

**CREATIVITY COLABORATORY
CHARTER SCHOOL, INC.
Salem, New Jersey**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Creativity CoLaboratory Charter School, Inc.
Board of Trustees**

Salem, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

Creativity CoLaboratory Charter School Board of Trustees

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION

Independent Auditor's Report	8-10
Required Supplementary Information – Part I Management's Discussion and Analysis (Unaudited)	11-19

Basic Financial Statements

A. Charter School-wide Financial Statements:

A-1 Statement of Net Position	20
A-2 Statement of Activities	21

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	23
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24

Proprietary Funds:

B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenditures, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	28
B-8 Statement of Changes in Fiduciary Net Position	29

Notes to the Financial Statements	30-58
--	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules: (Unaudited)

C-1 Budgetary Comparison Schedule – General Fund	59-61
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	62

Notes to the Required Supplementary Information – Part II

C-3 Budget-to-GAAP Reconciliation	63
-----------------------------------	----

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information - Part III	
L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)
L-1	Schedule of the District's Proportionate Share of the Net Pension Liability – PERS 64
L-2	Schedule of District Contributions – PERS 65
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF 66
M.	Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions
M-1	Schedule of Changes in the Total OPEB Liability and Related Ratios 67
Other Supplementary Information	
D.	School Based Budget Schedules: N/A
E.	Special Revenue Fund:
E-1	Combining Schedule of Revenues and Expenditures – Budgetary Basis 68
F.	Capital Projects Fund:
F-1	Summary Schedule of Project Expenditures N/A
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Basis N/A
F-2a	Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis N/A
G.	Proprietary Funds:
Enterprise Fund:	
G-1	Combining Schedule of Net Position 69
G-2	Combining Schedule of Revenues, Expenses and Changes in Fund Net Position 70
G-3	Combining Schedule of Cash Flows 71

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	72
H-2 Combining Statement of Changes in Fiduciary Net Position	73
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	74
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	75
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited)	N/A

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends Information/Schedules

J-1 Net Position by Component	76
J-2 Changes in Net Position	77
J-3 Fund Balances – Governmental Funds	78
J-4 Changes in Fund Balances, Governmental Funds	79

Revenue Capacity Information

J-5 General Fund Other Local Revenue by Source	80
J-6 – J-9	N/A

Debt Capacity Information

J-10 Ratios of Outstanding Debt by Type	N/A
J-11 – J-13	N/A

Demographic and Economic Information

J-14 Demographic and Economic Statistics	81
J-15 Principal Employers	N/A

Operating Information

J-16 Full-time Equivalent District Employees by Function/Program	82
J-17 Operating Statistics	83
J-18 School Building Information	84
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	85

Charter School Performance Framework Financial Indicators

J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios	86
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page</u>
SINGLE AUDIT SECTION		
K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87-88
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures Required By the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08	N/A
K-3	Schedule of Expenditures of Federal Awards - Schedule A	89
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	90
K-5	Notes to the Schedules of Awards and Financial Assistance	91-93
K-6	Schedule of Findings and Questioned Costs - Summary of Auditor's Results	94-95
K-6	Schedule of Findings and Questioned Costs - Financial Statement, Federal Awards and State Financial Assistance	96-97
K-7	Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	98

INTRODUCTORY SECTION

CREATIVITY COLABORATORY CHARTER SCHOOL
457 Shirley Road, PO Box 888, Elmer N.J. 08318

Loren Thomas, EdD
Chief School Administrator
856-358-2472

Richelle Baughn,
School Business Administrator/
Board Secretary
856-365-1000 x 103

December 30, 2020

Honorable President and
Members of the Board of Trustees
Creativity CoLaboratory Charter School
County of Salem
Elmer, New Jersey 08318

Dear Board Members,

The comprehensive annual financial report of the Creativity CoLaboratory Charter School for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds under the auspices of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The Introductory Section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials.
- The Financial Section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The Statistical Section includes four unaudited fiscal years of data.
- The Single Audit Section-The Charter School is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations"and State Treasury Circular Letter 15-08 OMB. "Single Audit Policy for recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Creativity CoLaboratory Charter School, Inc. is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No.14. All funds and account groups of the Charter School are included in this report. The Creativity CoLaboratory Charter School, Inc. Board of Trustees and its school constitute the Charter School's reporting entity.

1. REPORTING ENTITY AND ITS SERVICES: (continued)

The Charter School is responsible for providing a thorough and efficient educational system for students in grades 5th-8th. The Charter School completed its first year of operations during the 2019-2020 fiscal year with an enrollment of 93.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2019-20	93	

2. ECONOMIC CONDITION AND OUTLOOK:

The Creativity CoLaboratory Charter School is in a rural community in Salem County, which presently is considered to possess a stagnant economy. However, the school has received a very positive reception during its first year. There were approximately twice the number of applicants for the lottery that the school could accept. It continued through the year and into its second year with a waiting list equal to the enrollment of the school. The strong community reception, both from districts that are adjacent to the home district of the school, and from throughout the 4 Southwestern counties of NJ, bodes well for a strong outlook.

Initiatives

The Charter School has developed a comprehensive strategic plan to support its mission and vision and serve as a blueprint for the achievement of its goals. The plan includes objectives such as pupil achievement, staff development and technology in the classroom. The vision and goals grow directly out of the charter.

Major initiatives include:

- Needs assessment and programmatic changes in preparation of charter renewal process.
- Maintaining full enrollment across all grades while maintaining small class size of 12.
- Conducting and strengthening ongoing programs with key partners for the benefits of the students, families and staff.
- Deepening focus on arts integration in academic subjects.
- Maintaining and deepening the current one-on-one laptop initiative, adding software as indicated.
- Continue to raise awareness of the success of the school.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

5. ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

6. DEBT: None

7. INVESTMENT POLICY:

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The Charter School has adopted a cash management plan, which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit deposit Protection Act (GUDPA). GUDPA was enacted in 2007 to protect governmental units from loss of funds from deposit with a failed banking institution in New Jersey. The law required governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the act.

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Creativity CoLaboratory Charter School, Inc. Board of Trustees for their concern in providing fiscal accountability to the community and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Dr. Loren Thomas, EdD

Loren Thomas, EdD
Chief School Administrator - Principal

Richelle Baughn

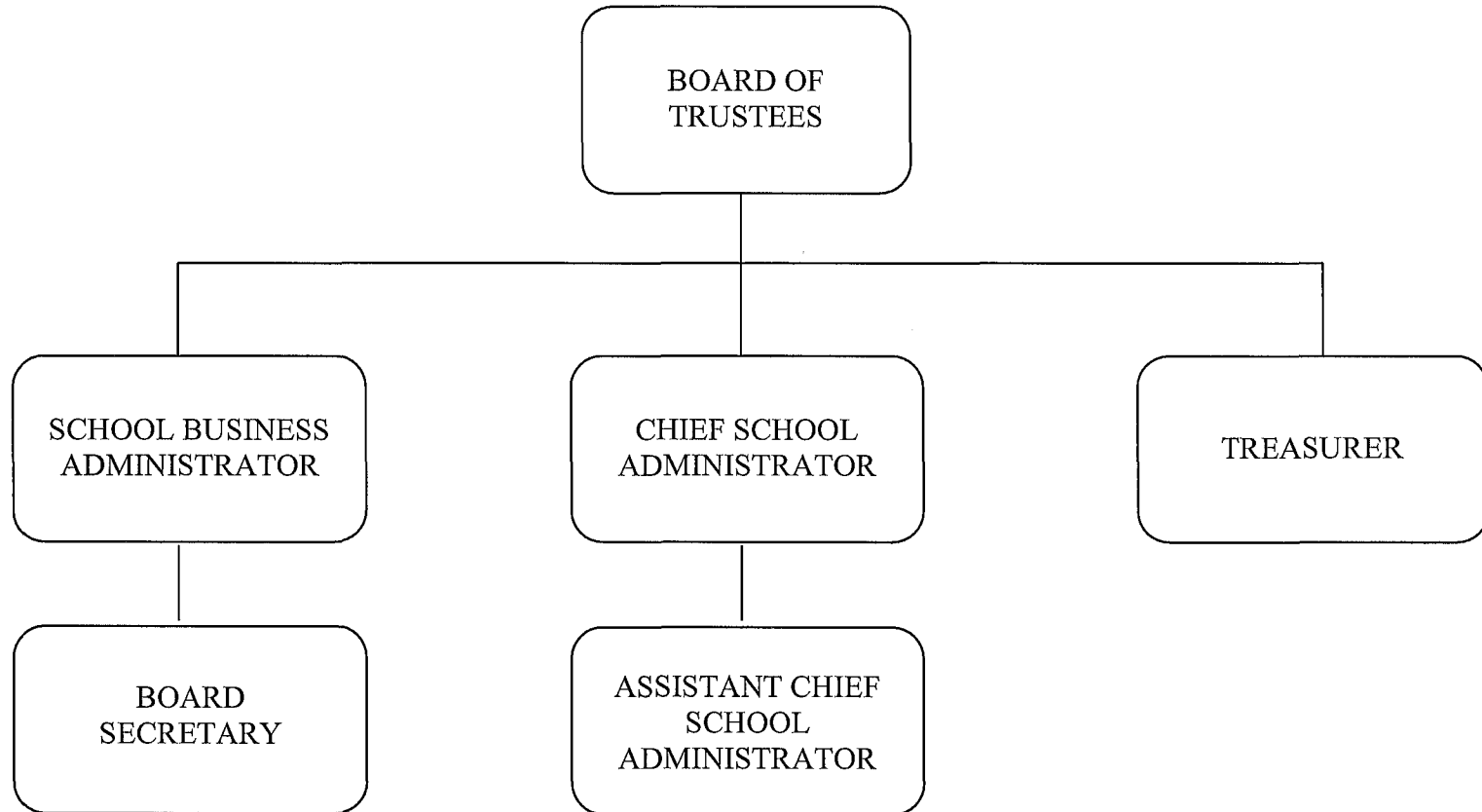
Richelle Baughn
School Business Administrator/
Board Secretary

CREATIVITY COLABORATORY CHARTER SCHOOL, INC

Elmer, New Jersey

Salem County

(UNIT CONTROL)



CREATIVITY COLABORATORY CHARTER SCHOOL, INC
ELMER, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2020

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>	
Daniel Rowan, President	2020	
Robert Cimprich	2020	
Lorraine Hill (Until June 30, 2020)	2020	
Claire Riggs	2020	
<u>OTHER OFFICIALS</u>		<u>AMOUNT OF BOND</u>
Loren Thomas, EdD, Chief School Administrator (From July 1, 2020)		
Richelle Baughn, Board Secretary/Business Administrator		\$ 50,000
Dr. Joseph V. Conway, Ex-officio		
Cori Solomon, Ex-officio		
Frank P. Cavallo, Esq., Solicitor		

CREATIVITY COLABORATORY CHARTER SCHOOL, INC
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, C.P.A., R.M.A.
Nightlinger, Colavita and Volpa, P.A.

Certified Public Accountants
991 S. Black Horse Pike
Post Office Box 799
Williamstown, NJ 08094

ATTORNEY

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Attorney-at-Law
Parker McCay
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Camden, New Jersey 08103

INSURANCE AGENT

Conner Strong & Buckelew Companies, Inc.
P.O. Box 989
Marlton, NJ 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association
Certified Public Accountants*

991 S. Black Horse Pike
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Williamstown, NJ 08094

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Board of Trustees
Creativity CoLaboratory Charter School, Inc.
County of Salem, New Jersey 08318

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Creativity CoLaboratory Charter School, Inc. in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Creativity CoLaboratory Charter School Board of Trustee's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020 on our consideration of the Creativity CoLaboratory Charter School, Inc.'s Board of Trustees internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 Creativity CoLaboratory Charter School, Inc.'s Board of Trustee'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 Creativity CoLaboratory Charter School, Inc.'s Board of Trustees internal control over financial reporting over compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
December 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
CITY OF CAMDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

UNAUDITED

The discussion and analysis of Creativity CoLaboratory Charter School, Inc.'s financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ❖ General revenues, net of transfers, accounted for \$1,294,275 in revenue or 97.5% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$33,617 or 2.5% percent to total revenues of \$1,327,892.
- ❖ The results of the initial year of operations at the school reflect a Total Net Position of \$72,598. This amount represents the results for governmental activities at June 30, 2020. There was no amount of Net Position for the Food Enterprise Fund
- ❖ The School had total expenses of \$1,255,294, of which \$33,617 was offset by program specific charges for services, grants or contributions. General revenues of \$1,294,275 consisted of Federal and State Aid of \$629,658 property taxes of \$664,617, and no other miscellaneous net revenue.
- ❖ The General Fund also reflected \$1,294,275 in revenues and \$1,212,883 in expenditures. The General Fund's ending balance of \$72,598 included a transfer of \$8,794 to the Food Service Enterprise Fund.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Creativity CoLaboratory Charter School, Inc. as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental Funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Creativity CoLaboratory Charter School, Inc., the General Fund is by far the most significant fund.

Reporting the School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, “How did we do financially during 2020?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School’s net position and changes in those assets. This change in net position is important because it tells the reader that, for the School as a whole, the financial positions of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include property tax base of the School’s resident districts, current laws in New Jersey concerning revenue allocations, facility condition, required educational programs and other factors. As this was the initial year of operations, there is no previous information to compare to.

In the Statement of Net Position and the Statement of Activities, the School is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School’s Most Significant Funds

Fund Financial Statements

The analysis of the School’s major (all) funds begins on page 22. Fund financial reports provide detailed information about the School’s major funds. The School uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School’s most significant funds. The School’s major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The Charter School as a Whole

Recall that the Statement of Net Position provides the perspective of the School as a whole.

Table 1 provides a summary of the School's net position for the year ended in 2020, which are the first two years that a comparative presentation are available under the GASB reporting format.

Table 1
Net Position

	<u>2020</u>
Assets	
Current and Other Assets	\$ 250,810
Capital Assets, Net	
Total Assets	<u>250,810</u>
Deferred Outflows of Resources	
Liabilities	
Other Liabilities	178,212
Long-term Liabilities	
Total Liabilities	<u>178,212</u>
Deferred Inflows of Resources	
Net Position	
Investment in Capital Assets, Net of Debt Restricted	
Unrestricted (Deficit)	72,598
Total Net Position	<u>\$ 72,598</u>

Table 2 shows the changes in net position from fiscal year's 2020 and 2019.

Table 2
Changes in Net Position

	<u>2020</u>
Revenues	
Program Revenues	
Charges for Services	\$ 3,802
Operating Grants and Contributions	29,815
General Revenues	
Property Taxes	664,617
Grants and Entitlements	629,658
	<hr/>
Total Revenues	1,327,892
	<hr/>
Program Expenses	
Instruction	515,583
Support Services	
General Administration, School Administration, Business Operations and Maintenance of Facilities	361,985
Pupil Transportation	180,057
Employee Benefits	178,727
Food Service	18,942
	<hr/>
Total Expenses	1,255,294
	<hr/>
Increase (Decrease) in Net Position	\$ 72,598
	<hr/> <hr/>

As shown above, the School's total revenue for the fiscal year ended June 30, 2020 was \$1,327,892, of which net governmental revenues were \$1,294,275. As a Charter School, voter approval for the School operations is not required in New Jersey. Property taxes made up 51% percent of total net governmental revenues for the Camden Creativity CoLaboratory Charter School, Inc. during its initial fiscal year ending 2020. Federal, state and local grants accounted for another 49%. The School's total expenses were \$1,255,294, of which total governmental expenses were \$1,236,352 and the cost of all governmental activities, net of program revenues from charges for services or grants was \$1,212,883. Instruction comprises 41% of total expenditures and of net governmental activity expenses.

Business-Type Activities – Initial Year of Operations

Revenues for the School's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$8,794 and as a result, this amount was transferred from the general fund. Food Service expenses were \$18,942.
- ❖ Charges for services represent \$3,802 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$6,346.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School's resident district taxpayers by each of these functions. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Table 3

	Total Cost of Services 2020	Net Cost of Services 2020
Instruction	\$ 515,583	\$ 505,583
Support Services		
General Administration, School		
Administration, Business	361,985	348,516
Operation and Maintenance of Facilities	180,057	180,057
Pupil Transportation		
Employee Benefits	178,727	178,727
Other		
Total Expenses	<u>\$ 1,236,352</u>	<u>\$ 1,212,883</u>

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Curriculum and staff development include expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to liabilities of the School.

Other includes unallocated depreciation and amortization.

The School's Funds

Information about the School's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general funds, special revenue funds and capital projects fund presented in the fund-based statements) had total revenues of \$1,317,744 and expenditures of \$1,236,352. The net positive/negative change in fund balance for the year, from revenues and expenditures, amounted to a positive result of \$72,598. In addition, there was a transfer to the Food Service Fund of \$8,794. This shows that the School met current operating costs with revenues for the current year.

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds, including capital projects, for the fiscal year ended June 30, 2020 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Sources	\$ 664,617	50.4%
State Sources	629,658	47.8%
Federal Sources	23,469	1.8%
Total	<u>\$ 1,317,744</u>	<u>100%</u>

The revenue from Local Sources is attributed to the local tax levy of \$664,617, which is the total of the amounts determined from each sending district.

The State Sources is attributed to general fund state aid calculated, based on amounts for each sending district totaling \$619,001 and on-behalf social security reimbursements and pension contributions of \$10,657.

The Federal Sources is attributed to funding of various grant awards.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2020.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
General		
Instruction	\$ 515,583	41.7%
Support		
General Administration	189,373	15.3%
School Administration	172,612	14.0%
Plant Operations	180,057	14.6%
Employee Benefits	178,727	14.4%
Total	<u>\$ 1,236,352</u>	<u>100.0%</u>

The Instructional expenditures for this initial year of operations was \$505,583 in the general fund and \$10,000 in the Special Revenue Fund.

The Support Expenditures for this initial year of operations was \$175,904 for general administration, along with \$172,612 of School administrative expenses and \$13,469 in special revenue fund expenses. There was also \$180,057 in plant operation and maintenance costs and \$178,727 in employee benefit costs.

General Fund Budgeting Highlights

The School's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2020, the School amended its General Fund budget as needed. The School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing changes based on student needs.
- ❖ Costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the School's final budget for the general fund anticipated that year-ending surplus would be \$3,711, the actual results for the year shows an excess of revenue over expenses of \$72,598, which includes a transfer out to food service of \$8,794.

- ❖ Actual revenues were equal to final budgeted amounts, which excludes the social security reimbursement of \$10,657.
- ❖ The actual expenditures in various line items were less than expected in the total amount of \$81,392, excluding the on-behalf pension, long-term disability and social security reimbursement of \$10,657.

Capital Assets

At the end of the fiscal year 2020, the School did not have any fixed assets, as all capital investments were made by the landlord.

Operating Lease Agreements

Buildings – On May 9, 2019, the Charter School executed a four-year rental agreement with Apple Farm Arts and Music Center, whereby, the Charter School shall be granted access to the premises located at 457 Shirley Rd, Elmer, NJ. At the end of the four-year period, the rental agreement may be renewed annually for an aggregate term of twenty years. The following represents the future minimum lease payments associated with this rental agreement:

Year	Amount
2020-2021	\$ 180,000
2021-2022	210,000
2022-2023	240,000
Total	\$ 630,000

Equipment – The following includes the operating lease for equipment as of June 30, 2020.

Year	Amount
2020-2021	\$ 12,038
2021-2022	12,038
2022-2023	5,015
Total	29,091

For the Future

The Creativity CoLaboratory Charter School, Inc. is presently in good financial condition. Continued optimum enrollment in the School will provide financial stability into the future.

As a charter school, it is a concern of the Board of Trustees of the Creativity CoLaboratory Charter School, Inc. as to how future budgets will be financed. To address this issue, the administrator closely monitors instructional and support expenditures, as well as administrative costs of the School.

The current charter calls for expansion each year. In the 2018-2019 school year the school began with 2 classes of each grade. Class size is maintained at 12. Therefore, there were 96 students in the class. In 2019-2020 the school is projected to grow by 48 by adding 2 additional classes in 5th grade and 2 in 6th grade. The total for the 2019-2020 school year will be 144 students. In 2021-2022 the charter calls for the addition of 2 additional 7th grade classes, bringing the total to 168 students. In 2022-2023 the charter calls for the addition of 2 additional 8th grade classes, bringing the total to 192 students. This growth trajectory allows students who are in the school to continue in the school through 8th grade graduation.

Beginning in early 2021 the school will begin planning for the re-chartering process, which will include a long range strategic plan. As part of that plan the school will consider expanding to lower and/or higher grades as well as expanding offerings and considering optimal enrollment.

In addition to monitoring its own activity, Creativity CoLaboratory must be cognizant of the local districts activities and enrollment trends. The state's expansion of Renaissance schools and active support of existing public schools will be a factor in Creativity CoLaboratory's evaluation of its own growth plan and role in the neighboring areas. The administration of Creativity CoLaboratory will utilize this upcoming year to conduct a needs assessment and growth analysis.

In conclusion, the Creativity CoLaboratory Charter School, Inc. is committed to sound financial planning, budgeting, and internal financial controls, in order to meet the challenges of the future.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers and oversight entities with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Loren Thomas, EdD, Chief School Administrator/Principal, at Creativity CoLaboratory Charter School, Inc., 457 Shirley Road Elmer N.J. 08318.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall School, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the School.

CREATIVITY COLABORATORY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 28,530	\$ 1,397	\$ 29,927
Receivables, Net	498	133	631
Due from Other Funds	220,252		220,252
	<hr/>	<hr/>	<hr/>
Total Assets	249,280	1,530	250,810
	<hr/>	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources			
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable	146,284	1,530	147,814
Payable to Local Government	28,166		28,166
Unearned Revenue	2,232		2,232
	<hr/>	<hr/>	<hr/>
Total Liabilities	176,682	1,530	178,212
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources			
	<hr/>	<hr/>	<hr/>
NET POSITION			
Restricted for:			
Other Purposes			
Unrestricted	72,598		72,598
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 72,598	\$	\$ 72,598
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

**CREATIVITY COLABORATORY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 515,583	\$ -	\$ 10,000	\$ (505,583)	\$ -	\$ (505,583)
Support Services:						
General and Business Administrative Services	189,373			(189,373)		(189,373)
School Administrative Services	172,612		13,469	(159,143)		(159,143)
Plant Operations and Maintenance	180,057			(180,057)		(180,057)
Employee Benefits	178,727			(178,727)		(178,727)
Total Governmental Activities	1,236,352		23,469	(1,212,883)		(1,212,883)
Business-type Activities:						
Food Service	18,942	3,802	6,346		(8,794)	(8,794)
Total Business-type Activities	18,942	3,802	6,346		(8,794)	(8,794)
Total Primary Government	\$ 1,255,294	\$ 3,802	\$ 29,815	(1,212,883)	(8,794)	(1,221,677)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				664,617		664,617
Federal and State Aid not Restricted				629,658		629,658
Transfers				(8,794)	8,794	
Total General Revenues, Special Items, Extraordinary Items and Transfers				1,285,481	8,794	1,294,275
Change in Net Position				72,598		72,598
Net Position—Beginning						
Net Position—Ending				\$ 72,598	\$ -	\$ 72,598

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

CREATIVITY COLABORATORY CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 27,699	\$	\$ 27,699
Due from Other Funds	24,798		24,798
State Sources	119,240		119,240
Federal Sources		25,701	25,701
Receivables from Other Governments	75,311		75,311
Total Assets	\$ 247,048	\$ 25,701	\$ 272,749
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 146,284	\$	\$ 146,284
Due to Other Funds		23,469	23,469
Payable to Local Governments	28,166		28,166
Unearned Revenue		2,232	2,232
Total Liabilities	174,450	25,701	200,151
Fund Balances:			
Restricted:			
Unassigned, Reported In:			
General Fund	72,598		72,598
Total Fund Balances	72,598		72,598
Total Liabilities and Fund Balances	\$ 247,048	\$ 25,701	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Long-Term Liabilities, including bonds payable, capital Lease payments and compensated absence obligations, are not due and payable in the current period and therefore, are not reported as liabilities in the fund statements.

Accrued Interest is not due and payable in the current period and are therefore not reported as liabilities in the fund statements.

Long Term Net Pension Liability
 Deferred Pension Outflows
 Deferred Pension Inflows

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Net position of governmental activities	\$ 72,598
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The accompanying Notes to Financial Statements are an integral part of this statement.

CREATIVITY COLABORATORY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Tax Levy	\$ 664,617	\$	\$ 664,617
Total - Local Sources	664,617		664,617
State Sources	629,658		629,658
Federal Sources		23,469	23,469
Total Revenues	1,294,275	23,469	1,317,744
EXPENDITURES			
Current:			
Regular Instruction	505,583	10,000	515,583
Support:			
General Administrative Services	175,904	13,469	189,373
School Administrative Services	172,612		172,612
Plant Operations and Maintenance	180,057		180,057
Employee Benefits	178,727		178,727
Total Expenditures	1,212,883	23,469	1,236,352
Excess (Deficiency) of Revenues over Expenditures	81,392		81,392
OTHER FINANCING SOURCES (USES)			
Transfers	(8,794)		(8,794)
Total Other Financing Sources and (Uses)	(8,794)		(8,794)
Net Change in Fund Balances	72,598		72,598
Fund Balance—July 1			
Fund Balance—June 30	\$ 72,598	\$	\$ 72,598

The accompanying Notes to Financial Statements are an integral part of this statement.

CREATIVITY COLABORATORY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (from B-2) \$ 72,598

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	
Capital outlays		_____

In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is charged when payment is due.

Repayment of debt service principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.

Pension Contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

Change in net position of governmental activities (A-2)	\$	72,598
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The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

CREATIVITY COLABORATORY CHARTER SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash	\$ 2,227	\$ 2,227
Interfund Receivable	1	
Accounts Receivable	133	133
	<hr/>	<hr/>
Total Current Assets	2,361	2,360
	<hr/>	<hr/>
Total Assets	2,361	2,360
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,530	1,530
Interfund Accounts Payable	831	831
	<hr/>	<hr/>
Total Current Liabilities	2,361	2,361
	<hr/>	<hr/>
NET POSITION		
Net Position		
Unrestricted		
	<hr/>	<hr/>
Total Net Position	\$	\$
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

CREATIVITY COLABORATORY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 3,802	\$ 3,802
Total Operating Revenue:	<u>3,802</u>	<u>3,802</u>
Operating expenses:		
Salaries	9,624	9,624
Satellite Food Service Operation Cost	7,742	7,742
Supplies and Materials	1,541	1,541
Other Costs	35	35
Total Operating Expenses	<u>18,942</u>	<u>18,942</u>
Operating Income (loss)	<u>(15,140)</u>	<u>(15,140)</u>
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	129	129
Federal Sources:		
National School Breakfast Program	1,389	1,389
National School Lunch Program	4,828	4,828
Board Subsidy	8,794	8,794
Total Non-operating Revenues (Expenses)	<u>15,140</u>	<u>15,140</u>
Change in Net Position		
Total Net Position—Beginning		
Total Net Position—Ending	<u>\$</u>	<u>\$</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

CREATIVITY COLABORATORY CHARTER SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 1	\$ 954
Total Assets	<u>1</u>	<u>954</u>
LIABILITIES		
Accounts Payable		
Due to General Fund	1	497
Due to Student Groups		368
Payroll Deductions and Withholding		89
	<u>1</u>	<u>\$ 954</u>
NET POSITION		
Unreserved for Unemployment Claims	<u>\$</u>	

CREATIVITY COLABORATORY CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Private Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	\$ _____
Total Contributions	_____
Investment Earnings:	
Interest	_____
Total Investment Earnings	_____
DEDUCTIONS	
Unemployment Claims	_____
Total Deductions	_____
Change in Net Position	_____
Net Position—Beginning of the Year	_____
Net Position—End of the Year	\$ _____

The accompanying Notes to Financial Statements are an integral part of this statement.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

The Creativity CoLaboratory Charter School, Inc is located in the County of Salem, State of New Jersey and was incorporated on March 28, 2019. It was created on through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a Charter School, the Creativity CoLaboratory Charter School, Inc. functions independently as an educational institution through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School the Board is to consist of not less than 3 and not more than 20 individuals.

A. Reporting Entity:

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Charter School holds the corporate powers of the organization
- the Charter School appoints a voting majority of the organization's board
- the Charter School is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Charter School
- there is a fiscal dependency by the organization on the Charter School

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 Charter School is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Creativity CoLaboratory Charter School, Inc. have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Charter School's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards:

The Charter School has adopted the following GASB statements:

- GASB Statement - No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*: The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately. Management is evaluating the potential impact of the adoption of GASB 95 on the Charter School's financial statements.

Other accounting standards that the Charter School is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 84 on the Charter School's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of Statement will be effective for reporting periods beginning after June 15, 2021. The Board is evaluating the potential impact of the adoption of GASB 87 on the Charter School's financial statements.
- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 89 on the Charter School's financial statements.
- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 90 on the Charter School's financial statements.
- GASB Statement - No. 91 – *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management is evaluating the potential impact of the adoption of GASB 91 on the Charter School's financial statements.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards (Cont'd):

- GASB Statement - No. 92 – *Omnibus 2020*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 92 on the Charter School's financial statements.
- GASB Statement - No. 93 – *Replacement of Interbank Offered Rates*: The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 93 on the Charter School's financial statements.
- GASB Statement - No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 94 on the Charter School's financial statements.
- GASB Statement - No. 96 – *Subscription-Based Information Technology Arrangements*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 96 on the Charter School's financial statements.
- GASB Statement - No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 97 on the Charter School's financial statements.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation:

The School's basic financial statements consist of School-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Charter School-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the School at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the School and for each function of the School's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses of the School related to the administration and support of the School's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the School's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among School financial reporting.

B. Fund Accounting:

The accounts of the Charter School are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds and accounts are grouped, in the financial statements in this report:

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

GOVERNMENTAL FUND TYPE

General Fund - The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for instructional and non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the Creativity CoLaboratory Charter School, Inc. includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmentalities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from the "local levy" local share - charter school aid, "local levy" state share - charter school aid, categorical aid, revenues from other sources and appropriated fund balance. Expenditures are those, which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Charter School accounts for the proceeds of specific revenue sources from the state and federal government (other than expendable trusts, major capital projects or enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund - The Charter School does not currently have any open capital projects.

Debt Service Fund - The accounting system of the Charter School includes a Debt Service fund in accordance with state statute.

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is separated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The School's Enterprise Fund is comprised of a Food Service Fund managed by an outside food service management company. During the 2019-20 School Year, the Charter School relinquished all of its authority, duties and obligations, with respect to School Nutrition Programs, to Camden's Promise Charter School. As such, inventory and commodity amounts were considered as owned by the Camden's Promise Charter School.

Internal Service Fund- The Creativity CoLaboratory Charter School does not maintain an Internal Service whereby services would be provided on a cost-reimbursement basis.

FIDUCIARY FUND TYPE

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the Charter School:

Trust and Agency Funds- The trust and agency funds are used to account for assets held by the Charter School in a Trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Nonexpendable Trust Fund- A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligation to maintain the trust principal. The accounting system of the Charter School does not include a nonexpendable trust fund.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Funds consists of an Unemployment Compensation Insurance Fund.

Agency Funds (Payroll and Student Activities Fund)- Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. The accounting system of the Charter School includes a payroll fund and a student activities fund.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-wide, Proprietary and Fiduciary Fund Financial Statements: The School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its Charter School the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control:

Charter School budgets are prepared annually and are submitted to the Department of Education for review. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are mandated by the Department of Education and are detailed in the Charter School Budget Summary form that is part of the New Jersey Charter School Application and are defined as the lowest (most specific) level of detail referenced in NJAC 6:20-2A (m) 1. Transfers of appropriations may be made by Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are to be maintained to allow for the presentation of GAAP basis financial reports.

There is a reconciliation of the special revenue funds from the budgetary basis of accounting, as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds, to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. (See Exhibit C-3).

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal yearend as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. The budget, as detailed on Exhibit B-2, includes all amendments to the adopted budget, if any.

Open encumbrances in the special revenue fund for which the Charter School has received advances (if any) are reflected in the balance sheet as unearned revenues at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

The Charter School had no open orders reserved for encumbrances in the general fund, at June 30, 2020.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Tuition:

The Charter School Program Act of 1995 specifically prohibits a charter school from charging tuition to students who reside in the district of the charter school or are non-resident students.

G. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School, and that are due within one year.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

I. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School and that are due within one year.

Inventories and Prepaid Expenses

On Charter School-wide financial statements and in the enterprise fund, inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2020 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Position. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. As of June 30, 2020, the Charter School had no assets that met the criteria for capitalization of fixed assets.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Assets, Liabilities and Equity (Cont'd):

Capital assets are to be depreciated in the School-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	30-50
Building Improvements	20
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

J. Compensated Absences:

Compensated absences are those for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School and its employees, is accrued as the employees earn the rights to the benefits.

In accordance with Statement No. 16 of the (GASB) entitled "Accounting for Compensated Absences", Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School and its employees, are accounted for in the period in which such services are rendered or in which such events take place and will be calculated in accordance with formulas outlined in the Charter School agreements with any collective bargaining units and included in the budget of the current year of payment.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. There currently is no formal policy concerning payment of accumulated absences and no liability to be reported in the Statement of Net Position.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them. As of June 30, 2020, no liability existed for compensated absences in the Food Service Fund.

K. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned (see Note 2(B) regarding the special revenue fund).

L. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Management Estimates:

In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the School-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

O. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

P. Charter School Funding:

The Charter School is largely funded on its enrollment through the local levy and categorical aid, which follows a particular student. Funding flows from the State to the district Board of Education and then to the Charter School. In accordance with N.J.S.A. 18A:36A-12 "the school district of residence shall pay directly to the Charter School for each student enrolled in the charter school who resides in the district a presumptive amount equal to 90% of the local tax levy budget per pupil for the specific grade level in the district. At the discretion of the commissioner and at the time the charter is granted, the commissioner may require the school district of residence to pay directly to the charter school for each student enrolled in the charter school an amount equal to less than 90%, or an amount, which shall not exceed 100% of the local levy budget per pupil for the specific grade in the district of residence. The per pupil amount paid to the charter school shall not exceed the local levy budget per pupil for the specific grade level in the district in which the charter school is located. The district of residence shall also pay directly to the charter school any categorical aid attributable to the student, provided the student is receiving appropriate categorical services, and any federal funds attributable to the student".

During the school year, a charter school shall conduct an enrollment count on October 15, and the last day of the school year. A charter school shall submit each count through a summary school register for the purposes of determining average daily enrollment. Based on these counts, a charter school's revenue is adjusted accordingly.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Q. Net Position:

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

R. Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve would be established for encumbrances.

S. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

T. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means within sixty days of the fiscal year end. Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

U. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Charter School's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

V. Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

W. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2020.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with a maturity of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Schools are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey Schools.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2020, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

		Cash and Cash Equivalents
Checking Accounts	\$	30,881
Total	\$	30,881

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits may not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2020, the Charter School's bank balance of \$75,271 was exposed to custodial credit risk as follows:

Insured	\$	75,271
Uninsured and collateralized with securities held by pledging financial institutions		
	\$	<u>75,271</u>

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2020, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 4. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

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 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who are 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.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2019 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2020 were . Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2020 is 13.69% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2020 was \$0.

Components of Net Pension Liability - At June 30, 2020, the District's proportionate share of the PERS net pension liability was \$0. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2020 PERS pension expense, with respect to GASB 68, was \$0. In addition, the District had no deferred pension outflows of resources and deferred pension inflows of resources, as of June 30 2020.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4. PENSION PLANS (CONTINUED)

Actuarial Assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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 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.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who are 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.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2019. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2020 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$0 to the TPAF for pension contributions, \$0 for post-retirement benefits on behalf of the School, and \$0 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$10,657 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2020, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

Pension Expense - For the year ended June 30, 2020, the District recognized pension expense of \$0 and revenue of \$0 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the collective net pension 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 rate:

	1% Decrease (4.60%)	Current Discount (5.60%)	1% Increase (6.60%)
State's Share of the Net Pension Liability associated with the District	\$	\$	\$
State's Share of the Net Pension Liability	\$ <u>72,544,649,801</u>	\$ <u>61,519,112,443</u>	\$ <u>52,371,397,951</u>

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility

1. State or Local Officials who are elected or appointed on or after July 1, 2007
2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

Contributions – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District's employer match is an additional 3% contribution. For the year ended June 30, 2020, employee contributions totaled \$0 and the District's employer contribution, recognized in pension expense, was \$0. There were no forfeitures during the fiscal year.

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: The Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Special Funding Situation

The participating local education employer allocations included in the supplemental schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2019, was \$41,729,081,045. Of this amount, the total OPEB liability attributable to the Charter School was \$0. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.00000%. The total OPEB liability for the Charter School measured as of June 30, 2019 is zero as a result of the Special Funding Situation with the State of New Jersey. The Charter School's proportionate share of the total OPEB liability measured as of June 30, 2019 is 0.00%. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Service Years	Age	Age
Through 2026	1.55% - 3.05%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	1.55% - 3.05%	3.00% - 7.00%	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

State of New Jersey	<u>Total OPEB Liability</u>
Balance as of June 30, 2018 Measurement Date	\$ <u>46,110,832,982</u>
Changes for the year:	
Service Cost	1,734,404,850
Interest	1,827,787,206
Changes of Benefit Terms	
Differences between Expected and Actual	(7,323,140,818)
Changes of Assumptions	622,184,027
Benefit Payments	(1,280,958,373)
Contributions from Members	<u>37,971,171</u>
Net Changes	<u>(4,381,751,937)</u>
Balance as of June 30, 2019 Measurement Date	\$ <u><u>41,729,081,045</u></u>

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019		
At 1.00% Decrease	At Discount Rate	At 1.00% Increase
2.50%	3.50%	4.50%
\$ 49,298,534,898	41,729,081,045	35,716,321,820

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019		
Healthcare Cost		
1.00% Decrease	Trend Rate	1.00% Increase
\$ 34,832,902,820	41,729,081,045	51,453,912,586

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

For the year ended June 30, 2020, the Charter School recognized OPEB expense of \$0. The Charter School reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$	\$
Changes of Assumptions		
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion		
Contributions Subsequent to the Measurement Date		
Total	\$	\$

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,	OPEB
2020	\$
2021	
2022	
2023	
2024	
Thereafter	
Total	\$

NOTE 6. FUND BALANCE

General Fund - Of the \$72,598 in General Fund balance at June 30, 2020, all is unassigned.

NOTE 7. LITIGATION

The Charter School is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the Charter School's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the Charter School.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8. RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance- The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds.

New Jersey Unemployment Compensation Insurance- The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the Reserve method. Under this plan, the Charter School is required to contribute a percentage of wages to the New Jersey Unemployment Trust Fund on a quarterly basis. The following is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current year:

<u>Balance</u> <u>June 30,</u>	<u>Charter</u> <u>School</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Claims</u>	<u>Balance</u>
2020	\$ _____	\$ _____	\$ _____	\$ _____

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General	\$ 24,798	\$
Special Revenue		23,469
Agency		496
Student Activity		1
Unemployment		1
Food Service		831
Total	\$ 24,798	\$ 24,798

NOTE 10. RECEIVABLES

Receivables as of year-end for the Charter School's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Receivables:</u>	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Proprietary</u> <u>Funds</u>	<u>Total</u>
Intergovernmental				
State	\$ 119,240	\$	\$ 1	\$ 119,241
Federal		25,701	133	25,834
Local	75,311			75,311
Totals	\$ 194,551	\$ 25,701	\$ 134	\$ 220,386

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11. OPERATING LEASES

Lease Agreements

Buildings – On May 9, 2019, the Charter School executed a four-year rental agreement with Apple Farm Arts and Music Center, whereby, the Charter School shall be granted access to the premises located at 457 Shirley Rd, Elmer, NJ. At the end of the four-year period, the rental agreement may be renewed annually for an aggregate term of twenty years. The following represents the future minimum lease payments associated with this rental agreement:

<u>Year</u>	<u>Amount</u>
2020-2021	\$ 180,000
2021-2022	210,000
2022-2023	240,000
Total	<u>\$ 630,000</u>

Equipment – The following includes the operating lease for equipment as of June 30, 2020.

<u>Year</u>	<u>Amount</u>
2020-2021	\$ 12,038
2021-2022	12,038
2022-2023	5,015
Total	<u>29,091</u>

NOTE 12. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government Creativity CoLaboratory to forgo tax revenues and the individual or entity Creativity CoLaboratory to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13. RESERVED FUND BALANCE - ESCROW

New Jersey Charter Schools are required to maintain an Escrow Reserve account up to \$75,000 in accordance with state statute. The organization documents of the Creative Collaborative Charter School indicate that reflecting the initial reserve requirement will begin in the 2020-21 school-year.

NOTE 14. SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

**CREATIVITY COLABORATORY CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Revenue/ Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUES:					
"Local Tax Levy"- Local Share - Charter School Aid:					
Alloway Township	\$ 50,375	\$	\$ 50,375	\$ 50,375	\$
City of Bridgeton	554		554	554	
Clearview Regional	5,553		5,553	5,553	
Delsea Regional	91,867		91,867	91,867	
Franklin Township	69,342		69,342	69,342	
Borough of Glassboro	5,132		5,132	5,132	
Harrison Township	6,659		6,659	6,659	
Hopewell Township	9,174		9,174	9,174	
Kingsway Regional	51,250		51,250	51,250	
Mannington Township	14,155		14,155	14,155	
City of Millville	3,516		3,516	3,516	
Monroe Township	5,621		5,621	5,621	
Borough of Newfield	10,064		10,064	10,064	
Penns Grove Carneys Point Regional	8,382		8,382	8,382	
Pennsville Township	7,866		7,866	7,866	
Pittsgrove Township	151,054	5,272	156,326	156,326	
Quinton Township	4,001		4,001	4,001	
South Harrison Township	64,758		64,758	64,758	
Upper Pittsgrove Township	41,717		41,717	41,717	
City of Vineland	1,251		1,251	1,251	
West Deptford	16,200		16,200	16,200	
City of Woodbury	4,906		4,906	4,906	
Woodstown-Pilesgrove Regional	35,948		35,948	35,948	
Total - Local Share Tax Levy	659,345	5,272	664,617	664,617	
Local Tax Levy- State Share - Charter School Aid:					
Equalization aid	552,119	(14,701)	537,418	537,418	
Total - Local Levy Budget	1,211,464	(9,429)	1,202,035	1,202,035	
Categorical Aids:					
Special Education	54,481	14,009	68,490	68,490	
Security Aid	17,041	(3,948)	13,093	13,093	
Total Categorical Aids	71,522	10,061	81,583	81,583	
Other State Aid:					
Reimbursed TPAF Social Security Contributions (Non-budgeted)				10,657	10,657
Total Other State Aid				10,657	10,657
Total State Aid	1,282,986	632	1,283,618	1,294,275	10,657
Revenue from Other Sources					
Total Revenue from Other Sources					
TOTAL REVENUES	\$ 1,282,986	\$ 632	\$ 1,283,618	\$ 1,294,275	\$ 10,657

CREATIVITY COLABORATORY CHARTER SCHOOL
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2020
(CONTINUED)

	Original Budget	Budget Transfers	Final Budget	Expenditures	Variance Favorable/ (Unfavorable)
EXPENDITURES:					
CURRENT EXPENSES:					
Regular Programs - Instruction:					
Salaries of Teachers - Grades 1-5	\$ 306,607	\$ 33,445	\$ 340,052	\$ 336,544	\$ 3,508
Salaries of Teachers - Grades 6-8	116,393		116,393	115,193	1,200
Other Salaries for Instruction	20,000	(20,000)			
Regular Programs - Undistributed Instruction:					
Purchased Professional/ Technical Services	20,000	(2,804)	17,196	17,196	
Other Purchased Services	45,000	(43,422)	1,578	1,000	578
General Supplies	57,600	(6,857)	50,743	22,275	28,468
Textbooks	25,000	(5,000)	20,000	13,375	6,625
Other Objects	4,000	(3,000)	1,000		1,000
TOTAL REGULAR PROGRAMS - INSTRUCTION	594,600	(47,638)	546,962	505,583	41,379
UNDISTRIBUTED EXPENDITURES:					
General Administration					
Salaries Administrative	109,000	(7,909)	101,091	87,877	13,214
Legal Services	5,000	2,000	7,000	5,187	1,813
Other Purchased Services	60,000	46	60,046	58,289	1,757
Communications/Telephone	25,000	(3,565)	21,435	13,730	7,705
General Supplies	4,800	4,700	9,500	9,500	
Miscellaneous Expenditures	2,000		2,000	1,321	679
Total General Administration	205,800	(4,728)	201,072	175,904	25,168
School Administration					
Salaries of Other Professional Staff	85,000	(36,000)	49,000	46,165	2,835
Purchased Professional and Technical Serv	60,000	44,677	104,677	97,712	6,965
Supplies and Materials	9,600	18,406	28,006	28,006	
Other Objects	2,000	(1,000)	1,000	729	271
Total School Administration	156,600	26,083	182,683	172,612	10,071
Support Services					
Rental of Land and Buildings	120,000		120,000	120,000	
Insurance	15,275	7,844	23,119	23,119	
Energy	40,000	(3,062)	36,938	36,938	
Total Operation and Maintenance of Plant Services	175,275	4,782	180,057	180,057	
	\$ 1,132,275	\$ (21,501)	\$ 1,110,774	\$ 1,034,156	\$ 76,618

CREATIVITY COLABORATORY CHARTER SCHOOL
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2020
(CONTINUED)

	Original Budget	Budget Transfers	Final Budget	Expenditures	Variance Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Unallocated Benefits					
Health Benefits	\$ 117,000	\$ 55,844	\$ 172,844	\$ 168,070	\$ 4,774
Total Unallocated	117,000	55,844	172,844	168,070	4,774
Reimbursed TPAF Social Security Contributions (Non-budgeted)				10,657	(10,657)
TOTAL UNDISTRIBUTED				10,657	(10,657)
TOTAL EXPENDITURES - CURRENT EXPENSE	1,249,275	34,343	1,283,618	1,212,883	70,735
Capital Outlay					
Undistributed Expenditures	10,000	(10,000)			
Total Equipment	10,000	(10,000)			
Facilities Acquisition & Construction Services					
Lease/Purchase - Principal	10,000	(10,000)			
Bldgs. Other than Lease Purchase Agreement	10,000	(10,000)			
Total Facilities Acquisition & Construction Services	20,000	(20,000)			
Total Capital Outlay expenditures	30,000	(30,000)			
TOTAL EXPENDITURES	1,279,275	4,343	1,283,618	1,212,883	70,735
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,711	(3,711)		81,392	81,392
Other Financing Sources:					
Operating Transfer (Out) and In:					
Food Service				(8,794)	(8,794)
Total other Financing Sources				(8,794)	(8,794)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	3,711	(3,711)		72,598	72,598
Fund Balances, July 1					
Fund Balances, June 30	\$ 3,711	\$ (3,711)		\$ 72,598	\$ 72,598

Recapitulation:

Restricted Fund Balance:

Unassigned Fund Balance:

Unassigned Fund Balance

72,598
<u>72,598</u>
<u>\$ 72,598</u>

CREATIVITY COLABORATORY CHARTER SCHOOL
SPECIAL REVENUE FUND
AS OF JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 38,606	\$	\$ 38,606	\$ 25,701	\$ (12,905)
State Sources					
Other					
Total Revenues	<u>38,606</u>		<u>38,606</u>	<u>25,701</u>	<u>(12,905)</u>
EXPENDITURES:					
Instruction					
Salaries Personal Services	10,000		10,000	10,000	
Supplies and Materials	3,637		3,637	2,232	1,405
Total Instruction	<u>13,637</u>		<u>13,637</u>	<u>12,232</u>	<u>1,405</u>
Support Services					
Salaries Personal Services	2,500		2,500		2,500
Employee Benefits	3,691		3,691		3,691
Purchased Professional & Technical Services - Other	13,469		13,469	13,469	
Supplies and Materials	5,309		5,309		5,309
Total Support Services	<u>24,969</u>		<u>24,969</u>	<u>13,469</u>	<u>11,500</u>
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>38,606</u>		<u>38,606</u>	<u>25,701</u>	<u>12,905</u>
Other Financing Sources (Uses)					
Total Outflows	<u>38,606</u>		<u>38,606</u>	<u>25,701</u>	<u>12,905</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION PART II**

CREATIVITY COLABORATORY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI - PART II
FOR THE FISCAL YEARS ENDED JUNE 30, 2020

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 1,294,275		[C-2] \$ 25,701
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			(2,232)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 1,294,275		[B-2] \$ 23,469
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 1,212,883		[C-2] \$ 25,701
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			(2,232)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 1,212,883		[B-2] \$ 23,469

REQUIRED SUPPLEMENTARY INFORMATION
PART III

CREATIVITY COLABORATORY CHARTER SCHOOL
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2019</u>
District's Proportion of the Net Pension Liability	0.000000%
District's Proportionate Share of the Net Pension Liability	
District's Covered-Employee Payroll	\$ 20,000
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	0.00%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.27%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

CREATIVITY COLABORATORY CHARTER SCHOOL
Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

2019

Contractually Required Contribution	
Contributions in relation to the Contractually Required Contribution	
Contribution Deficiency (Excess)	
District's Covered-Employee Payroll	\$ 20,000
Contributions as a Percentage of Covered-Employee Payroll	0.00%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

CREATIVITY COLABORATORY CHARTER SCHOOL
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years*

	<u>2019</u>
District's Proportion of the Net Pension Liability	0.000000%
District's Proportionate Share of the Net Pension Liability	
District's Covered-Employee Payroll	\$ 162,300
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	0.00%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.95%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

CREATIVITY COLABORATORY CHARTER SCHOOL
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

2019

Total OPEB Liability	
Service Cost	\$
Interest Cost	
Changes of Benefit Terms	
Differences Between Expected and Actual Experiences	
Changes of Assumptions	
Member Contributions	
Gross Benefit Payments	
Net Change in Total OPEB Liability	<hr/>
Total OPEB Liability - Beginning	<hr/>
Total OPEB Liability - Ending	\$ <hr/> <hr/>
Covered-Employee Payroll	\$
Total OPEB Liability as a Percentage of Covered-Employee Payroll	

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

CREATIVITY COLABORATORY CHARTER SCHOOL
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020

	<u>NCLB</u>				
	<u>Title I Part A</u>	<u>Title II</u>	<u>IDEA</u>	<u>Cares</u>	<u>Totals</u>
	<u>2019-20</u>	<u>2019-20</u>	<u>Part B</u>	<u>Act</u>	<u>2020</u>
REVENUES:					
Federal Sources	\$ 10,000	\$ 2,918	\$ 10,551	\$ 2,232	\$ 25,701
State Sources					
Other					
Total Revenues	<u>10,000</u>	<u>2,918</u>	<u>10,551</u>	<u>2,232</u>	<u>25,701</u>
EXPENDITURES:					
Instruction:					
Salaries Personal Services	\$ 10,000	\$	\$	\$	\$ 10,000
Supplies and Materials				2,232	2,232
Total Instruction	<u>10,000</u>			<u>2,232</u>	<u>12,232</u>
Support Services:					
Purchased Prof. & Technical Services		2,918	10,551		13,469
Total Support Services		<u>2,918</u>	<u>10,551</u>		<u>13,469</u>
Facilities Acquisitions & Const Serv:					
Instructional Equipment					
Non-Instructional Equipment					
Total Facilities Acquisition & Construction Services					
Total Expenditures	<u>\$ 10,000</u>	<u>\$ 2,918</u>	<u>\$ 10,551</u>	<u>\$ 2,232</u>	<u>\$ 25,701</u>

PROPRIETARY FUND

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all Schools.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

EXHIBIT G-1

CREATIVITY COLABORATORY CHARTER SCHOOL
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>Totals</u> <u>2020</u>
ASSETS:	
Current Assets:	
Cash	\$ 2,227
Accounts Receivable:	
State	1
Federal	133
	<hr/>
Total Current Assets:	2,361
	<hr/>
Total Assets	\$ 2,361
	<hr/> <hr/>
LIABILITIES AND NET POSITION:	
Intergovernmental Accounts Payable	\$ 1,530
Interfund Payable - General Fund	831
	<hr/>
Total Liabilities	2,361
	<hr/>
Net Position:	
Unreserved Retained Earnings	
	<hr/>
Total Net Position	
	<hr/>
Total Liabilities and Net Position	\$ 2,361
	<hr/> <hr/>

EXHIBIT G-2

CREATIVITY COLABORATORY CHARTER SCHOOL
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020

	<u>Totals</u>
	<u>2020</u>
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 3,802
	<hr/>
Total Operating Revenue	3,802
	<hr/>
OPERATING EXPENSES:	
Salaries	9,624
Satellite Food Service Operation Cost	7,742
Supplies and Materials	1,541
Other Costs	35
	<hr/>
Total Operating Expenses	18,942
	<hr/>
Operating Loss	(15,140)
	<hr/>
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	129
Federal Sources:	
School Breakfast Program	1,389
National School Lunch Program	4,828
Board Subsidy	8,794
	<hr/>
Total Non-Operating Revenues	15,140
	<hr/>
Net Income before Operating Transfers	
Net Position - July 1	
	<hr/>
Net Position - June 30	\$ <hr/> <hr/>

CREATIVITY COLABORATORY CHARTER SCHOOL
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2020 AND 2019

	Totals
	2020
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,802
Payments to Employees	(9,624)
Payments for Employee Benefits	
Payments to Suppliers	(7,091)
Net Cash Provided by (Used for) Operating Activities	(12,913)
Cash Flows from Noncapital Financing Activities	
Board Subsidy	8,794
Food Distribution Program	
Cash Received from State and Federal Reimbursements	6,346
Net Cash Provided by Noncapital Financing Activities	15,140
Net Cash Used by Capital Financing Activities	
Purchase of Fixed Assets	
Net Cash Used by Capital Financing Activities	
Cash Flows from Investing Activities:	
Interest Income	
Net Increase (Decrease) in Cash	2,227
Cash and Cash Equivalents, July 1)	
Cash and Cash Equivalents, June 30	\$ 2,227
Operating Income (Loss)	\$ (15,140)
Adjustments to Reconcile Operating Income (Loss)	
to Cash Used by Operating Activities:	
Depreciation	
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(134)
Increase/(Decrease) in Accounts Payable	1,530
Increase/(Decrease) in Interfund Payable	831
Increase/(Decrease) in Unearned Revenue	
Total Adjustments	2,227
Net Cash Used by Operating Activities	\$ (12,913)

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school.

CREATIVITY COLABORATORY CHARTER SCHOOL
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Unemployment Compensation Expendable Trust	Agency		Total 2020
		Student Activity	Payroll	
ASSETS:				
Cash and Cash Equivalents	\$ 1	\$ 369	\$ 585	\$ 955
Total Assets	\$ 1	\$ 369	\$ 585	\$ 955
LIABILITIES:				
Accounts Payable	\$	\$	\$	\$
Due to General Fund	1	1	496	498
Due to Student Groups		368		368
Payroll Deductions and Withholding			89	89
Total Liabilities	1	369	585	955
NET POSITION:				
Unreserved for Unemployment Claims				
Total Liabilities and Net Position	\$ 1	\$ 369	\$ 585	\$ 955

EXHIBIT H-2

CREATIVITY COLABORATORY CHARTER SCHOOL
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2020

	<u>Expendable Trust Unemployment Funds</u> <u>2020</u>
OPERATING REVENUES:	
Contributions	\$
Total Revenues	<u> </u>
OPERATING EXPENSES:	
Unemployment Claims	<u> </u>
Total Expenses	<u> </u>
NONOPERATING REVENUES:	
Interest	<u> </u>
Total Non-operating Revenues	<u> </u>
Change in Net Position	<u> </u>
Net Position Beginning of Year	<u> </u>
Net Position End of Year	\$ <u> </u>

CREATIVITY COLABORATORY CHARTER SCHOOL
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1,</u> <u>2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2020</u>	<u>Balance</u> <u>June 30,</u> <u>2020</u>
Student Activity Fund	\$ _____	\$ 418	\$ 50	\$ _____	\$ 368

CREATIVITY COLABORATORY CHARTER SCHOOL
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1,</u> <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2020</u>
ASSETS:				
Cash and Cash Equivalents	\$	\$ 715,326	\$ 714,741	\$ 585
	<u>\$</u>	<u>\$ 715,326</u>	<u>\$ 714,741</u>	<u>\$ 585</u>
LIABILITIES AND RESERVES:				
Due to General Fund	\$	\$ 496	\$	\$ 496
Payroll Deductions and Withholdings		714,830	714,741	89
Total Liabilities and Reserves	<u>\$</u>	<u>\$ 715,326</u>	<u>\$ 714,741</u>	<u>\$ 585</u>

STATISTICAL SECTION

CREATIVITY COLABORATORY CHARTER SCHOOL
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2020</u>
Governmental Activities	
Invested in Capital Assets, net of related debt	\$
Restricted:	
Other Purpose	
Unrestricted (Deficit)	72,598
Total Governmental Activities Net Position	\$ <u>72,598</u>
Business-Type Activities	
Invested in Capital Assets, net of related debt	\$
Unrestricted	
Total Business-Type Activities Net Position	\$ <u> </u>
District-Wide	
Invested in Capital Assets, net of related debt	\$
Restricted:	
Other Purpose	
Unrestricted (Deficit)	72,598
Total District-Wide Net Position	\$ <u>72,598</u>

Source: CAFR Schedule A-1

CREATIVITY COLABORATORY CHARTER SCHOOL
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2020</u>
Expenses	
Governmental activities	
Instruction	
Regular	\$ 515,583
Support Services	
School Administrative Services	189,373
General Administrative Services	172,612
Rental of Land and Buildings	
Plant Operations and Maintenance	180,057
Employee Benefits	178,727
Unallocated Depreciation and Amortization	
Total Governmental Activities Expenses	<u>1,236,352</u>
Business-Type Activities	
Food Service	18,942
Total Business-Type Activities Expense	<u>18,942</u>
Total District Expenses	<u>\$ 1,255,294</u>
Program Revenues	
Governmental Activities	
Charges for Services	\$
Operating Grants and Contributions	23,469
Total Governmental Activities Program Revenues	<u>23,469</u>
Business-Type Activities	
Charges for Services	
Food Service	3,802
Operating Grants and Contributions	6,346
Total Business-Type Activities Program Revenues	<u>10,148</u>
Total District Program Revenues	<u>\$ 33,617</u>
Net (Expense)/Revenue	
Governmental Activities	\$ (1,212,883)
Business-Type Activities	(8,794)
Total District-Wide Net Expense	<u>\$ (1,221,677)</u>
General Revenues and Other Changes in Net Position	
Governmental Activities	
Property Taxes Levied for General Purposes, net	\$ 664,617
Unrestricted Grants and Contributions	629,658
Miscellaneous Income	
Transfers	(8,794)
Total Governmental Activities	<u>1,285,481</u>
Business-Type Activities	
Miscellaneous Income	
Transfer	8,794
Total Business-Type Activities	<u>8,794</u>
Total District-Wide	<u>\$ 1,294,275</u>
Change in Net Position	
Governmental Activities	\$ 72,598
Business-Type Activities	
Total District-Wide	<u>\$ 72,598</u>

Source: CAFR Schedule A-2

CREATIVITY COLABORATORY CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

	<u>2020</u>
General Fund	
Restricted	\$
Escrow Account	
Assigned	
Year-end Encumbrances	
Designated for Subsequent Year's	
Expenditure	
Unassigned	72,598
Total General Fund	<u>\$ 72,598</u>
All Other Governmental Funds	
Restricted	\$
Capital Reserve	
Escrow Account	
Unassigned	
Year-end Encumbrances	
Total All Other Governmental Funds	<u>\$</u>

Source: CAFR Schedule B-1

CREATIVITY COLABORATORY CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2020</u>
Revenues	
Tax Levy	\$ 664,617
Miscellaneous	
State Sources	629,658
Federal Sources	23,469
Total Revenues	<u>1,317,744</u>
Expenditures	
Instruction	
Regular Instruction	515,583
Support Services	
General Administrative Services	189,373
School Administrative Services	172,612
Plant Operations and Maintenance	180,057
Unallocated Employee Benefits	178,727
Capital Outlay	
Debt Service Principal	
Total Expenditures	<u>1,236,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	81,392
Other Financing Sources (Uses)	
Transfers	(8,794)
Total Other Financing Sources (Uses)	<u>(8,794)</u>
Net Change in Fund Balances	<u>\$ 72,598</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.0%</u>

Source: CAFR Schedule B-2

EXHIBIT J-5

CREATIVITY COLABORATORY CHARTER SCHOOL
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Misc.	Total
2020	\$ -	\$ -

Source: District Records

CREATIVITY COLABORATORY CHARTER SCHOOL
DEMOGRAPHIC AND ECONOMIC STATISTICS**
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2020 *	1,308	\$ 63,749,932	\$ 48,738	3.5%

* Estimate

** The above demographics reflect the Borough of Elmer population and unemployment rate
The per capita persona income reflects the county of Salem.

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

CREATIVITY COLABORATORY CHARTER SCHOOL
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2020</u>
Instruction	
Regular	6
Special education	3
Other special education	
Vocational	
Other instruction	1
Support Services:	
Tuition	
Student & instruction related services	5
General administrative services	
School administrative services	1
Business administrative services	4
Plant operations and maintenance	2
Pupil transportation	
Food Service	1
Total	<u>23</u>

Source: District Personnel Records

CREATIVITY COLABORATORY CHARTER SCHOOL
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u> ^a	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u> ^b	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)</u> ^c	<u>Average Daily Attendance (ADA)</u> ^c	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2020	93	\$ 1,236,352	\$ 13,294	NA	16	6:1	92.97	89.32	NA	96.07%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

CREATIVITY COLABORATORY CHARTER SCHOOL
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2020</u>
<u>District Building</u>	
<u>Middle School</u>	
Building Name	Art Center
Square Feet	5,733 square feet
Capacity (students)	60 (five classrooms)
Enrollment	93
Building Name	Hill Building
Square Feet	4,200 square feet
Capacity (students)	60 (five classrooms)
Enrollment	
Building Name	Coop Building
Square Feet	4,200 square feet
Capacity (students)	60 (five classrooms)
Enrollment	
Building Name	Dining Hall
Square Feet	6,386 square feet
Capacity (students)	250
Enrollment	
<u>Other</u>	
Administrative Building	Located in Art Building
Number of Schools at JUNE 30, 2020	
Elementary =	
Middle School =	1
High School =	
Other =	

Source: District records, ASSA

Note: Increases in square footage and capacity are the result of additions.

Enrollment is based on the annual October district count.

CREATIVITY COLABORATORY CHARTER SCHOOL
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Not Available

CREATIVITY COLABORATORY CHARTER SCHOOL
CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE - FISCAL RATIOS
JUNE 30, 2020
(UNAUDITED)

	2020	Source
Cash	\$ 29,927	Audit: Exhibit A-1
Current Assets	250,810	Audit: Exhibit A-1
Total Assets	250,810	Audit: Exhibit A-1
Current Liabilities	178,212	Audit: Exhibit A-1
Total Liabilities	178,212	Audit: Exhibit A-1
Net Position	\$ 72,598	Audit: Exhibit A-1
Total Revenue	1,327,892	Audit: Exhibit A-2
Total Expenses	1,255,294	Audit: Exhibit A-2
Change in Net Position	\$ 72,598	Audit: Exhibit A-2
Depreciation Expense	-	Financial Statements/ Audit Workpapers
Interest Expense	2,813	Financial Statements/ Audit Workpapers
Principal Payments	120,000	Financial Statements/ Audit Workpapers
Interest Payments	2,813	Financial Statements/ Audit Workpapers
Final Average Daily Enrollment	93	DOE Enrollment Reports
March 30th Budgeted Enrollment	95	Charter School Budget

	2020	3 Year Cumulative	Source
Near Term Indicators			
Current Ratio	1.41	N/A	Current Assets/ Current Liabilities
Unrestricted Days Cash	8.70	N/A	Cash/ (Total Expenses/365)
Enrollment Variance	98%	N/A	Average Daily Enrollment / Budgeted Enrollment
Default	N/A	N/A	Audit
 Sustainability Indicators			
Total Margin	5.47%	N/A	Change in Net Position/ Total Revenue
Debt to Asset	0.71	N/A	Total Liabilities/ Total Assets
Cash Flow	N/A	N/A	Net change in cash flow from prior years
Debt Service Coverage Ratio	0.61	N/A	(Change in Net Position+Interest Expense+Depreciation+Noncash Pension Expense) (Principal & Interest Payments)

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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Certified Public Accountants

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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 AUDITOR'S REPORT

To the Members of
The Board of Trustees
Creativity CoLaboratory Charter School, Inc.
County of Salem New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Trustees of the Creativity CoLaboratory Charter School, Inc. School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Trustees of the Creative Collaboratory Charter School, Inc. School District's basic financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Creativity CoLaboratory Charter School, Inc. Board of Trustees' 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 Creativity CoLaboratory Charter School, Inc. Board of Trustees' internal control. Accordingly, we do not express an opinion on the effectiveness of the Creativity CoLaboratory Charter School, Inc. Board of Trustees' 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 entity'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Creativity CoLaboratory Charter School, Inc. Board of Trustees' 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Creativity CoLaboratory Charter School, Inc. Board of Trustees, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA&VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
December 30, 2020

**CREATIVITY COLLABORATORY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/ Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019			Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Balance at JUNE 30, 2020		
					From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster:																
Cash Assistance:																
National School Breakfast Program	10.553	201NJ304N1099	N/A	\$1,389	7/1/19	to 6/30/20				\$1,343	(\$1,389)		(\$1,389)	(\$46)		
National School Lunch Program	10.555	201NJ304N1099	N/A	4,828	7/1/19	to 6/30/20				4,741	(4,828)		(4,828)	(87)		
Total Enterprise Fund:										6,084	(6,217)		(6,217)	(133)		
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
E.S.E.A.																
Title I, Part A	84.010A	S010A180030	ESEA 6215-20	13,994	7/1/19	to 6/30/20					(10,000)		(10,000)	(10,000)		
Title II - A	84.367A	S367A180029	ESEA 6215-20	2,918	7/1/19	to 6/30/20					(2,918)		(2,918)	(2,918)		
IDEA Cluster:																
IDEA Part B-Basic	84.027	H027A180100	IDEA 6215-20	10,551	7/1/19	to 6/30/20					(10,551)		(10,551)	(10,551)		
CARES Emergency Relief Grant																
CARES ACT 2020 ESSER	84.425D	S425D200027	S425D200027	11,143	3/13/20	to 10/15/22					(2,232)		(2,232)	(2,232)		
											(25,701)		(25,701)	(25,701)		
Total Federal Financial Awards										\$ 6,084	\$ (31,918)	\$	\$ (31,918)	\$ (25,834)	\$	

(A) There were no awards passed through to subrecipients.

The accompanying Notes to the Financial statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

These funds were audited in accordance with the Uniform Guidance since the total of all grant expenditures exceeded \$750,000.

**CREATIVITY COLABORATORY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u> From To		<u>Balance at June 30, 2019</u>				<u>Repayment of Prior Years' Balances and Adjustments</u>	<u>Balance at June 30, 2020</u>		
					<u>Unearned Revenue (Accounts Receivable)</u>	<u>Due to Local Government</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>		<u>(Accounts Receivable)</u> From Districts From State		<u>Unearned Revenue/ Interfund Payable</u>
State Department of Education												
General Fund:												
Equalization Aid	20-495-034-5120-078	\$ 537,418	7/1/19 to 6/30/20		\$	\$ 465,262	\$ (537,418)	\$	\$ (88,395)	\$	\$	\$ 16,239
Special Education Categorical Aid	20-495-034-5120-089	68,490	7/1/19 to 6/30/20			51,650	(68,490)		(18,592)			1,752
Security Aid	20-495-034-5120-084	13,093	7/1/19 to 6/30/20			11,971	(13,093)		(1,596)			474
Reimbursed TPAF S.S. Contributions	20-495-034-5094-003	10,657	7/1/19 to 6/30/20				(10,657)			(10,657)		
Total General Fund					\$	\$ 528,883	\$ (629,658)	\$	\$ (108,583)	\$ (10,657)	\$	\$ 18,465
State Department of Agriculture												
Enterprise Fund - State Share:												
State School Lunch Program	20-100-010-3350-023	129	7/1/19 to 6/30/20			128	(129)			(1)		
						128	(129)			(1)		
Total State Financial Assistance					\$	\$ 529,011	\$ (629,787)	\$	\$ (108,583)	\$ (10,658)	\$	\$ 18,465

Total For State Financial Assistance - Major Program Determination

The accompanying Notes to the Financial statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 1: GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Trustees, Creativity CoLaboratory Charter School, Inc. The board of trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020

The net adjustment to reconcile from the budgetary basis to the GAAP basis is zero for the special revenue fund. See Note 2 for a reconciliation of the budgetary basis to the Modified Accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	629,658	\$ 629,658
Special Revenue Fund	23,469		23,469
Food Service Fund	6,217	129	6,346
Total Awards & Financial Assistance	\$ 29,686	\$ 629,787	\$ 659,473

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Creativity CoLaboratory Charter School had no outstanding loans at June 30, 2020.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2020. TPAF Social Security Contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

The District's Federal Programs are maintained on a school-wide basis.

NOTE 8: MAJOR PROGRAMS

There were no Major programs identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 9: ADJUSTMENTS

There no adjustments reported on Schedule A or Schedule B for the 2019-20 School Year.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified?
reported _____ yes X no

Noncompliance material to basic
financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified? _____ yes _____ no

Type of auditor's report issued on compliance for
major programs: N/A

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200 section
.516(a)? _____ yes _____ no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
----------------	----------------	------------------------------------

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? _____ yes _____ no

CREATIVE COLLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards: N/A

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? _____ yes _____ no

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified that
are not considered to be material
weaknesses? _____ yes _____ no

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to
be reported in accordance with NJOMB
Circular Letter 15-08 _____ yes _____ no

Identification of major programs:

GMIS Number(s) Name of State Program

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: None

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS - N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS - N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 15-08.

STATUS OF PRIOR - YEAR FINDINGS N/A- Initial Year Of Operations
