New Jersey Cyber
Risk Management Fund

Parsippany, New Jersey

Annual Comprehensive Financial Report
For the Year Ended December 31, 2025

NEW JERSEY CYBER RISK MANAGEMENT FUND
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DECEMBER 31, 2025

INTRODUCTORY SECTION

New Jersey Cyber
Risk Management Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054-4412
Tel (201) 881-7632
Fax (201) 881-7633

April 24, 2026

Executive Committee
New Jersey Cyber Risk Management Fund
9 Campus Drive, Suite 216
Parsippany, NJ 07054

Dear Executive Committee Members:

The Annual Comprehensive Financial Report (ACFR) of the New Jersey Cyber Risk Management Fund (CYBER JIF) for the year ended December 31, 2025 is hereby respectfully submitted. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the CYBER JIF. We believe the data, as presented, are accurate in all material respects; that they are presented in a manner designed to fairly set forth the financial position and results of the operations of the CYBER JIF as measured by the financial activity of its various membership years; and that all disclosures necessary to enable the reader to gain the maximum understanding of the CYBER JIF's financial affairs have been included.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section contains this transmittal letter, a list of the CYBER JIF's members, a list of the CYBER JIF's officers and an organizational chart. The financial section includes a management discussion and analysis of financial results and trends, the financial statements, as well as the independent auditors' opinion on the financial statements. State schedules are provided pursuant to the specifications of the New Jersey Department of Banking and Insurance, which, along with the Department of Community Affairs, exercises regulatory control over the CYBER JIF. The statistical section includes selected data covering each of the years that the CYBER JIF has been operational.

The CYBER JIF was formed under State statutes which authorize local government entities to pool resources to meet risk management needs. Specifically, the CYBER JIF administers a program of self funding that provides protection to members in the area of cyber risks. In performing this mission, the CYBER JIF also contracts for support services such as claims and litigation management, loss control services and training, financial management and reporting, actuarial services, and general management.

Economic Conditions and Outlook

The CYBER JIF's economic condition and outlook is strong. The CYBER JIF has provided its members with stable assessments, a growing financial surplus, comprehensive insurance, and responsive service. These factors have resulted in growth and stability in membership which is expected to continue in the future.

CYBER JIF Initiatives

The Cyber JIF engages a firm to provide phishing and training to members. Based on feedback from members, this year's offering has been divided into two modules for ½ hour each rather than 1 hour sessions.

The Cyber JIF Underwriting Manager identified an uncovered exposure when members provide IT services to another public entity, such as the local school and secured optional coverage for these members.

During 2025, the Underwriting Manager launched an educational campaign for members and risk management consultant. Topics included a review of the “basic tier” of the Fund’s risk control program, Joint Cash Management Investments’ (JCMI) Banking Controls (includes safety measures to prevent wire transfer fraud) and Incident Response.

Committee began a dialogue with Fund Attorney, Executive Director and Underwriting Manager asking for increased ability to collect more information to better understand the details on member claims in an effort to help others avoid claims.

Fund Attorney drafted an appeal process for members to pursue when disagreements arise on compliance issues with elements of the Fund’s risk control program.

Financial Management and Control

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board and necessarily include amounts based upon reliable estimates and judgments. The CYBER JIF's books are maintained on a full accrual basis. A summary of significant accounting policies is discussed in more detail in the notes to the financial statements found in the financial section.

Internal Accounting Structure

The CYBER JIF's accounting system is organized so that each membership year, and line of coverage within each year, can be evaluated separately. The assets, liabilities, revenues, and expenses of each year and line of coverage are reported separately on a full accrual basis. This practice is necessary because the composition of the CYBER JIF's membership, and the extent of participation within each line of coverage, varies from year to year.

The CYBER JIF's management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting system data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable assurance that these objectives are being met.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. All internal control decisions are made within the above framework. Management believes that the CYBER JIF's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Assessments

The allocation of assessments is based upon each member's population. This factor generates percentages that are applied against the Fund's budget to determine member premiums. Both the budget and assessments are approved by the Executive Committee. Dividends and additional assessments are derived based upon each member's proportional share of assessments by fund year and line of coverage. The Fund has implemented a strategy of retaining surplus with the objective of stabilizing future assessments.

Investment Management

As of December 31, 2025, the CYBER JIF's portfolio consisted of the following:

Checking Accounts	$	8,459,610	100.00%

Independent Audit

Nisivoccia LLP, independent accountants, provide an independent, objective review of the fairness of the CYBER JIF's reported financial position and results of operations. Their audit includes procedures they deem necessary to express an opinion as to the fairness of the financial statements. Their opinion is included in the financial section of this report.

Acknowledgments

Our appreciation is also extended to each CYBER JIF commissioner, and particularly to Executive and Advisory Committee members, for their commitment to risk management and intergovernmental risk pooling.

Respectfully submitted,

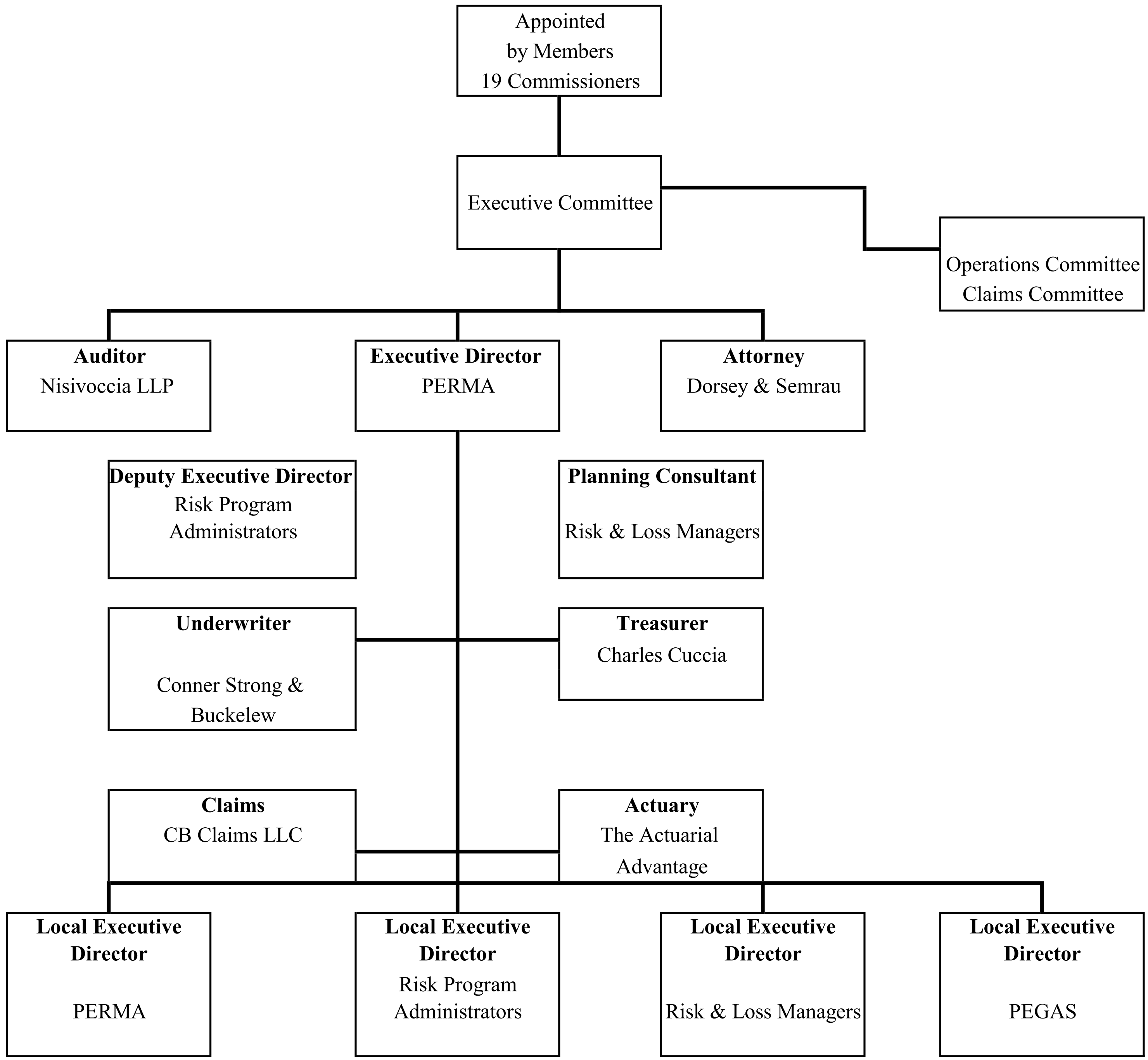
Joseph P. Hrubash

Joseph P. Hrubash, Executive Director

NEW JERSEY CYBER RISK MANAGMENT FUND
ROSTER OF OFFICIALS AND CONSULTANTS
DECEMBER 31, 2025

Joy Tozzi	Fund Chairwoman
Adam Brewer	Fund Secretary
Megan Champney Kweselait	Fund Commissioner
Jim Gant	Fund Commissioner
Michael Mevoli	Fund Commissioner
Bernard Rutkowski	Fund Commissioner
Marc Shrieks	Fund Commissioner
James Pacanowski	Fund Commissioner
Ted Preusch	Fund Commissioner
Erin Provenzano	Fund Commissioner
Casey Wagner	Fund Commissioner
Alan Pine	Fund Commissioner
Matthew Von Der Hayden	Fund Commissioner
Frank Elenio	Fund Commissioner
John Clarke	Fund Commissioner
Susan Danson	Fund Commissioner
Jim Ulrich	Fund Commissioner
Vincent Quatrone	Fund Commissioner
Michael Razze	Fund Commissioner
Perma Risk Management Services	Administrator
Joseph P. Hrubash	Executive Director
Cathleen Kiernan	Assistant Executive Director
AJG Risk Program Administrators	Deputy Executive Director
Risk & Loss Managers	Planning Consultant
Charles Cuccia	Treasurer
Dorsey& Semrau, Esqs.	Attorney
Nisivoccia LLP	Auditor
The Actuarial Advantage	Actuary
CB Botta & Associates	Claims Administrators
Conner Strong & Buckelew	Underwriting Manager
Perma Risk Management Services	Local Executive Director
AJG Risk Program Administrators	Local Executive Director
Risk & Loss Managers	Local Executive Director
Public Entity Group Administrators	Local Executive Director

NEW JERSEY CYBER RISK MANAGEMENT FUND
2025 ORGANIZATIONAL CHART



NEW JERSEY CYBER RISK MANAGEMENT FUND
MEMBERSHIP LISTING
AS OF DECEMBER 31, 2025

Atlantic County Municipal Joint Insurance Fund (39 Municipalities)

Bergen County Municipal Joint Insurance Fund (38 Municipalities)

Burlington County Municipal Joint Insurance Fund (28 Municipalities)

Camden County Municipal Joint Insurance Fund (38 Members)

Central Jersey Joint Insurance Fund (18 Municipalities)

Gloucester/Salem/Cumberland Counties Municipalities Joint Insurance Fund (35 Municipalities)

Mid Jersey Municipal Joint Insurance Fund (17 Municipalities)

Monmouth Municipal Joint Insurance Fund (41 Municipalities)

Morris County Municipal Joint Insurance Fund (46 Municipalities)

New Jersey First Responders Joint Insurance Fund (35 Districts)

New Jersey Public Housing Authorities Joint Insurance Fund (80 Authorities)

New Jersey Self Insurers' Joint Insurance Fund (4 Municipalities and 1 Regional Fire and Rescue Squad)

New Jersey Utility Authorities Joint Insurance Fund (76 Authorities)

Ocean County Municipal Joint Insurance Fund (31 Municipalities)

Professional Municipal Management Joint Insurance Fund (5 Municipalities)

Public Alliance Insurance Coverage Fund (19 Municipalities and 1 County)

South Bergen Municipal Joint Insurance Fund (23 Municipalities)

Suburban Metro Municipal Joint Insurance Fund (formerly Suburban Essex) - (12 Member Entities)

Suburban Municipal Joint Insurance Fund (12 Municipalities)

FINANCIAL SECTION

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

Independent Auditors' Report

The Honorable Chairperson and Members
of the Executive Committee
New Jersey Cyber Risk Management Fund
Parsippany, New Jersey

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the New Jersey Cyber Risk Management Fund (the "Fund") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Fund'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 financial position of the Fund, as of December 31, 2025 and 2024, and the changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fund, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's 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.

The Honorable Chairperson and Members
of the Board of Fund Commissioners
New Jersey Cyber Risk Management Fund
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division 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, *Government Auditing Standards* and audit requirements prescribed by the Division, 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 judgment, 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 the Management's Discussion and Analysis and the accompanying Reconciliation of Claims Liabilities by Fund and Ten-Year Claims Development Information Schedules 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, are 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, supplementary data schedules and the statistical section but does not include the financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2026 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
April 24, 2026

Nisivoccia LLP

NEW JERSEY CYBER RISK MANAGEMENT FUND
Management Discussion and Analysis

This section of the annual financial report of the Fund presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2025 and 2024. The Fund was formed effective January 1, 2023. Please read it in conjunction with the basic financial statements, the notes, and supplementary schedules that follow this section.

Overview of Basic Financial Statements

The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide coverage for cyber risks for joint insurance funds that are members of the Fund. The Fund maintains separate enterprise funds by incurred years and line of coverage. The basic financial statements are presented on an accrual basis of accounting. The three basic financial statements presented are as follows:

Statement of Net Position – This statement presents information reflecting the Fund's assets, liabilities, deferred outflows and inflows of resources and net position. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources.

Statement of Revenue, Expenses, and Changes in Net Position – This statement reflects the Fund's operating revenues and expenses, as well as non-operating items during the reporting period. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

Financial Highlights

The following tables summarize the financial position and results of operations for the Fund as of and for the years ended December 31, 2025, 2024 and 2023.

SUMMARY OF STATEMENT OF NET POSITION

	2025	2024	25/24 Percent Change	2023	24/23 Percent Change
ASSETS:					
Cash and Cash Equivalents	$ 8,459,610	$ 5,583,554	51.51%	$ 3,206,698	74.12%
Excess Insurance Receivable				51,275	-100.00%
Assessments Receivable	502,294	587,882	-14.56%	25,446	2210.31%
Total	8,961,904	6,171,436	45.22%	3,283,419	87.96%
LIABILITIES:					
Other Liabilities	31,136	54,269	-42.63%	125,255	-56.67%
Loss Reserves	2,630,274	2,243,435	17.24%	1,248,282	79.72%
Total	2,661,410	2,297,704	15.83%	1,373,537	67.28%
NET POSITION:					
Unrestricted	6,300,494	3,873,732	62.65%	1,909,882	102.83%
NET POSITION	$ 6,300,494	$ 3,873,732	62.65%	$ 1,909,882	102.83%

SUMMARY OF STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	2025	2024	25/24 Percent Change	2023	24/23 Percent Change
Operating Revenue:					
Assessments from Members	$ 6,819,861	$ 6,469,574	5.41%	$ 6,308,167	2.56%
Total Operating Revenue	6,819,861	6,469,574	5.41%	6,308,167	2.56%
Operating Expenses:					
Provision for Claims & Claims Expense	1,164,146	1,092,065	6.60%	1,883,129	-42.01%
Insurance Premiums	2,322,513	2,445,290	-5.02%	1,911,524	27.92%
Administrative and Operating Expenses	1,202,494	1,189,143	1.12%	714,887	66.34%
Total Operating Expenses	4,689,153	4,726,498	-0.79%	4,509,540	4.81%
Operating Income/(Loss)	2,130,708	1,743,076	22.24%	1,798,627	-3.09%
Non-Operating Revenue/(Expense):					
Investment Income	296,054	220,774	34.10%	111,255	98.44%
Change in Net Position	$ 2,426,762	$ 1,963,850	23.57%	$ 1,909,882	2.83%

The Fund's total assets were $8,961,904, the liabilities were $2,661,410, with net position of $6,300,494 at December 31, 2025. In its third year of operation, the Fund has established a healthy financial position.

Total assessments for 2025 were $6,819,861 and operating expenses were $4,689,153 resulting in operating income of $2,130,708. Investment income for the year was $296,054.

The Fund's financial position is impacted by cyber awareness, policies and procedures of its members and the increasing risks of cybersecurity attacks. The Fund provides resources to its members to lessen potential exposure or loss resulting from a cyberattack or data breach.

BASIC FINANCIAL STATEMENTS

NEW JERSEY CYBER RISK MANAGEMENT FUND
STATEMENT OF NET POSITION

	December 31	
	2025	2024
ASSETS:		
Cash and Cash Equivalents	$ 8,459,610	$ 5,583,554
Assessments Receivable	502,294	587,882
Total Assets	8,961,904	6,171,436
LIABILITIES:		
Accounts Payable - Vendors	31,136	27,229
Claims Payable		27,040
Loss Reserves	2,630,274	2,243,435
Total Liabilities	2,661,410	2,297,704
NET POSITION:		
Unrestricted	6,300,494	3,873,732
Total Net Position	$ 6,300,494	$ 3,873,732

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

NEW JERSEY CYBER RISK MANAGEMENT FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	Year Ending December 31	
	2025	2024
Operating Revenue:		
Assessments from Participating Members	$ 6,819,861	$ 6,469,574
Total Operating Revenue	6,819,861	6,469,574
Operating Expenses:		
Provision for Claims and Claim Adjustment Expense	1,164,146	1,092,065
Insurance Premiums	2,322,513	2,445,290
Claims Administration	26,010	31,500
Contractual Services	1,157,549	1,138,231
Non-Contractual Services	14,624	15,703
Administration	4,311	3,709
Total Operating Expenses	4,689,153	4,726,498
Operating Income	2,130,708	1,743,076
Non-operating Revenue/(Expenses):		
Investment Income	296,054	220,774
Change in Net Position	2,426,762	1,963,850
Net Position - Beginning of Year	3,873,732	1,909,882
Net Position - End of Year	$ 6,300,494	$ 3,873,732

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

NEW JERSEY CYBER RISK MANAGEMENT FUND
STATEMENT OF CASH FLOWS

	Year Ending December 31	
	2025	2024
Cash Flows from Operating Activities:		
Assessments Collected	$ 6,905,449	$ 5,907,138
Refunds Received		27,040
Other Income Received		24,235
Insurance Premiums Paid	(2,322,513)	(2,450,154)
Claims Paid	(777,307)	(69,872)
General and Administrative Expenses Paid	(1,225,627)	(1,282,305)
Net Cash Provided/(Used) by Operating Activities	2,580,002	2,156,082
Cash Flows from Investing Activities:		
Investment Income	296,054	220,774
Net Cash Provided/(Used) by Investing Activities	296,054	220,774
Net Increase/(Decrease) in Cash and Cash Equivalents	2,876,056	2,376,856
Cash and Cash Equivalents - Beginning of Year	5,583,554	3,206,698
Cash and Cash Equivalents - End of Year	$ 8,459,610	$ 5,583,554
Reconciliation of Operating Income to Net Cash Provided/(Used) by Operating Activities:		
Operating Income	$ 2,130,708	$ 1,743,076
Changes in Assets and Liabilities:		
(Increase)/Decrease in Assets:		
Excess Insurance Receivable		51,275
Assessments Receivable	85,588	(562,436)
Increase/(Decrease) in Liabilities:		
Accounts Payable	3,907	(98,026)
Claims Payable	(27,040)	27,040
Loss Reserves	386,839	995,153
Net Cash Provided/(Used) by Operating Activities	$ 2,580,002	$ 2,156,082

NEW JERSEY CYBER RISK MANAGEMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1: NATURE OF OPERATIONS

The New Jersey Cyber Risk Management Fund (the "Fund") was created and became operational on January 1, 2023, in accordance with P.L. 1983, C.372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes." The Fund is both an insured and self-administered group of joint insurance funds established for the purpose of providing low cost insurance coverage for the member joint insurance funds in order to keep local premiums at a minimum.

The following coverage is offered by the Fund to its members:

a) Cyber Risk

Fund members are subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities. The Fund considers anticipated investment income when determining if a deficiency exists.

A participating member must remain in the Fund for the full term of membership unless terminated earlier by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued noncompliance after written notice to comply with the bylaws or other obligations. Termination may occur only after proper notice has been given, in accordance with the Fund's bylaws. The Fund has 19 members at December 31, 2025, all of which are joint insurance funds.

The Executive Director/Administrator is responsible for the overall administration of the Fund. Fees paid to the Executive Director encompass all administrative duties which are performed at the Executive Director's office. Accordingly, the Fund generally does not maintain any capital assets or incur any payroll expense.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the Fund’s accounting policies are described below.

Reporting Entity

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an

NEW JERSEY CYBER RISK MANAGEMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Reporting Entity (Cont'd)

individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. The combined financial statements include all funds of the Fund over which the Fund exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Fund is not includable in any other reporting entity on the basis of such criteria.

Basis of Accounting

The Fund utilizes the accrual basis of accounting whereby revenue is recorded as earned and expenses are reflected as the liability is incurred. The Fund utilizes total economic resources as their measurement focus.

Investments

The Fund generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Income Taxes

The Fund is a tax-exempt organization and not subject to either federal or state income taxes.

Assessments

The gross claim fund assessment is determined by the Actuary and, when combined with expense and premium projections, constitutes the Fund's budget. Assessments for participating joint insurance funds are determined by underwriting criteria established by the Executive Committee.

Unpaid Claims Liabilities

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. The Fund does not discount claim liabilities. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

NEW JERSEY CYBER RISK MANAGEMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Reinsurance

The Fund uses reinsurance agreements to reduce its exposure to large losses on certain types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured. The Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. Reinsurance premiums amounted to $2,322,513 for the year ended December 31, 2025. The amount deducted from claims liabilities for reinsurance was $-0- for the year ended December 31, 2025.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: LOSS RESERVES

The liability for unpaid losses and loss adjustment expense represent an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of December 31, 2025. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Fund, various other industry statistics, including the effects of inflation and other societal or economic factors, and the Fund's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of reported and unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The Fund has created a loss reserve for any reported and potential unreported losses which have taken place but in which the Fund has not received notices or reports of losses. Loss reserves at December 31, 2025, which have been estimated by the Fund's Actuary and Claims Servicing Agent, are as follows:

	2025	2024
Case Reserves	$ 320,715	$ 825,765
Losses Incurred but not Reported	2,309,559	1,417,670
Total Loss Reserves	$ 2,630,274	$ 2,243,435

The following represents changes in the aggregate reserves for the Fund:	2025	2024
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	$ 2,243,435	$ 1,248,282
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Period	2,154,983	2,063,927
(Decrease) in Provision for Insured Events of Prior Years	(990,837)	(971,862)
Total Incurred Claims and Claim Adjustment Expenses	1,164,146	1,092,065
Payments:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Period	350,710	175,649
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	426,597	(78,737)
Total Payments	777,307	96,912
Total Unpaid Claims and Claim Adjustment Expenses, End of Year	$ 2,630,274	$ 2,243,435

NEW JERSEY CYBER RISK MANAGEMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 3: LOSS RESERVES (Cont'd)

A contingent liability exists with respect to reinsurance coverage which would become an actual liability in the event the reinsuring company might be unable to meet its obligations to the Fund under existing reinsurance agreements.

NOTE 4: CASH AND CASH EQUIVALENTS

GASB, requires disclosure of the level of custodial credit risk assumed by the Fund in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Fund ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Fund limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in Note 5.

Custodial Credit Risk - The Fund's policy with respect to custodial credit risk requires that the Fund ensure that funds are only deposited in financial institutions in which New Jersey Joint Insurance Funds are permitted to invest their funds.

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

> The market value of the collateral must equal 5% of the average daily balance of public funds; and, in addition
>
> If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

As of December 31, 2025, cash and cash equivalents of the Fund consisted of checking accounts.

The carrying amount of the Fund's cash at cost at December 31, 2025 was $8,459,610 and the bank balance was $8,486,835.

The carrying amount of the Fund's cash at cost at December 31, 2024 was $5,583,554 and the bank balance was $5,607,254.

NEW JERSEY CYBER RISK MANAGEMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 5: INVESTMENTS

New Jersey statutes permit the Fund to purchase the following types of investments:

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
(b) the custody of collateral is transferred to a third party
(c) the maturity of the agreement is not more than 30 days;
(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
(e) a master repurchase agreement providing for the custody and security of collateral is executed.

(9) Debt obligations of federal agencies or government corporations with maturities not to exceed 10 years from the date of purchase, excluding mortgage backed or derivative obligations, provided that the investments are purchased through the State Division of Investment and are invested consistent with the rules and regulations of the State Investment Council.

NEW JERSEY CYBER RISK MANAGEMENT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 5: INVESTMENTS (Cont'd)

The Fund did not have any investments at December 31, 2025.

NOTE 6: NET POSITION

The State of New Jersey has no statutory minimum net position requirements.

NOTE 7: CONTINGENT LIABILITIES

In the normal course of its operations, the Fund has a number of lawsuits filed by claimants in various stages. Although estimated loss reserves have been established by the Fund, a number of these cases may possibly be settled for amounts in excess of the Fund's loss reserves. No provision for these contingencies has been included in the financial statements since the amounts are not reasonably estimable.

NOTE 8: RELATIONSHIP WITH STATE SCHEDULES

The information in the Fund's financial statements differs from the State Schedules listed in the supplementary data section as Schedules A through F. Specifically, the Schedules present historical information from the inception of each fund year.

COMBINING SUPPLEMENTARY SCHEDULES

NEW JERSEY CYBER RISK MANAGEMENT FUND
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2025

	Fund Year			
ASSETS:	2023	2024	2025	Total
Cash and Cash Equivalents	$ 3,028,414	$ 2,493,194	$ 2,938,002	$ 8,459,610
Assessments Receivable	230,818	162,194	109,282	502,294
Total Assets	3,259,232	2,655,388	3,047,284	8,961,904
LIABILITIES :				
Accounts Payable			31,136	31,136
Loss Reserves	27,984	798,017	1,804,273	2,630,274
Total Liabilities	27,984	798,017	1,835,409	2,661,410
NET POSITION:				
Unrestricted/(Deficit)	3,231,248	1,857,371	1,211,875	6,300,494
Total Net Position/(Deficit)	$ 3,231,248	$ 1,857,371	$ 1,211,875	$ 6,300,494

NEW JERSEY CYBER RISK MANAGEMENT FUND
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDING DECEMBER 31, 2025

	Fund Year			
	2023	2024	2025	Total
Revenue:				
Assessments from Participating Members			$ 6,819,861	$ 6,819,861
Total Revenue			6,819,861	6,819,861
Expenses:				
Provision for Claims and Claim Adjustment Expense	$ (142,959)	$ (847,878)	2,154,983	1,164,146
Insurance Premiums			2,322,513	2,322,513
Claims Administration			26,010	26,010
Contractual Services			1,157,549	1,157,549
Non-Contractual Services			14,624	14,624
Administration		(100)	4,411	4,311
Total Expenses	(142,959)	(847,978)	5,680,090	4,689,153
Operating Income/(Loss)	142,959	847,978	1,139,771	2,130,708
Non-operating Revenue:				
Investment Income	112,707	111,243	72,104	296,054
Change in Net Position	255,666	959,221	1,211,875	2,426,762
Net Position/(Deficit) - Beginning of Year	2,975,582	898,150	-0-	3,873,732
Net Position/(Deficit) - End of Year	$ 3,231,248	$ 1,857,371	$ 1,211,875	$ 6,300,494

REQUIRED SUPPLEMENTARY INFORMATION

NEW JERSEY CYBER RISK MANAGEMENT FUND
RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2025

	2025	2024
Unpaid claims and claim adjustment expenses at beginning of year	$ 2,243,435	$ 1,248,282
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current period	2,154,983	2,063,927
Increases/(decreases) in provision for insured events of prior years	(990,837)	(971,862)
Total incurred claims and claim adjustment expenses	1,164,146	1,092,065
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current period	350,710	175,649
Claims and claim adjustment expenses attributable to insured events of prior years	426,597	(78,737)
Total payments	777,307	96,912
Total unpaid claims and claim adjustment expenses at end of year	$ 2,630,274	$ 2,243,435

NEW JERSEY CYBER RISK MANAGEMENT FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION

	Fiscal Year Ended December 31, 2025 and Policy Year Ended December 31,		
	2023	2024	2025
Required contribution and investment revenue			
Earned	$ 6,655,967	$ 6,677,753	$ 6,891,965
Ceded	1,911,524	2,445,290	2,322,513
	4,744,443	4,232,463	4,569,452
Unallocated expenses	744,887	1,159,043	1,202,594
Estimated claims and expenses, end of policy year			
Incurred	2,133,129	2,313,927	2,154,983
Ceded	222,960	250,000	
Net Incurred	1,910,169	2,063,927	2,154,983
Paid (cumulative) as of:			
End of policy year	634,847	175,649	350,710
One year later	580,345	418,032	
Two years later	740,324		
Reestimated ceded claims and expenses	24,235		
Reestimated incurred claims and expenses:			
End of policy year	1,883,129	2,063,927	2,154,983
One year later	911,267	1,216,049	
Two years later	768,308		
Increase/(decrease) in estimated incurred claims and expense from end of policy year	$ (1,141,861)	$ (847,878)	$ -0-

Note - 2023 is the initial year of the Fund, as the Fund matures additional years will be added until reaching the required ten years of information.

SUPPLEMENTARY DATA
(UNAUDITED)

Schedule A

NEW JERSEY CYBER RISK MANAGEMENT FUND
HISTORICAL OPERATING RESULTS ANALYSIS
ALL FUND YEARS
DECEMBER 31, 2025
(UNAUDITED)

1. Underwriting Income:			
Regular Contributions (earned)	$ 19,597,602		
Supplemental Contributions			
Other Income (except investments)			
Total Income			$ 19,597,602
2. Incurred Liabilities:			
Claims:			
Paid	1,533,301		
Case Reserves	320,715		
IBNR Reserve	2,309,559		
Subtotal		$ 4,163,575	
Less Excess Insurance:			
Received	24,235		
Receivable			
Recoverable			
Subtotal		24,235	
Limited Incurred Claims (claims-excess)		4,139,340	
Expenses:			
Excess Insurance Premiums	6,679,327		
Administrative	3,106,524		
Subtotal Expenses		9,785,851	
Total Incurred Liabilities (limited claims and expenses)			13,925,191
3. Underwriting Surplus/(Deficit) = 1-2			5,672,411
4. Investment Income (Earned)			628,083
5. Gross Operating Surplus/(Deficit) = 3+4			6,300,494
6. Return of Surplus:			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			
7. Net Current Surplus/(Deficit) = 5-6			$ 6,300,494

Schedule B

NEW JERSEY CYBER RISK MANAGEMENT FUND
HISTORICAL BALANCE SHEET
ALL FUND YEARS
DECEMBER 31, 2025
(UNAUDITED)

1. Assets:			
Cash and Investments (1)	$ 8,459,610		
		$ 8,459,610	
Receivables (1):			
Excess Insurance			
Assessments	502,294		
Other			
Total Receivables		502,294	
Prepaid Expenses (1)			
Other Assets (1)			
Capital Assets (Land)			
Total Assets			$ 8,961,904
2. Liabilities:			
Claims:			
Case Reserves	320,715		
IBNR Reserve (2)	2,309,559		
Subtotal Claims		2,630,274	
Expenses (unpaid) (1):			
Excess Insurance			
Administrative	31,136		
Subtotal Expenses		31,136	
Other Liabilities:			
Unearned Contributions			
Authorized Return of Surplus			
Deferred Revenue (1)			
Miscellaneous Liabilities (1)			
Subtotal			
Total Liabilities			2,661,410
NET CURRENT SURPLUS/(DEFICIT) = 1-2			$ 6,300,494

Notes: (1) attach schedule itemizing these categories
(2) attach an opinion from the actuary

Schedule C

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2023
DECEMBER 31, 2025
(UNAUDITED)

1. Underwriting Income:			
Regular Contributions (earned)	$ 6,308,167		
Supplemental Contributions			
Other Income (except investments)			
Total Income			$ 6,308,167
2. Incurred Liabilities:			
Claims:			
Paid	764,559		
Case Reserves			
IBNR Reserve	27,984		
Subtotal		$ 792,543	
Less Excess Insurance:			
Received	24,235		
Receivable			
Recoverable			
Subtotal		24,235	
Limited Incurred Claims (claims-excess)		768,308	
Expenses:			
Excess Insurance Premiums	1,911,524		
Administrative	744,887		
Subtotal Expenses		2,656,411	
Total Incurred Liabilities (limited claims and expenses)			3,424,719
3. Underwriting Surplus/(Deficit) = 1-2			2,883,448
4. Investment Income (Earned)			347,800
5. Gross Operating Surplus/(Deficit) = 3+4			3,231,248
6. Return of Surplus:			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			
7. Net Current Surplus/(Deficit) = 5-6			$ 3,231,248

Schedule C

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2024
DECEMBER 31, 2025
(UNAUDITED)

1. Underwriting Income:			
Regular Contributions (earned)	$ 6,469,574		
Supplemental Contributions			
Other Income (except investments)			
Total Income			$ 6,469,574
2. Incurred Liabilities:			
Claims:			
Paid	418,032		
Case Reserves	77,798		
IBNR Reserve	720,219		
Subtotal		$ 1,216,049	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		1,216,049	
Expenses:			
Excess Insurance Premiums	2,445,290		
Administrative	1,159,043		
Subtotal Expenses		3,604,333	
Total Incurred Liabilities (limited claims and expenses)			4,820,382
3. Underwriting Surplus/(Deficit) = 1-2			1,649,192
4. Investment Income (Earned)			208,179
5. Gross Operating Surplus/(Deficit) = 3+4			1,857,371
6. Return of Surplus:			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			
7. Net Current Surplus/(Deficit) = 5-6			$ 1,857,371

Schedule C

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2025
DECEMBER 31, 2025
(UNAUDITED)

1. Underwriting Income:			
Regular Contributions (earned)	$ 6,819,861		
Supplemental Contributions			
Other Income (except investments)			
Total Income			$ 6,819,861
2. Incurred Liabilities:			
Claims:			
Paid	350,710		
Case Reserves	242,917		
IBNR Reserve	1,561,356		
Subtotal		$ 2,154,983	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		2,154,983	
Expenses:			
Excess Insurance Premiums	2,322,513		
Administrative	1,202,594		
Subtotal Expenses		3,525,107	
Total Incurred Liabilities (limited claims and expenses)			5,680,090
3. Underwriting Surplus/(Deficit) = 1-2			1,139,771
4. Investment Income (Earned)			72,104
5. Gross Operating Surplus/(Deficit) = 3+4			1,211,875
6. Return of Surplus:			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			
7. Net Current Surplus/(Deficit) = 5-6			$ 1,211,875

Schedule D

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2023
DECEMBER 31, 2025
(UNAUDITED)

	Coverages Cyber Risk	Contingency	General and Administrative	Total
1. Underwriting Income				
Regular Contributions (earned)	$ 4,435,662		$ 1,872,505	$ 6,308,167
Supplemental Contributions				
Other Income (except investments)				
Total Income	4,435,662		1,872,505	6,308,167
2. Incurred Liabilities				
Claims (limited incurred)	768,308			768,308
Expenses	1,911,524		744,887	2,656,411
Total Liabilities	2,679,832		744,887	3,424,719
3. Underwriting Surplus/(Deficit)	1,755,830		1,127,618	2,883,448
4. Adjustments				
Investment Income	220,761		127,039	347,800
Transfers				
Total Adjustments	220,761		127,039	347,800
5. Gross Operating Surplus/(Deficit)	1,976,591		1,254,657	3,231,248
6. Return of Surplus				
7. Net Current Surplus/(Deficit)	$ 1,976,591	$ -0-	$ 1,254,657	$ 3,231,248

Schedule D

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2024
DECEMBER 31, 2025
(UNAUDITED)

	Coverages Cyber Risk	Contingency	General and Administrative	Total
1. Underwriting Income				
Regular Contributions (earned)	$ 4,571,430		$ 1,898,144	$ 6,469,574
Supplemental Contributions				
Other Income (except investments)				
Total Income	4,571,430		1,898,144	6,469,574
2. Incurred Liabilities				
Claims (limited incurred)	1,216,049			1,216,049
Expenses	2,445,290		1,159,043	3,604,333
Total Liabilities	3,661,339		1,159,043	4,820,382
3. Underwriting Surplus/(Deficit)	910,091		739,101	1,649,192
4. Adjustments				
Investment Income	145,704		62,475	208,179
Transfers				
Total Adjustments	145,704		62,475	208,179
5. Gross Operating Surplus/(Deficit)	1,055,795		801,576	1,857,371
6. Return of Surplus				
7. Net Current Surplus/(Deficit)	$ 1,055,795	$ -0-	$ 801,576	$ 1,857,371

Schedule D

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2025
DECEMBER 31, 2025
(UNAUDITED)

	Coverages Cyber Risk	Contingency	General and Administrative	Total
1. Underwriting Income				
Regular Contributions (earned)	$ 5,143,640		$ 1,676,221	$ 6,819,861
Supplemental Contributions				
Other Income (except investments)				
Total Income	5,143,640		1,676,221	6,819,861
2. Incurred Liabilities				
Claims (limited incurred)	2,154,983			2,154,983
Expenses	2,322,513		1,202,594	3,525,107
Total Liabilities	4,477,496		1,202,594	5,680,090
3. Underwriting Surplus/(Deficit)	666,144		473,627	1,139,771
4. Adjustments				
Investment Income	53,303		18,801	72,104
Transfers				
Total Adjustments	53,303		18,801	72,104
5. Gross Operating Surplus/(Deficit)	719,447		492,428	1,211,875
6. Return of Surplus				
7. Net Current Surplus/(Deficit)	$ 719,447	$ -0-	$ 492,428	$ 1,211,875

Schedule E

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2023
DECEMBER 31, 2025
(UNAUDITED)

	Coverages Cyber Risk	Total
Paid Claims	$ 764,559	$ 764,559
Case Reserves		
IBNR Reserve	27,984	27,984
Subtotal	792,543	792,543
Excess Insurance:		
Received	24,235	24,235
Receivable		
Recoverable		
Subtotal	24,235	24,235
Incurred Claims	768,308	$ 768,308
Number of Claims	12	
Cost/Claim	$ 64,026	

Schedule E

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2024
DECEMBER 31, 2025
(UNAUDITED)

	Coverages Cyber Risk	Total
Paid Claims	$ 418,032	$ 418,032
Case Reserves	77,798	77,798
IBNR Reserve	720,219	720,219
Subtotal	1,216,049	1,216,049
Excess Insurance:		
Received		
Receivable		
Recoverable		
Subtotal		
Incurred Claims	1,216,049	$ 1,216,049
Number of Claims	22	
Cost/Claim	$ 55,275	

Schedule E

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2025
DECEMBER 31, 2025
(UNAUDITED)

	Coverages: Cyber Risk	Total
Paid Claims	$ 350,710	$ 350,710
Case Reserves	242,917	242,917
IBNR Reserve	1,561,356	1,561,356
Subtotal	2,154,983	2,154,983
Excess Insurance:		
Received		
Receivable		
Recoverable		
Subtotal		
Incurred Claims	2,154,983	$ 2,154,983
Number of Claims	21	
Cost/Claim	$ 102,618	

Schedule F

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2023
DECEMBER 31, 2025
(UNAUDITED)

	Paid	Unpaid	Total
1. Excess Insurance (itemize)			
Insurance Premiums	$ 1,911,524		$ 1,911,524
Subtotal Excess Insurance	1,911,524		1,911,524
2. Administrative Expenses			
Administrative Fees	240,476		240,476
Claims Adjuster	34,000		34,000
Legal	50,000		50,000
Treasurer	25,000		25,000
Other (Itemize):			
Actuary	25,000		25,000
Cyber Consulting	60,000		60,000
Cyber Risk Controls	188,210		188,210
Underwriting Manager	50,000		50,000
Purchasing	15,000		15,000
Non-Contractual	19,797		19,797
Miscellaneous (Contingency)	12,404		12,404
External Auditor	25,000		25,000
	744,887		744,887
Total Expenses	$ 2,656,411	$ -0-	$ 2,656,411

Schedule F

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2024
DECEMBER 31, 2025
(UNAUDITED)

	Paid	Unpaid	Total
1. Excess Insurance (itemize)			
Insurance Premiums	$ 2,445,290		$ 2,445,290
Subtotal Excess Insurance	2,445,290		2,445,290
2. Administrative Expenses			
Administrative Fees	350,264		350,264
Claims Adjuster	31,500		31,500
Legal	51,000		51,000
Treasurer	25,500		25,500
Other (Itemize):			
Actuary	25,500		25,500
Cyber Consulting			
Cyber Risk Controls	564,467		564,467
Underwriting Manager	51,000		51,000
Purchasing	15,000		15,000
Non-Contractual	15,703		15,703
Miscellaneous (Contingency)	3,609		3,609
External Auditor	25,500		25,500
	1,159,043		1,159,043
Total Expenses	$ 3,604,333	$ -0-	$ 3,604,333

Schedule F

NEW JERSEY CYBER RISK MANAGEMENT FUND
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2025
DECEMBER 31, 2025
(UNAUDITED)

	Paid	Unpaid	Total
1. Excess Insurance (itemize)			
Insurance Premiums	$ 2,322,513		$ 2,322,513
Subtotal Excess Insurance	2,322,513		2,322,513
2. Administrative Expenses			
Administrative Fees	193,155		193,155
Claims Adjuster	26,010		26,010
Legal	52,020		52,020
Treasurer	26,010		26,010
Other (Itemize):			
Actuary	26,010		26,010
Cyber Consulting	35,000		35,000
Cyber Risk Controls	501,991		501,991
Underwriting Manager	52,020		52,020
Purchasing	15,606		15,606
Non-Contractual	14,624		14,624
Deputy Director	52,020		52,020
Planning Consultant	15,606		15,606
Local JIF Coordinator	162,101		162,101
Miscellaneous (Contingency)	4,411		4,411
External Auditor	26,010		26,010
	1,202,594		1,202,594
Total Expenses	$ 3,525,107	$ -0-	$ 3,525,107

Schedule G

NEW JERSEY CYBER RISK MANAGEMENT FUND
PROGRAM SUMMARY
FUND YEAR - 2025
DECEMBER 31, 2025
(UNAUDITED)

		COVERAGES	
		A	B
		First Party	Third Party
1.)	Limits	$3,000,000 Combined Single Limit Per Claim	$3,000,000 Combined Single Limit Per Claim
2.)	Annual Aggregate Limits	$6,000,000 Annual aggregate Per Member JIF	$6,000,000 Annual aggregate Per Member JIF
		Cowbell $2,000,000 excess of Primary $3,000,000 $4,000,000 excess of combined primary $6,000,000 agg	
3.)	Retention	$350,000	$350,000
4.)	Number of Participants	19 Member Joint Insurance Fund	19 Member Joint Insurance Fund
5.)	Incurred Liabilities	$4,477,496	
6.)	Exposure Units	599 Member Entities	599 Member Entities
7.)	Liabilities/Unit	$7,537.87	

NEW JERSEY CYBER RISK MANAGEMENT FUND
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF CASH AND INVESTMENTS
DECEMBER 31, 2025
(UNAUDITED)

Bank		Amount
TD Bank	$	8,486,835
Less: Outstanding Checks		27,225
	$	8,459,610

ANALYSIS OF ASSESSMENTS RECEIVABLE/(OVERPAYMENTS)
DECEMBER 31, 2025
(UNAUDITED)

Fund Year 2023 - Deductible Receivable	$	230,818
Fund Year 2024 - Deductible Receivable		162,194
Fund Year 2025 - Contributions Receivable - Admin		2,909
Fund Year 2025 - Deductible Receivable		106,373
	$	502,294

NEW JERSEY CYBER RISK MANAGEMENT FUND
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF ADMINISTRATIVE EXPENSES PAYABLE
DECEMBER 31, 2025
(UNAUDITED)

Fund Year 2025:		
Cyber Consulting	$	5,000
Miscellaneous (Contingency)		126
External Auditor		26,010
	$	31,136

REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Chairperson and Members
of the Executive Committee
New Jersey Cyber Risk Management Fund
Parsippany, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements of the New Jersey Cyber Risk Management Fund (the "Fund") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated April 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
April 24, 2026

Nisivoccia LLP

STATISTICAL SECTION

NEW JERSEY CYBER RISK MANAGEMENT FUND
NET POSITION BY COMPONENT
LAST TEN YEARS
(Unaudited)

	December 31,		
	2023	2024	2025
Business-Type Activities			
Unrestricted	$ 1,909,882	$ 3,873,732	$ 6,300,494
Total Business-Type Activities Net Position	$ 1,909,882	$ 3,873,732	$ 6,300,494

Note - the Fund began operations on January 1, 2023. As the Fund matures additional years will be added until reaching ten years of information.

Source - Insurance Fund Financial Records.

NEW JERSEY CYBER RISK MANAGEMENT FUND
SCHEDULE OF CHANGE IN NET POSITION
LAST TEN YEARS
(Unaudited)

	Year Ending December 31,		
	2023	2024	2025
Revenue:			
Assessments from Participating Members	$ 6,308,167	$ 6,469,574	$ 6,819,861
Investment Income	111,255	220,774	296,054
Total Revenue	6,419,422	6,690,348	7,115,915
Expenses:			
Provision for Claims and Claim Adjustment Expense	1,883,129	1,092,065	1,164,146
Insurance Premiums	1,911,524	2,445,290	2,322,513
Claims Administration	34,000	31,500	26,010
Contractual Services	648,686	1,138,231	1,157,549
Non-Contractual Services	19,797	15,703	14,624
Administration	12,404	3,709	4,311
Total Expenses	4,509,540	4,726,498	4,689,153
Return of Member Dividends	-0-	-0-	-0-
Change in Net Position	$ 1,909,882	$ 1,963,850	$ 2,426,762

Note - the Fund began operations on January 1, 2023. As the Fund matures additional years will be added until reaching ten years of information.

Source - Insurance Fund Financial Records.

NEW JERSEY CYBER RISK MANAGEMENT FUND
MEMBER GROWTH ANALYSIS - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED DECEMBER 31, 2025
(Unaudited)

	2023	2024	2025
Total number of members	19	19	19
Total member assessments	$ 6,308,167	$ 6,469,574	$ 6,819,861
Total number of claims	12	22	21
Total reported losses	$ 740,324	$ 495,830	$ 593,627

Note - the Fund began operations on January 1, 2023. As the Fund matures additional years will be added until reaching ten years of information.

Source: Joint Insurance Fund - Executive Director's Office and Third Party Claims Administrator

NEW JERSEY CYBER RISK MANAGEMENT FUND
REPORTED LOSS HISTORY - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED DECEMBER 31, 2025
(Unaudited)

During its years of existence, the Fund has incurred the following reported losses (paid claims plus case reserves) from claims incurred by Fund members. The claims reflect the impact of the increase in membership, the delay in claims reaching the Fund's coverages, and the change in the average cost per claim. These figures do not include incurred but not reported ("IBNR") claim estimates.

	2023	2024	2025
Cyber Risks	$ 740,324	$ 495,830	$ 593,627
Total	$ 740,324	$ 495,830	$ 593,627
Total number of claims	12	22	21
Average cost per claim	$ 61,694	$ 22,538	$ 28,268

Note - the Fund began operations on January 1, 2023. As the Fund matures additional years will be added until reaching ten years of information.

Source: Joint Insurance Fund - Executive Director's Office and Third Party Claims Administrator

NEW JERSEY CYBER RISK MANAGEMENT FUND
REPORTED CLAIM ACTIVITY - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED DECEMBER 31, 2025
(Unaudited)

	2023	2024	2025
Cyber Risks	12	22	21
Total	12	22	21
Claims settled in full	6	15	9
Claims pending	6	7	12
Total	12	22	21

Note - the Fund began operations on January 1, 2023. As the Fund matures additional years will be added until reaching ten years of information.

Source: Joint Insurance Fund - Executive Director's Office and Third Party Claims Administrator