

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

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

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

Salem, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

Creativity CoLaboratory Charter School Board of Trustees

Finance Department

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INTRODUCTORY SECTION

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

Dr. George Farmer
Principal
856-358-2472

Kelvin Caba,
School Business Administrator/
Board Secretary
856-365-1000 x 388

February 14, 2023

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, 2022, 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. Enrollment for the 2021-2022 fiscal year was as follows:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2021 - 2022	167	16%
2020 - 2021	144	54%
2019 - 2020	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 continued to attract students during its second year. The school remained fully enrolled, and it enters its fourth year with an increased enrollment of 167 students with a healthy waiting list. 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.
- Building operational and administrative capacity, and cultivating leadership among the staff.

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, 2022.

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. George Farmer

Dr. George Farmer
Principal

Kelvin Caba

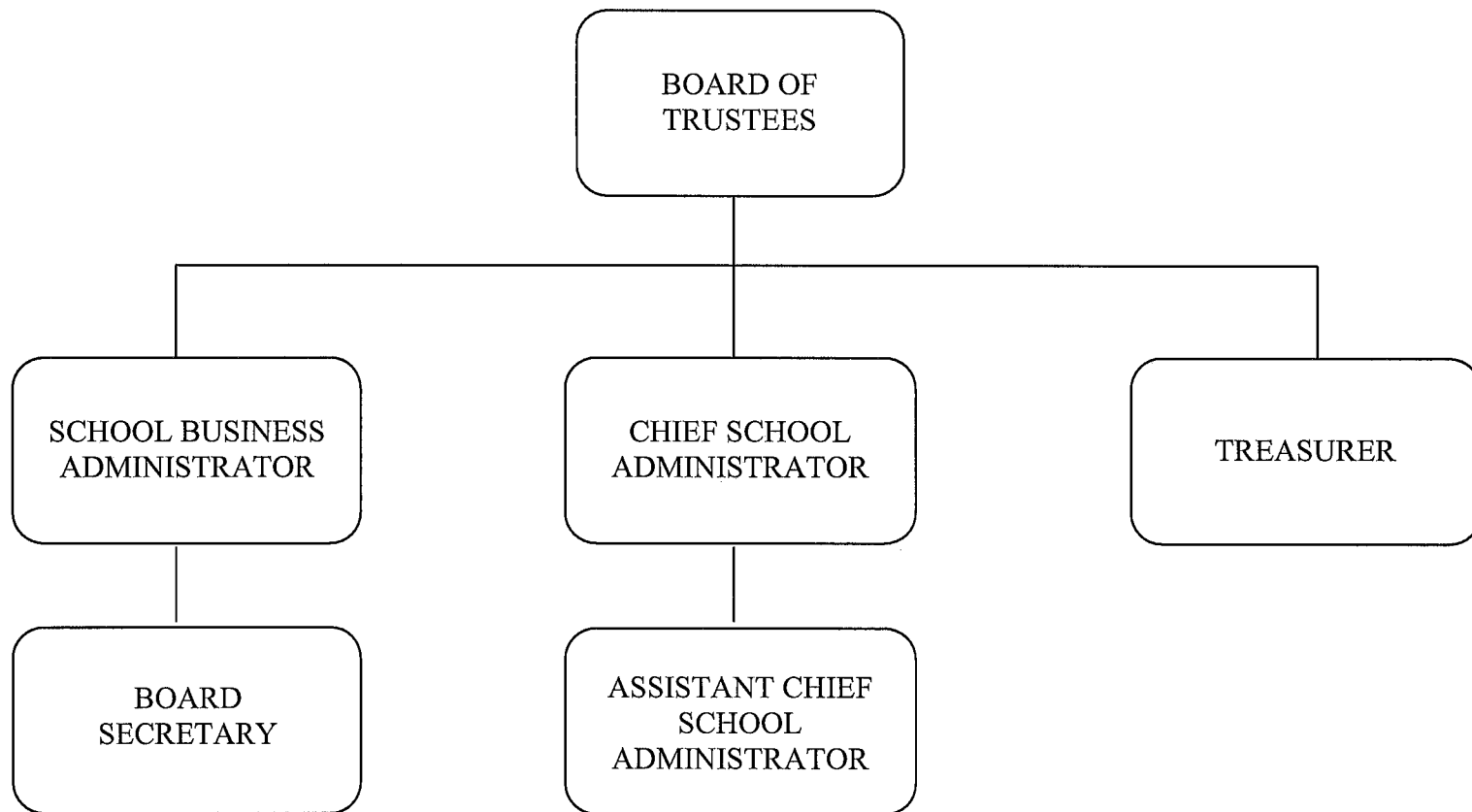
Kelvin Caba
School Business Administrator/
Board Secretary

CREATIVITY COLABORATORY CHARTER SCHOOL, INC

Elmer, New Jersey

Salem County

(UNIT CONTROL)



CREATIVITY COLABORATORY CHARTER SCHOOL, INC
ELMER, NEW JERSEY

ROSTER OF TRUSTEES

JUNE 30, 2022

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>	
Daniel Rowan, President	2023	
Robert Cimprich, Vice President	2023	
Frances Fina	2023	
Pamela Vanecek	2023	
<u>OTHER OFFICIALS</u>		<u>AMOUNT OF BOND</u>
George Farmer, Ed.D., Principal		
Rick Pressler, Board Secretary/Business Administrator		\$ 150,000
Dr. Joseph V. Conway, Ex-officio		
Jessica Doheny, Ex-officio		
Frank P. Cavallo, Esq., Solicitor, Parker McKay		

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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OFFICIAL DEPOSITORY

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INSURANCE AGENT

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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

(856) 629-3111
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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

Opinions

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 Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's basic financial statements. The combining and individual fund financial statements 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 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 statements and related major fund supporting financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report, as required by the Office of School Finance, Department of Education, State of New Jersey. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023 on our consideration of the Creativity CoLaboratory Charter School, Inc. Board of Trustees' internal control over financial reporting and 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. Board of Trustees' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Creativity CoLaboratory Charter School's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant

No. 915

February 14, 2023

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, 2022

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, 2022. 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 2022 are as follows:

- ❖ General revenues, net of transfers, and special items accounted for \$2,575,288 in revenue or 90.8% 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 \$260,521 or 9.2% percent to total revenues of \$2,835,809.
- ❖ The results operations at the school reflect a Total Net Position of \$222,742. This amount represents the results for governmental activities at June 30, 2022. There was no amount of Net Position for the Food Enterprise Fund.
- ❖ The School had total expenses of \$2,694,641, of which \$260,521 was offset by program specific charges for services, grants or contributions. General revenues of \$2,701,616 consisted of Federal and State Aid of \$1,456,635, property taxes of \$1,239,660, and \$5,321 of miscellaneous net revenue.
- ❖ The General Fund also reflected \$2,684,292 in revenues and \$2,438,109 in expenditures. The General Fund's ending balance of \$315,249 included a transfer of \$11,869 to the Food Service Enterprise Fund.

Using this Annual Comprehensive Financial Report (ACFR)

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 2022?” 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.

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 21. 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 years ended in 2022 and 2021 under the GASB reporting format.

Table 1
Net Position

	2022	2021
Assets		
Current and Other Assets	\$ 440,707	\$ 532,907
Capital Assets, Net	344,141	
Total Assets	784,848	532,907
Deferred Outflows of Resources	139,850	
Liabilities		
Other Liabilities	126,759	451,603
Long-term Liabilities	520,768	
Total Liabilities	647,527	451,603
Deferred Inflows of Resources	54,699	
Net Position		
Investment in Capital Assets, Net of Debt		
Restricted	(2,769)	50,497
Unrestricted (Deficit)	225,241	30,807
Total Net Position	\$ 222,472	\$ 81,304

Table 2 shows the changes in net position from fiscal year's 2022 and 2021.

Table 2
Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues		
Charges for Services	\$ 277	\$ 604
Operating Grants and Contributions	260,244	79,196
General Revenues		
Property Taxes	1,239,660	1,018,433
Grants and Entitlements	1,456,635	1,001,764
Miscellaneous	5,321	818
Special Items		
Prior Year Right-to-Use Assets and Lease Liability Adjustment	(126,328)	
Total Revenues	<u>2,835,809</u>	<u>2,100,815</u>
Program Expenses		
Instruction	1,161,483	1,055,409
Support Services		
General Admin Service, School Admin Service, Student & Related Services	743,693	495,810
Plant Operations and Maintenance	246,251	238,748
Employee Benefits	469,087	267,767
Food Service	74,127	34,375
Total Expenses	<u>2,694,641</u>	<u>2,092,109</u>
Increase (Decrease) in Net Position	<u>\$ 141,168</u>	<u>\$ 8,706</u>

As shown above, the School's total revenue for the fiscal year ended June 30, 2022 was \$2,835,809, of which governmental revenues were \$2,761,682. As a Charter School, voter approval for the School operations is not required in New Jersey. Property taxes made up 44.9% percent of total net governmental revenues for the Camden Creativity CoLaboratory Charter School, Inc. during its fiscal year ending 2022. Federal, state and local grants accounted for another 52.7%. The School's total expenses were \$2,694,641, of which total governmental expenses were \$2,620,514 and the cost of all governmental activities, net of program revenues from charges for services or grants was \$2,422,251. Instruction comprises 43.1% of total expenditures and 43.8% of net governmental activity expenses.

Business-Type Activities

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 \$11,869 and as a result, this amount was transferred from the general fund. Food Service expenses were \$74,127.
- ❖ Charges for services represent \$25 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 \$62,233.

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 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Instruction	\$ 1,161,483	\$ 1,061,373	\$ 1,055,409	\$ 1,043,866
Support Services				
General Admin Service, School Admin Service, Student & Related Services	743,693	645,540	495,810	461,455
Plant Operation and Maintenance	246,251	246,251	238,748	238,748
Employee Benefits	469,087	469,087	267,767	267,767
Total Expenses	<u>\$ 2,620,514</u>	<u>\$ 2,422,251</u>	<u>\$ 2,057,734</u>	<u>\$ 2,011,836</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.

The School's Funds

Information about the School's major funds starts on page 21. 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 \$2,882,555 and expenditures of \$2,636,240. The net positive/negative change in fund balance for the year, from revenues and expenditures, amounted to a positive result of \$246,315. In addition, there was a transfer to the Food Service Fund of \$11,869. 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, 2022 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>	<u>Increase/ (Decrease) from 2021</u>	<u>Percentage Increase/ (Decrease)</u>
Local Sources	\$ 1,245,233	43.2%	\$ 225,563	22.1%
State Sources	1,447,268	50.2%	445,504	44.5%
Federal Sources	190,054	6.6%	144,575	317.9%
Total	\$ 2,882,555	100%	\$ 815,642	39.5%

The revenue from Local Sources is attributed to the local tax levy of \$1,239,660, which is the total of the amounts determined from each sending district and \$5,573 in miscellaneous revenue.

The State Sources included on-behalf social security reimbursements and pension contributions of \$294,994.

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

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2022.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent Increase (Decrease)</u>
General				
Regular Instruction	\$ 1,161,483	44.1%	\$ 106,074	10.1%
Support				
General Administration	626,845	23.8%	330,474	111.5%
School Administration	116,728	4.4%	(82,661)	-41.5%
Student and Instruction	120	0.0%	70	140.0%
Plant Operations	282,378	10.7%	43,630	18.3%
Employee Benefits	448,686	17.0%	180,919	67.6%
Total	\$ 2,636,240	100.0%	\$ 578,506	28.1%

The Instructional expenditures for this year of operations was \$1,061,373 in the general fund and \$100,110 in the Special Revenue Fund.

The Support Expenditures for this year of operations was \$116,728 for School administrative services and \$528,944 for general administration services, along with \$98,021 in special revenue fund expenses. There was also \$282,378 in plant operation and maintenance costs, and \$448,686 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 2022, 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 decrease by \$27,405, the actual results for the year shows an excess of revenue over expenses of \$234,314, which includes a transfer out to food service of \$11,869.

- ❖ Actual revenues were equal to final budgeted amounts, which excludes the social security reimbursement of \$294,994 and miscellaneous revenue of \$5,321.
- ❖ The actual expenditures in various line items were less than expected in the total amount of \$268,267, excluding the social security reimbursement of \$294,994.

Capital Assets

At the end of the fiscal year 2022, the School had \$341,441 invested in right-to-use capital assets, which consists of leased building costs of \$860,354 net of accumulated amortization of \$516,213.

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 was 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.

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 Kelvin Caba, Business Administrator, 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, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 27,835	\$	\$ 27,835
Receivables, Net	396,129	16,743	412,872
Capital Assets, Net	344,141		344,141
	<hr/>	<hr/>	<hr/>
Total Assets	768,105	16,743	784,848
	<hr/>	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	139,850		139,850
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable	83,949	16,059	100,008
Accrued Interest Payable	1,802		1,802
Payable to Local Government	2,640		2,640
Interfund Payable		684	684
Unearned Revenue	21,625		21,625
Non-current Liabilities			
Due Within One Year	218,373		218,373
Due Beyond One Year	302,395		302,395
	<hr/>	<hr/>	<hr/>
Total Liabilities	630,784	16,743	647,527
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	54,699		54,699
	<hr/>	<hr/>	<hr/>
NET POSITION			
Restricted for:			
Net Investment in Capital Assets	(88,399)		(88,399)
Unemployment Compensation	10,129		10,129
Student Activities	501		501
Other Purposes	75,000		75,000
Unrestricted	225,241		225,241
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 222,472	\$	\$ 222,472
	<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, 2022**

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	\$ 1,161,483	\$	\$ 100,110	\$ (1,061,373)	\$	\$ (1,061,373)
Support Services:						
General and Business Administrative Services	626,845			(626,845)		(626,845)
School Administrative Services	116,728		97,901	(18,827)		(18,827)
Student and Instruction Related Services	120	252		132		132
Plant Operations and Maintenance	246,251			(246,251)		(246,251)
Employee Benefits	469,087			(469,087)		(469,087)
Total Governmental Activities	2,620,514	252	198,011	(2,422,251)		(2,422,251)
Business-type Activities:						
Food Service	74,127	25	62,233		(11,869)	(11,869)
Total Business-type Activities	74,127	25	62,233		(11,869)	(11,869)
Total Primary Government	\$ 2,694,641	\$ 277	\$ 260,244	(2,422,251)	(11,869)	(2,434,120)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,239,660		1,239,660
Federal and State Aid not Restricted				1,456,635		1,456,635
Miscellaneous				5,321		5,321
Transfers				(11,869)	11,869	
Special Items:						
Prior Year Right-to-Use Assets and Lease Liability Adjustment				(126,328)		(126,328)
Total General Revenues, Special Items, Extraordinary Items and Transfers				2,563,419	11,869	2,575,288
Change in Net Position				141,168		141,168
Net Position—Beginning				81,304		81,304
Net Position—Ending				\$ 222,472	\$	\$ 222,472

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, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 10,304	\$ 3,836	\$ 14,140
Due from Other Funds	14,379	339	14,718
Accounts Receivable:			
Federal Sources		19,548	19,548
State Sources	33		33
Local Governments	375,864		375,864
Total Assets	\$ 400,580	\$ 23,723	\$ 424,303
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 82,352	\$ 1,597	\$ 83,949
Due to Other Funds	339		339
Payable to Local Governments	2,640		2,640
Unearned Revenue		21,625	21,625
Total Liabilities	85,331	23,222	108,553
Fund Balances:			
Restricted:			
Student Activities		501	501
Escrow Fund	75,000		75,000
Unemployment Compensation	10,129		10,129
Assigned to:			
Year-End Encumbrances	13,474		13,474
Unassigned, Reported In:			
General Fund	216,646		216,646
Total Fund Balances	315,249	501	315,750
Total Liabilities and Fund Balances	\$ 400,580	\$ 23,723	

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.

(432,540)

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

(1,802)

Long Term Net Pension Liability
Deferred Pension Outflows
Deferred Pension Inflows

(88,228)
139,850
(54,699)

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

344,141

Net position of governmental activities

\$ 222,472

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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Tax Levy	\$ 1,239,660	\$	\$ 1,239,660
Miscellaneous	5,321	252	5,573
Total - Local Sources	1,244,981	252	1,245,233
State Sources	1,439,311	7,957	1,447,268
Federal Sources		190,054	190,054
Total Revenues	2,684,292	198,263	2,882,555
EXPENDITURES			
Current:			
Regular Instruction	1,061,373	100,110	1,161,483
Support:			
General Administrative Services	528,944	97,901	626,845
School Administrative Services	116,728		116,728
Student and Instruction Related Services		120	120
Plant Operations and Maintenance	282,378		282,378
Employee Benefits	448,686		448,686
Total Expenditures	2,438,109	198,131	2,636,240
Excess (Deficiency) of Revenues over Expenditures	246,183	132	246,315
OTHER FINANCING SOURCES (USES)			
Transfers	(11,869)		(11,869)
Total Other Financing Sources and (Uses)	(11,869)		(11,869)
Net Change in Fund Balances	234,314	132	234,446
Fund Balance—July 1	80,935	369	81,304
Fund Balance—June 30	\$ 315,249	\$ 501	\$ 315,750

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, 2022

Total net change in fund balances - governmental funds (from B-2) **\$ 234,446**

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		
Amortization expense		(172,071)
Right-to-use prior year adjustment		(126,328)
Right-to-use asset additions		(298,399)
		<hr/>

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. (1,802)

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. 210,000

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. (3,077)

Change in net position of governmental activities (A-2) **\$ 141,168**

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, 2022

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash	\$ 13,695	\$ 13,695
Accounts Receivable	16,743	16,743
Total Current Assets	<u>30,438</u>	<u>30,438</u>
Total Assets	<u>30,438</u>	<u>30,438</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	16,059	16,059
Interfund Accounts Payable	14,379	14,379
Total Current Liabilities	<u>30,438</u>	<u>30,438</u>
NET POSITION		
Net Position		
Unrestricted		
Total Net Position	<u>\$</u>	<u>\$</u>

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, 2022

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 25	\$ 25
Total Operating Revenue:	25	25
Operating expenses:		
Salaries	23,625	23,625
Satellite Food Service Operation Cost	48,012	48,012
Supplies and Materials	2,250	2,250
Other Costs	240	240
Total Operating Expenses	74,127	74,127
Operating Income (loss)	(74,102)	(74,102)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,222	1,222
Federal Sources:		
National School Breakfast Program	8,206	8,206
National School Lunch Program	52,805	52,805
Board Subsidy	11,869	11,869
Total Non-operating Revenues (Expenses)	74,102	74,102
Change in Net Position		
Total Net Position—Beginning		
Total Net Position—Ending	\$	\$

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

NOTES TO THE FINANCIAL STATEMENTS

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

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

New Accounting Standards:

The School District has adopted the following GASB statements:

- GASB Statement 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 adoption of GASB 87 will impact the financial statements of the Charter School.
- GASB Statement 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. The adoption of GASB 89 did not impact the financial statements of the Charter School.
- 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. The adoption of GASB 92 did not impact the financial statements of the Charter School.
- 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. The adoption of GASB 93 did not impact the financial statements of the Charter School.
- 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. The adoption of GASB 97 did not impact the financial statements of the Charter School.
- GASB Statement No. 98 – The Annual Comprehensive Financial Report: This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for reporting periods ending after December 15, 2021. The adoption of GASB 98 did not impact the financial statements of the Charter School.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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 assigned year end encumbrances in the general fund of \$13,474 as of June 30, 2022.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022.

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, 2022.

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, 2022 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.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022, 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, 2022

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, 2022

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, 2022

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, 2022.

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 Charter Schools 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. Charter Schools 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, 2022

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 Charter School.

As of June 30, 2022, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	\$ 27,835
Total	\$ 27,835

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, 2022

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, 2022, the Charter School's bank balance of \$301,149 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		51,149
	\$	<u>301,149</u>

New Jersey Cash Management Fund – The New Jersey Cash Management 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, 2022, 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 Charter School 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, 2022

NOTE 4. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

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:

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.

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, 2020 was 7.5% of base salary. The Charter School employees' contributions for the year ended June 30, 2022 were \$7,971. 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 2022 is 15.98% of covered payroll. The Charter School 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 Charter School's contributions to PERS for the years ended June 30, 2022, and 2021, were \$8,630 and \$0 respectively.

The total payroll for the year ended June 30, 2022 was \$1,110,837. Payroll covered by PERS was \$106,280 for fiscal year 2022.

Components of Net Pension Liability - At June 30, 2022, the Charter School's proportionate share of the PERS net pension liability was \$87,297. The net pension liability was measured as of June 30, 2021. The Charter School's proportion of the net pension liability was based on the Charter School's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Charter School's proportion measured as of June 30, 2021 was 0.000737% which was an increase of 0.000737% from its proportion measured as of June 30, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources - The Charter School's 2022 PERS pension expense, with respect to GASB 68, was \$0. The Charter School's 2022 deferred outflows of resources and deferred inflows of resources were from the following sources:

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,377	\$ 625
Changes of assumptions	455	31,078
Net difference between projected and actual earnings on pension plan investments		22,996
Changes in proportion	129,388	
Contributions subsequent to the measurement date	8,630	
Total	\$ 139,850	\$ 54,699

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>		<u>PERS</u>
2022	\$	25,872
2023		25,872
2024		25,872
2025		25,872
2026		(26,967)
Thereafter		
Total	\$	76,521

Additional Information - Collective Balances at June 30, 2022 and 2021 are as follows:

<u>Year</u>		<u>2022</u>	<u>2021</u>
Collective deferred outflows of resources	\$	139,850	\$
Collective deferred inflows of resources	\$	54,699	\$
Collective Net Pension Liability	\$	87,297	\$
Charter School's Proportion		0.000737%	

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4. PENSION PLANS (CONT'D)

Actuarial Assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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 COLLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the 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, 2021, 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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 120,148	\$ 87,297	\$ 61,139

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4. PENSION PLANS (CONT'D)

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, 2022

NOTE 4. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

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, 2020. 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 2021, 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, 2022 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$182,363 to the TPAF for pension contributions, \$42,607 for post-retirement benefits on behalf of the School, and \$202 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$69,822 during the year ended June 30, 2022 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, 2022, the Charter School 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, 2022, the Charter School 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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2022

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, 2021 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2021, 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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
State's Share of the Net Pension Liability associated with the District	\$	\$	\$
State's Share of the Net Pension Liability	\$ <u>56,988,413,045</u>	\$ <u>48,165,991,182</u>	\$ <u>40,755,711,186</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, 2022, 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, 2022

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, 2022

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, 2021, was \$60,007,650,970. Of this amount, the total OPEB liability attributable to the Charter School was \$146,073. The State of New Jersey’s proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.00024%. The total OPEB liability for the Charter School measured as of June 30, 2021 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, 2021 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, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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	Service Years	Service Years
Through 2026	1.55% - 4.45%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	2.75% - 5.65%	3.00% - 7.00%	N/A

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-2021. 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-2021. 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-2021 for current disables retirees. Future disabled retirees was based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Discount rate

The discount rate for June 30, 2021 was 2.16%. 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, 2020 Measurement Date	\$ <u>67,809,962,609</u>
Changes for the year:	
Service Cost	3,217,184,264
Interest	1,556,661,679
Changes of Benefit Terms	(63,870,842)
Differences between Expected and Actual	(11,385,071,658)
Changes of Assumptions	59,202,105
Benefit Payments	(1,226,213,382)
Contributions from Members	39,796,196
Net Changes	<u>(7,802,311,638)</u>
Balance as of June 30, 2021 Measurement Date	\$ <u>60,007,650,971</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, 2021, 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, 2021		
At 1.00% Decrease	At Discount Rate	At 1.00% Increase
1.16%	2.16%	3.16%
\$ 71,879,745,555	60,007,650,970	50,659,089,138

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, 2021, 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, 2021		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 48,576,388,417	60,007,650,970	75,358,991,782

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022, the Charter School recognized OPEB expense of \$17,324. 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	\$ 22,020	\$ 43,839
Changes of Assumptions	24,779	15,672
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	136,518	
Contributions Subsequent to the Measurement Date		
Total	\$ 183,317	\$ 59,511

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
2022	\$	15,025
2023		15,025
2024		15,025
2025		15,025
2026		15,025
Thereafter		48,681
Total	\$	123,806

NOTE 6. FUND BALANCE

General Fund - Of the \$315,249 in General Fund balance at June 30, 2022, \$75,000 is restricted for escrow, \$10,129 is restricted for unemployment compensation, \$13,474 is assigned for encumbrances, and \$216,646 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, 2022

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:

Balance June 30, 2021	Charter School Contributions	Employee Contributions	Claims	Balance June 30, 2022
10,128	\$ 1	\$	\$	\$ 10,129

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2022:

Fund	Interfund Receivable	Interfund Payable
General	\$ 14,379	\$ 339
Special Revenue	339	
Food Service		14,379
Total	\$ 14,718	\$ 14,718

NOTE 10. RECEIVABLES

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

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
Intergovernmental				
State	\$ 33	\$	\$ 328	\$ 361
Federal		19,548	16,415	35,963
Local	375,864			375,864
Totals	\$ 375,897	\$ 19,548	\$ 16,743	\$ 412,188

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 11. CAPITAL ASSETS

	Beginning Balance July 1, 2021	Additions	Adjustments/ Retirements	Ending Balance June 30, 2022
Governmental Activities:				
Capital Assets, being Depreciated and Amortized				
Right-to-Use Lease Assets	\$ -	\$ -	\$ 860,354	\$ 860,354
Totals at Historical Cost			860,354	860,354
Less Accumulated Depreciation and Amortization for:				
Right-to-Use Lease Assets		(172,071)	(344,142)	(516,213)
Total Accumulated Depreciation and Amortization		(172,071)	(344,142)	(516,213)
Total Capital Assets being Depreciated and Amortized, net of Accumulated Depreciation		(172,071)	516,212	344,141
Government Activities Capital Assets, Net	\$ -	\$ (172,071)	\$ 516,212	\$ 344,141
	To A-1			To A-1
Business-type Activities - Equipment				
Less Accumulated Depreciation				
Business-type Activities Capital Assets, Net	\$ -	\$ -	\$ -	\$ -
				To G-1
Depreciation and amortization expense was charged to governmental functions as follows:				
			Unallocated	\$ 172,071

NOTE 12. LONG-TERM OBLIGATIONS

Leases

The Charter School is a lessee for a building lease agreement. The Charter School recognizes a lease liability – finance purchase and a capital asset or recognizes a lease liability – right to use and an intangible right-to use lease asset in the Charter School-wide financial statements based on the criteria dictated in GASB Statement No. 87 – Leases.

At the commencement of a lease, the Charter School determines based on the criteria dictated in GASB Statement No. 87 – Leases, if the lease is a finance purchase or a right to use lease liability. Then the Charter School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight-line basis over the life of the lease which is considered the asset’s useful life. The asset is reported with the Charter School capital assets as land, land improvements, buildings and improvements or furniture and equipment.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the Charter School’s capital assets in its own category called Right-to-Use Lease Assets.

Key estimates and judgements related to leases include how the Charter School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12. LONG-TERM OBLIGATIONS (Continued)

Leases (Continued)

The Charter School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Charter School is utilizing the treasury bill rate (corresponding to length of lease) in place at the date of implementation along with other risk factors to determine the discount interest rate for leases.

The Charter School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The Charter School has determined its lease agreement qualifies as a right-to-use asset. As of June 30, 2022, total future minimum lease payments under right-to-use lease agreement is as follows:

Year ending June 30,	Principal	Interest	Total
2023	\$ 218,373	\$ 21,627	\$ 240,000
2024	214,167	10,708	224,875
	\$ 432,540	\$ 32,335	\$ 464,875

NOTE 13. 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.

NOTE 14. 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. As of June 30, 2022, the Charter School has \$75,000 restricted for Escrow.

NOTE 15. SUBSEQUENT EVENTS

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

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, 2022

	<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	\$ 158,158	\$	\$ 158,158	\$ 158,158	\$
Bridgeton City	293		293	293	
Buena Regional	21,942		21,942	21,942	
Clayton Borough	7,208		7,208	7,208	
Clearview Regional	15,789		15,789	15,789	
Deerfield Township	7,082		7,082	7,082	
Delsea Regional High School District	133,349		133,349	133,349	
Deptford Township	25,988		25,988	25,988	
East Greenwich Township	21,654		21,654	21,654	
Fairfield Township	2,317		2,317	2,317	
Franklin Township	166,565		166,565	166,565	
Glassboro	19,270		19,270	19,270	
Greenwich Township	14,752		14,752	14,752	
Haddon Township	17,304		17,304	17,304	
Haddonfield Borough	21,017		21,017	21,017	
Harrison Township	14,925		14,925	14,925	
Hopewell Township	38,400		38,400	38,400	
Kingsway Regional	43,083		43,083	43,083	
Logan Township	1,815		1,815	1,815	
Millville Township	5,213		5,213	5,213	
Monroe Township	41,231		41,231	41,231	
Penns Grove-Carney's Point Regional	33,053		33,053	33,053	
Pennsville	46,575		46,575	46,575	
Pitman Borough	43,569		43,569	43,569	
Pittsgrove Township	133,603		133,603	133,603	
South Harrison Township	7,715		7,715	7,715	
Swedesboro-Woolwich	16,860		16,860	16,860	
Upper Deerfield Township	46,135		46,135	46,135	
Upper Pittsgrove Township	57,731		57,731	57,731	
Vineland City	7,231		7,231	7,231	
Woodbury City	12,359		12,359	12,359	
Woodstown-Piles Grove Regional	57,474		57,474	57,474	
Total - Local Share Tax Levy	1,239,660		1,239,660	1,239,660	
Local Tax Levy- State Share - Charter School Aid: Equalization aid	1,271,993	(252,290)	1,019,703	1,019,703	
Total - Local Levy Budget	2,511,653	(252,290)	2,259,363	2,259,363	
Categorical Aids:					
Special Education	103,647	(7,195)	96,452	96,452	
Security Aid	24,873	3,289	28,162	28,162	
Total Categorical Aids	128,520	(3,906)	124,614	124,614	
Other State Aid:					
On-Behalf TPAF Pension Contribution				182,363	182,363
On-Behalf TPAF Pension Post Retirement Medical				42,607	42,607
On-Behalf TPAF Long-Term Disability Contribution				202	202
Reimbursed TPAF Social Security Contributions (Non-budgeted)				69,822	69,822
Total Other State Aid				294,994	294,994
Total State Aid	2,640,173	(256,196)	2,383,977	2,678,971	294,994
Revenue from Other Sources					
Miscellaneous				5,321	5,321
Total Revenue from Other Sources				5,321	5,321
TOTAL REVENUES	\$ 2,640,173	\$ (256,196)	\$ 2,383,977	\$ 2,684,292	\$ 300,315

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, 2022
(CONTINUED)

	Original Budget	Budget Transfers	Final Budget	Expenditures	Variance Favorable/ (Unfavorable)
EXPENDITURES:					
CURRENT EXPENSES:					
Regular Programs - Instruction:					
Salaries of Teachers - Grades 1-5	\$	\$ 258,300	\$ 258,300	\$ 215,000	\$ 43,300
Salaries of Teachers - Grades 6-8	1,021,000	(301,000)	720,000	717,490	2,510
Other Salaries for Instruction	40,000	(28,000)	12,000		12,000
Regular Programs - Undistributed					
Instruction:					
Purchased Professional/ Educational Services	30,000	(2,508)	27,492	14,018	13,474
Other Purchased Services	45,000		45,000	45,000	
General Supplies	84,000	(8,492)	75,508	68,599	6,909
Textbooks	28,056	(20,000)	8,056	1,266	6,790
Other Objects	1,000		1,000		1,000
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,249,056	(101,700)	1,147,356	1,061,373	85,983
UNDISTRIBUTED EXPENDITURES:					
General Administration					
Salaries Administrative	172,000	(100,887)	71,113	71,113	
Legal Services	10,000	(1,833)	8,167	2,756	5,411
Audit Services	20,000	(727)	19,273	15,926	3,347
Other Purchased Professional Services	93,000	309,728	402,728	383,759	18,969
Communications/Telephone	34,223	(3,875)	30,348	26,181	4,167
General Supplies	15,000	17,000	32,000	23,791	8,209
Miscellaneous Expenditures	1,000	5,000	6,000	5,418	582
Total General Administration	345,223	224,406	569,629	528,944	40,685
School Administration					
Salaries of Other Professional Staff	50,500	(48,500)	2,000		2,000
Purchased Professional and Technical Serv	212,350	(118,350)	94,000	86,562	7,438
Supplies and Materials	12,000		12,000	6,623	5,377
Other Objects	1,000		1,000	46	954
Total School Administration	275,850	(166,850)	109,000	93,231	15,769
Support Services					
Salaries		22,000	22,000	20,167	1,833
Purchased Professional and Technical Serv		9,212	9,212	3,330	5,882
Rental of Land and Buildings	235,000		235,000	235,000	
Insurance	27,000	(7,000)	20,000	13,654	6,346
Energy	20,000	(11,318)	8,682	7,982	700
Group Insurance		25,743	25,743	25,742	1
Other Retirement Contributions - PERS		8,630	8,630	8,630	
Health Benefits	233,588	22,542	256,130	145,062	111,068
Total Operation and Maintenance of Plant Services	515,588	69,809	585,397	459,567	125,830
	\$ 2,385,717	\$ 25,665	\$ 2,411,382	\$ 2,143,115	\$ 268,267

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, 2022
(CONTINUED)

	Original Budget	Budget Transfers	Final Budget	Expenditures	Variance Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Unallocated Benefits					
Health Benefits	\$	\$	\$	\$	\$
Total Unallocated					
On-Behalf TPAF Pension Contribution				182,363	(182,363)
On-Behalf TPAF Pension Post Retirement Medical				42,607	(42,607)
On-Behalf TPAF Long-Term Disability Contribution				202	(202)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				69,822	(69,822)
TOTAL UNDISTRIBUTED				294,994	(294,994)
TOTAL EXPENDITURES - CURRENT EXPENSE	2,385,717	25,665	2,411,382	2,438,109	(26,727)
Capital Outlay					
Undistributed Expenditures	25,000	(25,000)			
Total Equipment	25,000	(25,000)			
Facilities Acquisition & Construction Services					
Purchase of Land/Improvements					
Bldgs. Other than Lease Purchase Agreement					
Total Facilities Acquisition & Construction Services					
Total Capital Outlay expenditures	25,000	(25,000)			
TOTAL EXPENDITURES	2,410,717	665	2,411,382	2,438,109	(26,727)
Excess (Deficiency) of Revenues Over (Under) Expenditures	229,456	(256,861)	(27,405)	246,183	273,588
Other Financing Sources:					
Operating Transfer (Out) and In:					
Food Service				(11,869)	(11,869)
Total other Financing Sources				(11,869)	(11,869)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	229,456	(256,861)	(27,405)	234,314	261,719
Fund Balances, July 1	80,935		80,935	80,935	
Fund Balances, June 30	\$ 310,391	\$ (256,861)	\$ 53,530	\$ 315,249	\$ 261,719
Recapitulation:					
Restricted Fund Balance:					
Escrow Fund				\$ 75,000	
Unemployment Compensation				10,129	
Assigned to:					
Year-End Encumbrances				13,474	
Unassigned Fund Balance:					
Unassigned Fund Balance				216,646	
				\$ 315,249	

CREATIVITY COLABORATORY CHARTER SCHOOL
SPECIAL REVENUE FUND
AS OF JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 190,887	\$ 39,986	\$ 230,873	\$ 190,054	\$ (40,819)
State Sources				7,957	7,957
Local Sources				252	252
Total Revenues	<u>190,887</u>	<u>39,986</u>	<u>230,873</u>	<u>198,263</u>	<u>(32,610)</u>
EXPENDITURES:					
Instruction					
Salaries Personal Services	51,025	23,233	74,258	63,441	10,817
Purchased Prof. & Technical Services	4,618		4,618	2,250	2,368
Other Purchased Services	5,750		5,750		5,750
Instructional Supplies		14,725	14,725	14,725	
Supplies and Materials	33,810	(14,116)	19,694	19,694	
Total Instruction	<u>95,203</u>	<u>23,842</u>	<u>119,045</u>	<u>100,110</u>	<u>18,935</u>
Support Services					
Salaries Personal Services					
Employee Benefits	16,182	1,600	17,782	17,782	
Purchased Property Services	53,502		53,502	39,781	13,721
Purchased Professional & Technical Services - Other	12,000		12,000	12,000	
Other Purchased Services		6,587	6,587	6,587	
Supplies and Materials	14,000	7,957	21,957	21,751	206
Student Activities				120	(120)
Total Support Services	<u>95,684</u>	<u>16,144</u>	<u>111,828</u>	<u>98,021</u>	<u>13,807</u>
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>190,887</u>	<u>39,986</u>	<u>230,873</u>	<u>198,131</u>	<u>32,742</u>
Other Financing Sources (Uses)					
Total Outflows	<u>190,887</u>	<u>39,986</u>	<u>230,873</u>	<u>198,131</u>	<u>32,742</u>
Excess (Deficiency) of Revenues Over (Under)				<u>132</u>	<u>132</u>
Fund Balance, July 1				369	
Fund Balance, June 30				<u>\$ 501</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 501</u>	
Total Fund Balance				<u>\$ 501</u>	

CREATIVITY COLABORATORY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI - PART II
FOR THE FISCAL YEARS ENDED JUNE 30, 2022

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 2,684,292	[E-1] \$ 198,263
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		
Prior Year		
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] \$ 2,684,292	[B-2] \$ 198,263
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,438,109	[E-1] \$ 45,529
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.		
Current Year		
Prior Year		
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] \$ 2,438,109	[B-2] \$ 45,529

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>2021</u>	<u>2020</u>	<u>2019</u>
District's Proportion of the Net Pension Liability	0.000737%	0.000000%	0.000000%
District's Proportionate Share of the Net Pension Liability	\$ 87,297		
District's Covered-Employee Payroll	106,280	\$ 82,664	\$ 20,000
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	82.14%	0.00%	0.00%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.33%	58.32%	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*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 8,630		
Contributions in relation to the Contractually Required Contribution	\$ (8,630)		
Contribution Deficiency (Excess)	\$		
District's Covered-Employee Payroll	\$ 106,280	\$ 82,664	\$ 20,000
Contributions as a Percentage of Covered-Employee Payroll	8.12%	0.00%	0.00%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year tr 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>2021</u>	<u>2020</u>	<u>2019</u>
District's Proportion of the Net Pension Liability	0.000000%	0.000000%	0.000000%
District's Proportionate Share of the Net Pension Liability			
District's Covered-Employee Payroll	\$ 843,100	\$ 709,600	\$ 162,300
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	35.52%	24.60%	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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service Cost	\$ -	\$	\$
Interest Cost	3,789		
Changes of Benefit Terms	(155)		
Differences Between Expected and Actual Experiences	145,183		
Changes of Assumptions	144		
Member Contributions	97		
Gross Benefit Payments	(2,985)		
Net Change in Total OPEB Liability	<u>146,073</u>		
Total OPEB Liability - Beginning	<u>-</u>		
Total OPEB Liability - Ending	<u>\$ 146,073</u>	<u>\$</u>	<u>\$</u>
Covered-Employee Payroll	<u>\$ 949,380</u>	<u>\$</u>	<u>\$</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	15.39%		

Notes to Schedule:

Changes of Benefit Terms: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Differences Between Expected and Actual Experiences: The decrease in liability from June 30, 2020 to June 30, 2021 is due to changes in the census.

Changes in Assumptions: The increase in the liability from June 30, 2020 to June 30, 2021 is due to the combined effect of Trend Updates, Mortality Projection Scale Updates, Discount Rate Changes, and Salary Scale changes.

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, 2022**

	NCLB / ESEA			IDEA		Equalization Stabilization Fund				SRSA Rural Ed Grant	Emergent	Student Activity Fund	Totals 2022	Totals 2021
	Title I Part A 2021-22	Title II 2021-22	Title IV Part A 2021-22	IDEA Part B Basic	ARP IDEA Part B Basic	Cares Act	CRRSA Consolidated							
							CRSSA ESSER II	CR Learning Accel.	CR Mental Health					
REVENUES:														
Federal Sources	\$ 23,157	\$ 3,353	\$ 2,131	\$ 32,748	\$ 6,587	\$ 609	\$ 41,325	\$ 20,511	\$ 36,400	\$ 23,233	\$	\$	\$ 190,054	\$ 45,479
State Sources											7,957		7,957	
Local Sources												252	252	419
Total Revenues	\$ 23,157	\$ 3,353	\$ 2,131	\$ 32,748	\$ 6,587	\$ 609	\$ 41,325	\$ 20,511	\$ 36,400	\$ 23,233	\$ 7,957	\$ 252	\$ 198,263	\$ 45,898
EXPENDITURES:														
Instruction:														
Salaries Personal Services	\$ 10,672	\$	\$	\$	\$	\$	\$	\$ 3,536	\$ 26,000	\$ 23,233	\$	\$	\$ 63,441	\$ 4,000
Other Purchased Services								2,250					2,250	4,400
Purchased Prof. & Tech Services														
Instructional Supplies									14,725				14,725	
Supplies and Materials	7,085					609	12,000						19,694	3,143
Total Instruction	17,757					609	12,000	20,511	26,000	23,233			100,110	11,543
Support Services:														
Salaries														2,500
Employee Benefits	5,400		1,982							10,400			17,782	
Purchased Prof. & Tech Services		3,353	149	32,748				3,531					39,781	28,359
Purchased Property Services								12,000					12,000	
Other Purchased Services					6,587								6,587	
Child Study Team Services														
Supplies and Materials								13,794					21,751	3,077
Student Activities											7,957	120	120	50
Total Support Services	5,400	3,353	2,131	32,748	6,587		29,325		10,400		7,957	120	98,021	33,986
Facilities Acquisitions & Const Serv:														
Instructional Equipment														
Non-Instructional Equipment														
Total Facilities Acquisition & Construction Services														
Total Expenditures	23,157	3,353	2,131	32,748	6,587	609	41,325	20,511	36,400	23,233	7,957	120	198,131	45,529
Excess (Deficiency) of Revenues Over (Under) Expenditures												132	132	369
Fund Balance, July 1												369	369	
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 501	\$ 501	\$ 369

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.

CREATIVITY COLABORATORY CHARTER SCHOOL
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022 AND 2021

	Totals	
	2022	2021
ASSETS:		
Current Assets:		
Cash	\$ 13,695	\$
Accounts Receivable:		
State	328	325
Federal	16,415	5,155
Total Current Assets:	<u>30,438</u>	<u>5,480</u>
Total Assets	<u>\$ 30,438</u>	<u>\$ 5,480</u>
LIABILITIES AND NET POSITION:		
Intergovernmental Accounts Payable	\$ 16,059	\$ 2,988
Due to Grantor		1,663
Interfund Payable - General Fund	14,379	829
Total Liabilities	<u>30,438</u>	<u>5,480</u>
Net Position:		
Unreserved Retained Earnings		
Total Net Position		
Total Liabilities and Net Position	<u>\$ 30,438</u>	<u>\$ 5,480</u>

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, 2022

	<u>Totals</u>	
	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Local Sources:		
Daily Sales - Reimbursable Programs	\$ 25	\$ 185
Total Operating Revenue	<u>25</u>	<u>185</u>
OPERATING EXPENSES:		
Salaries	23,625	15,040
Satellite Food Service Operation Cost	48,012	18,984
Supplies and Materials	2,250	241
Other Costs	240	110
Total Operating Expenses	<u>74,127</u>	<u>34,375</u>
Operating Loss	<u>(74,102)</u>	<u>(34,190)</u>
Non-Operating Revenues:		
State Sources:		
State School Lunch Program	1,222	1,326
Federal Sources:		
School Breakfast Program	8,206	5,139
National School Lunch Program	52,805	27,252
Board Subsidy	11,869	473
Total Non-Operating Revenues	<u>74,102</u>	<u>34,190</u>
Net Income before Operating Transfers		
Net Position - July 1		
Net Position - June 30	<u>\$</u>	<u>\$</u>

CREATIVITY COLABORATORY CHARTER SCHOOL
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2022 AND 2021

	Totals	
	2022	2021
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 25	\$ 185
Payments to Employees	(23,625)	(15,040)
Payments for Employee Benefits		
Payments to Suppliers	(36,807)	(21,562)
Net Cash Provided by (Used for) Operating Activities	(60,407)	(36,417)
Cash Flows from Noncapital Financing Activities		
Board Subsidy	11,869	473
Food Distribution Program		
Cash Received from State and Federal Reimbursements	62,233	33,717
Net Cash Provided by Noncapital Financing Activities	74,102	34,190
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	13,695	(2,227)
Cash and Cash Equivalents, July 1)		2,227
Cash and Cash Equivalents, June 30	\$ 13,695	\$
Operating Income (Loss)	\$ (74,102)	\$ (34,190)
Adjustments to Reconcile Operating Income (Loss)		
to Cash Used by Operating Activities:		
Depreciation		
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(11,263)	(5,346)
Increase/(Decrease) in Accounts Payable	13,071	3,121
Increase/(Decrease) in Interfund Payable	13,550	(2)
Increase/(Decrease) in Due to Grantor	(1,663)	
Total Adjustments	13,695	(2,227)
Net Cash Used by Operating Activities	\$ (60,407)	\$ (36,417)

STATISTICAL SECTION

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

	2022	2021	2020 *
Governmental Activities			
Invested in Capital Assets, net of related debt	\$ (88,399)	\$	\$
Restricted:			
Other Purpose	75,000	40,000	
Unemployment Compensation	10,129	10,128	
Student Activities	501	369	
Unrestricted (Deficit)	225,241	30,807	72,598
Total Governmental Activities Net Position	\$ 222,472	\$ 81,304	\$ 72,598
Business-Type Activities			
Invested in Capital Assets, net of related debt	\$	\$	\$
Unrestricted			
Total Business-Type Activities Net Position	\$	\$	\$
District-Wide			
Invested in Capital Assets, net of related debt	\$ (88,399)	\$	\$
Restricted:			
Other Purpose	75,000	40,000	
Unemployment Compensation	10,129	10,128	
Student Activities	501	369	
Unrestricted (Deficit)	225,241	30,807	72,598
Total District-Wide Net Position	\$ 222,472	\$ 81,304	\$ 72,598

Source: CAFR Schedule A-1

* = First year of operation.

**CREATIVITY COLABORATORY CHARTER SCHOOL
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

*(Accrual Basis of Accounting)
(UNAUDITED)*

	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
Expenses			
Governmental activities			
Instruction			
Regular	\$ 1,161,483	\$ 1,055,409	\$ 515,583
Support Services			
School Administrative Services	626,845	296,371	189,373
General Administrative Services	116,728	199,389	172,612
Student and Instruction Related Services	120	50	
Plant Operations and Maintenance	246,251	238,748	180,057
Employee Benefits	469,087	267,767	178,727
Unallocated Depreciation and Amortization			
Total Governmental Activities Expenses	<u>2,620,514</u>	<u>2,057,734</u>	<u>1,236,352</u>
Business-Type Activities			
Food Service	74,127	34,375	18,942
Total Business-Type Activities Expense	<u>74,127</u>	<u>34,375</u>	<u>18,942</u>
Total District Expenses	<u>\$ 2,694,641</u>	<u>\$ 2,092,109</u>	<u>\$ 1,255,294</u>
Program Revenues			
Governmental Activities			
Charges for Services	\$ 252	\$ 419	\$
Operating Grants and Contributions	198,011	45,479	23,469
Total Governmental Activities Program Revenues	<u>198,263</u>	<u>45,898</u>	<u>23,469</u>
Business-Type Activities			
Charges for Services			
Food Service	25	185	3,802
Operating Grants and Contributions	62,233	33,717	6,346
Total Business-Type Activities Program Revenues	<u>62,258</u>	<u>33,902</u>	<u>10,148</u>
Total District Program Revenues	<u>\$ 260,521</u>	<u>\$ 79,800</u>	<u>\$ 33,617</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (2,422,251)	\$ (2,011,836)	\$ (1,212,883)
Business-Type Activities	(11,869)	(473)	(8,794)
Total District-Wide Net Expense	<u>\$ (2,434,120)</u>	<u>\$ (2,012,309)</u>	<u>\$ (1,221,677)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities			
Property Taxes Levied for General Purposes, net	\$ 1,239,660	\$ 1,018,433	\$ 664,617
Unrestricted Grants and Contributions	1,456,635	1,001,764	629,658
Miscellaneous Income	5,321	818	
Transfers	(11,869)	(473)	(8,794)
Right-to-Use Lease Adjustment	(126,328)		
Total Governmental Activities	<u>2,563,419</u>	<u>2,020,542</u>	<u>1,285,481</u>
Business-Type Activities			
Miscellaneous Income			
Transfer	11,869	473	8,794
Total Business-Type Activities	<u>11,869</u>	<u>473</u>	<u>8,794</u>
Total District-Wide	<u>\$ 2,575,288</u>	<u>\$ 2,021,015</u>	<u>\$ 1,294,275</u>
Change in Net Position			
Governmental Activities	\$ 141,168	\$ 8,706	\$ 72,598
Business-Type Activities			
Total District-Wide	<u>\$ 141,168</u>	<u>\$ 8,706</u>	<u>\$ 72,598</u>

Source: CAFR Schedule A-2

* = First year of operation.

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

	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
General Fund			
Restricted	\$	\$	\$
Escrow Account	75,000	40,000	
Unemployment Compensation	10,129	10,128	
Assigned			
Year-end Encumbrances	13,474	665	
Designated for Subsequent Year's Expenditure			
Unassigned	<u>216,646</u>	<u>30,142</u>	<u>72,598</u>
Total General Fund	<u>\$ 315,249</u>	<u>\$ 80,935</u>	<u>\$ 72,598</u>
All Other Governmental Funds			
Restricted	\$	\$	\$
Capital Reserve			
Escrow Account			
Special Revenue	501	369	
Unassigned			
Year-end Encumbrances			
Total All Other Governmental Funds	<u>\$ 501</u>	<u>\$ 369</u>	<u>\$</u>

Source: CAFR Schedule B-1

* = First year of operation.

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

	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
Revenues			
Tax Levy	\$ 1,239,660	\$ 1,018,433	\$ 664,617
Miscellaneous	5,573	1,237	
State Sources	1,447,268	1,001,764	629,658
Federal Sources	190,054	45,479	23,469
Total Revenues	<u>2,882,555</u>	<u>2,066,913</u>	<u>1,317,744</u>
Expenditures			
Instruction			
Regular Instruction	1,161,483	1,055,409	515,583
Support Services			
General Administrative Services	626,845	296,371	189,373
School Administrative Services	116,728	199,389	172,612
Student and Instruction Related Services	120	50	
Plant Operations and Maintenance	282,378	238,748	180,057
Unallocated Employee Benefits	448,686	267,767	178,727
Capital Outlay			
Debt Service Principal			
Total Expenditures	<u>2,636,240</u>	<u>2,057,734</u>	<u>1,236,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	246,315	9,179	81,392
Other Financing Sources (Uses)			
Transfers	(11,869)	(473)	(8,794)
Total Other Financing Sources (Uses)	<u>(11,869)</u>	<u>(473)</u>	<u>(8,794)</u>
Net Change in Fund Balances	<u>\$ 234,446</u>	<u>\$ 8,706</u>	<u>\$ 72,598</u>
 Debt Service as a Percentage of Noncapital Expenditures	 <u>0.0%</u>	 <u>0.0%</u>	 <u>0.0%</u>

Source: CAFR Schedule B-2

* = First year of operation.

EXHIBIT J-5

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>		<u>Misc.</u>		<u>Total</u>
2022	\$	5,321	\$	5,321
2021		818		818
2020	*			

Source: District Records

* = First year of operation.

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
2022	*	1,414	\$	78,724,475	\$	55,675	7.1%
2021	*	1,364		66,226,990		55,124	6.3%
2020	***	1,312		63,944,256		54,578	3.5%

* = Estimate

** = The above demographics reflect the Borough of Elmer population and unemployment rate. The per capita personal income reflects the County of Salem.

*** = First year of operation.

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>2022</u>	<u>2021</u>	<u>2020 *</u>
Instruction			
Regular	14	12.5	6
Special education	2	2	3
Other special education			
Vocational			
Other instruction		1	1
Support Services:			
Tuition			
Student & instruction related services	2	2	5
General administrative services			
School administrative services	2	3	1
Business administrative services			4
Plant operations and maintenance	1	1	2
Pupil transportation			
Food Service	1	1	1
Total	<u>22.0</u>	<u>22.5</u>	<u>23</u>

Source: Charter Personnel Records

* = First year of operation.

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2022	166	\$ 2,636,240	\$ 15,881	10%	16	10.44:1	165.27	156.31	16%	94.00%
2021	143	2,057,734	14,390	3%	14.5	9.08:1	143.08	136.62	54%	95.00%
2020 *	93	1,236,352	13,294	NA	16	6:1	92.97	89.32	NA	96.07%

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).

* = First year of operation.

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

<u>District Building</u>	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
<u>Middle School</u>			
Building Name: Art Center			
Square Feet:	5,733	5,733	5,733
Capacity:	60	60	60
Enrollment:	60		93
Building Name: Hill Building			
Square Feet:	4,200	4,200	4,200
Capacity:	60	60	60
Enrollment:	60		
Building Name: Coop Building			
Square Feet:	4,200	4,200	4,200
Capacity:	60	60	60
Enrollment:	46		
Building Name: Dining Hall			
Square Feet:	6,386	6,386	6,386
Capacity:	250	250	250

Other

Administrative Building:
Located in Art Building

Number of Schools at JUNE 30, 2022

Elementary =
Middle School = 1
High School =
Other =

Source: Charter records, ASSA

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

Enrollment is based on the annual October district count.

* = First year of operation.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
	July 1, 2021 - July 1, 2022:		
Markel Ins. Co.	Property		
	Business Personal Property	\$ 87,550	\$ 1,000
	Business Income including Rental	100,000	1,000
	Equipment Breakdown		
	Policy Limit	87,550	1,000
	Business Income	100,000	1,000
	Extra Expense	Included	
	Expediting Expense	50,000	1,000
	Hazardous Substance	250,000	1,000
	Spoilage	500,000	1,000
	Data Restoration	100,000	1,000
	Service Interruption	250,000	1,000
	Demolition	2,000,000	1,000
	Increased Cost of Construction	2,000,000	1,000
	Newly Acquired Locations	1,000,000	1,000
	Excavation Cost	25,000	1,000
	Fungus, Wet Rot, Dry Rot	15,000	1,000
Markel Ins. Co.	General Liability		
	Policy Limit	2,000,000	1,000
	Products/Completed Operations	2,000,000	1,000
	Personal and Advertising Injury	1,000,000	1,000
	Each Occurrence	1,000,000	1,000
	Damage to Rented Premises	1,000,000	1,000
	Medical Expenses	5,000	1,000
	Sexual Abuse or Molestation		
	Policy Limit	2,000,000	
	Each Occurrence	1,000,000	
	Employee Benefits Liability		
	Policy Limit	2,000,000	
	Each Occurrence	1,000,000	
	Deductible	1,000	
	Crisis Management and Public Relations		
	Policy Limit	300,000	2,500
	Crisis Management Expense	300,000	2,500
	Public Relations Expense		
	Each Crisis Event	50,000	2,500
	Each Adverse Event	25,000	2,500

**CREATIVITY COLABORATORY CHARTER SCHOOL, INC
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**(Continued)
(UNAUDITED)**

Company	Type of Coverage	Coverage	Deductible
Markel Ins. Co.	Innocent Party Defense		
	Policy Limit	\$ 300,000	\$ 2,500
	Each Occurrence	300,000	2,500
	Counseling Professional Liability		
	Policy Limit	2,000,000	2,500
	Each Occurrence	1,000,000	2,500
Markel Ins. Co.	Workers Compensation		
	Policy Limit	1,000,000	
	Each Accident	1,000,000	
	Each Employee	1,000,000	
	Class Code 8868 (School-Professional Employees & Clerical)		
	Payroll	754,000	
	Rate	1.43	
Markel Ins. Co.	Hired/Non-Owned Auto		
	Policy Limit	1,000,000	500
	Comprehensive Limit	25,000	500
	Collision Limit	25,000	500
	Educators Legal Liability		
	Policy Limit	1,000,000	10,000
	Each Occurrence	1,000,000	10,000
	FLSA Defense Sublimit of Liability	100,000	10,000
	Non-Monetary Defense		
	Policy Limit	100,000	10,000
Each Occurrence	100,000	10,000	
Markel Ins. Co.	Directors and Officers/EPLI		
	Directors and Officers Policy Limit	1,000,000	1,000

**CREATIVITY COLABORATORY CHARTER SCHOOL
CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE - FISCAL RATIOS**

**JUNE 30, 2022
(UNAUDITED)**

	2020	2021	2022	Source
Cash	\$ 29,927	\$ 186,709	\$ 27,835	Audit: Exhibit A-1
Current Assets	250,810	532,907	784,848	Audit: Exhibit A-1
Total Assets	250,810	532,907	784,848	Audit: Exhibit A-1
Current Liabilities	178,212	451,603	345,132	Audit: Exhibit A-1
Total Liabilities	178,212	451,603	647,527	Audit: Exhibit A-1
Net Position	\$ 72,598	\$ 81,304	\$ 222,472	Audit: Exhibit A-1
Total Revenue	1,327,892	2,100,815	2,835,809	Audit: Exhibit A-2
Total Expenses	1,255,294	2,092,109	2,694,641	Audit: Exhibit A-2
Change in Net Position	\$ 72,598	\$ 8,706	\$ 141,168	Audit: Exhibit A-2
Depreciation Expense	N/A	N/A	N/A	Financial Statements/ Audit Workpapers
Interest Expense	\$ 2,813	N/A	33,929	Financial Statements/ Audit Workpapers
Principal Payments	\$ 120,000	N/A	210,000	Financial Statements/ Audit Workpapers
Interest Payments	\$ 2,813	N/A	32,127	Financial Statements/ Audit Workpapers
Final Average Daily Enrollment	93	143	165	DOE Enrollment Reports
March 30th Budgeted Enrollment	95	144	168	Charter School Budget

	2020	2021	2022	3 Year Cumulative	Source
Near Term Indicators					
Current Ratio	1.41	1.18	2.27	1.61	Current Assets/ Current Liabilities
Unrestricted Days Cash	8.70	32.57	3.77	14.77	Cash/ (Total Expenses/365)
Enrollment Variance	98%	99%	98%	99%	Average Daily Enrollment / Budgeted Enrollment
Default	N/A	N/A	N/A	N/A	Audit
Sustainability Indicators					
Total Margin	5.47%	0.41%	4.98%	3.55%	Change in Net Position/ Total Revenue
Debt to Asset	0.71	0.85	0.83	0.81	Total Liabilities/ Total Assets
Cash Flow	N/A	\$ 156,782	\$ (158,874)	\$ (2,092)	Net change in cash flow from prior years (Change in Net Position+Interest Expense+Depreciation+Noncash Pension Expense)
Debt Service Coverage Ratio	0.61	N/A	1.45	N/A	(Principal & Interest Payments)

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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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. Charter School, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board of Trustees of the Creative Collaboratory Charter School, Inc. Charter School's basic financial statements, and have issued our report thereon dated February 14, 2023.

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. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be significant, labeled 2022-1.

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.

Board of Trustees Response to Findings

Creativity CoLaboratory Charter School, Inc. Board of Trustees' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Report on 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.

Respectfully submitted,

NIGHTLINGER, COLAVITA&VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
February 14, 2023

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's major state programs for the year ended June 30, 2022. The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Office of School Finance, *Department of Education, State of New Jersey*, and New Jersey OMB 15-08. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and New Jersey OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and New Jersey OMB 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of The Creativity CoLaboratory Charter School, Inc. Board of Trustees, in the County of Salem, State of New Jersey's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
February 14, 2023

**CREATIVITY COLABORATORY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021			Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Balance at JUNE 30, 2022		
					From	To	(Accounts Receivable)	Unearned Revenue	Cash Received				(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 Lunch Program	10.555	201NJ304N1099	N/A	27,252	7/1/20	6/30/21	\$ (5,155)	\$	\$ 5,155	\$	\$	\$	\$	\$	
National School Breakfast Program	10.553	201NJ304N1099	N/A	8,206	7/1/21	6/30/22			6,031	(8,206)		(8,206)	(2,175)		
National School Lunch Program	10.555	201NJ304N1099	N/A	52,805	7/1/21	6/30/22			38,565	(52,805)		(52,805)	(14,240)		
P-EBT Administrative Cost	10.649	202121S900941	N/A	614	7/1/20	6/30/21			614	(614)		(614)			
P-EBT Administrative Cost	10.649	202221S900941	N/A	628	7/1/21	6/30/22			628	(628)		(628)			
Total Enterprise Fund:							(5,155)		50,993	(62,253)		(62,253)	(16,415)		
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
E.S.E.A.															
Title I, Part A	84.010	S010A2100030	ESEA 7897-22	24,485	7/1/21	9/30/22			20,085	(23,157)		(23,157)	(3,072)		
Title II - A	84.367A	S367A210029	ESEA 7897-22	3,353	7/1/21	6/30/22			3,353	(3,353)		(3,353)			
Title IV	84.424A	S424A200031	ESEA 7897-21	10,000	7/1/20	6/30/21		1,600	10,000	(1,600)		(1,600)			
Title IV	84.424A	S424A210031	ESEA 7897-22	10,000	7/1/21	6/30/22			8,500	(531)		(531)		7,969	
IDEA Cluster:															
IDEA Part B-Basic	84.027A	H027A200100	IDEA 7897-21	25,345	7/1/20	6/30/21	(12,845)		12,845						
IDEA Part B-Basic	84.027A	H027A210100	IDEA 7897-22	32,748	7/1/21	6/30/22			32,748	(32,748)		(32,748)			
ARP IDEA Basic	84.027X	H027X210100	IDEA 7897-22	6,587	7/1/21	6/30/22			6,587	(6,587)		(6,587)			
Education Stabilization Fund:															
CARES ACT 2020 ESSER	84.425D	S425D200027	CARES 7897-20	11,143	3/13/20	9/30/22	(2,645)		3,445	(609)		(609)		191	
CRRSA Consolidated:															
CRRSA-ESSER II	84.425D	S425D210027	ESSER 7897-20	50,301	3/13/20	9/30/23			50,301	(41,325)		(41,325)		8,976	
CR Learning Acceleration	84.425D	S425D210027	ESSERPLAN 7897-20	25,000	3/13/20	9/30/23			25,000	(20,511)		(20,511)		4,489	
CR Mental Health	84.425D	S425D210027	Unknown	45,000	3/13/20	9/30/23			19,924	(36,400)		(36,400)	(16,476)		
ARP Consolidated:															
ARP ESSER	84.425U	S425U210027	Unknown	113,049	3/13/20	9/30/24									
Accelerated Learning	84.425U	S425U210027	Unknown	50,000	3/13/20	9/30/24									
Summer Learning	84.425U	S425U210027	Unknown	40,000	3/13/20	9/30/24									
Beyond the School Day	84.425U	S425U210027	Unknown	40,000	3/13/20	9/30/24									
NJTSS Mental Health Staffing	84.425U	S425U210027	Unknown	45,000	3/13/20	9/30/24									
SRSA Rural Ed Grant	84.358A	S358A210027	Unknown	23,233	7/1/21	6/30/22			23,233	(23,233)		(23,233)			
							(15,490)	1,600	206,021	(190,054)		(190,054)	(19,548)	21,625	
Total Federal Financial Awards							\$ (20,645)	\$ 1,600	\$ 257,014	\$ (252,307)		\$ (252,307)	\$ (35,963)	\$ 21,625	

(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, 2022**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021				Balance at June 30, 2022			
			From	To	Unearned Revenue (Accounts Receivable)	Due to Local Government	Cash Received	Budgetary Expenditures	(Accounts Receivable)		Unearned Revenue/ Interfund Payable	Due to Local Government
									From Districts	From State		
State Department of Education												
General Fund:												
Equalization Aid	22-495-034-5120-078	\$ 1,019,703	7/1/21	to 6/30/22	\$	\$	\$ 869,456	\$ (1,019,703)	\$ (152,887)	\$	\$	\$ 2,640
Equalization Aid	21-495-034-5120-078	816,048	7/1/20	to 6/30/21	(133,324)		111,558		(21,766)			
Equalization Aid	20-495-034-5120-078	537,418	7/1/19	to 6/30/20	(891)		891					
Special Education Categorical Aid	22-495-034-5120-089	96,452	7/1/21	to 6/30/22			83,268	(96,452)	(13,184)			
Special Education Categorical Aid	21-495-034-5120-089	96,331	7/1/20	to 6/30/21	(29,099)		25,204		(3,895)			
Security Aid	22-495-034-5120-084	28,162	7/1/21	to 6/30/22			23,722	(28,162)	(4,440)			
Security Aid	21-495-034-5120-084	18,809	7/1/20	to 6/30/21	(4,970)		4,630		(340)			
Security Aid	20-495-034-5120-084	18,809	7/1/19	to 6/30/20	(1,596)		1,596					
On-Behalf TPAF Post Retirement Med	22-495-034-5094-001	42,607	7/1/21	to 6/30/22			42,607	(42,607)				
On-Behalf TPAF Pension Contribution	22-495-034-5094-002	182,363	7/1/21	to 6/30/22			182,363	(182,363)				
Reimbursed TPAF S.S. Contributions	22-495-034-5094-003	69,822	7/1/21	to 6/30/22			69,789	(69,822)		(33)		
On-Behalf TPAF Long-Term Disability	22-495-034-5094-004	202	7/1/21	to 6/30/22			202	(202)				
Total General Fund					\$ (169,880)	\$	\$ 1,415,286	\$ (1,439,311)	\$ (196,512)	\$ (33)	\$	\$ 2,640
State Department of Education												
Special Revenue Fund:												
SDA Emergent Needs Capital	22-100-034-5120-086	7,957	7/1/21	to 6/30/22			7,957	(7,957)				
Total Special Revenue Fund							7,957	(7,957)				
State Department of Agriculture												
Enterprise Fund - State Share:												
State School Lunch Program	21-100-010-3350-023	1,326	7/1/20	to 6/30/21	(325)		325					
State School Lunch Program	22-100-010-3350-023	1,222	7/1/21	to 6/30/22			894	(1,222)		(328)		
Total State Financial Assistance					\$ (170,205)	\$	\$ 1,424,462	\$ (1,448,490)	\$ (196,512)	\$ (361)	\$	\$ 2,640
Less: On-Behalf TPAF Pension System Contributions												
On-Behalf TPAF Post Retirement Med	22-495-034-5094-001	42,607	7/1/21	to 6/30/22			\$ 42,607	\$ (42,607)				
On-Behalf TPAF Pension Contribution	22-495-034-5094-002	182,363	7/1/21	to 6/30/22			182,363	(182,363)				
On-Behalf TPAF Long-Term Disability	22-495-034-5094-004	202	7/1/21	to 6/30/22			202	(202)				
Total For State Financial Assistance - Major Program Determination							\$ 1,199,290	\$ (1,223,318)				

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, 2022

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, 2022

There was no net adjustment to reconcile from the budgetary basis to the GAAP basis 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	\$	\$ 1,439,311	\$ 1,439,311
Special Revenue Fund	190,054	7,957	198,011
Food Service Fund	61,011	1,222	62,233
Total Awards & Financial Assistance	\$ 251,065	\$ 1,448,490	\$ 1,699,555

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, 2022.

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, 2022. 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, 2022.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

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

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

NOTE 9: ADJUSTMENTS

There were no adjustments reported on Schedule A or Schedule B for the 2021-2022 School Year.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 X yes _____ 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
----------------	-------------------	---------------------------------------

N/A

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, 2022
(continued)

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

State Awards:

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
22-495-034-5120-078	Equalization Aid
22-495-034-5120-089	Special Education Categorical Aid
22-495-034-5120-084	Security Aid

**CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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 2022-1 (AMR 2022-2):

Criteria or specific requirement:

It is considered necessary, as well as required, to record adjusting journal entries into the General Ledger and other journals within the accounting software, prior to the year-end financial close.

Condition:

Numerous adjustments to the District General Ledger were presented as part of the audit, including prior year beginning balance adjustments.

Context:

There were numerous adjusting journal entries required to be identified and recorded subsequent to the year-end financial close out.

Effect:

As a result of the above condition, adjusting journal entries were submitted to the Board Office, as of June 30, 2022.

Cause:

A necessary step to analyze the General Ledger account balances was omitted.

Recommendation:

Prior to the year-end close out of the accounting system, various adjustments should be identified and recorded in the General Ledger, which includes prior year beginning balance adjustments.

Management's response:

Management is aware of the finding and agrees with the recommendation.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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

Finding: None

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, 2022**

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:

There were no prior year findings.