December 31, 2025, and $8,790,098 as of December 31, 2024. Interest expense related to leases was $641,482 for 2025 and $694,273 for 2024. Lease Amortization expense is calculated based on the straight-line method over the term of each respective leasehold interest. The amounts for December 31, 2025 and 2024 were $872,834, and $839,173, respectively. Future expected lease payments are summarized in the following table:

	Interest	Principal	Total
2026	$ 761,201	$ 723,236	$ 1,484,437
2027	686,009	958,663	1,644,672
2028	595,800	1,097,907	1,693,707
2029	492,983	1,246,938	1,739,920
2030	398,465	709,835	1,108,300
2031-2035	1,738,851	825,873	2,564,724
2036-2040	1,448,283	1,383,379	2,831,662
2041-2045	982,424	2,143,960	3,126,384
2046-2050	293,082	2,440,733	2,733,815
	$ 7,397,098	$ 11,530,524	$ 18,927,622

Note 6: Capital Assets

Capital asset activity for the years ended December 31, 2025 and 2024 was as follows:

	December 31, 2024	Additions	Reductions	December 31, 2025
Capital assets not being depreciated:				
Land	$ 48,629,422	$ 38,085,012		$ 86,714,434
Construction in progress	456,762,614	21,479,202		478,241,816
Total non-depreciable assets	505,392,036	59,564,214	-	564,956,250
Capital assets being depreciated/amortized:				
Buildings	85,067,132	-	$ 2	85,067,130
Right to use lease assets	11,895,523	1,601,136		13,496,659
Leasehold improvements	37,325,051	5		37,325,056
Total depreciable/amortizable assets	134,287,706	1,601,141	2	135,888,845
Less: accumulated depreciation	111,796,907	2,637,493		114,434,400
Less: accumulated amortization	3,105,425	910,187		4,015,612
Total accumulated depreciation and amortization	114,902,332	3,547,680		118,450,012
Capital assets – net	$ 524,777,410	$ 57,617,675	$ 2	$ 582,395,083

	December 31, 2023	Additions	Reductions	December 31, 2024
Capital assets not being depreciated:				
Land	$ 48,629,422	$ -	$ -	$ 48,629,422
Construction in progress	325,266,814	134,626,188	3,130,388	456,762,614
Total non-depreciable assets	373,896,236	134,626,188	3,130,388	505,392,036
Capital assets being depreciated/ amortized:				
Buildings	81,722,446	3,344,686		85,067,132
Right to use lease assets	9,641,314	2,254,209		11,895,523
Leasehold improvements	36,883,515	441,536		37,325,051
Total depreciable/amortizable assets	128,247,275	6,040,431		134,287,706
Less: accumulated depreciation	108,497,834	3,299,073		111,796,907
Less: accumulated amortization	2,266,252	839,173		3,105,425
Total accumulated depreciation and amortization	110,764,086	4,138,246		114,902,332
Capital assets – net	$ 391,379,425	$ 136,528,373	$ 3,130,388	$ 524,777,410

In January 2025, federal actions affecting offshore wind development resulted in the withdrawal of federal funding support and the issuance of stop-work orders for several offshore wind projects. As a result, construction activities on numerous wind-related projects were suspended, including projects associated with, or otherwise anticipated to rely on, NJEDA's anticipated Wind Port operations. In response to these federal actions, NJEDA stopped construction activities at the Wind Port and paused discussions with its primary prospective tenant.

Since that time, multiple legal challenges to federal offshore wind policies and project-specific actions have been filed in federal courts, several of which remain pending. In addition, certain stop-work orders have been challenged through judicial proceedings, contributing to continued uncertainty regarding the future regulatory environment for offshore wind development. Based on current regulatory developments, ongoing litigation, and recent judicial decisions favoring wind projects, the Authority recognizes the impairment as temporary.

Based on the outcome of an independent study, the temporary impairment on the leased and owned projects as of December 31, 2025 could result in up to and potentially including a total loss if a permanent impairment is eventually determined, consistent with GASB Statement No. 42: *Accounting and Financial Reporting for Impairment of Capital Assets*. As of December 31, 2025, New Jersey Wind Port assets on the Authority's Statement of Net Position included land and construction in progress with carrying values of $24,307,510 and $466,461,205, respectively. Additionally, as of December 31, 2025, the Authority's unrestricted net position includes $139,546,080 of unexpended funds related to the New Jersey Wind Port, which if no further investment is made by the Authority related to this project, may be due back to the State of New Jersey.

Note 7: Commitments and Contingencies

(a) Loan and Bond Guarantee Programs

The Authority has a special binding obligation regarding all guarantees to the extent that funds are available in the guarantee accounts as specified in the guarantee agreements. Guarantees are not, in any way, a debt or liability of the State.

(1) Economic Recovery Fund

The guarantee agreements restrict the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt (exposure and commitments) to Worth (the amount on deposit and available for payment) ratio is greater than 5 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the guarantee program account. Principal payments on guaranteed loans and bonds reduce the Authority's exposure. At December 31, 2025, Debt was $10,797,661 and Worth was $997,741,004, with a ratio of 0.01 to 1.

(2) State Small Business Credit Initiative Fund

The Federal grant agreement restricts the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt to Worth ratio is greater than 1 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the State Small Business Credit Initiative Fund. At December 31, 2025, the Fund had no Debt, and Worth was $0.

(b) Loan Program Commitments and Project Financings

At December 31, 2025, the Authority has $9,733,065 of loan commitments not yet closed or disbursed and $126,671,012 of project financing commitments.

Note 8: State and Federal Appropriations and Program Payments

The Authority receives appropriations from the State of New Jersey, as part of the State's annual budget, for purposes of administering certain grant programs enacted by State statute, and has

also received appropriations from the United States Department of Housing and Urban Development, as well as the Federal Emergency Management Agency, via the State of New Jersey, for purposes of administering certain loan and grant programs for businesses in connection with the aftermath of Superstorm Sandy in October 2012, and for purposes of administering certain emergency grant programs for businesses adversely impacted by the COVID-19 pandemic. The Authority recognizes the disbursement of these funds to grantees as program payments. In each year since 2020, the Authority has received appropriations from the United States Department of the Treasury, as part of the CARES Act of 2020 and the American Rescue Plan Act, via the State of New Jersey, program payments. For the year ended December 31, 2025, State and Federal appropriations and program payments were $766,091,038 and $293,274,521, respectively.

Note 9: Litigation

The Authority is involved in several lawsuits that, in the opinion of the management of the Authority, will not have a material effect on the accompanying financial statements.

Note 10: Employee Retirement Systems

(a) Public Employees' Retirement System of New Jersey ("PERS")

The Authority's employees participate in the PERS, a cost-sharing multiple employer defined benefit plan administered by the State. The Authority's contribution is based upon an actuarial computation performed by the PERS. Employees of the Authority are required to participate in the PERS and contributed 7.50% in 2025 and 2024 of their pensionable compensation. The PERS also provides death and disability benefits. All benefits and contribution requirements are established, or amended, by State statute.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after a minimum of 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60, and to tier 3 members upon reaching

age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62, and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions Made

The contribution policy is set by N.J.S.A. 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2025 and 2024, the State's pension contribution was less than the actuarial determined amount.

The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Authority's contractually required contribution rate for the year ended December 31, 2025, and 2024 was 15.41% and 14.32%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 100% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 100% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2025 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2025 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

The Authority's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

Contractual contributions to the pension plan from the Authority were $6,989,597 and $6,233,470 for the years ended December 31, 2025, and 2024, respectively, equal to the required contributions.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

GASB 68 requires the Authority to recognize a net pension liability for the difference between the present value of the projected benefits for past service, known as the Total Pension Liability ("TPL"), and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position ("FNP").

At December 31, 2025 and 2024, the Authority reported a liability of $62.9 million and $62.2 million for its proportionate share of the net pension liability for PERS, respectively. The net pension liability was measured as of June 30, 2025 and June 30, 2024, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2024 and July 1, 2023. The actuarial valuations were rolled forward to June 30, 2025 and June 30, 2024, using update procedures.

The Authority's proportion of the net pension liability was based on a projection of the long-term share of contribution to the pension plans relative to the projected contributions of all participating State agencies, actuarially determined. At December 31, 2025, the Authority's proportion was 0.51143%, which was an increase of 0.05333% from its proportion measured as of December 31, 2024. At December 31, 2024, the Authority's proportion was 0.45810%, which was an increase of 0.06739%.

For the years ended December 31, 2025 and 2024, the Authority recognized pension expense of $10,810,871 and $9,312,179 for PERS, respectively. Pension expense is reported in the Authority's financial statements as part of salaries and benefits expense.

At December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		$ 5,244,960		$ 2,886,220
Changes of assumptions or other inputs	$ 9,932	724,654	$ 77,330	708,227
Changes in proportion	18,723,448		20,094,881	
Difference between expected and actual experience	1,793,373	67,216	1,246,921	165,718
Contributions subsequent to the measurement date	3,494,799		3,116,735	
	$ 24,021,552	$ 6,036,830	$ 24,535,867	$ 3,760,165

Deferred outflows of resources of $3,494,799 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2026	$	7,430,115
2027		4,032,406
2028		2,134,685
2029		669,587
2030		223,131
	$	14,489,923

Actuarial Methods and Assumptions

The collective pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. This actuarial valuation used the following assumptions:

	June 30, 2025 and 2024
Inflation:	2.75% (Price) 3.25% (Wage)
Salary increases:	3.25 – 7.75% (2025) 2.75 – 6.55% (2024) based on years of service
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on Pub-2016 General Below-Median Income Employee mortality table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025 and June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic rates of return for each major asset class are summarized in the following table:

	2025	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
U.S. Equity	28.00%	8.55%
Non-U.S. Developed Markets Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.00%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%

	2024	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2025 and June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00% for PERS as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate as of December 31, 2025 and 2024, respectively:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2025	$ 86,105,212	$ 62,899,162	$ 43,121,449

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2024	$ 82,710,870	$ 62,246,933	$ 44,832,235

Plan Fiduciary Net Position

The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2025 and 2024 were $41,002,952,235 and $37,740,650,902, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2025 and 2024 was $31,647,959,781 and $29,413,070,105, respectively.

Additional Information

Collective Local Group balances at June 30, 2025 are as follows:

Collective deferred outflows of resources	$	1,093,964,592
Collective deferred inflows of resources		1,921,744,319
Collective net pension liability		12,404,749,906
Authority's proportion		0.5114314299%

Collective Local Group pension expense (benefit) for the Local Group for the measurement period ended June 30, 2025 and 2024 was $424,849,599 and $349,821,337 respectively. The average of the expected remaining service lives of all plan members is 5.15, 5.08, 5.08, 5.04, and 5.13 years for the 2025, 2024, 2023, 2022, and 2021 amounts, respectively.

State Contribution Payable Dates

Prior to July 1, 2022 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2022 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31st, at least 75% by March 31st, and at least 100% by June 30th.

Receivable Contribution

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2025 and June 30, 2024 are $1,390,211,483 and $1,393,655,054, respectively.

Detailed information about the Plan's fiduciary net position is available in a separately issued financial report. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for the PERS. Information on the total Plan funding status and progress, required contributions and trend information is available on the State's web site at www.state.nj.us/treasury/pensions/annrprts.shtml in the Annual Comprehensive Financial Report of the State of New Jersey, Division of Pensions and Benefits.

(b) Postemployment Health Care and Insurance Benefits

General Information about the Postemployment Health Care Plan

Plan Description and Benefits Provided: The Authority sponsors a single employer postemployment benefits plan that provides benefits in accordance with State statute, through the State Health Benefits Plan, to its retirees having 25 years or more of service in the PERS, and 30 years or more of service if hired after June 28, 2011, or to employees approved for disability retirement. Health benefits and prescription benefits provided by the plan are at no cost to eligible retirees who had accumulated 20 years of service credit as of June 30, 2010. All other future retirees will contribute to a portion of their health and prescription premiums. Upon turning 65 years of age, a retiree must utilize Medicare as their primary coverage, with State Health Benefits providing supplemental coverage. In addition, life insurance is provided at no cost to the Authority and the retiree in an amount equal to 3/16 of their average salary during the final 12 months of active employment.

The Authority participates in the State Health Benefits Plan solely on the benefits side and not in a cost-sharing capacity, in order to leverage more affordable premium costs. The Authority maintains all plan assets within the Employee Benefit Trust. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements for the State Health Benefits Program Funds. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295. The State has the authority to establish and amend the benefit provisions offered and contribution requirements.

Employees Covered by Benefit Terms. At December 31, 2025 and 2024, the following employees were covered by the benefit terms:

	2025	2024
Active employees	421	409
Inactive employees and/or beneficiaries currently receiving benefit payments	56	50
Total membership	477	459

Contributions. The Authority's Board grants the Authority the right to establish and amend the contribution requirements. The Board establishes rates based on an actuarially determined rate. For the year ended December 31, 2025, and 2024, the Authority's average contribution rate was 2.34 percent and 2.04 percent of covered payroll, respectively. Employees are not required to contribute to the plan. The Authority's annual OPEB cost for the plan is calculated based on the Entry Age Normal level percentage cost method, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The Authority has established and funded an irrevocable trust for the payments required by this obligation.

Net OPEB (Asset) Liability

The Authority's net OPEB (asset) liability for the December 31, 2025 measurement date was determined by an actuarial valuation as of December 31, 2025. This serves as the reporting date.

Actuarial Assumptions. The total OPEB liability in the December 31, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.3% per annum, compounded annually
Salary increases	3.5% per annum, compounded annually
Investment rate of return	5.0%
Healthcare cost trend rates	6.8% grading down to an ultimate rate of 3.7% for <65, 6.7% grading down to an ultimate rate of 3.7% for >65

Mortality rates were based on the Pub-2010 General Below-Median Income mortality tables and Pub-2010 Non-Safety Disabled Retiree mortality table adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis.

The actuarial assumptions used in the December 31, 2025, valuation were based on information provided by the Authority for the period of January 1, 2025 through December 31, 2025.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.30%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

2025

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	BAML 3-Month T-Bills	1.00%	0.85%
US Interm (1-10) Treasury Bonds	Bloomberg Interm US Treasury	33.00%	1.61%
US Interm (1-10) Corporate Bonds	Bloomberg Interm Corporate	27.00%	2.59%
US Interm (1-10) Government	Bloomberg US Govt	5.00%	1.90%
US Municipal Bonds	Bloomberg Municipal	1.00%	1.92%
US Large Cap Equity	S&P 500	31.00%	5.47%
US Small Cap Equity	Russell 2000	2.00%	6.52%
		100.00%	

2024

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	BAML 3-Month T-Bills	1.00%	0.94%
US Interm (1-10) Treasury Bonds	Bloomberg Interm US Treasury	33.00%	1.63%
US Interm (1-10) Corporate Bonds	Bloomberg Interm Corporate	27.00%	2.63%
US Interm (1-10) Government	Bloomberg US Govt	5.00%	1.94%
US Municipal Bonds	Bloomberg Municipal	1.00%	1.73%
US Large Cap Equity	S&P 500	31.00%	5.33%
US Small Cap Equity	Russell 2000	2.00%	6.82%
		100.00%	

Discount Rate. The discount rate used to measure the total OPEB liability was 5.00 percent at December 31, 2025 and 5.00 percent at December 31, 2024. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB (Asset) Liability

For the year ended December 31, 2025:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB (Asset) Liability
Net OPEB (asset) liability at the beginning of the year	$ 32,162,000	$ 49,177,803	$ (17,015,803)
Changes for the year:			
Service Cost	2,286,152		2,286,152
Interest	1,696,712		1,696,712
Employer contributions		1,060,997	(1,060,997)
Effect economic/demographic changes	1,190,650		1,190,650
Effect change in assumptions/inputs	9,916,000		9,916,000
Net investment income		5,074,308	(5,074,308)
Benefit payments	(1,040,514)	(1,040,514)	
Administrative expense		(11,630)	11,630
Net changes	14,049,000	5,083,161	8,965,839
Net OPEB (asset) liability at the end of the year	$ 46,211,000	$ 54,260,964	$ (8,049,964)

For the year ended December 31, 2024:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB (Asset) Liability
Net OPEB (asset) liability at the beginning of the year	$ 29,014,000	$ 45,138,824	$ (16,124,824)
Changes for the year:			
Service Cost	2,113,590	-	2,113,590
Interest	1,457,684	-	1,457,684
Employer contributions	-	889,343	(889,343)
Effect economic/demographic changes	2,069		2,069
Effect change in assumptions/inputs	464,000		464,000
Net investment income	-	4,050,932	(4,050,932)
Benefit payments	(889,343)	(889,343)	-
Administrative expense	-	(11,953)	11,953
Net changes	3,148,000	4,038,979	(890,979)
Net OPEB (asset) liability at the end of the year	$ 32,162,000	$ 49,177,803	$ (17,015,803)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate. The following presents the net OPEB (asset) liability of the Authority as of December 31, 2025 and 2024, as well as what the Authority's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as defined in the chart below for 2025 and 2024:

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
2025	$ (293,964)	$ (8,049,964)	$ (14,298,964)

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
2024	$ (11,636,803)	$ (17,015,803)	$ (21,347,803)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB (asset) liability of the Authority as of December 31, 2025 and 2024, as well as what the Authority's net OPEB (asset) liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (defined in chart below for 2025 and 2024):

	1% Decrease (5.8 decreasing to 2.7%)	Healthcare Cost Trend Rates (6.8 decreasing to 3.7%)	1% Increase (7.8 decreasing to 4.7%)
2025	$ (15,339,964)	$ (8,049,964)	$ 1,419,036

	1% Decrease (5.4 decreasing to 2.7%)	Healthcare Cost Trend Rates (6.4 decreasing to 3.7%)	1% Increase (7.4 decreasing to 4.7%)
2024	$ (22,266,803)	$ (17,015,803)	$ (10,185,803)

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued NJEDA Employee Benefit Trust financial report, which is available on the Authority's website at www.njeda.com/public_information/annual_reports.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2025 and 2024, the Authority recognized OPEB expense (benefit) of $(579,015) and $(1,237,118), respectively. OPEB expense (benefit) is reported in the Authority's financial statements as part of salaries and benefits expense. At December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference in experience	$ 1,791,338	$ 78,764		$ 108,140
Changes of assumptions	10,031,845	7,138,467	$ 1,983,004	9,559,722
Net difference between projected and actual earnings on OPEB plan investments	-	2,701,512	44,444	-
Totals	$ 11,823,183	$ 9,918,743	$ 2,027,448	$ 9,667,862

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year Ended December 31:	
2026	$ (1,121,008)
2027	(2,521,323)
2028	(1,715,660)
2029	651,632
2030	1,174,671
Thereafter	5,436,128
Total	$ 1,904,440

Note 11: Compensated Absences

The Authority recorded compensated absence liabilities in the amount of $7,269,102 and $7,095,975 as of December 31, 2025 and 2024, respectively. During 2025 GASB Statement No.101, *Compensated Absences*, was implemented. The liability is composed of accrued vacation time and sick-leave that can be used or result in a cash payment upon retirement. The liability as of December 31, 2024 has been restated. The vested sick leave benefit to eligible retirees for unused accumulated sick leave is calculated at the lesser of ½ the value of earned timeor$15,000.

Note 12: Long-Term Liabilities

During 2025 and 2024, the following changes in long-term liabilities are reflected in the statement of net position:

	2025					
	Beginning Balance	Cumulative Effect of Change in Accounting Principle	Additions	Deductions	Ending Balance	Due Within One Year
Net pension liability	$ 62,246,933		$ 652,229		$ 62,899,162	
Unearned lease revenue	1,642,127		636,052	$ (1,614,001)	664,178	$ 664,178
Accrued guarantee losses	4,488,432		1,065,903		5,554,335	
Leases payable	10,284,498		901,765		11,186,263	723,236
Compensated absences*	2,230,397	$ 4,865,578	173,127		7,269,102	3,128,001
Total long-term liabilities	$ 80,892,387	$ 4,865,578	$ 3,429,076	$ (1,614,001)	$ 87,573,040	$ 4,515,415

	2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Net pension liability	$ 56,591,208	$ 5,655,725		$ 62,246,933	
Unearned lease revenue	2,719,875	-	$ (1,077,748)	1,642,127	$ 1,115,203
Accrued guarantee losses	3,603,000	1,197,000	(311,568)	4,488,432	-
Leases payable	8,093,191	2,334,448	(143,141)	10,284,498	613,366
Compensated absences	2,117,553	112,844	-	2,230,397	-
Total long-term liabilities	$ 73,124,827	$ 9,300,017	$ (1,532,457)	$ 80,892,387	$ 1,728,569

*The change in compensated absences is reported as a net change.

For further information, see Notes 10 and 11.

Note 13: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded the commercial coverage provided in any of the last three years.

Note 14: Blended Component Unit – New Jersey Greenbank

The NJGB is considered a blended component unit of the Authority, and the following condensed financial data is blended within its financial statements:

	As of December 31, 2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 143,087,920	$ 40,134,015
Total assets	143,087,920	40,134,015
Liabilities:	-	-
Net Position		
Unrestricted	143,087,920	40,134,015
Total net position	$ 143,087,920	$ 40,134,015

	Year Ended December 31, 2025	2024
Operating expenses		
Salaries and benefits	$ 237,175	
General and administrative	759	
Program costs	145,028	
Total operating expenses	382,962	-
Operating loss	(382,962)	-
Non operating revenues		
Interest income-investments	3,336,867	$ 134,015
State appropriations	100,000,000	40,000,000
Non-operating revenues, net	103,336,867	40,134,015
Change in net position	102,953,905	40,134,015
Net Position - beginning of year	40,134,015	-
Net Position - end of year	$ 143,087,920	$ 40,134,015

	Year Ended December 31, 2025	2024
Cash flows from operating activities		
General and administrative	$ (237,934)	
Program costs	(145,028)	
Net cash (used) in operating activities	(382,962)	
Cash flows from noncapital financing activities		
Appropriations received	100,000,000	$ 40,000,000
Net cash provided by noncapital financing activities	100,000,000	40,000,000
Cash flows from investing activities		
Interest from investments	3,336,867	134,015
Net cash provided by investing activities	3,336,867	134,015
Net increase in cash and equivalents	102,953,905	40,134,015
Cash and equivalents - beginning of year	40,134,015	-
Cash and equivalents - end of year	$ 143,087,920	$ 40,134,015
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (382,962)	$ -
Adjustments to reconcile operating loss to net cash used in operating activities:	-	
Net cash used in operating activities	$ (382,962)	$ -

Note 15: Cumulative Effect of Change in Accounting Principle

The Authority implemented the provisions of GASB Statement No. 101, "*Compensated Absences*" for the year ended December 31, 2025. In addition to the value of unused leave time owed to employees upon separation from employment, the Authority now also recognizes as part of the compensated absences liability an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. As a result of this implementation, the beginning net position as of January 1, 2024 was restated to reflect the cumulative effect of applying the new standard. The effect of this restatement is as follows:

	Balance December 31, 2024 as Reported	Restatement	Restated Balance December 31, 2024
Current portion of compensated absences payable	$ -	$ 3,137,443	$ 3,137,443
Total current liabilities	97,827,580	3,137,443	100,965,023
Long-term portion of compensated absences payable	2,230,397	1,728,135	3,958,532
Total noncurrent liabilities	79,163,818	1,728,135	80,891,953
Total net position	$ 2,004,800,030	$ (4,865,578)	$ 1,999,934,452

Note 16: Subsequent Events

State Funding

In 2026, the Authority received appropriations from the State of New Jersey totaling $138.0 million from the State FY 2025 budget for the purposes of administering various state programs, including Main Street Recovery Fund; Strategic Innovation Centers; and Child Care Facilities Fund.

The Authority returned a previous appropriation received related to the Greenbank program in the amount of $40.0 million.

Required Supplementary Information

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Required Supplementary Information

Schedule of Changes in the Authority's Net OPEB Liability (Asset) and Related Ratios

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
						($ In Thousands)				
Service cost	$ 2,286	$ 2,113	$ 1,911	$ 1,223	$ 973	$ 891	$ 1,703	$ 1,967	$ 1,900	$ 1,836
Interest	1,697	1,458	1,266	1,121	1,036	972	1,765	1,606	1,492	1,387
Change in assumptions	11,107	466	1,503	(527)	209	-	(19,859)	(3,730)	-	-
Benefit payments	(1,041)	(889)	(836)	(648)	(543)	(449)	(420)	(588)	(643)	(655)
Net change in total OPEB liability	14,049	3,148	3,844	1,169	1,675	1,414	(16,811)	(745)	2,749	2,568
Total OPEB liability - beginning	32,162	29,014	25,170	24,001	22,326	20,912	37,723	38,468	35,719	35,151
Total OPEB liability - ending	$ 46,211	$ 32,162	$ 29,014	$ 25,170	$ 24,001	$ 22,326	$ 20,912	$ 37,723	$ 38,468	$ 35,719
Plan fiduciary net position										
Contributions - employer	$ 1,061	$ 889	$ 836	$ 656	$ 543	$ 449	$ 420	$ 5,307	$ 1,220	$ 1,162
Net investment income	5,074	4,051	4,112	(4,933)	1,657	3,092	3,325	86	486	382
Benefit payments	(1,041)	(889)	(836)	(648)	(543)	(449)	(420)	(588)	(643)	(655)
Administrative expenses	(12)	(12)	(11)	(11)	(12)	(11)	(22)	(21)	(21)	(21)
Net change in plan fiduciary net position	5,082	4,039	4,101	(4,936)	1,645	3,081	3,303	4,784	1,042	868
Plan fiduciary net position - beginning	49,178	45,139	41,038	45,974	44,329	41,248	37,945	33,161	32,119	31,251
Plan fiduciary net position - ending (b)	$ 54,260	$ 49,178	$ 45,139	$ 41,038	$ 45,974	$ 44,329	$ 41,248	$ 37,945	$ 33,161	$ 32,119
Authority's net OPEB (asset) liability - ending (a) - (b)	$ (8,049)	$ (17,016)	$ (16,125)	$ (15,868)	$ (21,973)	$ 22,003	$ (20,336)	$ (222)	$ (5,307)	$ 3,600
Plan fiduciary net position as a percentage of the total OPEB liability	117.42%	152.91%	155.58%	163.04%	191.55%	198.55%	197.25%	100.59%	86.20%	89.92%
Covered payroll	$ 45,347	$ 43,538	$ 35,928	$ 28,830	$ 29,283	$ 15,652	$ 15,123	$ 14,483	$ 14,108	$ 16,246
Authority's net OPEB liability (asset) as a percentage of covered payroll	-17.75%	-39.08%	-44.88%	-55.04%	-75.02%	140.58%	-134.47%	-1.53%	-37.62%	22.16%

Notes to Schedule:

Changes of assumptions: In 2020, changes of assumptions decreased from $19.9m to $0m.

New Jersey Economic Development Authority
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Required Supplementary Information

Schedule of the Authority's OPEB Contributions

($ In Thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial determined contribution	$ 1,041	$ 889	$ 836	$ 648	$ 543	$ -	$ 1,849	$ 5,307	$ 1,220	$ 1,162
Employer contribution	1,041	889	836	648	543	449	420	5,307	1,220	1,162
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (449)	$ 1,429	$ -	$ -	$ -
Authority's covered payroll	$ 45,347	$ 43,538	$ 35,928	$ 28,830	$ 29,283	$ 15,652	$ 15,123	$ 14,483	$ 14,108	$ 16,246
Contributions as percentage of covered payroll	2.30%	2.04%	2.33%	2.25%	1.85%	2.87%	2.78%	36.64%	8.65%	7.15%

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Required Supplementary Information

Employee Benefit Trust
Schedule of Investment Returns

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	9.92%	8.49%	9.52%	-11.25%	3.75%	7.26%	8.44%	0.28%	1.50%	1.22%

New Jersey Economic Development Authority
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Required Supplementary Information

Notes to Schedule of the Authority's OPEB Contributions

Notes to Schedule:

Valuation Date	January 1, 2025 for 2025; January 1, 2024 for 2024 and 2023; January 1, 2022 for 2022 and 2021; January 1, 2021 for 2020; January 1, 2020 for 2019; January 1, 2017 for years 2018, 2017 and 2016, January 1, 2015 for 2015; January 1, 2012 for years 2012-2014; January 1, 2009 for years 2009-2011.

Methods and assumptions used to determine the actuarially determined contribution rates:

Actuarial Cost Method	Entry Age Normal for 2016-2025, Project Unit Credit Cost Method for 2011-2015
Amortization Method	Full recognition of unfunded liability as of December 31 for 2016-2025, Level Dollar Open (1 year) for 2011-2015
Asset Valuation Method	Market value
Inflation Rate	2.3% for 2016-2025, not indicated for 2011-2015
Investment Rate of Return	5.00% for 2024-2025, 4.75% for 2022-2023, 4.5% for 2018-2021, 4.0% for all years prior

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Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability – PERS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.51143%	0.45810%	0.39071%	0.32160%	0.28264%	0.24540%	0.23051%	0.23374%	0.23691%	0.22645%
Authority's proportionate share of the net pension liability	$ 62,899,162	$ 62,246,933	$ 56,591,208	$ 48,534,257	$ 33,482,997	$ 40,017,678	$ 41,533,862	$ 46,021,947	$ 55,148,355	$ 67,068,246
Authority's covered payroll	$ 45,346,699	$ 43,538,139	$ 35,927,595	$ 28,822,311	$ 23,847,619	$ 20,932,830	$ 17,904,605	$ 16,464,640	$ 16,199,280	$ 16,245,862
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	138.71%	142.97%	157.51%	168.39%	140.40%	191.17%	231.97%	279.52%	340.44%	412.83%
Plan fiduciary net position as a percentage of the total pension liability	45.59%	48.73%	48.45%	46.41%	51.52%	42.90%	42.04%	40.45%	36.78%	31.20%

The amounts presented for each fiscal year were determined as of the previous fiscal year end.

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Required Supplementary Information

Schedule of the Authority's Contributions to the Public Employees' Retirement System (PERS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 6,989,597	$ 6,233,470	$ 5,221,886	$ 4,055,563	$ 3,310,048	$ 2,684,509	$ 2,242,154	$ 2,324,943	$ 2,194,698	$ 2,011,757
Contributions in relation to the contractually required contribution	6,989,597	6,233,470	5,221,886	4,055,563	3,310,048	2,684,509	2,242,154	2,324,943	2,194,698	2,011,757
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 45,346,699	$ 43,538,139	$ 35,927,595	$ 28,822,311	$ 23,847,619	$ 20,932,830	$ 17,904,605	$ 16,464,640	$ 16,199,280	$ 16,245,862
Contributions as a percentage of covered payroll	15.41%	14.32%	14.53%	14.07%	13.88%	12.82%	12.52%	14.12%	13.56%	12.38%

New Jersey Economic Development Authority
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Required Supplementary Information

Notes to Schedule of the Authority's Contributions to the
Public Employees' Retirement System (PERS)

Notes to Schedule

Valuation Date	Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine the actuarially determined employer contributions are as follows:

Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Level Dollar Amortization
Remaining Amortization Period	30 years
Asset Valuation Method	A five-year average of market value
Investment Rate of Return	7.00% for 2025, 2024, 2023, 2022 and 2021, 7.30% for 2020 and 2019, 7.50% for 2018 and 2017, 7.65% for 2016, 7.9% for 2015, 2014 and 2013, 7.95% for 2012, 8.25% for 2011
Inflation	2.75% (Price), 3.25% (Wage)
Salary Increases	None for 2019 through 2025, 1.65% – 5.15% for 2018, 2017 and 2016, 2.15% – 5.40% for 2015 through 2013, 4.52% for 2012, 5.45% for 2011
Mortality	Pub-2016 General Below-Median Income Employee mortality table for male and female active participants. Mortality tables are adjusted for males (86.3%) and for females (97.6%). In addition, the tables provide for future improvements in mortality from the base year of 2016 using a generational approach based on the Society of Actuaries (SOA) Scale MP-2021.