

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

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

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

Salem, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

Creativity CoLaboratory Charter School Board of Trustees

Finance Department

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

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	8-10
Required Supplementary Information – Part I Management's Discussion and Analysis (Unaudited)	11-18

Basic Financial Statements

A. Charter School-wide Financial Statements:	
A-1 Statement of Net Position	19
A-2 Statement of Activities	20
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	22
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenditures, and Changes in Fund Net Position	25
B-6 Statement of Cash Flows	26
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	27-57
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules: (Unaudited)	
C-1 Budgetary Comparison Schedule – General Fund	58-58b
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	59
C-3 Budget-to-GAAP Reconciliation	60

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

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	61
L-2 Schedule of District Contributions – PERS	62
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	63
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	64
Other Supplementary Information	
D. School Based Budget Schedules:	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis includes Student Activity and Scholarship Funds	65
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Basis	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	66
G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	67
G-3 Combining Schedule of Cash Flows	68

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

FINANCIAL SECTION (Continued)

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

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends Information/Schedules

J-1 Net Position by Component	69
J-2 Changes in Net Position	70
J-3 Fund Balances – Governmental Funds	71
J-4 Changes in Fund Balances, Governmental Funds	72
J-5 General Fund Other Local Revenue by Source	73

Revenue Capacity Information

J-6 – J-9	N/A
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Debt Capacity Information

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

Demographic and Economic Information

J-14 Demographic and Economic Statistics	74
J-15 Principal Employers	N/A

Operating Information

J-16 Full-time Equivalent District Employees by Function/Program	75
J-17 Operating Statistics	76
J-18 School Building Information	77
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	78-79

Charter School Performance Framework Financial Indicators

J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios	80
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**ANNUAL COMPREHENSIVE FINANCIAL REPORT
CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
TABLE OF CONTENTS**

Exhibit

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81-82
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with the State of New Jersey OMB Circular 15-08	83-85
K-3	Schedule of Expenditures of Federal Awards - Schedule A	86
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	87
K-5	Notes to the Schedules of Awards and Financial Assistance	88-89
K-6	Schedule of Findings and Questioned Costs <ul style="list-style-type: none">• Section I - Summary of Auditor's Results• Section II – Financial Statement Findings• Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs	90-93
K-7	Summary Schedule of Prior Audit Findings	94

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

November 28, 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, 2023, 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 past three fiscal years was as follows:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2022 - 2023	191	15%
2021 - 2022	166	16%
2020 - 2021	143	54%

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 fifth year with an increased enrollment of 191 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, 2023.

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

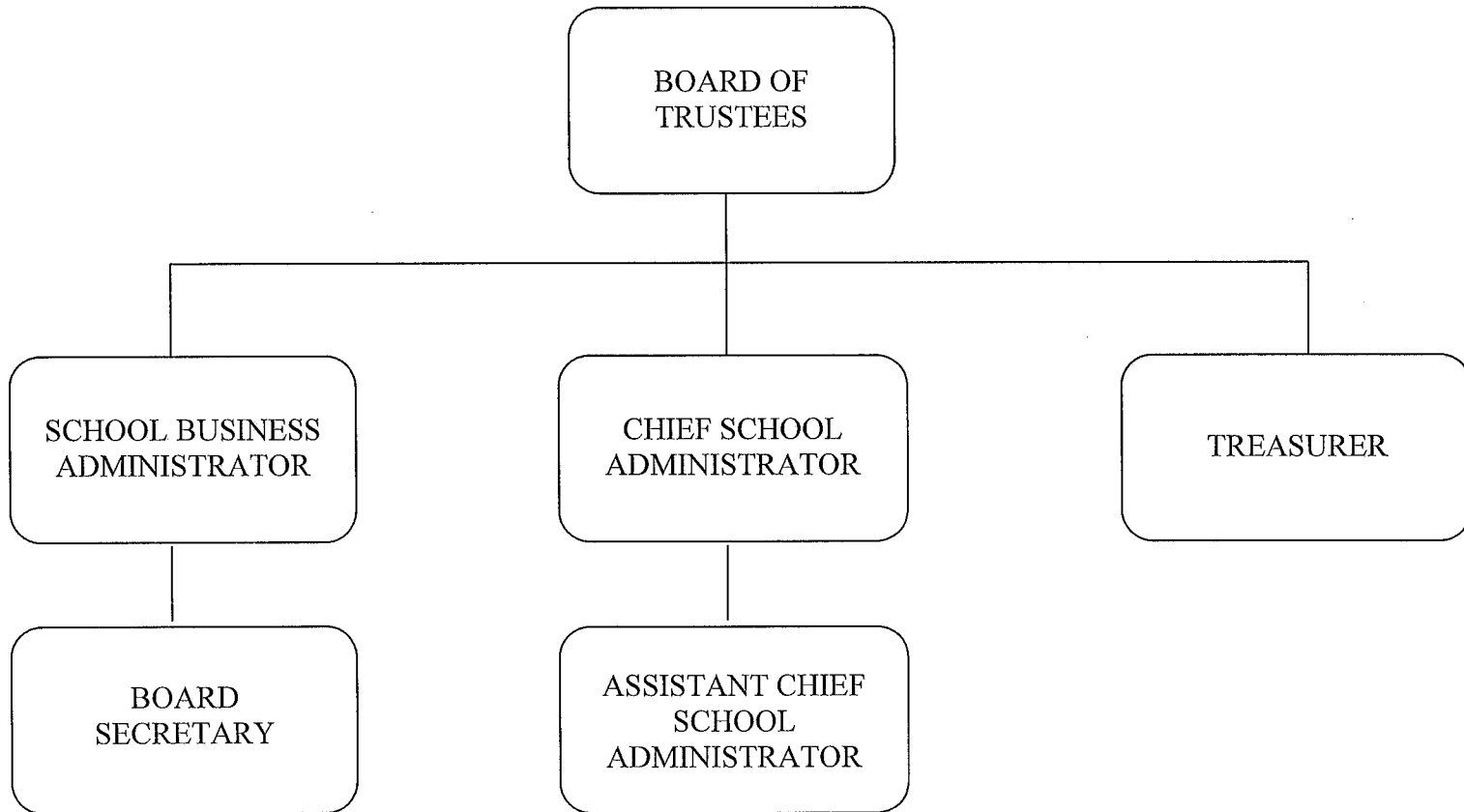
Kelvin Caba
School Business Administrator/
Board Secretary

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, 2023

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>	
Daniel Rowan, President	2024	
Robert Cimprich, Vice President	2024	
Frances Fina	2024	
Pamela Vanecek	2023	
Phillip Powers	2024	
Devona Lewis	2024	
<u>OTHER OFFICIALS</u>		<u>AMOUNT OF BOND</u>
Dr. George Farmer, Principal		
Kelvin Caba, 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

Frank P. Cavallo, Jr., Esq.

Attorney-at-Law
Parker McCay
PO Box 5054
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

M&T Bank
2335 Church Road
Cherry Hill, NJ 08002

INSURANCE AGENT

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association
Certified Public Accountants*

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

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, 2023, 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, 2023, 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.

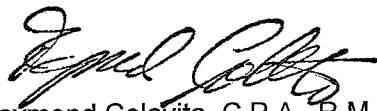
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 November 28, 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

November 28, 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, 2023

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, 2023. 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 2023 are as follows:

- ❖ General revenues, net of transfers, and special items accounted for \$3,173,568 in revenue or 92% 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 \$282,373 or 8% percent to total revenues of \$3,455,941.
- ❖ The results operations at the school reflect a Total Net Position of \$237,482. This amount represents the results for governmental activities at June 30, 2023. There was no amount of Net Position for the Food Enterprise Fund.
- ❖ The School had total expenses of \$3,440,931, of which \$282,373 was offset by program specific charges for services, grants or contributions. General revenues of \$3,173,568 consisted of Federal and State Aid of \$1,701,517, property taxes of \$1,441,477, and \$30,574 of miscellaneous net revenue.
- ❖ The General Fund also reflected \$3,281,675 in revenues and \$3,237,002 in expenditures. The General Fund's ending balance of \$314,421 included a transfer of \$45,501 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 2023?" 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 2023 and 2022 under the GASB reporting format.

Table 1
Net Position

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 655,313	\$ 440,707
Capital Assets, Net	149,377	344,141
Total Assets	<u>804,690</u>	<u>784,848</u>
Deferred Outflows of Resources	<u>199,147</u>	<u>139,850</u>
Liabilities		
Other Liabilities	540,773	126,759
Long-term Liabilities	196,497	520,768
Total Liabilities	<u>737,270</u>	<u>647,527</u>
Deferred Inflows of Resources	<u>29,085</u>	<u>54,699</u>
Net Position		
Investment in Capital Assets, Net of Debt (Deficit)	(59,237)	
Restricted (Deficit)	82,486	(2,769)
Unrestricted	214,233	225,241
Total Net Position	<u>\$ 237,482</u>	<u>\$ 222,472</u>

Table 2 shows the changes in net position from fiscal year's 2023 and 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues		
Charges for Services	\$ 23,362	\$ 277
Operating Grants and Contributions	259,011	260,244
General Revenues		
Property Taxes	1,441,477	1,239,660
Grants and Entitlements	1,701,517	1,456,635
Miscellaneous	30,574	5,321
Special Items		
Prior Year Right-to-Use Assets and Lease Liability Adjustment		(126,328)
Total Revenues	<u>3,455,941</u>	<u>2,835,809</u>
Program Expenses		
Instruction	1,405,417	1,161,483
Support Services		
General Admin Service, School Admin Service, Student & Related Services	887,401	743,693
Plant Operations and Maintenance	284,204	246,251
Employee Benefits	771,427	469,087
Food Service	92,482	74,127
Total Expenses	<u>3,440,931</u>	<u>2,694,641</u>
Increase (Decrease) in Net Position	<u>\$ 15,010</u>	<u>\$ 141,168</u>

As shown above, the School's total revenue for the fiscal year ended June 30, 2023 was \$3,455,941 of which governmental revenues were \$3,363,459. As a Charter School, voter approval for the School operations is not required in New Jersey. Property taxes made up 42.9% percent of total net governmental revenues for the Camden Creativity CoLaboratory Charter School, Inc. during it's fiscal year ending 2023. Federal, State and local grants accounted for another 50.6%. The School's total expenses were \$3,440,931 of which total governmental expenses were \$3,348,449 and the cost of all governmental activities, net of program revenues from charges for services or grants was \$3,113,057. Instruction comprises 40.8% of total expenditures and 42.5% 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 \$45,501 and as a result, this amount was transferred from the general fund. Food Service expenses were \$92,482.
- ❖ Charges for services represent \$23,110 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 \$23,871.

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 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Instruction	\$ 1,405,417	\$ 1,324,200	\$ 1,161,483	\$ 1,061,373
Support Services				
General Admin Service, School Admin Service, Student & Related Services	887,401	733,226	743,693	645,540
Plant Operation and Maintenance	284,204	284,204	246,251	246,251
Employee Benefits	771,427	771,427	469,087	469,087
Total Expenses	\$ 3,348,449	\$ 3,113,057	\$ 2,620,514	\$ 2,422,251

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 \$3,517,076 and expenditures of \$3,472,538. The net positive/negative change in fund balance for the year, from revenues and expenditures, amounted to a positive result of \$44,529. In addition, there was a transfer to the Food Service Fund of \$45,501. 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, 2023 and the amount and percentage of increases and decreases in relation to prior year revenues.

Table 4

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percentage Increase/ (Decrease)</u>
Local Sources	\$ 1,472,051	41.9%	\$ 226,818	22.2%
State Sources	1,809,876	51.5%	362,608	36.2%
Federal Sources	235,140	6.6%	45,086	99.1%
Total	\$ 3,517,067	100%	\$ 634,512	30.7%

The revenue from Local Sources is attributed to the local tax levy of \$1,441,477, which is the total of the amounts determined from each sending district and \$30,574 in miscellaneous revenue.

The State Sources included on-behalf social security reimbursements and pension contributions of \$364,528.

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, 2023.

Table 5

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent Increase (Decrease)</u>
General				
Regular Instruction	\$ 1,405,417	40.5%	\$ 243,934	23.1%
Support				
General Administration	597,387	17.2%	(29,458)	-9.9%
School Administration	289,618	8.3%	172,890	86.7%
Student and Instruction	396	0.0%	276	552.0%
Plant Operations	313,366	9.1%	30,988	13.0%
Employee Benefits	866,354	24.9%	417,668	156.0%
Total	\$ 3,472,538	100.0%	\$ 836,298	40.6%

The Instructional expenditures for this year of operations was \$1,324,200 in the general fund and \$81,217 in the Special Revenue Fund.

The Support Expenditures for this year of operations was \$289,618 for School administrative services and \$443,464 for general administration services, along with \$154,319 in special revenue fund expenses. There was also \$313,366 in plant operation and maintenance costs, and \$866,354 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 2023, 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 \$7,520, the actual results for the year shows an excess of revenues over expenses of \$44,673, which includes a transfer out to food service of \$45,501.

- ❖ Actual revenues exceeded the final budgeted amounts by \$33,040, excluding On-behalf Pension and Social Security Reimbursement of \$438,666
- ❖ The actual expenditures in various line items were less than expected in the total amount of \$138,417, excluding Pension and Social Security Reimbursement of \$438,666



Capital Assets

At the end of the fiscal year 2023, the School had \$149,377 invested in right-to-use capital assets, which consists of leased costs of \$874,542, net of accumulated amortization of \$725,165.

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 2020-2021 school year was 143 students. In 2021-2022 the charter called for the addition of 2 additional 7th grade classes, bringing the total to 166 students. In 2022-2023 the charter calls for the addition of 2 additional 8th grade classes, bringing the total to 191 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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 358,684	\$ 22,491	\$ 381,175
Receivables, Net	272,289	1,171	273,460
Capital Assets, Net	149,377		149,377
Total Assets	<u>780,350</u>	<u>23,662</u>	<u>804,012</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>199,147</u>		<u>199,147</u>
LIABILITIES			
Accounts Payable	236,637	23,662	260,299
Accrued Interest Payable	1,802		1,802
Payable to Local Government	36,924		36,924
Unearned Revenue	42,634		42,634
Non-current Liabilities			
Due Within One Year	198,436		198,436
Due Beyond One Year	196,497		196,497
Total Liabilities	<u>712,930</u>	<u>23,662</u>	<u>736,592</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>29,085</u>		<u>29,085</u>
NET POSITION			
Restricted for:			
Net Investment in Capital Assets (Deficit)	(59,237)		(59,237)
Unemployment Compensation	7,129		7,129
Student Activities	357		357
Other Purposes	75,000		75,000
Unrestricted	<u>214,233</u>		<u>214,233</u>
Total Net Position	<u>\$ 237,482</u>	<u>\$</u>	<u>\$ 237,482</u>

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, 2023

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	\$ 1,405,417	\$	\$ 81,217	\$ (1,324,200)	\$	\$ (1,324,200)
Support Services:						
General and Business Administrative Services	597,387			(597,387)		(597,387)
School Administrative Services	289,618		153,923	(135,695)		(135,695)
Student and Instruction Related Services	396	252		(144)		(144)
Plant Operations and Maintenance	284,204			(284,204)		(284,204)
Employee Benefits	771,427			(771,427)		(771,427)
Total Governmental Activities	3,348,449	252	235,140	(3,113,057)		(3,113,057)
Business-type Activities:						
Food Service	92,482	23,110	23,871		(45,501)	(45,501)
Total Business-type Activities	92,482	23,110	23,871		(45,501)	(45,501)
Total Primary Government	\$ 3,440,931	\$ 23,362	\$ 259,011	(3,113,057)	(45,501)	(3,158,558)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,441,477		1,441,477
Federal and State Aid not Restricted				1,701,517		1,701,517
Miscellaneous				30,574		30,574
Transfers				(45,501)	45,501	
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,128,067	45,501	3,173,568
Change in Net Position				15,010		15,010
Net Position—Beginning				222,472		222,472
Net Position—Ending				\$ 237,482	\$	\$ 237,482

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, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 371,677	\$ 4,655	\$ 376,332
Accounts Receivable:			
Federal Sources		47,754	47,754
State Sources	170,330		170,330
Local Governments	54,205		54,205
Interfund Receivable		339	339
Total Assets	\$ 596,212	\$ 52,748	\$ 648,960
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 190,514	\$ 1,788	\$ 192,302
Due to Grantor		7,969	7,969
Due to Other Funds	17,987		17,987
Payroll Withholdings and Deductions	36,366		36,366
Payable to Local Governments	36,924		36,924
Unearned Revenue		42,634	42,634
Total Liabilities	281,791	52,391	334,182
Fund Balances:			
Restricted:			
Student Activities		357	357
Escrow Fund	75,000		75,000
Unemployment Compensation	7,129		7,129
Assigned to:			
Year-End Encumbrances	12,809		12,809
Unassigned, Reported In:			
General Fund	219,483		219,483
Total Fund Balances	314,421	357	314,778
Total Liabilities and Fund Balances	\$ 596,212	\$ 52,748	

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.

(208,614)

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

(186,319)

Deferred Pension Outflows

199,147

Deferred Pension Inflows

(29,085)

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

149,377

Net position of governmental activities

\$ 237,482

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, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Tax Levy	\$ 1,441,477	\$	\$ 1,441,477
Miscellaneous	30,322	252	30,574
Total - Local Sources	1,471,799	252	1,472,051
State Sources	1,809,876		1,809,876
Federal Sources		235,140	235,140
Total Revenues	3,281,675	235,392	3,517,067
EXPENDITURES			
Current:			
Regular Instruction	1,324,200	81,217	1,405,417
Support:			
General Administrative Services	443,464	153,923	597,387
School Administrative Services	289,618		289,618
Student and Instruction Related Services		396	396
Plant Operations and Maintenance	313,366		313,366
Employee Benefits	866,354		866,354
Total Expenditures	3,237,002	235,536	3,472,538
Excess (Deficiency) of Revenues over Expenditures	44,673	(144)	44,529
OTHER FINANCING SOURCES (USES)			
Transfers	(45,501)		(45,501)
Total Other Financing Sources and (Uses)	(45,501)		(45,501)
Net Change in Fund Balances	(828)	(144)	(972)
Fund Balance—July 1	315,249	501	315,750
Fund Balance—June 30	\$ 314,421	\$ 357	\$ 314,778

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, 2023

Total net change in fund balances - governmental funds (from B-2) \$ (972)

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.

Amortization expense	\$ (208,952)	
Right-to-use asset additions	238,114	29,162

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.

(13,180)

Change in net position of governmental activities (A-2)

\$ 15,010

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, 2023

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash	\$ 4,843	\$ 4,843
Accounts Receivable	1,171	1,171
Interfund Accounts Receivable	17,648	17,648
Total Current Assets	<u>23,662</u>	<u>23,662</u>
Total Assets	<u>23,662</u>	<u>23,662</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	23,662	23,662
Interfund Accounts Payable		
Total Current Liabilities	<u>23,662</u>	<u>23,662</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, 2023

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 23,110	\$ 23,110
Total Operating Revenue:	23,110	23,110
Operating expenses:		
Salaries	40,000	40,000
Satellite Food Service Operation Cost	47,047	47,047
Supplies and Materials	3,375	3,375
Other Costs	2,060	2,060
Total Operating Expenses	92,482	92,482
Operating Income (loss)	(69,372)	(69,372)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,349	1,349
State School Breakfast Program	229	229
Federal Sources:		
National School Lunch Program	18,104	18,104
National School Breakfast Program	4,189	4,189
Board Subsidy	45,501	45,501
Total Non-operating Revenues (Expenses)	69,372	69,372
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.

CREATIVITY COLABORATORY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 23,110	\$ 23,110
Payments to employees	(40,000)	(40,000)
Payments to suppliers	(61,334)	(61,334)
	(78,224)	(78,224)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Board Subsidy	45,501	45,501
Food Distribution Program		
Cash Received from State and Federal Reimbursements	23,871	23,871
	69,372	69,372
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		
Net cash provided by (used for) capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends		
Net cash provided by (used for) investing activities		
Net increase (decrease) in cash and cash equivalents	(8,852)	(8,852)
Balances—beginning of year	13,695	13,695
	4,843	4,843
Balances—end of year	\$ 4,843	\$ 4,843
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (69,372)	\$ (69,372)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization		
(Increase)/Decrease in Accounts Receivable	15,572	15,572
(Increase)/Decrease in Interfund Receivable	(17,648)	(17,648)
Increase/(Decrease) in Accounts Payable	7,603	7,603
Increase/(Decrease) in Interfund Payable	(14,379)	(14,379)
Increase/(Decrease) in Due to Grantor		
	(8,852)	(8,852)
Total adjustments		
Net cash provided by (used for) operating activities	\$ (78,224)	\$ (78,224)

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, 2023

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.

The Charter School ended the 2022-23 school year with 191 Students.

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, 2023

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

New Accounting Standards:

Accounting standards that the School District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* was effective after June 15, 2022 and was considered by Management.
- GASB Statement No. 99 - *Omnibus 2022*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Management is evaluating the potential impact of the adoption of GASB 99 on the School District's financial statements.
- GASB Statement No. 100 - *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*: The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Management is evaluating the potential impact of the adoption of GASB 100 on the School District's financial statements.
- GASB Statement No. 101 - *Compensated Absences*: The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management is evaluating the potential impact of the adoption of GASB 101 on the School District's financial statements.

A. Basis of Presentation:

The Charter School's financial reporting consist of a Management's Discussion and Analysis (MD&A) providing an analysis of the Charter School's over-all financial position and results of operations, as well as Basic financial statements prepared using full-accrual accounting for all of the Charter School's activities.

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.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

A. Basis of Presentation (Cont'd):

- 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:

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.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

B. Fund Accounting (Cont'd):

As a result of implementing GASB Statement No. 84, Fiduciary Activities, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

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.

As a result of implementing GASB Statement No. 84, Fiduciary Activities, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities

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.

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,

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

B. Fund Accounting (Cont'd):

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:

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.

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.

In its accounting and financial reporting, the Charter 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 Charter 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

C. Basis of Accounting and Measurement Focus (Cont'd):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

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.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

E. Encumbrance Accounting (Cont'd):

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 \$12,809 as of June 30, 2023.

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, 2023.

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, 2023.

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, 2023 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, 2023

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, 2023, 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, 2023

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, 2023

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

Q. Net Position:

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - 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 credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Charter School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

R. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the Charter School's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Directors.
- Assigned - includes amounts that the Charter School intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the Charter School considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

S. 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.

T. 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.

U. 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.

V. 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.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

W. 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.

X. 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, 2023

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, 2023, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

		Cash and Cash Equivalents
	Checking Accounts	\$ 281,175
	Total	\$ 281,175
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 376,332
Enterprise funds, Statement of Net Position	B-4	4,843
Restricted cash		
Governmental funds, Balance Sheet	B-1	\$ <u>381,175</u>
Total cash		

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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.

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, 2023, the Charter School's bank balance of \$518,808 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		268,808
	\$	<u>518,808</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, 2023, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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. 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, 2021 was 7.5% of base salary. The Charter School employees' contributions for the year ended June 30, 2023 were \$11,706. 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 2023 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 Charter School and equal to the required contributions for each year. The Charter School's contributions to PERS for the years ended June 30, 2023, and 2022, were \$15,569 and \$8,630 respectively.

The total payroll for the year ended June 30, 2023 was \$1,404,784. Payroll covered by PERS was \$156,080 for fiscal year 2023.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2023, the Charter School's proportionate share of the PERS net pension liability was \$186,319. The net pension liability was measured as of June 30, 2022. 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, 2022. The Charter School's proportion measured as of June 30, 2022 was 0.001235% which was an increase of 0.00050% from its proportion measured as of June 30, 2021.

Pension Expense and Deferred Outflows/Inflows of Resources - The Charter School's 2023 PERS pension expense, with respect to GASB 68, was \$36,619. The Charter School's 2023 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,345	\$ 1,186
Changes of assumptions	577	27,899
Net difference between projected and actual earnings on pension plan investments	7,712	
Changes in proportion	173,944	
Contributions subsequent to the measurement date	15,569	
Total	\$ 199,147	\$ 29,085

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

Year		PERS
2023	\$	51,638
2024		51,638
2025		51,638
2026		(1,201)
2027		780
Thereafter		
Total	\$	154,493

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2023 and 2022 are as follows:

Year	2023		2022	
Collective deferred outflows of resources	\$	199,147	\$	139,850
Collective deferred inflows of resources	\$	29,085	\$	54,699
Collective Net Pension Liability	\$	186,319	\$	87,297
District's Proportion		0.001235%		0.000737%

Actuarial Assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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 Increases: (Based on Years of Service):	2.75 – 6.55%
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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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, 2022) 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. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4. PENSION PLANS (CONT'D)

Public Employees' Retirement System (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, 2022, 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	\$ <u>241,393</u>	\$ <u>186,319</u>	\$ <u>142,370</u>

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, 2023

NOTE 4. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2021. 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 2022, 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 Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School 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 Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2023 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$281,056 to the TPAF for pension contributions, \$73,833 for post-retirement benefits on behalf of the Charter School, and \$305 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$83,473 during the year ended June 30, 2023 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, 2023, 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 Charter School.

Pension Expense - For the year ended June 30, 2023, the Charter School recognized pension expense of \$60,655 and revenue of \$60,655 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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 Increases	
(Based on Years of Service):	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, 2023

NOTE 4. PENSION PLANS (CONT'D)

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, 2022 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023

NOTE 4. PENSION PLANS (CONT'D)

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, 2022, 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	\$ 2,646,808	\$ 2,253,775	\$ 1,929,308
State's Share of the Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

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 Charter School's employer match is an additional 3% contribution. For the year ended June 30, 2023, employee contributions totaled \$0.00 and the Charter School's employer contribution, recognized in pension expense, was \$0.00. 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, 2023

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, 2023

NOTE 5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

State Health Benefit State Retired Employees Plan:

State Health Benefit State Retired Employees Plan Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2022, was \$50,646,462,966. Of this amount, the total OPEB liability attributable to the Charter School was \$703,594. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.00139%. The total OPEB liability for the Charter School measured as of June 30, 2022 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, 2022 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, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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
Salary Increases:	2.75% to 4.25% based on years of service	2.75% to 6.55% based on years of service	3.25% to 16.25% based on years of service

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 disabled 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.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight 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, 2023

NOTE 5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Discount rate

The discount rate used to measure the total OPEB liability was 3.54%. 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

	Total OPEB Liability
State of New Jersey	
Balance as of June 30, 2021 Measurement Date	\$ 60,007,650,971
Changes for the year:	
Service Cost	2,770,618,025
Interest	1,342,187,139
Changes of Benefit Terms	0
Differences between Expected and Actual	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Benefit Payments	(1,329,476,059)
Contributions from Members	42,650,252
Net Changes	(9,361,188,004)
Balance as of June 30, 2022 Measurement Date	\$ 50,646,462,967

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

The following presents the total nonemployer OPEB liability as of June 30, 2022, 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, 2022		
At 1.00% Decrease 2.54%	At Discount Rate 3.54%	At 1.00% Increase 4.54%
\$ 59,529,589,697	50,646,462,966	43,527,080,995

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, 2022, 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, 2022		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 41,862,397,291	50,646,462,966	62,184,866,635

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

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

For the year ended June 30, 2023, the Charter School recognized OPEB expense of \$186,127. 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	\$ 125,619	\$ (214,815)
Changes of Assumptions	121,774	(239,465)
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	785,493	
Contributions Subsequent to the Measurement Date		
Total	\$ 1,032,886	\$ (454,280)

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
2023	\$	184,568
2024		184,568
2025		184,568
2026		184,568
2027		184,568
Thereafter		564,326
Total	\$	1,487,166

NOTE 6. FUND BALANCE

General Fund - Of the \$314,421 in General Fund balance at June 30, 2023, \$75,000 is restricted for escrow, \$7,129 is restricted for unemployment compensation, \$12,809 is assigned for encumbrances, and \$219,483 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, 2023

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, 2022	Charter School Contributions	Employee Contributions	Claims	Balance June 30, 2023
\$ 10,128	\$ 1	\$	\$ (3,000)	\$ 7,129

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General	\$	\$ 17,987
Special Revenue	339	
Food Service	17,648	
Total	\$ 17,987	\$ 17,987

NOTE 10. RECEIVABLES

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

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental				
State	\$ 170,330	\$	\$ 73	\$ 170,403
Federal		47,754	1,098	48,852
Local	54,205			54,205
Totals	\$ 224,535	\$ 47,754	\$ 1,171	\$ 273,460

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11. CAPITAL ASSETS

	Beginning Balance July 1, 2022	Additions	Adjustments/ Retirements	Ending Balance June 30, 2023
Governmental Activities:				
Capital Assets, being Depreciated and Amortized				
Right-to-Use Lease Assets	\$ 860,354	\$ 14,188		\$ 874,542
Totals at Historical Cost	860,354			874,542
Less Accumulated Depreciation and Amortization for:				
Right-to-Use Lease Assets	(516,213)	(208,952)		(725,165)
Total Accumulated Depreciation and Amortization	(516,213)	(208,952)		(725,165)
Total Capital Assets being Depreciated and Amortized, net of Accumulated Depreciation	344,141	(208,952)		149,377
Government Activities Capital Assets, Net	\$ 344,141	\$ (208,952)	\$	\$ 149,377
	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	\$ 208,952

NOTE 12. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2023, the following changes occurred in long-term obligations:

	Beginning Balance 7/1/2022	Additions	Reductions	Ending Balance 6/30/2023	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Other Liabilities:						
Right-to-Use Lease Liability	432,540	14,188	238,114	208,614	198,436	10,178
Compensated absences payable						
Net Pension Liability	88,228	98,091		186,319		186,319
Total Long-term Obligations	\$ 520,768	\$ 112,279	\$ 238,114	\$ 394,933	\$ 198,436	\$ 196,497
						To A-1
Business-Type Activities:						
Compensated absences payable	\$	\$	\$	\$	\$	\$

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.

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12. LONG-TERM OBLIGATIONS (CONT'D)

Leases (Continued)

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.

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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 251,715
2025	3,099
2026	3,099
2027	3,099
2028	1,549
	<u>\$ 262,561</u>

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023, the Charter School has \$75,000 restricted for Escrow.

NOTE 15. SUBSEQUENT EVENTS

There were no events noted, between the year-end and November 28, 2023, requiring disclosure.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

**CREATIVITY COLABORATORY CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Revenue/ Expenditures	Variance Favorable/ (Unfavorable)
REVENUES:					
"Local Tax Levy"- Local Share - Charter School Aid:	\$	\$			
Alloway Township	193,361		\$ 193,361	193,361	\$
Bellmawr Boro	2,409		2,409	2,409	
Bridgeton City	1,731		1,731	1,731	
Buena Regional	28,401		28,401	28,401	
Clayton Borough	53,721		53,721	53,721	
Clearview Regional	15,150		15,150	15,150	
Deerfield Township	15,170		15,170	15,170	
Delsea Regional High School District	142,496		142,496	142,496	
Deptford Township	19,111		19,111	19,111	
East Greenwich Township	15,087		15,087	15,087	
Fairfield Township	2,624		2,624	2,624	
Franklin Township	140,644		140,644	140,644	
Gateway Regional	8,413		8,413	8,413	
Glassboro	11,564		11,564	11,564	
Gloucester Township	5,365		5,365	5,365	
Greenwich Township	15,212		15,212	15,212	
Haddon Heights	9,263		9,263	9,263	
Haddon Township	27,025		27,025	27,025	
Haddonfield Borough	15,021		15,021	15,021	
Harrison Township	15,448		15,448	15,448	
Hopewell Township	20,426		20,426	20,426	
Kingsway Regional	40,845		40,845	40,845	
Laurel Springs	6,105		6,105	6,105	
Logan Township	8,874		8,874	8,874	
Millville City	1,595		1,595	1,595	
Monroe Township	18,552		18,552	18,552	
Penns Grove-Carney's Point Regional	46,073		46,073	46,073	
Pennsville	33,512		33,512	33,512	
Pitman Borough	66,762		66,762	66,762	
Pittsgrove Township	97,733		97,733	97,733	
Quinton Township	10,701		10,701	10,701	
South Harrison Township	16,296		16,296	16,296	
Upper Deerfield Township	82,396		82,396	82,396	
Upper Pittsgrove Township	94,320		94,320	94,320	
Vineland City	4,532		4,532	4,532	
Washington Township	9,401		9,401	9,401	
Woodbury City	8,936		8,936	8,936	
Woodbury Heights	18,081		18,081	18,081	
Woodstown-Pilesgrove Regional	119,121		119,121	119,121	
Total - Local Share Tax Levy	1,441,477		1,441,477	1,441,477	
Local Tax Levy- State Share - Charter School Aid:					
Equalization aid	1,097,735	136,621	1,234,356	1,237,074	2,718
Total - Local Levy Budget	2,539,212	136,621	2,675,833	2,678,551	2,718
Categorical Aids:					
Special Education	118,055	(13,291)	104,764	104,764	
Security Aid	32,328	(2,956)	29,372	29,372	
Total Categorical Aids	150,383	(16,247)	134,136	134,136	
Other State Aid:					
On-Behalf TPAF Pension Contribution				281,056	281,056
On-Behalf TPAF Pension Post Retirement Medical				73,833	73,833
On-Behalf TPAF Long-Term Disability Contribution				305	305
Reimbursed TPAF Social Security Contributions (Non-budgeted)				83,472	83,472
Total Other State Aid				438,666	438,666
Total State Aid	2,689,595	120,374	2,809,969	3,251,353	441,384
Revenue from Other Sources					
Miscellaneous				30,322	30,322
Total Revenue from Other Sources				30,322	30,322
TOTAL REVENUES	\$ 2,689,595	\$ 120,374	\$ 2,809,969	\$ 3,281,675	\$ 471,706

**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, 2023
(CONTINUED)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
EXPENDITURES:					
CURRENT EXPENSES:					
Regular Programs - Instruction:					
Salaries of Teachers - Grades 1-5	\$ 1,209,650	\$ 1,150,645	\$ 1,150,645	\$ 1,146,805	\$ 3,840
Salaries of Teachers - Grades 6-8		(1,169,650)	40,000	37,620	2,380
Other Salaries for Instruction		1,400	1,400	990	410
Regular Programs - Undistributed					
Instruction:					
Purchased Professional/ Technical Services	121,000	(34,814)	86,186	44,149	42,037
Other Purchased Services	7,000	(7,000)			
General Supplies	76,320	7,340	83,660	78,658	5,002
Textbooks	8,000		8,000	7,818	182
Other Objects	1,000	(169)	831		831
Tuition - Other		8,160	8,160	8,160	
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,422,970	(44,088)	1,378,882	1,324,200	54,682
UNDISTRIBUTED EXPENDITURES:					
General Administration					
Salaries Administrative	73,280		73,280	71,602	1,678
Legal Services	10,000		10,000	6,507	3,493
Audit Services	20,000	(4,055)	15,945	15,945	
Other Purchased Professional Services	364,155	(59,118)	305,037	301,805	3,232
Communications/Telephone	31,000	(151)	30,849	22,347	8,502
General Supplies	32,000	(4,000)	28,000	22,647	5,353
Miscellaneous Expenditures	3,200	350	3,550	2,611	939
Total General Administration	533,635	(66,974)	466,661	443,464	23,197
School Administration					
Salaries of Other Professional Staff	101,000	(77,500)	23,500	23,500	
Purchased Professional and Technical Serv	175,000	60,000	235,000	194,632	40,368
Supplies and Materials		76,176	76,176	71,411	4,765
Other Objects		1,000	1,000	75	925
Total School Administration	276,000	59,676	335,676	289,618	46,058
Support Services					
Purchased Professional and Technical Serv					
Rental of Land and Buildings	265,000		258,957	257,849	1,108
Insurance	22,000	(5,408)	16,592	14,855	1,737
Other Purchased Services	62,000	(62,000)			
Supplies and Materials	12,000	(12,000)			
Transportation - Other than to/from school	6,400		6,400	5,037	1,363
Miscellaneous Expense	1,000	(1,000)			
Group Insurance		32,015	32,015	28,228	3,787
Unemployment Compensation - PERS		197	197	197	
Health Benefits	311,575	122,598	434,173	427,688	6,485
Total Operation and Maintenance of Plant Services	679,975	68,359	748,334	733,854	14,480
	\$ 2,912,580	\$ 16,973	\$ 2,929,553	\$ 2,791,136	\$ 138,417

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, 2023
(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				281,056	(281,056)
On-Behalf TPAF Pension Post Retirement Medical				73,833	(73,833)
On-Behalf TPAF Long-Term Disability Contribution				305	(305)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				83,472	(83,472)
TOTAL UNDISTRIBUTED				438,666	(438,666)
TOTAL EXPENDITURES - CURRENT EXPENSE	2,912,580	16,973	2,929,553	3,229,802	(300,249)
Capital Outlay					
Undistributed Expenditures	7,200		7,200	7,200	
Total Equipment	7,200		7,200	7,200	
Facilities Acquisition & Construction Services					
Purchase of Land/Improvements					
Bldgs. Other than Lease Purchase Agreement					
Total Facilities Acquisition & Construction Services					
Total Capital Outlay expenditures	7,200		7,200	7,200	
TOTAL EXPENDITURES	2,919,780	16,973	2,936,753	3,237,002	(300,249)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(230,185)	103,401	(126,784)	44,673	171,457
Other Financing Sources:					
Operating Transfer (Out) and In:					
Food Service				(45,501)	(45,501)
Total other Financing Sources				(45,501)	(45,501)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	(230,185)	103,401	(126,784)	(828)	125,956
Fund Balances, July 1	315,249		315,249	315,249	
Fund Balances, June 30	\$ 85,064	\$ 103,401	\$ 188,465	\$ 314,421	\$ 125,956

Recapitulation:

Restricted Fund Balance:					
Escrow Fund				\$ 75,000	
Unemployment Compensation				7,129	
Assigned to:					
Year-End Encumbrances				12,809	
Unassigned Fund Balance:					
Unassigned Fund Balance				219,483	
				<u>\$ 314,421</u>	

CREATIVITY COLABORATORY CHARTER SCHOOL
SPECIAL REVENUE FUND
AS OF JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 551,574	\$ (146,433)	\$ 405,141	\$ 235,140	\$ (170,001)
State Sources					
Local Sources				252	252
Total Revenues	<u>551,574</u>	<u>(146,433)</u>	<u>405,141</u>	<u>235,392</u>	<u>(169,749)</u>
EXPENDITURES:					
Instruction					
Salaries Personal Services	196,812	(141,624)	55,188	49,992	5,196
Purchased Prof. & Technical Services	10,000	(5,382)	4,618	4,618	
Other Purchased Services					
Supplies and Materials	33,379		33,379	26,607	6,772
Total Instruction	<u>240,191</u>	<u>(147,006)</u>	<u>93,185</u>	<u>81,217</u>	<u>11,968</u>
Support Services					
Salaries Personal Services	67,280		67,280	34,275	33,005
Employee Benefits	16,352	573	16,925	191	16,734
Purchased Property Services	180,702		180,702	94,292	86,410
Supplies and Materials	47,049		47,049	25,165	21,884
Student Activities				396	(396)
Total Support Services	<u>311,383</u>	<u>573</u>	<u>311,956</u>	<u>154,319</u>	<u>157,637</u>
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>551,574</u>	<u>(146,433)</u>	<u>405,141</u>	<u>235,536</u>	<u>169,605</u>
Other Financing Sources (Uses)					
Total Outflows	<u>551,574</u>	<u>(146,433)</u>	<u>405,141</u>	<u>235,536</u>	<u>169,605</u>
Excess (Deficiency) of Revenues Over (Under)				<u>(144)</u>	<u>(144)</u>
Fund Balance, July 1				501	
Fund Balance, June 30				<u>\$ 357</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 357</u>	
Total Fund Balance				<u>\$ 357</u>	

CREATIVITY COLABORATORY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI - PART II
FOR THE FISCAL YEARS ENDED JUNE 30, 2023

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] \$ 3,281,675	[E-1] \$ 235,392
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] \$ 3,281,675	[B-2] \$ 235,392
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,237,002	[E-1] \$ 235,536
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] \$ 3,237,002	[B-2] \$ 235,536

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's Proportion of the Net Pension Liability	0.001235%	0.000737%	0.000000%	0.000000%
District's Proportionate Share of the Net Pension Liability	\$ 241,393	\$ 87,297		
District's Covered-Employee Payroll	\$ 156,080	\$ 106,280	82,664	\$ 20,000
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	154.66%	82.14%	0.00%	0.00%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	62.91%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 15,569	\$ 8,630		
Contributions in relation to the Contractually Required Contribution	\$ (15,569)	\$ (8,630)		
Contribution Deficiency (Excess)	\$	\$		
District's Covered-Employee Payroll	\$ 156,080	\$ 106,280	82,664	\$ 20,000
Contributions as a Percentage of Covered-Employee Payroll	9.98%	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 trend is compiled, this presentation will include information for those years for which information is available.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's Proportion of the Net Pension Liability	0.004368%	0.000000%	0.000000%	0.000000%
District's Proportionate Share of the Net Pension Liability	\$ 2,253,775			
District's Covered-Employee Payroll	\$ 1,103,400	\$ 843,100	\$ 709,600	\$ 162,300
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	204.26%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	32.29%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability				
Service Cost	\$ 104,020	\$	\$	\$
Interest Cost	18,646	3,789		
Changes of Benefit Terms		(155)		
Differences Between Expected and Actual Experiences	641,476	145,183		
Changes of Assumptions	(188,745)	144		
Member Contributions	593	97		
Gross Benefit Payments	(18,469)	(2,985)		
Net Change in Total OPEB Liability	<u>557,521</u>	<u>146,073</u>		
Total OPEB Liability - Beginning	<u>146,073</u>	-		
Total OPEB Liability - Ending	<u>\$ 703,594</u>	<u>\$ 146,073</u>	<u>\$</u>	<u>\$</u>
Covered-Employee Payroll	<u>\$ 1,259,480</u>	<u>\$ 949,380</u>	<u>\$</u>	<u>\$</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	55.86%	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, 2023**

	NCLB / ESEA			IDEA	Equal. Stabilization		SRSA Rural Ed Grant	Student Activity Fund	ARP Consolidated					Totals	Totals
	Title I Part A	Title II	Title IV	IDEA Part B Basic	Cares Act	CR Learning Accel.			ARP ESSER	Accel. Learning	Summer Learning	Beyond School Day	Mental Health	2023	2022
	2022-23	2022-23	2022-23	Basic	Act	Accel.									
REVENUES:															
Federal Sources	\$ 25,315	\$ 4,462	\$ 6,118	\$ 38,270	\$ 191	\$ 2,788	\$ 30,376	\$	\$ 40,883	\$ 50,000	\$ 902	\$ 5,835	\$ 30,000	\$ 235,140	\$ 190,054
State Sources															7,957
Local Sources								252						252	252
Total Revenues	\$ 25,315	\$ 4,462	\$ 6,118	\$ 38,270	\$ 191	\$ 2,788	\$ 30,376	\$ 252	\$ 40,883	\$ 50,000	\$ 902	\$ 5,835	\$ 30,000	\$ 235,392	\$ 198,263
EXPENDITURES:															
Instruction:															
Salaries Personal Services	\$ 15,328		\$ 1,500			\$ 2,788	\$ 30,376							\$ 49,992	\$ 63,441
Other Purchased Services															2,250
Purchased Prof. & Tech Services			4,618											4,618	
Supplies and Materials	9,987								15,718		902			26,607	34,419
Total Instruction	25,315		6,118			2,788	30,376		15,718		902			81,217	100,110
Support Services:															
Salaries												4,275	30,000	34,275	
Employee Benefits					191									191	17,782
Purchased Prof. & Tech Services		4,462		38,270						50,000		1,560		94,292	39,781
Purchased Property Services															12,000
Other Purchased Services															6,587
Supplies and Materials									25,165					25,165	21,751
Student Activities								396						396	120
Total Support Services		4,462		38,270	191			396	25,165	50,000		5,835	30,000	154,319	98,021
Facilities Acquisitions & Const Serv:															
Instructional Equipment															
Non-Instructional Equipment															
Total Facilities Acquisition & Construction Services															
Total Expenditures	25,315	4,462	6,118	38,270	191	2,788	30,376	396	40,883	50,000	902	5,835	30,000	235,536	198,131
Excess (Deficiency) of Revenues Over (Under) Expenditures															132
Fund Balance, July 1								501						501	369
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	\$	\$ 357	\$	\$	\$	\$	\$	\$ 357	\$ 501

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, 2023 AND 2022

	<u>Totals</u>	
	<u>2023</u>	<u>2022</u>
ASSETS:		
Current Assets:		
Cash	\$ 4,843	\$ 13,695
Accounts Receivable:		
State	73	328
Federal	1,098	16,415
Interfund Receivable	17,648	
Total Current Assets:	<u>23,662</u>	<u>30,438</u>
Total Assets	<u>\$ 23,662</u>	<u>\$ 30,438</u>
LIABILITIES AND NET POSITION:		
Intergovernmental Accounts Payable	\$ 23,662	\$ 16,059
Interfund Payable - General Fund		14,379
Total Liabilities	<u>23,662</u>	<u>30,438</u>
Net Position:		
Unreserved Retained Earnings		
Total Net Position		
Total Liabilities and Net Position	<u>\$ 23,662</u>	<u>\$ 30,438</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, 2023

	Totals	
	2023	2022
OPERATING REVENUES:		
Local Sources:		
Daily Sales - Reimbursable Programs	\$ 23,110	\$ 25
Total Operating Revenue	23,110	25
OPERATING EXPENSES:		
Salaries	40,000	23,625
Satellite Food Service Operation Cost	47,047	48,012
Supplies and Materials	3,375	2,250
Other Costs	2,060	240
Total Operating Expenses	92,482	74,127
Operating Loss	(69,372)	(74,102)
Non-Operating Revenues:		
State Sources:		
State School Lunch Program	1,349	1,222
State School Breakfast Program	229	
Federal Sources:		
National School Lunch Program	18,104	52,805
School Breakfast Program	4,189	8,206
Board Subsidy	45,501	11,869
Total Non-Operating Revenues	69,372	74,102
Net Income before Operating Transfers		
Net Position - July 1		
Net Position - June 30	\$	\$

CREATIVITY COLABORATORY CHARTER SCHOOL
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2023 AND 2022

	<u>Totals</u>	
	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 23,110	\$ 25
Payments to Employees	(40,000)	(23,625)
Payments for Employee Benefits		
Payments to Suppliers	(61,334)	(36,807)
Net Cash Provided by (Used for) Operating Activities	<u>(78,224)</u>	<u>(60,407)</u>
Cash Flows from Noncapital Financing Activities		
Board Subsidy	45,501	11,869
Food Distribution Program		
Cash Received from State and Federal Reimbursements	23,871	62,233
Net Cash Provided by Noncapital Financing Activities	<u>69,372</u>	<u>74,102</u>
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	(8,852)	13,695
Cash and Cash Equivalents, July 1)	13,695	
Cash and Cash Equivalents, June 30	<u>\$ 4,843</u>	<u>\$ 13,695</u>
Operating Income (Loss)	\$ (69,372)	\$ (74,102)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:		
Depreciation		
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	15,572	(11,263)
(Increase)/Decrease in Interfund Receivable	(17,648)	
Increase/(Decrease) in Accounts Payable	7,603	13,071
Increase/(Decrease) in Interfund Payable	(14,379)	13,550
Increase/(Decrease) in Due to Grantor		(1,663)
Total Adjustments	<u>(8,852)</u>	<u>13,695</u>
Net Cash Used by Operating Activities	<u>\$ (78,224)</u>	<u>\$ (60,407)</u>

STATISTICAL SECTION

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
Governmental Activities				
Invested in Capital Assets, net of related debt (Deficit)	\$ (59,237)	\$ (88,399)		\$
Restricted:				
Other Purpose	75,000	75,000	40,000	
Unemployment Compensation	7,129	10,129	10,128	
Student Activities	357	501	369	
Unrestricted (Deficit)	214,233	225,241	30,807	72,598
Total Governmental Activities Net Position	\$ 237,482	\$ 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 (Deficit)	\$ (59,237)	\$ (88,399)		\$
Restricted:				
Other Purpose	75,000	75,000	40,000	
Unemployment Compensation	7,129	10,129	10,128	
Student Activities	357	501	369	
Unrestricted	214,233	225,241	30,807	72,598
Total District-Wide Net Position	\$ 237,482	\$ 222,472	\$ 81,304	\$ 72,598

Source: ACFR Schedule A-1

* = First year of operation.

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

	2023	2022	2021	2020 *
Expenses				
Governmental activities				
Instruction				
Regular	\$ 1,405,417	\$ 1,161,483	\$ 1,055,409	\$ 515,583
Support Services				
General and Business Admin. Services	597,387	626,845	296,371	189,373
School Administrative Services	289,618	116,728	199,389	172,612
Student and Instruction Related Services	396	120	50	
Plant Operations and Maintenance	284,204	246,251	238,748	180,057
Employee Benefits	771,427	469,087	267,767	178,727
Unallocated Depreciation and Amortization				
Total Governmental Activities Expenses	<u>3,348,449</u>	<u>2,620,514</u>	<u>2,057,734</u>	<u>1,236,352</u>
Business-Type Activities				
Food Service	92,482	74,127	34,375	18,942
Total Business-Type Activities Expense	<u>92,482</u>	<u>74,127</u>	<u>34,375</u>	<u>18,942</u>
Total District Expenses	<u>\$ 3,440,931</u>	<u>\$ 2,694,641</u>	<u>\$ 2,092,109</u>	<u>\$ 1,255,294</u>
Program Revenues				
Governmental Activities				
Charges for Services	\$ 252	\$ 252	\$ 419	\$
Operating Grants and Contributions	235,140	198,011	45,479	23,469
Total Governmental Activities Program Revenues	<u>235,392</u>	<u>198,263</u>	<u>45,898</u>	<u>23,469</u>
Business-Type Activities				
Charges for Services				
Food Service	23,110	25	185	3,802
Operating Grants and Contributions	23,871	62,233	33,717	6,346
Total Business-Type Activities Program Revenues	<u>46,981</u>	<u>62,258</u>	<u>33,902</u>	<u>10,148</u>
Total District Program Revenues	<u>\$ 282,373</u>	<u>\$ 260,521</u>	<u>\$ 79,800</u>	<u>\$ 33,617</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (3,113,057)	\$ (2,422,251)	\$ (2,011,836)	\$ (1,212,883)
Business-Type Activities	(45,501)	(11,869)	(473)	(8,794)
Total District-Wide Net Expense	<u>\$ (3,158,558)</u>	<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	\$ 1,441,477	\$ 1,239,660	\$ 1,018,433	\$ 664,617
Unrestricted Grants and Contributions	1,701,517	1,456,635	1,001,764	629,658
Miscellaneous Income	30,574	5,321	818	
Transfers	(45,501)	(11,869)	(473)	(8,794)
Right-to-Use Lease Adjustment		(126,328)		
Total Governmental Activities	<u>3,128,067</u>	<u>2,563,419</u>	<u>2,020,542</u>	<u>1,285,481</u>
Business-Type Activities				
Miscellaneous Income				
Transfer	45,501	11,869	473	8,794
Total Business-Type Activities	<u>45,501</u>	<u>11,869</u>	<u>473</u>	<u>8,794</u>
Total District-Wide	<u>\$ 3,173,568</u>	<u>\$ 2,575,288</u>	<u>\$ 2,021,015</u>	<u>\$ 1,294,275</u>
Change in Net Position				
Governmental Activities	\$ 15,010	\$ 141,168	\$ 8,706	\$ 72,598
Business-Type Activities				
Total District-Wide	<u>\$ 15,010</u>	<u>\$ 141,168</u>	<u>\$ 8,706</u>	<u>\$ 72,598</u>

Source: ACFR 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
General Fund				
Restricted	\$	\$	\$	\$
Escrow Account	75,000	75,000	40,000	
Unemployment Compensation	7,129	10,129	10,128	
Assigned				
Year-end Encumbrances	12,809	13,474	665	
Unassigned	219,483	216,646	30,142	72,598
Total General Fund	<u>\$ 314,421</u>	<u>\$ 315,249</u>	<u>\$ 80,935</u>	<u>\$ 72,598</u>
All Other Governmental Funds				
Restricted	\$	\$	\$	\$
Capital Reserve				
Escrow Account				
Special Revenue - Student Activity	357	501	369	
Unassigned				
Year-end Encumbrances				
Total All Other Governmental Funds	<u>\$ 357</u>	<u>\$ 501</u>	<u>\$ 369</u>	<u>\$</u>

Source: ACFR Schedule B-1

* = First year of operation.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
Revenues				
Tax Levy	\$ 1,441,477	\$ 1,239,660	\$ 1,018,433	\$ 664,617
Miscellaneous	30,574	5,573	1,237	
State Sources	1,809,876	1,447,268	1,001,764	629,658
Federal Sources	235,140	190,054	45,479	23,469
Total Revenues	<u>3,517,067</u>	<u>2,882,555</u>	<u>2,066,913</u>	<u>1,317,744</u>
Expenditures				
Instruction				
Regular Instruction	1,405,417	1,161,483	1,055,409	515,583
Support Services		626,845		
General Administrative Services	597,387	116,728	296,371	189,373
School Administrative Services	289,618	120	199,389	172,612
Student and Instruction Related Services	396	282,378	50	
Plant Operations and Maintenance	313,366	448,686	238,748	180,057
Unallocated Employee Benefits	866,354	866,354	267,767	178,727
Capital Outlay				
Debt Service Principal				
Total Expenditures	<u>3,472,538</u>	<u>3,502,594</u>	<u>2,057,734</u>	<u>1,236,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,529	(620,039)	9,179	81,392
Other Financing Sources (Uses)				
Transfers	(45,501)	(11,869)	(473)	(8,794)
Total Other Financing Sources (Uses)	<u>(45,501)</u>	<u>(11,869)</u>	<u>(473)</u>	<u>(8,794)</u>
Net Change in Fund Balances	<u>\$ (972)</u>	<u>\$ (631,908)</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>	<u>0.0%</u>

Source: ACFR 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>
2023	\$	30,322	\$	30,322
2022		5,321		5,321
2021		818		818

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</u> <u>(thousands</u> <u>of dollars)</u> ^b	<u>Per Capita</u> <u>Personal</u> <u>Income</u> ^c	<u>Unemployment</u> <u>Rate</u> ^d
2023 *	1,352	\$ 79,367,395	\$ 58,704	4.2%
2022	1,358	78,930,314	58,122	4.4%
2021	1,364	66,226,990	57,547	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
Instruction				
Regular	18	14	12.5	6
Special education	2	2	2	3
Other special education				
Vocational				
Other instruction			1	1
Support Services:				
Tuition				
Student & instruction related services	2	2	2	5
General administrative services				
School administrative services	2	2	3	1
Business administrative services				4
Plant operations and maintenance	1	1	1	2
Pupil transportation				
Food Service	1	1	1	1
Total	<u>26.0</u>	<u>22.0</u>	<u>22.5</u>	<u>23.0</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>
2023	191	\$ 3,472,538	\$ 18,181	(14%)	20	9.01:1	190.48	180.12	15%	94.56%
2022	166	3,502,594	21,100	47%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020 *</u>
<u>District Building</u>				
<u>Middle School</u>				
Building Name: Art Center				
Square Feet:	5,733	5,733	5,733	5,733
Capacity:	60	60	60	60
Enrollment:	60	60		93
Building Name: Hill Building				
Square Feet:	4,200	4,200	4,200	4,200
Capacity:	60	60	60	60
Enrollment:	71	60		
Building Name: Coop Building				
Square Feet:	4,200	4,200	4,200	4,200
Capacity:	60	60	60	60
Enrollment:	60	46		
Building Name: Dining Hall				
Square Feet:	6,386	6,386	6,386	6,386
Capacity:	250	250	250	250

Other

Administrative Building:
Located in Art Building

Number of Schools at June 30, 2023

- 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, 2023
 (UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
	July 1, 2022 - July 1, 2023:		
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, 2023
(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, 2023
(UNAUDITED)**

	2021	2022	2023	Source	
Cash	\$ 186,709	\$ 27,835	381,175	Audit: Exhibit A-1	
Current Assets	532,907	784,848	655,313	Audit: Exhibit A-1	
Total Assets	532,907	784,848	804,690	Audit: Exhibit A-1	
Current Liabilities	451,603	345,132	540,773	Audit: Exhibit A-1	
Total Liabilities	451,603	647,527	737,270	Audit: Exhibit A-1	
Net Position	\$ 81,304	\$ 222,472	237,482	Audit: Exhibit A-1	
Total Revenue	2,100,815	2,835,809	3,455,941	Audit: Exhibit A-2	
Total Expenses	2,092,109	2,694,641	3,440,931	Audit: Exhibit A-2	
Change in Net Position	\$ 8,706	\$ 141,168	15,010	Audit: Exhibit A-2	
Depreciation Expense	N/A	N/A	N/A	Financial Statements & Audit Workpapers	
Interest Expense	N/A	33,929	15,308	Financial Statements & Audit Workpapers	
Principal Payments	N/A	210,000	240,082	Financial Statements & Audit Workpapers	
Interest Payments	N/A	32,127	13,506	Financial Statements & Audit Workpapers	
Final Average Daily Enrollment	143	165	190	DOE Enrollment Reports	
March 30th Budgeted Enrollment	144	168	192	Charter School Budget	
	2021	2022	2023	3 Year Cumulative	Source
Near Term Indicators					
Current Ratio	1.18	2.27	1.21	1.48	Current Assets / Current Liabilities
Unrestricted Days Cash	32.57	3.77	40.43	26.43	Cash / (Total Expenses/365)
Enrollment Variance	99%	98%	99%	99%	Average Daily Enrollment / Budgeted Enrollment
Default	N/A	N/A	N/A	N/A	Audit
Sustainability Indicators					
Total Margin	0.41%	4.98%	0.43%	1.96%	Change in Net Position / Total Revenue
Debt to Asset	0.85	0.83	0.92	0.87	Total Liabilities / Total Assets
Cash Flow	156,782	\$ (158,874)	\$ 353,340	\$ 194,466	Net change in cash flow from prior years (Change in Net Position+Interest Expense+Depreciation+Noncash Pension Expense)
Debt Service Coverage Ratio	N/A	1.45	0.41	N/A	(Principal & Interest Payments)

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association
Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

INDEPENDENT AUDITOR'S 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

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, 2023, 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 November 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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
November 28, 2023

NIGHTLINGER, COLAVITA & VOLPA

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Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
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Fax (856) 728-2245
www.colavita.net

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, 2023. 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, 2023.

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.

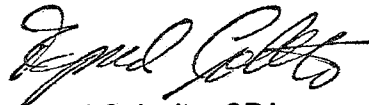
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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
November 28, 2023

**CREATIVITY COLABORATORY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022			Budgetary	Budgetary	Total	Balance at June 30, 2023				
					From	To	(Accounts Receivable)	Unearned Revenue	Cash Received	Expenditures Pass Through Funds	Expenditures Direct	Budgetary Expenditures (A)	(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	231NJ304N1199	N/A	18,104	7/1/22	to 6/30/23	\$		\$	17,217	\$	(18,104)	\$	(18,104)	(887)	\$	\$
National School Lunch Program	10.555	221NJ304N1099	N/A	52,805	7/1/21	to 6/30/22		(14,240)		14,240							
National School Breakfast Program	10.553	231NJ304N1199	N/A	4,189	7/1/22	to 6/30/23				3,978		(4,189)		(4,189)	(211)		
National School Breakfast Program	10.553	221NJ304N1099	N/A	8,206	7/1/21	to 6/30/22		(2,175)		2,175							
Total Enterprise Fund:								(16,415)		37,610		(22,293)		(22,293)	(1,098)		
U.S. Department of Education																	
Passed-through State Department of Education:																	
Special Revenue Fund:																	
E.S.E.A.																	
Title I, Part A	84.010	S010A220030	ESEA 7897-23	23,987	7/1/22	to 9/30/23				29,309		(25,315)		(25,315)		3,994	
Title I, Part A	84.010	S010A210030	ESEA 7897-22	24,485	7/1/21	to 9/30/22		(3,072)		3,072							
Title II - A	84.367A	S367A220029	ESEA 7897-23	4,462	7/1/22	to 9/30/23				4,462		(4,462)		(4,462)			
Title IV	84.424A	S424A220031	ESEA 7897-23	10,000	7/1/22	to 9/30/23				6,118		(4,618)		(4,618)		1,500	
Title IV	84.424A	S424A210031	ESEA 7897-22	10,000	7/1/21	to 9/30/22			7,969	1,500		(1,500)		(1,500)			7,969
IDEA Cluster:																	
IDEA Part B-Basic	84.027A	H027A220100	IDEA 7897-23	38,270	7/1/22	to 9/30/23				38,270		(38,270)		(38,270)			
ARP IDEA Basic	84.027X	H027X220100	IDEA 7897-23	-	7/1/22	to 9/30/23											
Education Stabilization Fund:																	
CARES ACT 2020 ESSER	84.425D	S425D200027	CARES 7897-20	11,143	3/13/20	to 9/30/22			191			(191)		(191)			
CRRSA Consolidated:																	
CRRSA-ESSER II	84.425D	S425D210027	CRRSA 7897-23	50,301	3/13/20	- 9/30/23			8,976							8,976	
CR Learning Acceleration	84.425D	S425D210027	CRRSA 7897-23	25,000	3/13/20	- 9/30/23			4,489			(2,788)		(2,788)		1,701	
CR Mental Health	84.425D	S425D210027	CRRSA 7897-23	45,000	3/13/20	- 9/30/23		(16,476)							(16,476)		
ARP Consolidated:																	
ARP ESSER	84.425U	S425U210027	ARP 7897-24	113,049	3/13/20	- 9/30/24				40,883		(40,883)		(40,883)			
Accelerated Learning	84.425U	S425U210027	ARP 7897-24	50,000	3/13/20	- 9/30/24				50,000		(50,000)		(50,000)			
Summer Learning	84.425U	S425U210027	ARP 7897-24	40,000	3/13/20	- 9/30/24						(902)		(902)		(902)	
Beyond the School Day	84.425U	S425U210027	ARP 7897-24	40,000	3/13/20	- 9/30/24				5,835		(5,835)		(5,835)			
NJTSS Mental Health Staffing	84.425U	S425U210027	ARP 7897-24	45,000	3/13/20	- 9/30/24				30,000		(30,000)		(30,000)			
SRSA Rural Ed Grant	84.358A	S358A210027	Unknown	23,233	7/1/21	to 6/30/22						(30,376)		(30,376)		(30,376)	
Total Special Revenue Fund								(19,548)	21,625	209,449		(235,140)		(235,140)	(47,754)	16,171	7,969
Total Federal Financial Awards								\$ (35,963)	\$ 21,625	\$ 247,059	\$ (257,433)	\$	\$ (257,433)	\$ (48,852)	\$ 16,171	\$ 7,969	

(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, 2023**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2022				Balance at June 30, 2023			
					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	23-495-034-5120-078	\$ 1,237,074	7/1/22 to 6/30/23	\$	\$	\$ 1,173,003	\$ (1,237,074)	\$ (93,579)	\$	\$	\$ 29,508	
Equalization Aid	22-495-034-5120-078	1,019,703	7/1/21 to 6/30/22	(152,887)	2,640	100,890		(49,357)				
Equalization Aid	21-495-034-5120-078	816,048	7/1/20 to 6/30/21	(21,766)		21,766						
Special Education Categorical Aid	23-495-034-5120-089	104,764	7/1/22 to 6/30/23			100,515	(104,764)	(9,261)			5,012	
Special Education Categorical Aid	22-495-034-5120-089	96,452	7/1/21 to 6/30/22	(13,184)		4,120		(9,064)				
Special Education Categorical Aid	21-495-034-5120-089	96,331	7/1/20 to 6/30/21	(3,895)		3,895						
Security Aid	23-495-034-5120-084	29,372	7/1/22 to 6/30/23			27,876	(29,372)	(3,900)			2,404	
Security Aid	22-495-034-5120-084	28,162	7/1/21 to 6/30/22	(4,440)		3,403		(1,037)				
Security Aid	21-495-034-5120-084	18,809	7/1/20 to 6/30/21	(340)		340						
Reimbursed TPAF S.S. Contributions	23-495-034-5094-003	83,472	7/1/22 to 6/30/23			79,340	(83,472)		(4,132)			
Reimbursed TPAF S.S. Contributions	22-495-034-5094-003	69,822	7/1/21 to 6/30/22	(33)		33						
On-Behalf TPAF Post Retirement Med	23-495-034-5094-001	73,833	7/1/22 to 6/30/23			73,833	(73,833)					
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	281,056	7/1/22 to 6/30/23			281,056	(281,056)					
On-Behalf TPAF Long-Term Disability	23-495-034-5094-004	305	7/1/22 to 6/30/23			305	(305)					
Total General Fund				\$ (196,545)	\$ 2,640	\$ 1,870,375	\$ (1,809,876)	\$ (166,198)	\$ (4,132)	\$	\$ 36,924	
State Department of Education												
Special Revenue Fund:												
Charter Facility	23-495-034-5120-124	26,463	7/1/22 to 6/30/23			26,463					\$26,463	
Total Special Revenue Fund						26,463					\$26,463	
State Department of Agriculture												
Enterprise Fund - State Share:												
State School Lunch Program	23-100-010-3350-023	1,349	7/1/22 to 6/30/23			1,286	(1,349)		(63)			
State School Lunch Program	22-100-010-3350-023	1,222	7/1/21 to 6/30/22	(328)		328						
State School Breakfast Program	22-100-010-3350-023	229	7/1/22 to 6/30/23			219	(229)		(10)			
				(328)		1,833	(1,578)		(73)			
Total State Financial Assistance				\$ (196,873)	\$ 2,640	\$ 1,898,671	\$ (1,811,454)	\$ (166,198)	\$ (4,205)	\$ 26,463	\$ 36,924	
Less: On-Behalf TPAF Pension System Contributions												
On-Behalf TPAF Post Retirement Med	23-495-034-5094-001	73,833	7/1/22 to 6/30/23			\$ 73,833	\$ (73,833)					
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	281,056	7/1/22 to 6/30/23			281,056	(281,056)					
On-Behalf TPAF Long-Term Disability	23-495-034-5094-004	305	7/1/22 to 6/30/23			305	(305)					
Total For State Financial Assistance - Major Program Determination						\$ 1,543,477	\$ (1,456,260)					

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, 2023

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, 2023

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:

	Federal	State	Total
General Fund	\$	\$ 1,809,876	\$ 1,809,876
Special Revenue Fund	235,140		235,140
Food Service Fund	67,794	1,578	69,372
Total Awards & Financial Assistance	<u>\$ 302,934</u>	<u>\$ 1,811,454</u>	<u>\$ 2,114,388</u>

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, 2023

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? _____ yes X no
reported

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, 2023
(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? X yes 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>
23-495-034-5120-078	Equalization Aid
23-495-034-5120-089	Special Education Categorical Aid
23-495-034-5120-084	Security Aid

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(continued)

Section II - Financial Statement Findings

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

Finding: None

Criteria:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

CREATIVITY COLABORATORY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023**

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:

Finding 2022-1

Condition:

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

Status:

Resolved