



The Susan and Dom Telesco
Center for Creative Education

**Financial Statements and
Independent Auditor's Report
Year Ended September 30, 2025
(with comparative information for 2024)**



School Choice CPA
&
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THE CENTER FOR CREATIVE EDUCATION, INC.

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INDEPENDENT AUDITORS' AUDIT REPORT

Board of Directors
The Center for Creative Education, Inc.
West Palm Beach, Florida

Opinion

We have audited the accompanying financial statements of The Center for Creative Education, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2025, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Organization'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 Organization'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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

School Choice CPA Associates, LLC

Dunedin, Florida
March 9, 2026

THE CENTER FOR CREATIVE EDUCATION, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2025
(with comparative information for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 586,949	\$ 849,251
Accounts receivables, net	42,391	64,489
Pledges receivable, net	620,001	600,000
Restricted pledges receivable, net	2,863,540	825,522
Prepaid expenses and other assets	52,757	81,121
Beneficial interest in assets held by the Community Foundation	377,112	343,335
Property and equipment, net	14,109,421	12,977,502
TOTAL ASSETS	\$ 18,652,171	\$ 15,741,220
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 900,284	\$ 106,881
Mortgage notes payable, net	3,182,698	3,565,397
TOTAL LIABILITIES	4,082,982	3,672,278
Without donor restrictions		
Undesignated	11,187,077	8,787,773
Board designated endowment	377,112	343,335
	11,564,189	9,131,108
With donor restrictions	3,005,000	2,937,834
TOTAL NET ASSETS	14,569,189	12,068,942
TOTAL LIABILITIES AND NET ASSETS	\$ 18,652,171	\$ 15,741,220

See accompanying notes to financial statements

THE CENTER FOR CREATIVE EDUCATION, INC.
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2025
(with comparative information for 2024)

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:						
Government grants	\$ 1,154,968	\$ -	\$ 1,154,968	\$ 778,474	\$ -	\$ 778,474
Contributions and grants	858,562	3,000,000	3,858,562	461,679	1,217,000	1,678,679
Scholarships and other fees	672,383	-	672,383	692,280	-	692,280
Special events	1,044,377	-	1,044,377	999,495	-	999,495
Net investment gain	33,777	-	33,777	44,774	-	44,774
Pledge discount income	-	-	-	-	18,363	18,363
Other income	9,013	-	9,013	5,570	5,000	10,570
Net assets released from restrictions	2,932,834	(2,932,834)	-	353,529	(353,529)	-
Total Revenues and Support	6,705,914	67,166	6,773,080	3,335,800	886,834	4,222,634
Expenses:						
Program services	3,646,133	-	3,646,133	3,341,511	-	3,341,511
Supporting services:						
Management and general	282,603	-	282,603	226,188	-	226,188
Fundraising	344,097	-	344,097	351,964	-	351,964
Total Expenses	4,272,833	-	4,272,833	3,919,663	-	3,919,663
Change in Net Assets	2,433,081	67,166	2,500,247	(583,863)	886,834	302,971
Net Assets at Beginning of Year	9,131,108	2,937,834	12,068,942	9,714,971	2,051,000	11,765,971
Net Assets at End of Year	\$ 11,564,189	\$ 3,005,000	\$14,569,189	\$ 9,131,108	\$2,937,834	\$12,068,942

See accompanying notes to financial statements.

THE CENTER FOR CREATIVE EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSE
SEPTEMBER 30, 2025

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 2,116,320	\$ 172,902	\$ 145,238	\$ 2,434,460
Employee benefits	203,832	16,653	13,988	234,474
Program costs and supplies	200,485	-	-	200,485
Special events	-	-	104,245	104,245
Credit loss expense	4,520	369	310	5,200
Conferences and workshops	14,754	1,205	1,013	16,972
Development	898	-	2,645	3,543
Dues and subscriptions	126	2,609	409	3,143
Marketing	3,432	195	273	3,900
Storage rental	20,090	1,641	1,379	23,110
Insurance	53,796	4,329	3,710	61,835
Interest	103,956	8,364	7,170	119,490
Office expenses	79,211	6,372	5,463	91,046
Professional and consulting	344,739	27,738	23,775	396,252
Repairs and maintenance	92,711	7,459	6,394	106,564
Taxes, licenses and permits	7,294	586	503	8,383
Travel	297	24	20	341
Utilities	66,862	5,379	4,611	76,852
Total Expenses before Depreciation and Amortization	3,313,323	255,826	321,145	3,890,293
Depreciation	317,757	25,567	21,914	365,238
Amortization	15,053	1,210	1,038	17,302
Total Functional Expenses	\$ 3,646,133	\$ 282,603	\$ 344,097	\$ 4,272,833

See accompanying notes to financial statements.

THE CENTER FOR CREATIVE EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSE
SEPTEMBER 30, 2024

	For the Year Ended September 30, 2024			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,904,625	\$ 108,217	\$ 151,504	\$ 2,164,346
Employee benefits	175,758	9,986	13,981	199,725
Program costs and supplies	149,333	-	-	149,333
Special events	-	-	101,847	101,847
Credit loss expense	9,407	534	748	10,689
Development	1,598	-	4,708	6,306
Dues and subscriptions	942	19,550	3,062	23,554
Pledge discount expense	9,540	541	758	10,839
Equipment rental	306	25	21	352
Insurance	46,730	3,760	3,223	53,713
Interest	117,602	9,462	8,111	135,175
Office expenses	49,997	4,022	3,448	57,467
Professional and consulting	312,739	25,163	21,568	359,470
Repairs and maintenance	150,761	12,130	10,397	173,288
Taxes, licenses and permits	7,190	578	496	8,264
Travel	138	8	11	157
Utilities	71,855	5,781	4,955	82,591
Total Expenses before Depreciation and Amortization	3,008,521	199,757	328,838	3,537,116
Depreciation	317,757	25,567	21,914	365,238
Amortization	15,233	864	1,212	17,309
Total Functional Expenses	\$ 3,341,511	\$ 226,188	\$ 351,964	\$ 3,919,663

See accompanying notes to financial statements.

THE CENTER FOR CREATIVE EDUCATION, INC.
STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2025
(with comparative information for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,500,247	\$ 302,971
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	365,238	365,238
Amortization of debt issuance costs	17,302	17,309
Credit loss expense	-	10,687
Pledge discount expense	-	10,839
Pledge discount income	-	18,363
Net unrealized (gains) losses on investments	(33,777)	(44,774)
Changes in operating assets and liabilities:		
Accounts receivables, net	(22,098)	440,812
Pledges receivable, net	(1,020,001)	21,297
Restricted pledges receivable, net	(1,038,018)	-
Prepaid expenses	(28,364)	(32,494)
Accounts payable and accrued expenses	793,403	(22,148)
Net cash provided by operating activities	<u>1,533,932</u>	<u>1,088,100</u>
Cash flows from investing activities:		
Net change in property and equipment	<u>(1,396,235)</u>	<u>(209,768)</u>
Net cash used in investing activities	<u>(1,396,235)</u>	<u>(209,768)</u>
Cash flows from financing activities:		
Principal payments on mortgage notes payable	<u>(400,000)</u>	<u>(400,000)</u>
Net cash used in financing activities	<u>(400,000)</u>	<u>(400,000)</u>
Net increase (decrease) in cash	(262,302)	478,332
Cash and cash equivalents at beginning of year	849,251	370,919
Cash and cash equivalents at end of year	<u><u>\$ 586,949</u></u>	<u><u>\$ 849,251</u></u>
Supplemental Cash Flow Disclosure		
Interest paid	\$ 119,490	\$ 135,175

See accompanying notes to financial statements.

THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Center for Creative Education, Inc. (the Organization) is organized generally to develop, coordinate, and promote advancements in tax supported public education. The Organization is supported through donor contributions and grants at the state and local levels, including support from Prime Time Palm Beach County, Inc., which receives significant funding from the Children's Services Council of Palm Beach County, Inc. The Organization operates in a facility in the City of West Palm Beach. The Organization provides classrooms, meeting areas, rehearsal space, labs, theatre, and an art gallery, positioning the Organization to develop exceptional resources for arts and education extended to both students and the community.

The Organization carries out its mission through the following programs:

Creative Arts Designed to Reinforce Education (CADRE)

Serving nearly 4,000 K-5 students through afterschool programming in recreation centers, churches, and other community sites across Palm Beach County. CADRE provides an interactive, supportive and safe learning environment with 40 out-of-school sites, and sometimes as many as 65 sites. Funding for this program comes from Prime Time of Palm Beach County, which receives significant funding from the Children's Services Council of Palm Beach County. Prime Time also supports our Art of Science initiative that serves roughly 300 students. This is a collaborative effort between South Florida Science Center and Aquarium (SFSCA) based on STEAM (Science, Technology, Engineering, Art and Math) activities.

The Foundations School

The Organization's innovative response to the third-grade illiteracy crisis in Palm Beach County is to use out-of-school time to build an afterschool program in order to accelerate student learning and by using an arts-integrated teaching model. This model allows the Organization to take control of the entire learning environment and provide students 10 hours/week of literacy instruction and reading recovery support that are aligned with the scope and sequence of the district curriculum. The Foundations School offers education for up to two hundred students from kindergarten through fifth grade. The Foundations School's mission is to disrupt educational inequality by successfully teaching all students the foundations of learning – curriculum engagement, social emotional well-being, creative practice, reading proficiency, and academic achievement.

Professional Development

A portion of the annual budget ensures the highest quality of instruction by providing professional development to all teachers, teaching assistants, teaching artists, and pre-service teachers through our University partnerships.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with the U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets available for the support of the Organization's operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual arrangements with creditors or others that are entered into in the course of operations.

THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes. The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor-imposed endowment funds.

When a donor's restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets restricted for acquisition of building or equipment (or less commonly the contribution of those assets directly) are reported as net assets with donor restrictions until the specified assets are placed in service by the Organization, unless the donor provided more specific directions about the period of its use.

Contributions

Transfers of cash or other assets that are both voluntary and nonreciprocal are recognized as contributions. Contributions may be either conditional or unconditional. Conditional contributions are recognized as revenue on the date all donor-imposed restrictions are overcome or explicitly waived by the donor. Restrictions may include specific and measurable outcomes, limitations on performance of an activity and other stipulations related to the contribution, as well as a right of return. Assets received before the restriction is met are accounted for as refundable advances. Contributions not bound by donor-imposed restrictions are considered to be available for unrestricted use.

When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from donor restrictions. Awards with a donor restriction that expires or is met in the same fiscal period that the award is received are reported as increases in net assets without donor restrictions.

All promises to give for capital construction purposes are accounted for as capital campaign revenue and considered to be support with donor restrictions since these amounts represent promises to give with a specific purpose intended. Once the construction project is placed in service, all related net assets with donor restrictions are reclassified as net assets without donor restrictions.

Grants

The Organization receives various grants from state, local and private agencies for program and supporting service expenses. These grants are often funded on a cost reimbursement basis. Revenues from these types of grants are recognized in the statement of activities when expenditures are incurred for the purpose specified and included in revenues and support not subject to donor restrictions. Any amount collected in advance of incurring specified costs is reflected in deferred revenue.

Other Revenue and Support

Tuition and fees from programs and classes are recorded when held, net of scholarships awarded to students.

THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Other Revenue and Support, continued

Special events revenue is comprised of both contribution and exchange elements based upon the direct benefits donors receive and their stated intentions. Ticket and auction-type revenues are recognized based upon the fair value and timing of the direct benefit received in the form of the event taking place or the item/service acquired during the exchange transaction. The contribution elements of the special event, such as pledges, cash contributions and sponsorships that do not contain an exchange element, are recognized immediately, unless there is a barrier to performance or right of return.

Donated Goods and Services

The Organization recognizes the fair value of donated services received if such services: (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

There were no In-kind contributions made for the years ended September 30, 2025 and 2024.

Cash and Cash Equivalents

Cash and cash equivalents include non-interest bearing accounts and other highly liquid investments with an original maturity of three months or less.

Restricted Pledges Receivables

Restricted pledges receivable are unconditional promises to give that include donor-imposed restrictions, often based on time (future payment) or purpose (specific program). Pledges outstanding are recorded as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization uses the allowance method to determine estimated uncollectible amounts. The provision is based upon historical experience and management's analysis of specific promises made on an individual basis. There was no allowance for credit losses related to restricted pledges outstanding as of September 30, 2025, and a discount on pledges in the amount of (\$36,460).

Pledges and Accounts Receivables

Pledges and accounts receivable consist mainly of gifts from state and local organizations and foundations, generally for the purpose of providing funds for programming, or general operating needs. Interest is not charged on outstanding receivables. The Organization determines the need to provide an allowance for doubtful accounts based on the timing of payments due, subsequent receipts, current economic conditions, historical experience and individual knowledge of the donor. There was an allowance for credit losses related to pledges and accounts receivable outstanding as of September 30, 2025 totaling (\$16,200).

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THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Fair Value Disclosures

The Organization applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements used to measure fair value. The financial statements provide for fair value disclosures for financial instruments for which it is practicable to estimate fair value. Financial instruments include cash and cash equivalents, receivables, and accounts payable and accrued expenses, and are stated at carrying cost at year-end, which approximates fair value, due to the short-term nature of their maturities. Other financial instruments at year-end are stated at fair value.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at estimated fair value on the date of receipt. Donated assets are reported as contributions without donor restrictions in the statement of activities unless the donor has imposed restrictions on the donated asset for a specific purpose. Assets donated with donor-imposed restrictions or cash contributed with the stated purpose of acquiring or constructing property and equipment are reported as contributions with donor restrictions. Assets with temporary donor restrictions are released from restriction when the donated, acquired or constructed assets are placed in service.

The Organization capitalizes additions of property and equipment over \$1,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three (3) to thirty (30) years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expenditure in the period incurred.

Art and Collections

The Organization holds various pieces of art created by local artists, with an estimated value of \$337,500 on September 30, 2025, and 2024. The Organization has adopted a policy of not capitalizing art or collections in its financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of collection items reduce net assets in the period when purchased. Proceeds from sales or insurance recoveries are recorded as increases in net assets when received. It is the policy of the Organization that proceeds from the sale of any donated collection items are to be used to purchase additional collection items. No items were purchased for or removed from the collection during the years ended September 30, 2025, or 2024.

Board Designated Endowment Funds

The Organization's Board of Directors has designated a portion of its net assets without donor restrictions for future operating expenditures and special projects. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed stipulations. The goal of the Organization's investment program is to achieve a total rate of return and long-term growth necessary to respond to future needs. To achieve these goals, the Board of Directors has specified that board designated additions and earnings not subject to donor restrictions from the fund be retained and reinvested, except upon approval of the Board of Directors, whose approval shall allow the funds to be used for the operations of the Organization.

THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services in the accompanying statements of functional expenses. Expenditures which can be directly identified with a specific program or service are allocated directly, according to their natural expenditure classification. Costs that are common to multiple functions are allocated among program and support services based on estimates made by management or direct costs when identifiable. The costs that are commonly allocated include payroll, office expenses, information technology, insurance, utilities and rent, which are allocated based on estimates of time, usage or square footage.

Income Taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been recorded in the financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2025 or 2024. The Organization is no longer subject to income tax examinations for fiscal years prior to 2021.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. Management regularly evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Reclassifications

Certain amounts in the year ended September 30, 2024, financial statements were reclassified to conform to the presentation in the year ended September 30, 2025 financial statements. The reclassifications had no impact on previously reported net assets.

Note 2 – Liquidity and Availability of Resources

The Organization's financial assets available within one year of September 30, 2025, for general expenditures are as follows:

	<u>2025</u>
Financial assets due within one- year:	
Cash and cash equivalents	\$ 586,949
Pledges due within one year	1,070,001
Beneficial interests in assets held by Community Foundation	377,112
Total Financial Assets	<u>\$2,034,062</u>

THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2 – Liquidity and Availability of Resources, Continued

The Organization's financial assets available within one year of September 30, 2024 for general expenditures are as follows:

	<u>2024</u>
Financial assets due within one- year:	
Cash and cash equivalents	\$ 849,251
Pledges due within one year	184,989
Beneficial interests in assets held by Community Foundation	<u>343,335</u>
Total Financial Assets	<u>\$ 1,377,575</u>

The Organization strives to maintain liquid financial assets sufficient to cover eight months operating costs. The purpose of cash reserves held in certain bank accounts and the beneficial interest is to ensure the Organization can continue operations uninterrupted. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in cash equivalents and short-term investments. The Organization maintains a line of credit with available borrowings of \$100,000 to cover short-term cash needs (see Note 7).

Note 3 – Pledges Receivable

Pledges receivables consist of the following at September 30, 2025:

	<u>2025</u>
Unrestricted pledges, net	\$ 620,001
Restricted pledges, net	2,863,540
Amounts due in:	
Less than one year	\$ 1,070,001
One to five years	<u>2,413,540</u>
Total	<u>\$ 3,483,541</u>

A discount rate of 5% is applied to pledges with terms in excess of one year as of September 30, 2025.

Note 4 – Beneficial Interest in Assets Held by the Community Foundation

The Organization has a beneficial interest in assets held by the Community Foundation for Palm Beach and Martin Counties, Inc. (the Community Foundation) which holds them as an endowed component fund for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Community Foundation's Board of Trustees the power to use the funds for other purposes in certain circumstances. The Fund is subject to the Community Foundation's investment and operating policies. The beneficial interest in assets held by the Community Foundation changed in fair value in the amount of \$33,777 and \$44,774, for the years ended September 30, 2025, and 2024, respectively, which is reported as net investment return (loss) in the accompanying statements of activities.

Note 5 – Fair Value Measurements

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5 – Fair Value Measurements, Continued

Level 2 – Quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The beneficial interest in assets held by the Community Foundation are values of the assets invested with the Community Foundation determined by calculating the Organization's NAV in the pool. The Organization has the ability to observe the inputs to the valuation and redeem the investment at NAV upon request; as such, the Organization's investments are reflected at NAV on the statement of financial position, using the practical expedient. The investments held by the Community Foundation that are valued at NAV have no unfunded commitments as of September 30, 2025, and 2024. Additionally, there are no explicit restrictions on the redemption of such investments. In accordance with Subtopic 820-10, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

The preceding methodology described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methodology is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

The investments held by the Community Foundation share investment earnings, as well as realized and changes in unrealized appreciation (depreciation) on investments, based on each fund's pro-rata share of the total dollar amount of all funds in the pool. Earnings distributable in accordance with the annual grant spending policy of the Community Foundation are included in net investment return in the accompanying statement of activities.

Note 6 – Property and Equipment

Property and equipment as of September 30, 2025 and 2024 consists of the following:

	2025	2024
Land	\$ 2,055,000	\$ 2,055,000
Buildings	12,885,142	11,431,982
Furniture, electronics and equipment	693,415	604,528
Transportation	111,800	111,800
	15,745,357	14,203,310
Less: accumulated depreciation	(1,635,936)	(1,274,287)
	14,109,421	12,929,023
Construction in progress	-	48,479
Property and equipment, net	<u>\$ 14,109,421</u>	<u>\$ 12,977,502</u>

Depreciation totaled \$365,238 and \$365,238 for the years ended September 30, 2025 and 2024, respectively.

THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7 – Line of Credit

The Organization has an operating line of credit with a bank, with available borrowings of \$100,000. The line of credit is a revolving, unsecured line of credit with no guarantors. Interest is assessed at a floating rate of Prime plus 2.97%. On September 30, 2025 and 2024, no borrowings were outstanding on the line of credit.

Note 8 – Mortgage Notes Payable

2021 Mortgage Note

In July 2021, the Organization executed a mortgage note payable with a bank totaling \$3,000,000 for the purchase of land and a building for its new campus (see Note 6). The mortgage is collateralized by the land and building. The mortgage requires monthly interest payments at a fixed rate of 2.95% and semi-annual principal payments of \$100,000. The maturity of the mortgage is August 1, 2026, at which time all remaining principal and accrued interest is due and payable.

2024 Mortgage Note

In January 2024, the Organization executed a mortgage note payable with a bank totaling \$1,500,000 for improvements on its campus. The note is collateralized by the land and building. The mortgage requires monthly interest payments at a fixed rate of 4.55% and semi-annual principal payments of \$100,000. The maturity of the mortgage is August 1, 2026, at which time all remaining principal and accrued interest is due and payable. Amortization of the loan issuance costs in the current period amounted to \$17,302 and \$17,309 for the years ended September 30, 2025, and 2024, respectively.

The outstanding balances of the mortgage notes payable at September 30 were as follows:

	<u>2025</u>	<u>2024</u>
Outstanding principal balance	\$ 3,200,000	\$ 3,600,000
Less: Unamortized debt issuance costs	(17,302)	(34,603)
Total Mortgage Notes Payable, net	<u>\$ 3,182,698</u>	<u>\$ 3,565,397</u>

Principal due subsequent to Sept. 30, 2025 follows:

<u>Year Ending Sept. 30</u>	<u>Amount</u>
2026	3,200,000
Total	<u>\$ 3,200,000</u>

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions generally consist of funds and promises-to-give that have been allocated to capital projects, provided for future programming, or are to be paid over a stated period of time.

At September 30, 2025, and 2024, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Purpose and Time Restrictions:		
Capital campaign pledges	\$ -	\$ 1,574,363
Playground pledges	505,000	407,093
Time restricted program pledges	2,500,000	900,000
Vocera communication system	-	56,378
Total Net Assets with Donor Restrictions	<u>\$ 3,005,000</u>	<u>\$ 2,937,834</u>

THE CENTER FOR CREATIVE EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 9 – Net Assets with Donor Restrictions, Continued

Net assets are released from donor restrictions by the Organization incurring costs or expenses satisfying restricted purposes or by the occurrence of events and passage of time specified by the donors.

At September 30, 2025 and 2024, net assets with donor restrictions were released for the following purposes or periods:

	2025	2024
Satisfaction of Purpose and Time Restrictions:		
Capital campaign	\$ 1,574,363	\$ -
Playground	402,093	32,907
Time restricted programming pledges	900,000	300,000
Vocera communication system	56,378	20,622
Total Net Assets with Donor Restrictions	\$ 2,932,834	\$ 353,529

Note 10 – Board Designated Endowment

The Organization's endowment consists of a board designated endowment in which individual donor gifts may be made at any time. The board established spending policy allows for only a portion of annual earnings in the endowment account to be available for distribution each year. For years ended September 30, 2025 and 2024 no distributions were made.

Changes in the board designated endowment net assets for the years ended September 30, 2025 and 2024 are as follows:

	2025	2024
Balance as of Beginning of Year	\$ 343,335	\$ 298,561
Investment return (loss)	33,777	48,086
Fees	-	(3,312)
Balance as of End of Year	\$ 377,112	\$ 343,335

Note 11 – Commitments and Contingencies

The Organization receives financial assistance from state and local governmental agencies in the form of grants. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that the liability, if any, for any reimbursement which may arise as the result of the audit would not be material.

Note 12 – Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. Cash and cash equivalents did not exceed the FDIC limit at September 30, 2025 and 2024. The Organization has not experienced any losses in such accounts.

Note 13 – Subsequent Events

Management evaluated activity of the Organization subsequent to September 30, 2025 through the date of the audit report, which is the date the financial statements were available to be issued, for events that require recognition in the financial statements or disclosure in the notes thereto.

SUPPLEMENTARY INFORMATION

THE CENTER FOR CREATIVE EDUCATION, INC
SCHEDULE OF FINANCIAL POSITION BY FUND
SEPTEMBER 30, 2025

		ASSETS			
		Operating Fund	Capital Fund	Eliminating Entries	Total
Assets:					
	Cash and cash equivalents	\$ 586,949	\$ -	\$ -	\$ 586,949
	Accounts receivable, net	42,391	-	-	42,391
	Pledges receivable, net	620,001	-	-	620,001
	Restricted pledges receivable, net	163,540	2,700,000	-	2,863,540
	Prepaid expenses	52,757	-	-	52,757
	Beneficial interest in assets held by the Community Foundation	377,112	-	-	377,112
	Due from operating fund	-	4,117,104	(4,117,104)	-
	Property and equipment, net	14,109,421	-	-	14,109,421
Total Assets		\$ 15,952,171	\$ 6,817,104	\$ (4,117,104)	\$ 18,652,171
		LIABILITIES AND NET ASSETS			
Liabilities					
	Accounts payable and accrued expenses	\$ 900,284	\$ -	\$ -	\$ 900,284
	Due to capital fund	4,117,104	-	(4,117,104)	-
	Mortgage notes payable, net	3,182,698	-	-	3,182,698
Total Liabilities		8,200,086	-	(4,117,104)	4,082,982
Net Assets:					
	Without Donor Restrictions:				
	Undesignated	11,187,077	-	-	11,187,077
	Board designated	377,112	-	-	377,112
		11,564,189	-	-	11,564,189
	With Donor Restrictions:				
	Total net assets	505,000	2,500,000	-	3,005,000
		12,069,189	2,500,000	-	14,569,189
Total Liabilities and Net Assets		\$ 20,269,275	\$ 2,500,000	\$ (4,117,104)	\$ 18,652,171

See accompanying notes to financial statements.

THE CENTER FOR CREATIVE EDUCATION, INC
SCHEDULE OF FINANCIAL POSITION BY FUND
SEPTEMBER 30, 2024

		ASSETS		Eliminating	
		Operating Fund	Capital Fund	Entries	Total
Assets:					
	Cash and cash equivalents	\$ 849,251	\$ -	\$ -	\$ 849,251
	Pledges receivable, net	617,341	872,670	-	1,490,011
	Grants and other receivables	-	-	-	-
	Prepaid expenses and other assets	81,121	-	-	81,121
	Beneficial interest in assets held by the Community Foundation, at fair value	343,335	-	-	343,335
	Due from operating fund	-	2,567,604	(2,567,604)	-
	Property and equipment, net	12,977,502	-	-	12,977,502
Total Assets		\$ 14,868,550	\$ 3,440,274	\$ (2,567,604)	\$ 15,741,220
LIABILITIES AND NET ASSETS					
Liabilities					
	Accounts payable and accrued expenses	\$ 106,881	\$ -	\$ -	\$ 106,881
	Due to capital fund	2,567,604	-	(2,567,604)	-
	Mortgage notes payable, net	3,565,397	-	-	3,565,397
Total Liabilities		6,239,882	-	(2,567,604)	3,672,278
Net Assets:					
	Without Donor Restrictions:				
	Undesignated	6,921,862	1,865,911	-	8,787,773
	Board designated	343,335	-	-	343,335
		7,265,197	1,865,911	-	9,131,108
	With Donor Restrictions:	1,363,471	1,574,363	-	2,937,834
	Total net assets	8,628,668	3,440,274	-	12,068,942
Total Liabilities and Net Assets		\$ 14,868,550	\$ 3,440,274	\$ (2,567,604)	\$ 15,741,220

See accompanying notes to financial statements.

THE CENTER FOR CREATIVE EDUCATION, INC
SCHEDULE OF ACTIVITIES BY FUND
SEPTEMBER 30, 2025

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
Revenues and Support:			
Government grants	\$ 1,154,968	\$ -	\$ 1,154,968
Contributions and grants	858,562	3,000,000	3,858,562
Scholarships and other fees	672,383	-	672,383
Special events	1,044,377	-	1,044,377
Net investment return (loss)	33,777	-	33,777
Pledge discount income	-	-	-
Other income	9,013	-	9,013
Net assets released from restrictions	2,932,834	(2,932,834)	-
Total Revenues and Support	<u>6,705,914</u>	<u>67,166</u>	<u>6,773,080</u>
Expenses:			
Program services	3,646,133	-	3,646,133
Supporting Services:			
Management and general	282,603	-	282,603
Fundraising	344,097	-	344,097
Total Expenses	<u>4,272,833</u>	<u>-</u>	<u>4,272,833</u>
Change in net assets	2,433,081	67,166	2,500,247
Net assets at the beginning of year	9,131,108	2,937,834	12,068,942
Net Assets at End of Year	<u>\$ 11,564,189</u>	<u>\$ 3,005,000</u>	<u>\$ 14,569,189</u>

See accompanying notes to financial statements.

THE CENTER FOR CREATIVE EDUCATION, INC
SCHEDULE OF ACTIVITIES BY FUND
SEPTEMBER 30, 2024

	Operating Fund	Capital Fund	Total
Revenues and Support:			
Government grants	\$ 778,474	\$ -	\$ 778,474
Private contributions and grants	1,002,618	-	1,002,618
Corporate and individual contributions	676,061	-	676,061
Programming	692,280	-	692,280
Special Events	999,495	-	999,495
Net investment gain	44,774	-	44,774
Pledge discount income	-	18,363	18,363
Other income	5,569	5,000	10,569
Total Revenues and Support	4,199,272	23,363	4,222,635
Expenses:			
Program services	3,341,508	-	3,341,508
Supporting Services:			-
Management and general	226,189	-	226,189
Fundraising	351,964	-	351,964
Total Expenses	3,919,661	-	3,919,661
Change in net assets	279,611	23,363	302,974
Net assets at the beginning of year	8,349,060	3,416,911	11,765,971
Net Assets at End of Year	\$ 8,628,671	\$ 3,440,274	\$ 12,068,945

See accompanying notes to financial statements.