



Bella Mente Academies

Board of Directors Meeting

January 11, 2022



IMPORTANT NOTICE: This meeting will be held virtually and live-streamed (no in-person). Members of the public who would like to address the Board must email jmeeker@bellamentecharter.org the day of the meeting requesting a hold card beginning at 6:00pm up until the meeting is called to order. The Board of Education Meeting will be conducted entirely online, via virtual/video conferencing. On September 16, 2021, Governor Newsom signed Assembly Bill 361 into law. The urgency bill amends the Brown Act to provide the ability for boards to hold remote meetings during a proclaimed state of emergency without following the Brown Act's teleconferencing rules. AB 361 provides that Boards need not follow the Brown Act's teleconferencing rules if the Board makes a finding that there is a proclaimed state of emergency and either state or local officials have imposed or recommended social distancing measures or meeting in person would present imminent risks to the health or safety of attendees due to the emergency. Members of the public can view the meeting via livestream and can participate in the meeting electronically via GotoWebinar, by following the instructions for submitting a request to make public comments listed on the agenda below

I. CLOSED SESSION (None)

Call to order, roll call and establishment of quorum

1. In accordance with Government Code Section 54957, the Board will meet in closed session to consider:
PERSONNEL MATTERS-(None)
2. In accordance with Government Code Section 54956.8, the Board will meet in closed session to consider:
REAL ESTATE MATTERS- (None)
3. In accordance with Government Code Section 54957.6, the Board will meet in closed session to consider:
PUBLIC EMPLOYEE EVALUATION - (None)
4. In accordance with Government Code Section 54956.9, the Board will meet in closed session to consider:
CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW - (None)
5. In accordance with Government Code Section 54956.9, the Board will meet in closed session to consider:
CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Gov. Code §54956.9(d)(2) and/or §54956.9(d)(4) - (None)



II. OPEN SESSION/REGULAR MEETING

Call to order, roll call and establishment of quorum.

III. ACTION ITEMS CONSIDERED IN CLOSED SESSION

None

IV. PRESENTATIONS BY COMMUNITY MEMBERS/PUBLIC COMMENTS (20 MINUTES TOTAL)

PUBLIC COMMENTS/COMMUNITY MEMBERS: Any member of the audience who wishes to speak to an agenda item (or at the appropriate time, speak to an item not on the agenda) must email jmeeker@bellamentecharter.org the day of the meeting requesting a hold card. beginning at 6:00pm up until the meeting is called to order.

Per Education Code 35145.5 and Government Code 54954.3, members of the public have the opportunity to provide public comment on any agenda item, as well as any non-agenda item that is within the subject matter jurisdiction of the Board.

Per Board Bylaw 9323, individual speakers will be allowed three (3) minutes to address the Board on each agenda or non agenda item, and the Board will limit the total time for public input on each item to twenty (20) minutes.

In an effort to hear as many speakers as possible, comment times may be shortened (depending on the number of speakers on any agenda or non-agenda item). The Board may also extend the time limits for comments, and/or may move additional comments beyond a specific time allotment to later in the meeting, in order to provide sufficient time for the Board to conduct the Board's business during the meeting.

Bella Mente Montessori Academy welcomes your participation at the District's School Board meetings. Your participation assures us of continuing community interest in our school.



V. APPROVAL OF AGENDA

Recommended motion:

Approve the agenda for the January 11, 2022 Board of Directors Meeting.

Moved by _____ Seconded by _____ Vote _____

VI. DISCUSSION ITEMS

1. **Executive Director Announcements** - Erin Feeley will provide COVID-19, legislative, safety & risk management, special education updates and fiscal projection updates.

(Slides 8-24)

Executive Director's Report

January 11, 2022

Responsible, Respectful, Safe and Productive

Mission Statement

We provide students with the opportunity to acquire an education based on a quality curriculum founded on the educational philosophy of Dr. Maria Montessori.

Vision Statements

We promote an educational atmosphere that encourages cultural, linguistic and socioeconomic diversity.

We provide an environment where children reach their full potential as independent lifelong learners with the skills, knowledge, and values to be compassionate members of a peaceful world.

We prepare children to care for their bodies through healthy eating and living.







Around Campus....

Winter Spec 2021



Bella Mente Academics

Winter Spectacular

MOVIE IN THE PARK THEMED
BRING YOUR OWN CHAIRS AND BLANKETS!!

Join us at the Bella field
or view from home @ www.bellamentecharter.org
Food and beverage tickets sold at the entrance- cash only.
Proceeds benefit school field trips.

SHOWTIMES
PRIMARY: 5:15 - 5:45
• Songs and a slide show
LOWER EL: 5:45 - 6:15
• Cultural Wonders of South America
UPPER EL: 6:15 - 6:45
• Walkable Art Gallery
MIDDLE SCHOOL: 6:45 - 7:00
• Comedy Show

Gates Open @ 5pm

FOOD AND BEVERAGES
Popcorn: \$1.00
Pizza: \$2.00
Hot Chocolate: \$1.00
Water & Juice: \$1.00
Art Crafts: \$3.00

**DECEMBER 15TH
5PM-7PM**

*Additional parking @ Tri-City Christian N. Parking Lot



Governor's January Budget Proposal

Local Control Funding Formula (LCFF): cost-of-living adjustment (COLA) at 5.33%, \$3.3 billion Proposition 98 General Fund. The LCFF total is proposed at \$70.5 billion.

Transitional Kindergarten (TK): Proposes \$639.2 million General Fund to expand eligibility for TK for children turning five years old between September 2 and December 2 and for children turning five years old between September 2 and February 2, beginning in 2022-23 school year.

Proposes \$383 million Proposition 98 General Fund to add one additional certificated or classified staff person to every TK class, reducing student-to-adult ratios to more closely align with the State Preschool Program.

Proposition 98: Increase by \$16.1 billion



Special Education Update

Undergoing a Special Education Audit which is due in January. Will present findings to the Board in February

14.8% Special Education Population

61 eligible, 5 pending

If all qualify, 16.0% Special Education Population

\$319,660.30 Expenses to date

Staffing 21-22: 3 FTE Resource Specialists, 1FTE Speech and Language Pathologist, 1FTE Psychologist, 1 contracted PT psychologist for 4 initial assessments, .6FTE OT (Temporary for assessments-will decrease to .4FTE), .1FTE APE

Fiscal Projections

\$569,000 deficit this school year= COVID reserves from prior year

2021-2022 School Year: 412 students

19 General Education Teachers

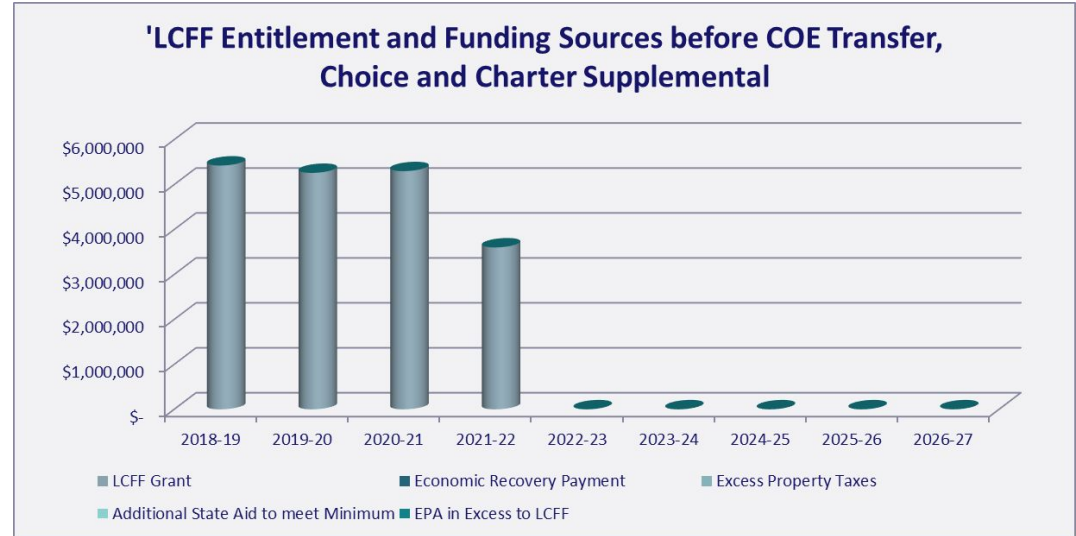
15 Funded positions=28 students per teacher

Attendance: 92.78%, 393.05 funding 14 positions

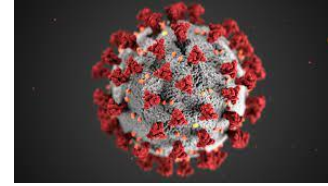
61 special education students:

\$5.3 million (20-21 year) to \$3.6 million (21-22 year) in revenues

\$9,159 per ADA Average total revenues



COVID19 Update



- All students offered home testing kits



- State will pay for KN95 for all students and staff (no info)
- Through 1/27/22, students and staff are able to use at-home antigen tests to return to school/work or begin quarantine/isolation
- Updated Federal and State guidance (5 day vs 10 day quarantine)
- J-13A waiver guidelines updated for COVID (Staffing shortages require consultation with County Office of Education and California Department of Education before consideration of a closure)



Attendance Update

Since returning from break

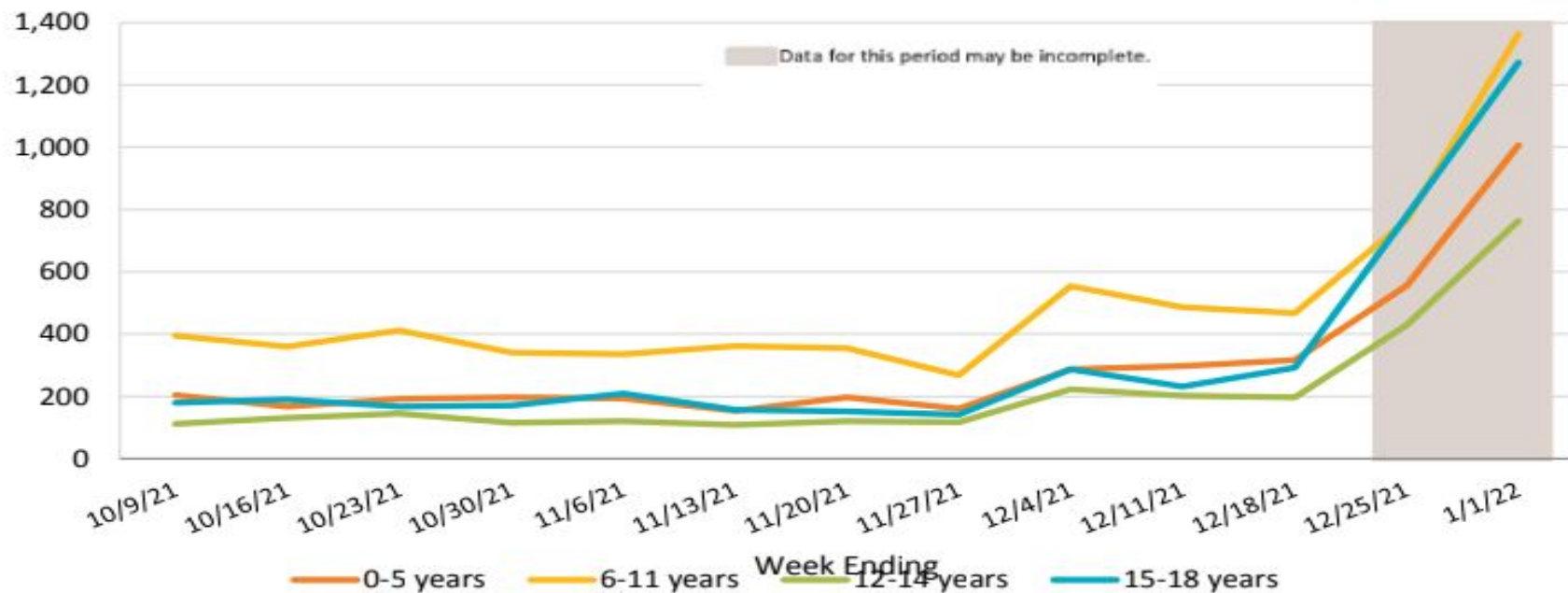
- 11 staff off site for multiple reasons- 19.6%
- 77% Student attendance on campus
 - Students are still expected to maintain positive attendance through Independent Study while at home

Students are encouraged to stay at home and learn through the independent study process while experiencing symptoms of illness. Must complete paperwork sent home to qualify. Parents/guardians, we need your help!



COVID-19 Cases in Children and Outbreaks in School Settings

**Figure 24. COVID-19 Confirmed Cases for Ages 0-18 Years by Week of Illness Onset,*
San Diego County Residents, N=17,392**

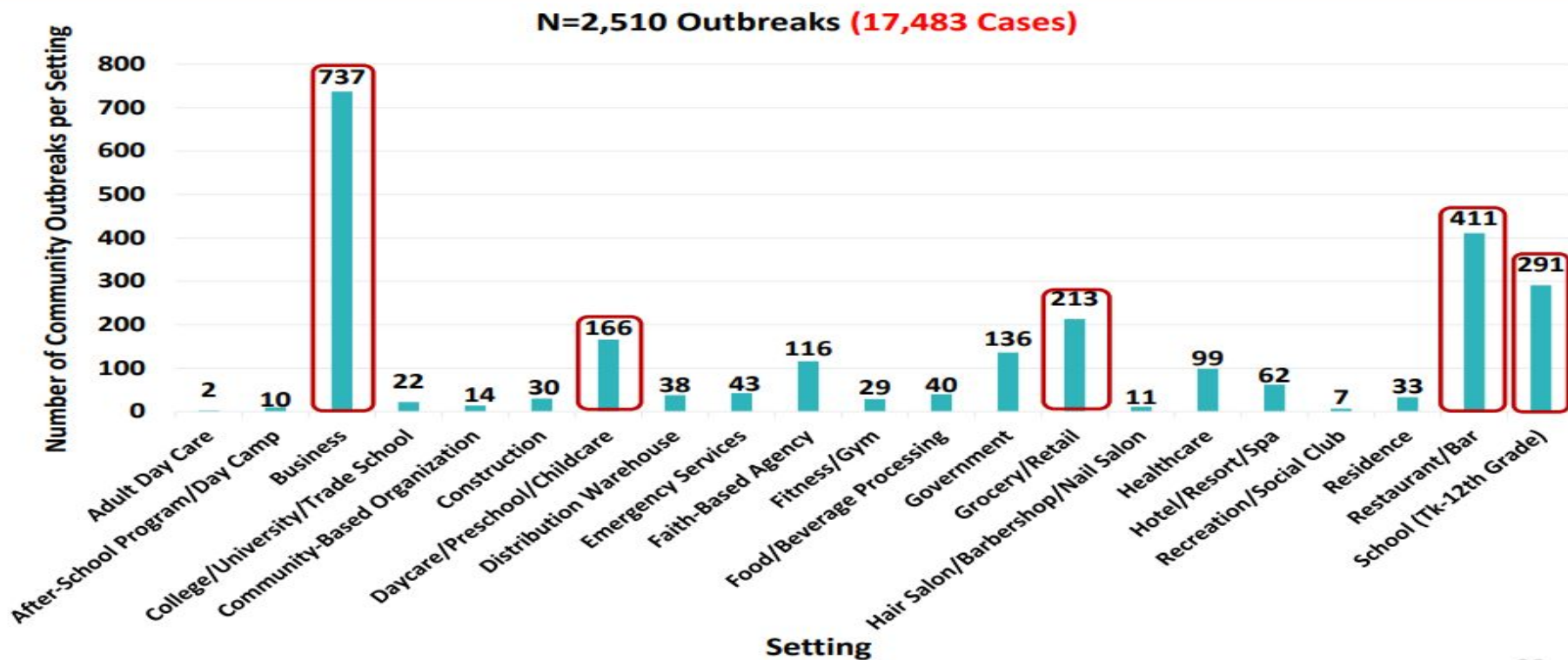


*When onset date is unavailable, specimen collection date, date of death, or date reported is used instead.

COVID-19 CONFIRMED COMMUNITY OUTBREAKS PER SETTING (MARCH 25, 2020 – JANUARY 4, 2022)



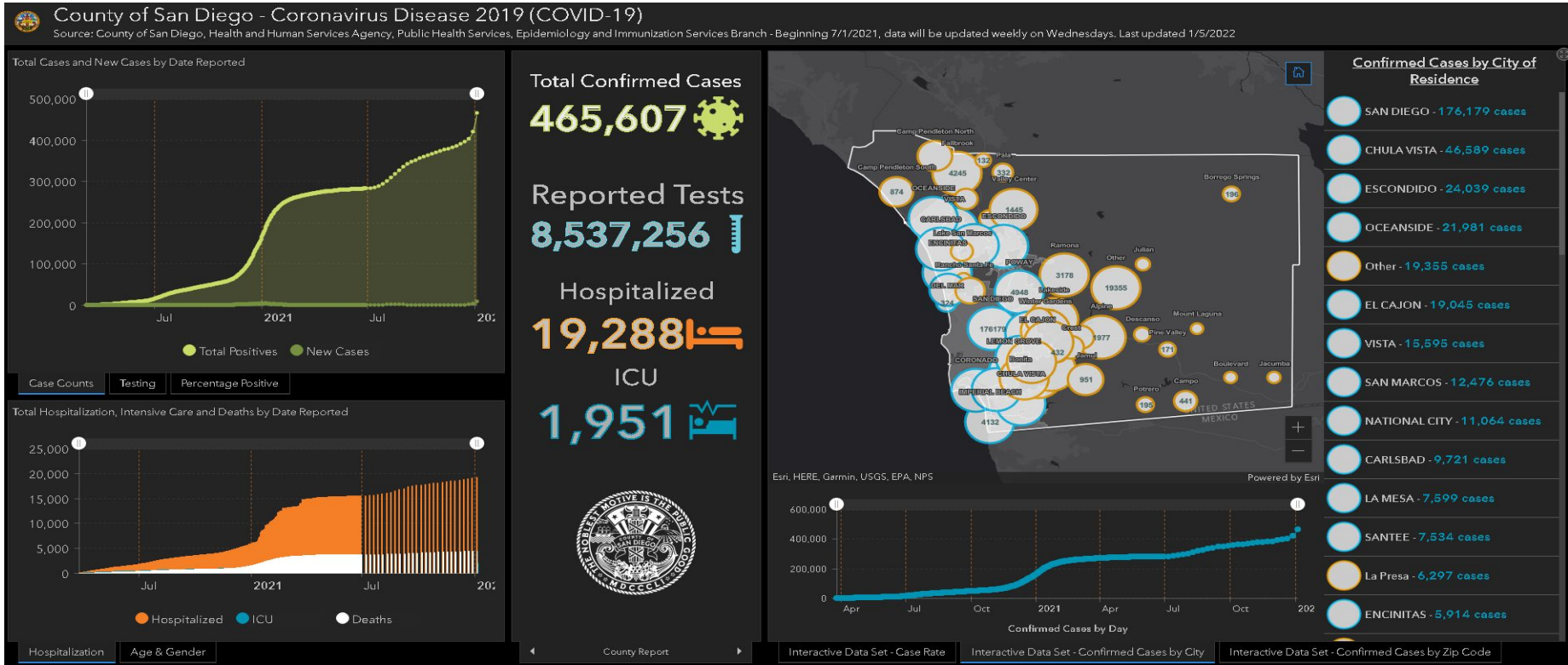
LIVE WELL
SAN DIEGO



Data are preliminary and subject to change.
Prepared by County of San Diego, Emergency Operations Center, 1/5/2022.



Local Cases by City- Vista (15,595 Cases) 13,569 last time



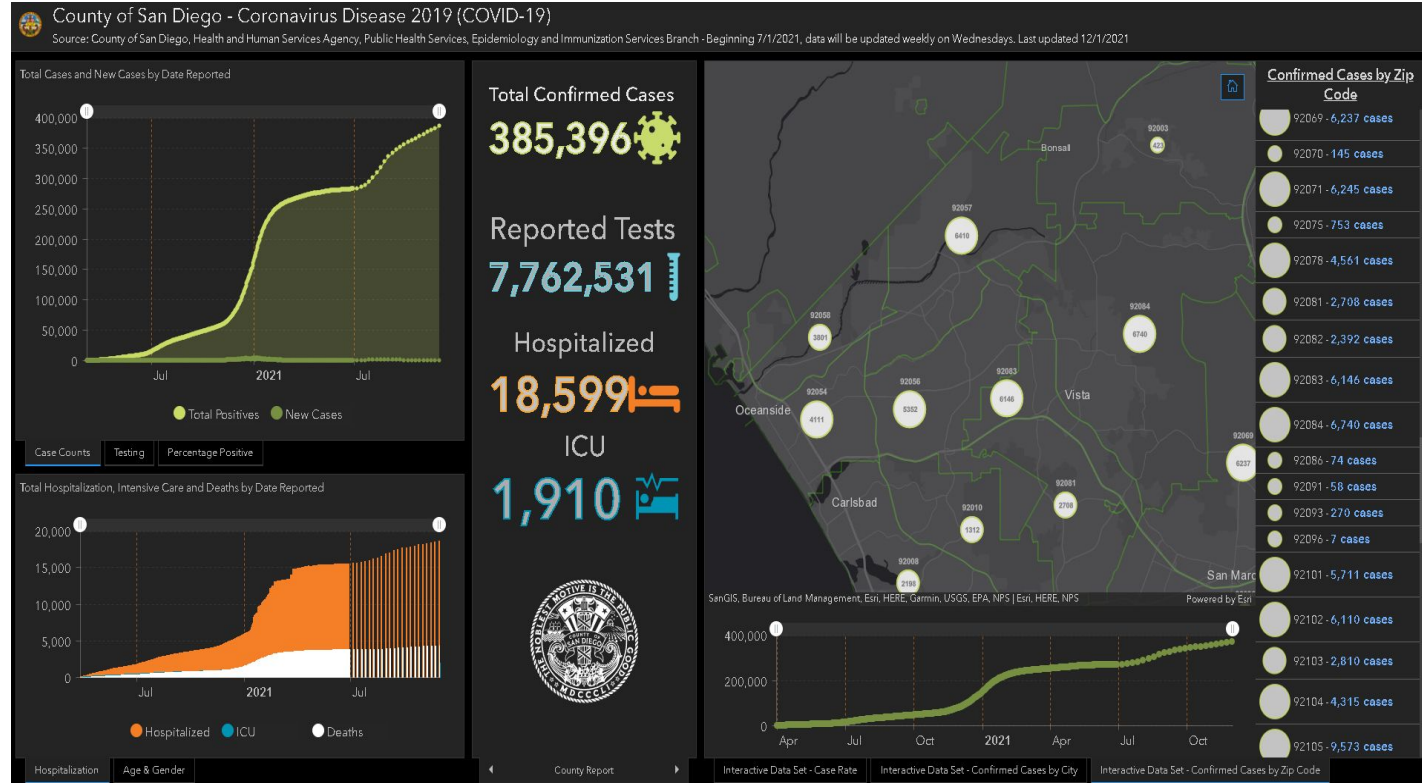
<https://www.arcgis.com/apps/opstdashboard/index.html#/96feda77f12f46638b984fcb1d17bd24>



Cases by zip code

44.87% of Vista's cases were in our zip code, 92083

Total by our zip code is 6,998 (up from 6,146 cases from December)





COVID-19 Percentage

COVID-19 Case Rate by Vaccination Status



LIVE WELL
SAN DIEGO

COVID-19 Average Daily Cases per 100,000 Individuals by Vaccination Status In San Diego County Residents

Date Updated	Dates of Interest for Analyses (14-day lag)	Not Fully Vaccinated*	Fully Vaccinated**	All County Residents
12/1/2021	11/7-11/13	23.1	8.1	13.6
12/8/2021	11/14-11/20	24.8	8.3	14.2
12/15/2021	11/21-11/27	23.6	7.0	12.9
12/22/2021	11/28-12/4	37.7	12.9	21.7
12/29/2021	12/5-12/11	36.0	11.4	20.0
1/5/2022	12/12-12/18	45.8	18.1	27.6

CDC Levels of Community Transmission

	Average Daily Case Rate (per 100,000)	Weekly Case Rate (per 100,000)
Low Transmission	< 1.4	< 10.0
Moderate Transmission	1.4-7.0	10.0 – 49.9
Substantial Transmission	7.1-14.2	50.0-99.9
High Transmission	≥ 14.3	≥ 100.0

Converted to an average daily case rate and assigned based on the case rate among all County residents

*Not fully vaccinated includes individuals with one dose of the two-dose series, no doses, or unknown vaccination status. Individuals who are not yet eligible for the vaccine are also included.

**Cases who first tested positive (based on specimen collection date) greater than or equal to 14 days after receiving the final dose of COVID-19 vaccine.

For more information see the [COVID-19 Watch](#) and the [Summary of Cases by Vaccination Status](#).

Prepared by the County of San Diego. Updated 1/5/2022.

5

HHS. "Daily Covid 19 Daily Update 1-5-2022." [Sandiegocounty.gov](https://www.sandiegocounty.gov), 5 Jan 2022,

www.sandiegocounty.gov/content/dam/sdc/hhsa/programs/phs/Epidemiology/COVID-19_Daily_Status_Update.pdf.

VI. DISCUSSION ITEMS

2. **Charter Vision Board Report** - Janina Arruda, our new Associate School Business Manager from CSMC will report on CharterVision dashboard monthly report.

(Slides 25-28)

Bella Mente

July 2021 - November 2021

Segment Name	Filter Applied
Object	All
Restriction	All
Location	020
Lcap	All
Goal	All
Function	All
Fund	All

Account Description	July - November				2021-2022	
	Actual	Budget	Variance \$	Variance %	Total Budget	Remaining Budget
LCFF	\$1,989,417	\$1,988,618	\$799	0.0%	\$3,601,761	\$1,612,344
Federal Revenue	\$107,263	\$96,709	\$10,554	10.9%	\$519,476	\$412,213
Other State Revenue	\$218,156	\$111,122	\$107,034	96.3%	\$1,140,647	\$922,491
Local Revenue	\$200,481	\$195,844	\$4,637	2.4%	\$378,748	\$178,266
Total Revenue	\$2,515,317	\$2,392,293	\$123,024	5.1%	\$5,640,632	\$3,125,315
Certificated Salaries	\$825,153	\$843,438	\$18,286	2.2%	\$2,317,215	\$1,492,062
Classified Salaries	\$244,825	\$246,156	\$1,331	0.5%	\$692,081	\$447,257
Employee Benefits	\$262,872	\$285,547	\$22,675	7.9%	\$711,227	\$448,355
Total Personnel Expenses	\$1,332,849	\$1,375,141	\$42,292	3.1%	\$3,720,524	\$2,387,674
Books and Supplies	\$217,713	\$199,900	(\$17,813)	-8.9%	\$343,308	\$125,595
Services & Other Operating Expenses	\$340,947	\$352,585	\$11,638	3.3%	\$907,249	\$566,302
Capital Outlay	\$162,922	\$163,292	\$370	0.2%	\$397,633	\$234,711
Other Outgo	\$341,242	\$280,147	(\$61,095)	-21.8%	\$840,444	\$499,202
Total Operational Expenses	\$1,062,824	\$995,924	(\$66,900)	-6.7%	\$2,488,634	\$1,425,810
Total Expenses	\$2,395,673	\$2,371,065	(\$24,608)	-1.0%	\$6,209,158	\$3,813,484
Net Income	\$119,644	\$21,228	\$98,415	463.6%	(\$568,526)	(\$688,170)



Bella Mente

November 2021

Segment Name	Filter Applied
Object	All
Restriction	All
Location	020
Lcap	All
Goal	All
Function	All
Fund	All

Liquidity Ratio	17.9
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Assets	
Current Assets	
Cash	\$7,508,174
Accounts Receivables	\$295,556
Prepaid Expenses	\$1,129
Other Current Assets	\$2,396
Total Current Assets	\$7,807,254
Fixed Assets	
Land	\$3,352,414
Buildings and Improvements	\$11,739,703
Furniture and Fixtures	\$60,471
Accumulated Depreciation	(\$1,392,175)
Total Fixed Assets	\$13,760,413
Other Assets	
Total Other Assets	\$0
Total Assets	\$21,567,666

Liabilities and Net Assets	
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Current Liabilities	
Accounts Payable	\$72,490
Accrued Salaries, Payroll Taxes, Postemployment Benefits	\$125,127
Deposits held on behalf of other employees	\$61,819
Deferred Revenue	\$177,531
<i>Total Current Liabilities</i>	<i>\$436,967</i>
Long Term Liabilities	
Capital Leases Payable	\$14,601,736
<i>Total Long Term Liabilities</i>	<i>\$14,601,736</i>
<i>Total Liabilities</i>	<i>\$15,038,703</i>
Net Assets	
Unrestricted Net Assets	\$6,409,320
Profit/Loss YTD	\$119,644
<i>Total Net Assets</i>	<i>\$6,528,964</i>
<i>Total Liabilities and Net Assets</i>	<i>\$21,567,666</i>

VI. DISCUSSION ITEMS

- 3. Principal Report** - Mr. James Proby will present Winter MAPs internal assessment results and plan for the second semester.

(Slides 29-42)



2021-2022 School Year

MAP Data

2021-2022 School Year

The current data indicates that MAP scores have declined since the Fall of 2021. To turn this around, we will focus on:

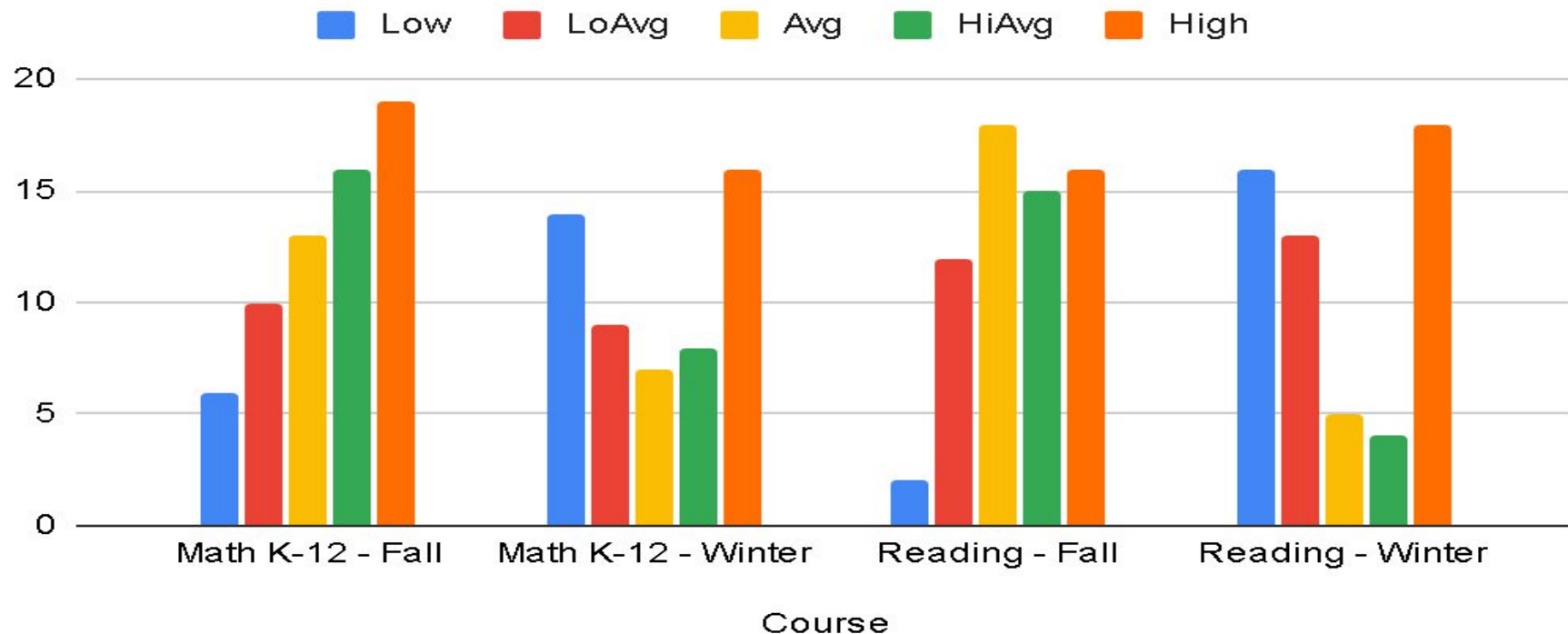
- Providing leadership and guidance in instructional practices
- Establishing routine in learning
- Creating partnerships with parents in their students learning
- Developing self-worth and encouraging students to be leaders



Primary 2021-2022

Fall – Winter Comparison

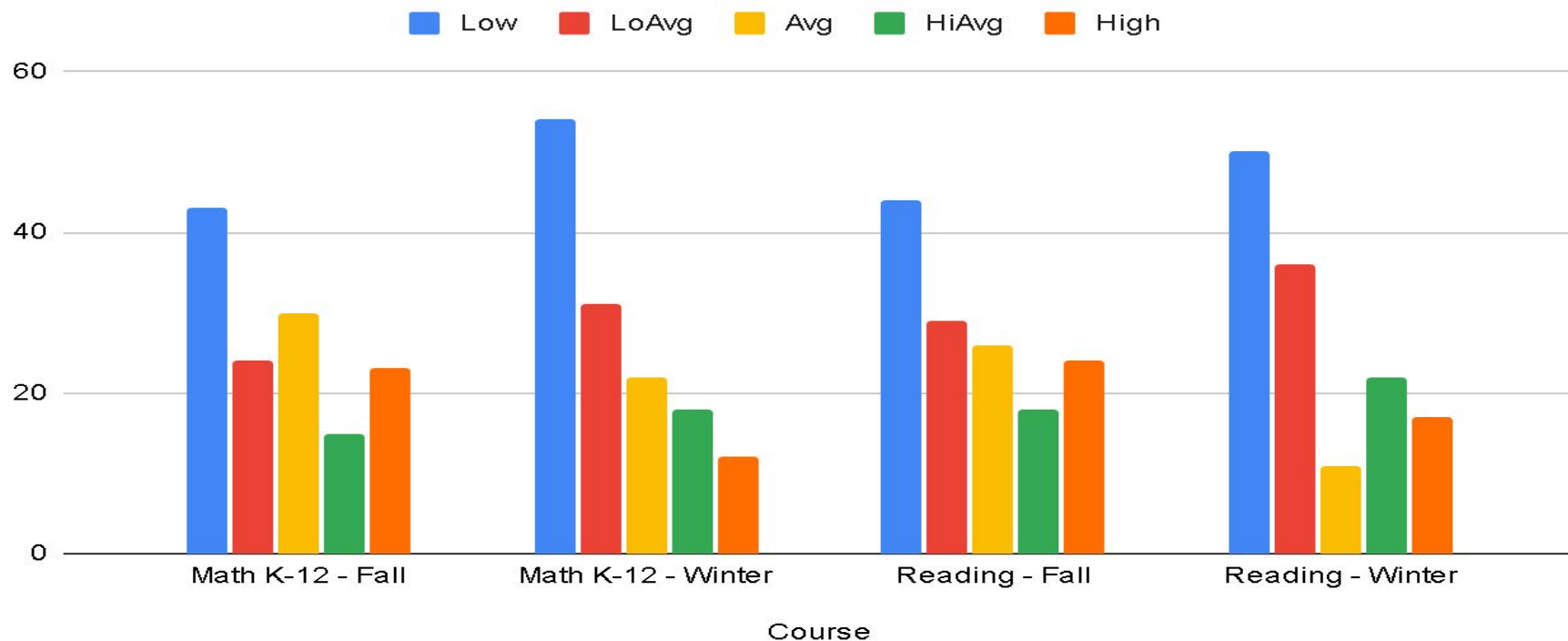
Fall v. Winter MAP Data 2021.22: Primary



Lower EL 2021-2022

Fall – Winter Comparison

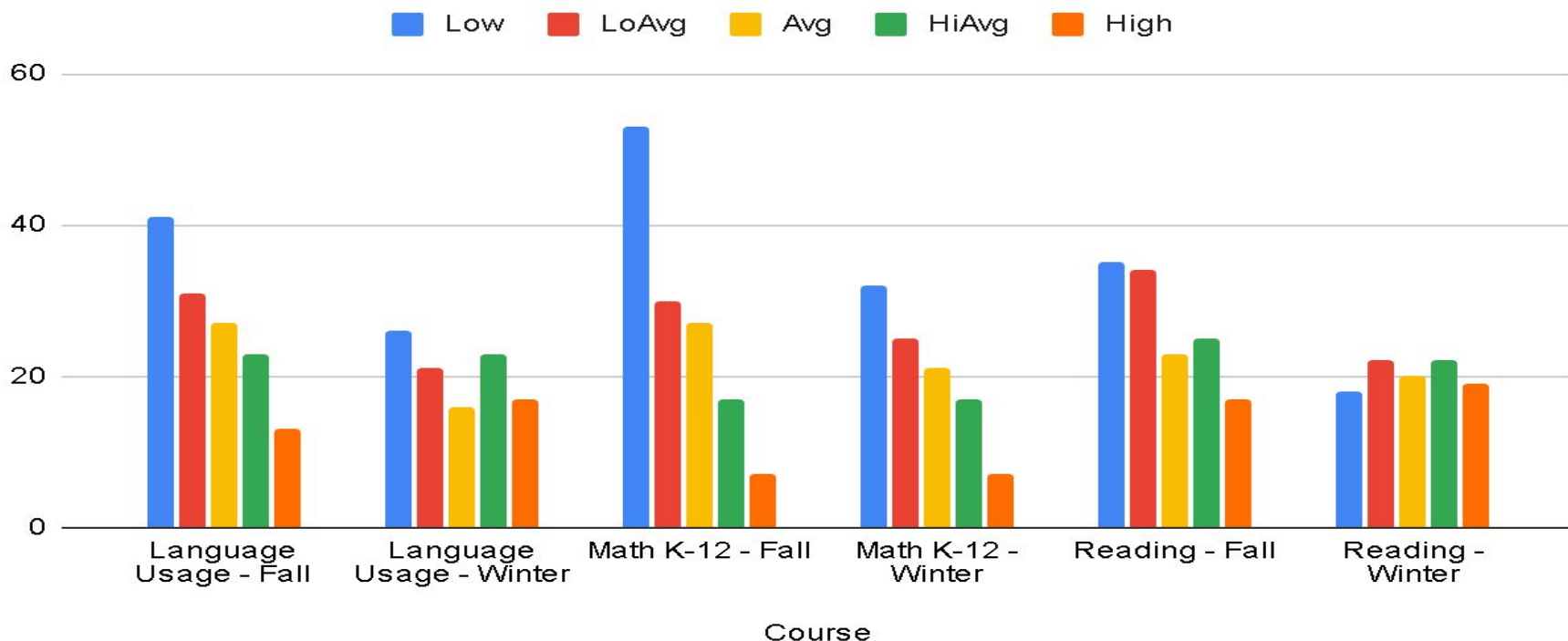
Fall v. Winter MAP Data 2021.22: Lower EL



Upper EL 2021-2022

Fall – Winter Comparison

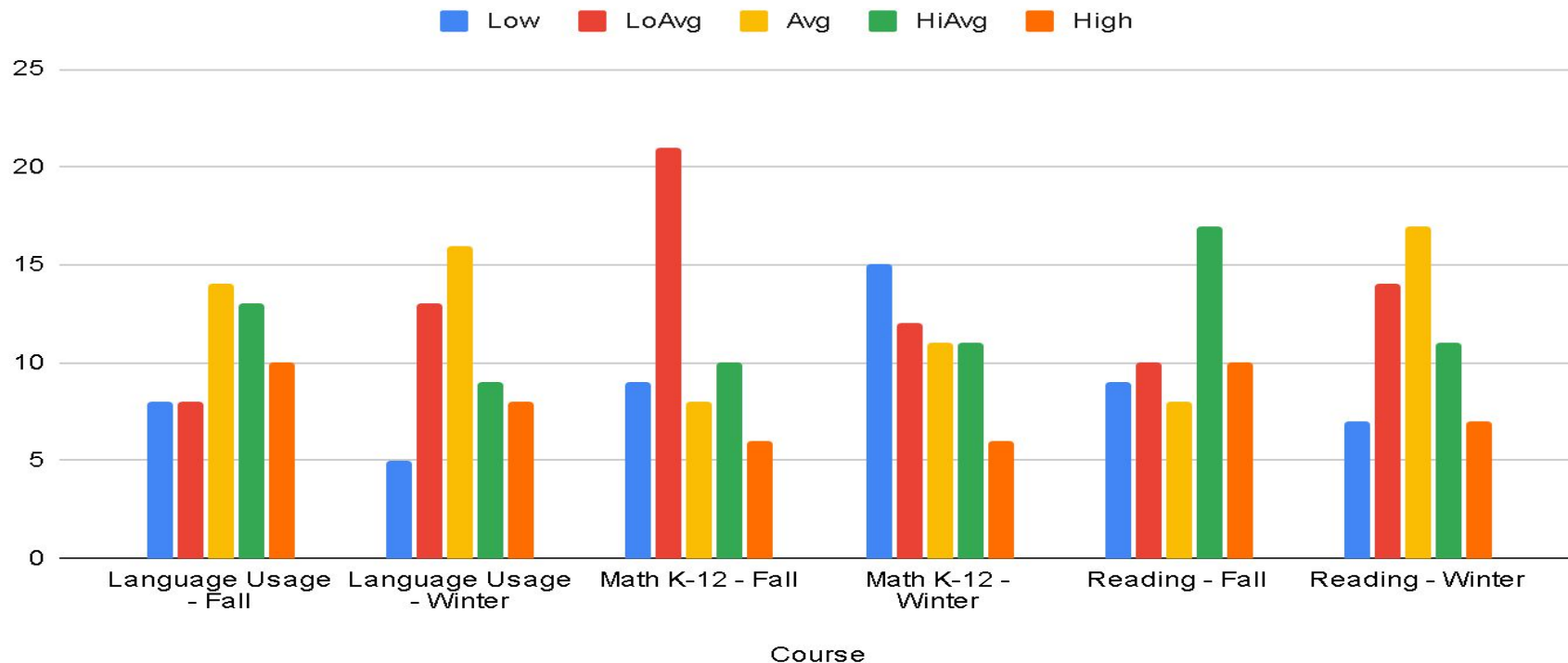
Fall v. Winter MAP Data 2021.22: Upper EI



Middle School 2021-2022

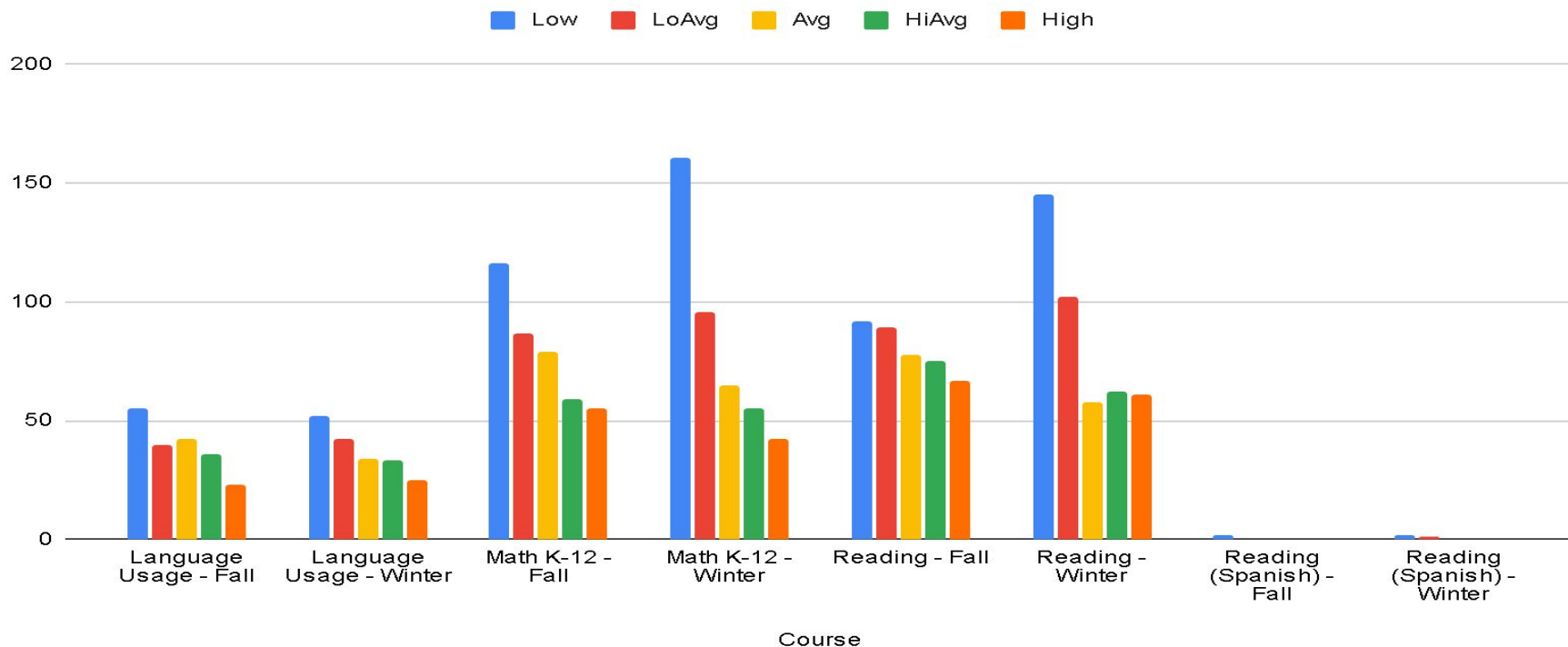
Fall – Winter Comparison

Fall v. Winter MAP Data 2021.22: Middle School



2021-2022 School Year MAP Data for Fall 2021 to Winter 2022

Fall v. Winter MAP Data 2021.22: Bella Mente Academies



Social and Emotional Consequences

- Loss of life – Family members or friends
- Loss of parent – Divorces
- Loss of parental income – Uncertainty
- Instability – Disruption of routine



Escalating Behaviors

When students are feeling inadequate, perform poorly on tests and or do not feel they are part of the class due to these issues, behaviors tend to escalate.

- Speaking out of turn
- Disrupting the lesson or teacher
- Acting out inappropriately
- Damaging property or fighting



Attendance and learning

Attendance is associated with learning. Whether students are in-person or online, attendance is necessary for instructional learning to take place.

- Attendance at Bella Mente Academy has decreased from between (98-96%) down to 92.78%.
- Less academic time in class reduces work completion and or the ability to make progress on goals.





Increasing COVID case rates

While COVID-19 alone is not a reason for decline test results, the uncertainty of seeing their teacher or being able to attend school in person does.

- Instability of routine
- Poor attendance due to quarantine
- Teachers not able to teach due to quarantine



If absences continue...





Next Steps – Supporting Students and Staff

- Supporting teachers in and out of the classroom so they are able to properly assess students and address their individual needs.
- Encourage teachers to continue utilizing interventions for students with increasing learning difficulties.
- Offering extra instruction to students who may be struggling.
- Ensuring that teachers have the time to provide clear instruction.



Encouraged to work with you....



Thank you!

VII. CONSENT CALENDAR/ROUTINE ITEMS OF BUSINESS



All items listed under the Consent Calendar are considered by the Board in one action. There will be no discussion of these items prior to the time the Board votes on the motion, unless members of the Board, staff, or public request specific items to be discussed and/or removed from the Consent Calendar.

1. Minutes from the December 7, 2021 Board of Directors Meeting - page 4
2. Minutes from the December 14, 2021 Special Board of Directors Meeting - page 8
3. Recommended action on the personnel activity list - page 10
4. Check Registers for December 2021- page 11
5. Top Notch Invoice for December 2021 \$11,310.84 - page 16
6. Agreement with BOONLI Merchant Payment Processing - page 17
7. Agreement with Wilkinson Hadley King & Co, LLP for Audit services - page 21
8. Agreement with Campus Safety Alliance for the 2022-2023 \$7,140.00 - page 22
9. Approve the Public School Property Tax Exemption Submission - page 33

Executive Director's Recommendation: Approve Consent Calendar (Slide 44)
(For more Information, please see the board packet, pages 4-36)

VIII. DISCUSSION/ACTION ITEMS

- 1. Review and Approve the 2020-2021 Audit Report completed by Wilkinson, Hadley, King & Co LLP presented by Kevin Sproul.**

Executive Director's Recommendation: Approve

Moved by _____ Seconded by _____ Vote _____

(Slide 45-66)
(Board Packet Pages 37-78)

Bella Mente
Montessori Academy
Charter School
Charter #1515
Audit Report
June 30, 2021



Bella Mente Montessori Academy Charter School
Financial Statements and Supplemental Information
Year Ended June 30, 2021

Bella Mente
Montessori
Academy

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Independent Auditor's Report

To the Board of Trustees of
Bella Mente Montessori Academy Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Bella Mente Montessori Academy Charter School (the School), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

El Cajon, California
January 15, 2022

Bella Mente Montessori Academy Charter School

Consolidated Statement of Financial Position

June 30, 2021

**Bella Mente
Montessori
Academy**

Financial Statements

Assets

Cash and cash equivalents	\$ 5,901,494
Operating investments	988,878
Accounts receivable	1,888,953
Prepaid expenses	132,320
Other assets cost of issuance	768,045
Property and equipment, net	<u>13,914,029</u>
Total Assets	<u>\$ 23,593,719</u>

Liabilities and Net Assets

Liabilities

Accounts payable vendors	\$ 42,051
Accounts payable grantor government	80,269
Accrued expenses and other liabilities	176,197
Unearned revenue	309,419
Bonds and notes payable	<u>16,510,016</u>
Total Liabilities	<u>17,117,952</u>

Net Assets

Without donor restrictions	
Undesignated	7,236,711
Invested in property and equipment, net of related debt	<u>(793,047)</u>
	<u>6,443,664</u>
With donor restrictions	
Restricted for state programs	<u>32,103</u>
	<u>32,103</u>
Total Net Assets	<u>6,475,767</u>
Total Liabilities and Net Assets	<u>\$ 23,593,719</u>

The accompanying notes are an integral part of this statement.

Bella Mente Montessori Academy Charter School

Consolidated Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 3,166,582	\$ -	\$ 3,166,582
Education protection account state aid	117,934	-	117,934
Transfers in lieu of property taxes	2,008,233	-	2,008,233
Total LCFF sources	5,292,749	-	5,292,749
Federal contracts and grants	-	720,187	720,187
State contracts and grants	238,597	1,077,665	1,316,262
Local contracts and grants	30,231	-	30,231
Donations	19,779	-	19,779
Rental income	25,039	-	25,039
Interest income	40,086	-	40,086
Net assets released from restriction - Grant restrictions satisfied	1,871,508	(1,871,508)	-
Total revenue, support, and gains	7,517,989	(73,656)	7,444,333
Expenses and Losses			
Program services expense	4,036,895	-	4,036,895
Supporting services expense	1,198,223	-	1,198,223
Total expenses and losses	5,235,118	-	5,235,118
Change in Net Assets	2,282,871	(73,656)	2,209,215
Net Assets, Beginning of Year	4,160,793	105,759	4,266,552
Net Assets, End of Year	\$ 6,443,664	\$ 32,103	\$ 6,475,767

The accompanying notes are an integral part of this statement.

Bella Mente Montessori Academy Charter School

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services Educational Programs	Supporting Services Management and General	Total
Salaries and Wages	2,079,818	531,952	\$ 2,611,770
Other employee benefits	357,594	91,461	449,055
Payroll taxes	155,170	39,687	194,857
Fees for services:			
Management	-	218,518	218,518
Legal	-	41,721	41,721
Audit	-	10,625	10,625
Other fees - Professional consulting	24,916	118,104	143,020
Other fees - District oversight	-	52,968	52,968
Other fees - Banking and service charges	-	7,897	7,897
Advertising and promotion	17,960	-	17,960
Office expenses	28,409	-	28,409
Information technology	33,208	-	33,208
Royalties	26,823	-	26,823
Occupancy	62,892	-	62,892
Travel	245	-	245
Conferences, conventions, and meetings	13,522	-	13,522
Debt service interest	360,557	-	360,557
Depreciation	392,959	-	392,959
Insurance	-	74,191	74,191
Other expenses:			
Books and supplies	462,988	-	462,988
Equipment rental and repair	9,555	-	9,555
Student events	10,279	-	10,279
Dues and memberships	-	11,016	11,016
Miscellaneous	-	83	83
Total expenses by function	4,036,895	1,198,223	5,235,118

The accompanying notes are an integral part of this statement.

Bella Mente Montessori Academy Charter School
Consolidated Statement of Cash Flows
Year Ended June 30, 2021

Cash Flows from Operating Activities	
Receipts from federal, state, and local contracts and grants	\$ 5,126,047
Receipts from property taxes	2,008,233
Other cash receipts	84,904
Payments for salaries, benefits and payroll taxes	(3,276,686)
Payments to vendors	(1,715,420)
Net Cash Used For Operating Activities	2,227,078
Cash Flows from Investing Activities	
Sale of operating investments	182,001
Purchases of property and equipment	(2,395)
Net Cash From Investing Activities	179,606
Cash Flows from Financing Activities	
Payments on bonds	(264,990)
Interest paid	(360,557)
Net Cash used in Financing Activities	(625,547)
Net Change in Cash and Cash Equivalents	1,781,137
Cash and Cash Equivalents, Beginning of Year	4,120,357
Cash and Cash Equivalents, End of Year	\$ 5,901,494
Reconciliation of Change in Net Assets to Net Cash Used For Operating Activities	
Change in net assets	\$ 2,209,215
Depreciation	392,959
Interest paid	360,557
Adjustments to reconcile change in net assets to net cash:	
(Increase) Decrease in assets	
Accounts receivable	(543,367)
Prepaid expenses	(56,892)
Other assets cost of issuance	26,823
Increase (Decrease) in liabilities	
Accounts payable vendors	(459,431)
Accounts payable grantor government	8,799
Accrued expenses and other liabilities	(21,004)
Unearned revenue	309,419
Net Cash Used For Operating Activities	\$ 2,227,078

The accompanying notes are an integral part of this statement.

Bella Mente Montessori Academy Charter School
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021

A. Principal Activity and Summary of Significant Accounting Policies

Organization Structure

Bella Mente Montessori Academy (the School) was formed on September 9, 2011 as a charter school pursuant to California Education Code §47600 under a charter agreement with Vista Unified School District (the District). The school became a nonprofit public benefit corporation on September 9, 2011. The charter agreement was approved by Vista Unified School District and submitted to the California Board of Education in May 2013. The school began operations on September 3, 2013.

Bella Mente Montessori is a tuition-free, TK-8 Charter school in Vista. Bella Mente is proud to offer a quality Montessori education with classroom limited to a 1:28 teacher/student ratio. An educational atmosphere is provided that encourages socioeconomic diversity by providing all students with the opportunity to obtain a quality public education via Montessori and project based learning philosophies. The School strives to foster forward thinking students prepared with 21st century skills while enriching and nurturing the whole child.

BM Holdings LLC was created in 2018 in order to finance the purchase of the building the school resides in.

Basis of Consolidation

The accompanying consolidated financial statements include accounts of Bella Mente Montessori Academy and its related entity, BM Holdings LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Management makes estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ from those estimates.

Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The School uses the accrual basis of accounting, under which revenues are recognized when they are earned, and expenditures are recognized in the accounting period in which the liability is incurred.

Cash and Cash Equivalents

The School considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivables consist primarily of noninterest-bearing amounts due to the School for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the School.

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

Property and Equipment

The School records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 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 statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the current period.

The School reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

Investments

The School records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

Revenue and Revenue Recognition

The School recognizes revenue from sales when the products are transferred and services are provided. The School records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Some federal, state, and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expense. In such cases the revenue is recognized once all performance requirements have been met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and developing activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Advertising

Advertising costs are expensed as incurred and approximated \$17,960 during the year ended June 30, 2021.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional bases in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

The School is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The School is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2021, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The School follows provisions of uncertain tax positions as addressed in ASC 958. The School recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2021.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the School to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

Financial Instruments and Credit Risk

The School manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the School to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the School has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies.

LCFF Revenues and Payments in Lieu of Property Taxes

The School's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide charter school rates multiplied by the schools' average daily attendance (ADA) as reported at the second principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the school, which is funding in lieu of property taxes, and education protection account funds paid by the state under proposition 30. The remaining balance is paid from the state general fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 71.10% of the School's revenue.

The School is not at risk of losing these funding sources, as long as the schools maintain a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

New Accounting Guidance

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2020-21 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2017-11 - <i>Earnings Per Share (Topic 260)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Distinguishing Liabilities from Equity (Topic 480)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Derivatives and Hedging (Topic 815)</i>	Jan-18
FASB Accounting Standards Update 2019-05 - <i>Financial Instruments, Credit Losses (Topic 326)</i>	May-19
FASB Accounting Standards Update 2019-11 - <i>Codification Improvements to Financial Instruments, Credit Losses (Topic 326)</i>	Nov-19
FASB Accounting Standards Update 2020-03 - <i>Codification Improvements to Financial Instruments</i>	Mar-20
FASB Accounting Standards Update 2020-04 - <i>Reference Rate Reform (Topic 848)</i>	Mar-20
FASB Accounting Standards Update 2021-01 - <i>Reference Rate Reform (Topic 848)</i>	Jan-21
FASB Accounting Standards Update 2021-03 - <i>Intangibles Goodwill and Other (Topic 350)</i>	Mar-21

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The School has adopted provisions of effective Accounting Standards Updates. The implementation of these items did not result in a change to financial presentation for the School.

Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through January 15, 2022, the date the financial statements were available to be issued.

B. Liquidity and Availability

The School's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 5,901,494
Operating investments	988,878
Accounts receivable	1,888,953
Prepaid expenses	132,320
	<u>\$ 8,911,645</u>

C. Cash and Cash Equivalents

The School's cash and cash equivalents on June 30, 2021, consisted of the following:

	Bella Mente Charter School	BM Holdings LLC	Total
Cash in county treasury	\$ 4,730,307	\$ -	\$ 4,730,307
Cash in bank accounts	988,879	-	988,879
Investments	-	1,170,879	1,170,879
Total cash and investments	<u>\$ 5,719,186</u>	<u>\$ 1,170,879</u>	<u>\$ 6,890,065</u>

Cash in County Treasury

The School is a voluntary participant and therefore maintains a portion of its cash in the San Diego County Treasury as part of the common investment pool (\$4,730,307 as of June 30, 2021). The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

The fair value of the School's investment in this pool is reported in the accompanying financial statements at amounts based upon the School's pro-rata share of the fair value provided by the County Treasury for the entire County Treasury portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasury, which are recorded on an amortized cost basis. Cash may be added or withdrawn from the investment pool without limitation.

Cash Equivalents and Investments

The School maintains a portion of their funds in short term investments, money market funds and mutual funds (\$1,170,879 as of June 30, 2021). These cash equivalents consist of United States Government Money Market Funds. These funds are not FDIC insured and are therefore exposed to custodial credit risk. The School does not anticipate any losses as a result of this risk. Cash may be added or withdrawn from the money market accounts without limitation.

Cash in Bank

The remainder of the School's cash, \$988,879, is held in financial institutions which are insured by the Federal Deposit Insurance School (FDIC) up to a limit of \$250,000 per depositor. As of June 30, 2021, the School held \$738,879 in excess of the FDIC insured amounts. The School reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The School has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk.

D. Accounts Receivable

As of June 30, 2021, The School's accounts receivable consisted of the following:

	<u>Bella Mente Charter School</u>
Federal Government	
Covid 19 Programs	\$ 13,744
Child Nutrition	25,209
Special Education	96,363
Other Federal Programs	7,752
State Government	
Special Education	125,917
LCFF Revenue	1,042,896
Lottery Funding	40,640
SB740	306,517
Other State Programs	2,186
Local Government	
Property tax payments	216,907
Other Local Sources	
Interest	8,427
Other local sources	2,395
Total Accounts Receivable	<u>\$ 1,888,953</u>

E. Prepaid Expenses

As of June 30, 2021, the School's prepaid expenses consisted of the following:

	<u>Bella Mente Charter School</u>
Service contracts	\$ 80,326
Insurance	51,994
Total Accounts Payable	<u>\$ 132,320</u>

F. Property and Equipment

Property and equipment for the School consisted of the following at June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-Depreciable Capital Assets				
Land	\$ 3,352,414	\$ -	\$ -	\$ 3,352,414
Total Non-Depreciable Capital Assets	<u>3,352,414</u>	<u>-</u>	<u>-</u>	<u>3,352,414</u>
Depreciable Capital Assets				
Buildings and Improvements	11,730,396	-	-	11,730,396
Equipment, Furniture, and Fixtures	68,569	2,395	10,493	60,471
Total Depreciable Capital Assets	<u>11,798,965</u>	<u>2,395</u>	<u>10,493</u>	<u>11,790,867</u>
Total Capital Assets	15,151,379	2,395	10,493	15,143,281
Less Accumulated Depreciation	<u>(846,786)</u>	<u>(302,959)</u>	<u>(10,493)</u>	<u>(1,229,252)</u>
Capital Assets, Net	<u>14,304,593</u>	<u>(300,564)</u>	<u>-</u>	<u>13,914,029</u>

G. Accounts Payable

As of June 30, 2021, accounts payable consisted of the following:

	<u>Bella Mente Charter School</u>
Vendors	\$ 42,051
Total Accounts Payable	<u>\$ 42,051</u>

H. Accounts Payable Grantor Government

As of June 30, 2021, accounts payable grantor government consisted of the following:

	<u>Bella Mente Charter School</u>
Vista Unified School District	\$ 52,968
LCFF Payable	12,016
Property Taxes Payable	15,285
Total Accounts Payable Grantor Governments	<u>\$ 80,269</u>

I. Accrued Expenses and Other Liabilities

As of June 30, 2021, accrued expenses and other liabilities consisted of the following:

	<u>Bella Mente Charter School</u>
Salaries & benefits payable	\$ 176,197
Total Accrued Expenses and Other Liabilities	<u>\$ 176,197</u>

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

J. Unearned Revenue

As of June 30, 2021, unearned revenue consisted of the following:

Unearned Revenue, beginning of period	\$ -
Increases in deferred revenue due to cash received during the period	309,419
Decreases in deferred revenue due to performance obligations met during the period	-
Unearned Revenue, end of period	<u>\$ 309,419</u>

K. Bonds Payable

On July 1, 2018, the California Municipal Financing Authority (the Authority) issued \$15,485,000 of Series A 2018 Charter School Lease Revenue Bonds and \$485,000 of Series B 2018 Charter School Lease Revenue Bonds (the Bonds). The Bonds are 30-year serial bonds maturing on July 1, 2048, with Series A rates being 5.00% and Series B rates being 5.75%, provisions for optional and mandatory redemption sinking funds, and a provision for early redemption. Payment of principal and interest on the Bonds is guaranteed by a lease agreement, which provides the Authority with the rights and title to program revenues and is secured by the school building.

Bonds payable consist of the following at June 30, 2021:

Principal amount	\$ 15,700,000
Plus unamortized premium	<u>803,186</u>
	<u>\$ 16,503,186</u>

Future maturities of bonds payable are as follows:

Series A

Year Ending June 30,	Principal	Interest	Total
2022	\$ 35,000	\$ 771,625	\$ 806,625
2023	305,000	763,125	1,068,125
2024	320,000	747,500	1,067,500
2025	335,000	731,125	1,066,125
2026	350,000	714,000	1,064,000
2027-2031	1,995,000	3,286,125	5,281,125
2032-2036	2,585,000	2,716,875	5,301,875
2037-2041	3,305,000	1,983,625	5,288,625
2042-2046	4,220,000	1,048,250	5,268,250
2047-2048	2,000,000	101,250	2,101,250
	<u>\$ 15,450,000</u>	<u>\$ 12,863,500</u>	<u>\$ 28,313,500</u>

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

Series B

Year Ending June 30,	Principal	Interest	Total
2022	250,000	7,188	\$ 257,188
	<u>\$ 250,000</u>	<u>\$ 7,188</u>	<u>\$ 257,188</u>

L. Leases
Related Party Capital Lease

The School entered into a lease for its building from BM Holdings LLC, a related party, in 2018 after the building was purchased from the previous lessor. At the end of the lease the building will transfer ownership to the School.

Future minimum lease payments are as follows:

Year Ended June 30	Capital Leases
2022	1,072,198
2023	1,075,729
2024	1,075,417
2025	1,074,354
2026	1,072,958
2027-2031	5,331,021
2032-2036	5,366,562
2037-2041	5,371,230
2042-2046	5,370,666
2047-2048	2,061,667
Total minimum lease payments	28,871,802
Less amount representing interest	<u>(14,164,726)</u>
Capital lease obligation	<u>\$ 14,707,076</u>

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

M. Restricted Net Assets

The School receives grants from federal and state agencies that are restricted for specific purposes. Once the restricted purpose has been fulfilled, the assets are released from restriction. During the 2020-21 fiscal year the School received the Expanded Learning Opportunities Grant which is a multi-year restricted grant. At June 30, 2021, net assets were restricted for the following purposes:

Restricted for state programs	
National School Lunch Program	32,103
	<u>32,103</u>
Total net assets with donor restrictions	<u>\$ 32,103</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2021

N. Related Party Transactions

Related parties as defined by generally accepted accounting standards include:

1. Affiliates of the entity.
2. Management and members of their immediate families, or
3. Other parties that can significantly influence management or operating policies.

Bella Mente Montessori Academy Charter School and BM Holdings LLC, are affiliated through common executive management. The LLC holds part of the building and debt on it's books and facilitates the lease for the School.

The following represents material transactions between the affiliated organizations that occurred during the 2020-21 fiscal year:

Transfer From	Transfer To	Amount	Purpose
Bella Mente Montessori Charter School	BM Holdings LLC	\$ 848,604	Rent and Interest

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

O. Upcoming Changes in Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2016-02 - <i>Leases (Topic 842)</i>	Feb-16	2022-23
FASB Accounting Standards Update 2016-13 - <i>Credit Losses (Topic 326)</i>	Jun-16	2023-24
FASB Accounting Standards Update 2017-04 - <i>Intangibles, Goodwill & Other (Topic 350)</i>	Jan-17	2023-24
FASB Accounting Standards Update 2017-12 - <i>Derivatives and Hedging (Topic 815)</i>	Aug-17	2021-22
FASB Accounting Standards Update 2018-01 - <i>Leases (Topic 842)</i>	Jan-18	2022-23
FASB Accounting Standards Update 2018-10 - <i>Codification Improvements to Topic 842 Leases</i>	Jul-18	2021-22
FASB Accounting Standards Update 2018-11 - <i>Leases Targeted Improvements (Topic 842)</i>	Jul-18	2022-23
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18	2024-25
FASB Accounting Standards Update 2018-14 - <i>Compensation, Retirement Benefits - Defined Benefit Plans (Topic 715-20)</i>	Aug-18	2022-23
FASB Accounting Standards Update 2018-15 - <i>Intangibles, Goodwill and Other, Internal Use Software (Topic 350-40)</i>	Aug-18	2021-22
FASB Accounting Standards Update 2018-16 - <i>Derivatives and Hedging (Topic 815)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-17 - <i>Consolidation (Topic 810)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-18 - <i>Collaborative Arrangements (Topic 808)</i>	Nov-18	2021-22
FASB Accounting Standards Update 2018-19 - <i>Codification Improvements for Credit Losses (Topic 326)</i>	Nov-18	2023-24
FASB Accounting Standards Update 2018-20 - <i>Leases (Topic 842)</i>	Dec-18	2022-23
FASB Accounting Standards Update 2019-01 - <i>Leases (Topic 842)</i>	Mar-19	2022-23
FASB Accounting Standards Update 2019-02 - <i>Entertainment Film Costs (Topic 926-20)</i>	Mar-19	2021-22
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19	2024-25
FASB Accounting Standards Update 2019-10 - <i>Financial Instruments, Credit Losses</i>	Nov-19	2023-24

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Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2019-10 - <i>Derivatives and Hedging (Topic 815)</i>	Nov-19	2021-22
FASB Accounting Standards Update 2019-12 - <i>Income Taxes (Topic 740)</i>	Dec-19	2022-23
FASB Accounting Standards Update 2020-01 - <i>Investments (Topics 321, 323, and 815)</i>	Jan-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Revenue from Contracts with Customers (Topic 606)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Leases (Topic 842)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-07 - <i>Not-For-Profit Entities (Topic 958)</i>	Sep-20	2021-22
FASB Accounting Standards Update 2020-08 - <i>Codification Improvements for Receivables (Topic 310-20)</i>	Oct-20	2022-23
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2021-02 - <i>Franchisors Revenue (Topic 952-606)</i>	Jan-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Earnings Per Share (Topic 260)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Debt Modifications and Extinguishments (Topic 470-50)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Stock Compensation (Topic 718)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Derivatives and Hedging (Topic 815-40)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-05 - <i>Leases (Topic 842)</i>	Jul-21	2022-23
FASB Accounting Standards Update 2021-07 - <i>Stock Compensation (Topic 718)</i>	Oct-21	2022-23
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21	2024-25
FASB Accounting Standards Update 2021-09 - <i>Leases (Topic 842)</i>	Nov-21	2022-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the School.

Bella Mente Montessori Academy Charter School

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2021

P. COVID-19 Impact and Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting Bella Mente Montessori Academy Charter School from March 2020 and through to the end of the school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. Adhering to the regulations Bella Mente began offering a hybrid model of learning when San Diego was permitted to offer in-person instruction.

The circumstances surrounding COVID-19 create uncertainty in expectations for future donations and contributions to the School. Though the School expects a reduction in donations for the 2020-21 fiscal year and does not qualify for Title I funding, Bella Mente has established reserves that will allow for a continuation of operations.



BELLA MENTE MONTESSORI ACADEMY CHARTER SCHOOL
Consolidating Statement of Financial Position
Year Ended June 30, 2021

	Bella Mente Charter School	BM Holdings LLC	Elimination	Total
Assets				
Cash and cash equivalents	\$ 4,730,307	\$ 1,171,187	\$ -	\$ 5,901,494
Operating investments	988,878	-	-	988,878
Accounts receivable	1,958,804	14,707,076	(14,776,927)	1,888,953
Prepaid expenses	132,320	-	-	132,320
Other assets cost of issuance	-	768,045	-	768,045
Property and equipment, net	13,914,029	-	-	13,914,029
Total Assets	<u>\$ 21,724,338</u>	<u>\$ 16,646,308</u>	<u>\$ (14,776,927)</u>	<u>\$ 23,593,719</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable vendors	\$ 42,051	\$ -	\$ -	\$ 42,051
Accounts payable to related entity	-	69,851	(69,851)	-
Accounts payable grantor government	80,269	-	-	80,269
Accrued expenses and other liabilities	176,197	-	-	176,197
Unearned revenue	309,419	-	-	309,419
Capital lease obligations	14,707,076	-	(14,707,076)	-
Bonds and notes payable	-	16,510,016	-	16,510,016
Total Liabilities	<u>15,315,012</u>	<u>16,579,867</u>	<u>(14,776,927)</u>	<u>17,117,952</u>
Net Assets				
Without donor restrictions				
Undesignated	7,170,270	66,441	-	7,236,711
Invested in property and equipment, net of related debt	(793,047)	-	-	(793,047)
	<u>6,377,223</u>	<u>66,441</u>	<u>-</u>	<u>6,443,664</u>
With donor restrictions				
Restricted for state programs	32,103	-	-	32,103
	<u>32,103</u>	<u>-</u>	<u>-</u>	<u>32,103</u>
Total Net Assets	6,409,326	66,441	-	6,475,767
Total Liabilities and Net Assets	<u>\$ 21,724,338</u>	<u>\$ 16,646,308</u>	<u>\$ (14,776,927)</u>	<u>\$ 23,593,719</u>

See Accompanying Notes to Supplementary Information
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Supplementary Information



BELLA MENTE MONTESSORI ACADEMY CHARTER SCHOOL

Consolidating Statement of Activities
Year Ended June 30, 2021

	Bella Mente Charter School		BM Holdings LLC	Elimination	
	Without Donor	With Donor	Without Donor	Without Donor	Total
	Restrictions	Restrictions	Restrictions	Restrictions	
Revenue, Support, and Gains					
Local Control Funding Formula (LCFF) sources					
State aid	\$ 3,166,582	\$ -	\$ -	\$ -	\$ 3,166,582
Education protection account state aid	117,934	-	-	-	117,934
Transfers in lieu of property taxes	2,008,233	-	-	-	2,008,233
Total LCFF sources	5,292,749	-	-	-	5,292,749
Federal contracts and grants	-	720,187	-	-	720,187
State contracts and grants	238,597	1,077,665	-	-	1,316,262
Local contracts and grants	30,231	-	-	-	30,231
Donations	19,779	-	-	-	19,779
Rental income	25,039	-	848,604	(848,604)	25,039
Interest income	40,086	-	-	-	40,086
Net assets released from restriction - Grant restrictions satisfied	-	-	-	-	-
	1,871,508	(1,871,508)	-	-	-
Total revenue, support, and gains	7,517,989	(73,656)	848,604	(848,604)	7,444,333
Expenses and Losses					
Program services expense	4,498,119	-	387,380	(848,604)	4,036,895
Supporting services expense	1,198,223	-	-	-	1,198,223
Total expenses and losses	5,696,342	-	387,380	(848,604)	5,235,118
Change in Net Assets	1,821,647	(73,656)	461,224	-	2,209,215
Net Assets, Beginning of Year*	4,555,576	105,759	(394,783)	-	4,266,552
Net Assets, End of Year	\$ 6,377,223	\$ 32,103	\$ 66,441	\$ -	\$ 6,475,767

See Accompanying Notes to Supplementary Information
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BELLA MENTE MONTESSORI ACADEMY CHARTER SCHOOL

Consolidating Statement of Functional Expenses
Year Ended June 30, 2021

	Bella Mente Montessori Charter School		BM Holdings LLC		
	Program Services	Supporting Services	Program Services	Supporting Services	
	Educational	Management and	Educational	Management and	Elimination
	Programs	General	Programs	General	
Salaries and Wages	\$ 2,079,818	\$ 531,952	\$ -	\$ -	\$ -
Other employee benefits	357,594	91,461	-	-	-
Payroll taxes	155,170	39,687	-	-	-
Fees for services:	-	-	-	-	-
Management	-	218,518	-	-	-
Legal	-	41,721	-	-	-
Audit	-	10,625	-	-	-
Other fees - Professional consulting	24,916	118,104	-	-	-
Other fees - District oversight	-	52,968	-	-	-
Other fees - Banking and service charges	-	7,897	-	-	-
Advertising and promotion	17,960	-	-	-	-
Office expenses	28,409	-	-	-	-
Information technology	33,208	-	-	-	-
Amortization	-	-	26,823	-	(848,604)
Occupancy	911,496	-	-	-	-
Travel	245	-	-	-	-
Conferences, conventions, and meetings	13,522	-	-	-	-
Debt service interest	-	-	360,557	-	-
Depreciation	392,959	-	-	-	-
Insurance	-	74,191	-	-	-
Other expenses:	-	-	-	-	-
Books and supplies	462,988	-	-	-	-
Equipment rental and repair	9,555	-	-	-	-
Student transportation	10,279	-	-	-	-
Dues and memberships	-	11,016	-	-	-
Miscellaneous	-	83	-	-	-
Total expenses by function	\$ 4,498,119	\$ 1,198,223	\$ 387,380	\$ -	\$ (848,604)
					\$ 6,083,722

See Accompanying Notes to Supplementary Information
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Bella Mente Montessori Academy Charter School

LEA Organization Structure

Year Ended June 30, 2021

Bella Mente Montessori Academy (Charter #1515) was established in 2013. The authorizing entity is Vista Unified School District.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Scott Moote	President	Three Year Term Expires June 30, 2022
Caroline Veale	Secretary	Three Year Term Expires June 30, 2022
Dan Niebaum	Treasurer	Three Year Term Expires June 30, 2021
Janet Figueroa	Member	Three Year Term Expires June 30, 2022
Andrea Ruano	Member	Three Year Term Expires June 30, 2021

ADMINISTRATION

Erin Feeley, M. ED
Executive Director & Principal

See Accompanying Notes to Supplementary Information

Bella Mente Montessori Academy Charter School

Schedule of Instructional Time

Year Ended June 30, 2021

Waiting on final bell schedule to complete chart

See Accompanying Notes to Supplementary Information

Bella Mente Montessori Academy Charter School

Schedule of Financial Trends & Analysis

Year Ended June 30, 2021

	Budget 2022	2021	2020	2019
Revenues	\$ 6,321,700	\$ 7,444,333	\$ 2,646,456	\$ 9,452,429
Expenses	<u>6,231,809</u>	<u>5,696,342</u>	<u>387,380</u>	<u>6,747,437</u>
Change in Net Assets	<u>89,891</u>	<u>1,747,991</u>	<u>2,259,076</u>	<u>2,704,992</u>
Ending Net Assets	<u>\$ 8,041,685</u>	<u>\$ 7,951,794</u>	<u>\$ 6,203,803</u>	<u>\$ 3,944,727</u>
Unrestricted Net Assets	<u>\$ 8,041,685</u>	<u>\$ 4,505,715</u>	<u>\$ 4,505,715</u>	<u>\$ 3,888,362</u>
Unrestricted net assets as a percentage of total expenses	<u>129.04%</u>	<u>79.10%</u>	<u>1163.13%</u>	<u>57.63%</u>
Total Long Term Debt	<u>\$ 14,930,591</u>	<u>\$ 14,707,076</u>	<u>\$ 14,930,591</u>	<u>\$ 14,901,162</u>
ADA at P2	<u>383</u>	<u>589</u>	<u>589</u>	<u>633</u>

The School's ending net assets has increased by \$4,007,067 (101.58%) over the past two fiscal years. The significant increase is in large due to additional funding received as a result of the COVID-19 pandemic. Restricted ending net assets include multi-year grants that will be expended over the next two to three years.

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

The 2021-22 budget is presented for purposes of analysis only and has not been audited. Net assets are projected to increase by \$89,891 and ADA is projected to be 383 for the 2021-22 fiscal year.

Bella Mente Montessori Academy Charter School

Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements

Year Ended June 30, 2021

June 30, 2021 annual financial alternative form net assets:	\$ 6,409,320
Adjustments and reclassifications:	
Rounding	<u>6</u>
Total adjustments and reclassifications	<u>6</u>
June 30, 2021 audited financial statements net assets:	<u>\$ 6,409,326</u>

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A. Purpose of Schedules

LEA Organization Structure

This schedule provides information about the School's charter number, district of authorization, members of the governing board, and members of administration.

Schedule of Instructional Time

This schedule provides information regarding compliance with Education Code §47612.

Compliance with Education Code §47612 includes the following:

- 1) Charter schools may operate up to 5 tracks for attendance reporting.
- 2) Each track must be operated for a minimum of 175 days.
- 3) Each track must offer the required number of instructional minutes specified in Education Code §47612.5.
- 4) No track shall have less than 55% of its school days before April 15 each school year.

Compliance with Education Code §47612.5 involves offering a minimum number of annual instructional minutes as defined by grade level. Under Senate Bill 98 and Senate Bill 820, for the 2020-21 fiscal year, there is no minimum annual or minimum daily instructional minutes requirement for non-classroom based charter schools in existence during the 2019-20 fiscal year.

An LEA that closed due to a qualifying emergency in the 2020-21 fiscal year may submit a Form J-13A to avoid a penalty for not meeting the annual instructional day requirements. The School did not have an emergency closure and as such there are no credited days to account for on the Schedule of Instructional Time.

Schedule of Financial Trends & Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the School will not be able to continue operations in the next fiscal year. Based upon the information presented, the School appears to have sufficient reserves to continue operations for the 2021-22 fiscal year.

Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements

This schedule provides information necessary to reconcile between the audited financial statements and the financial data submitted to the sponsoring school district via the unaudited actual financial report.

Other Independent Auditor's Reports

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 Board of Trustees
Bella Mente Montessori Academy Charter School

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 and each major fund of Bella Mente Montessori Academy Charter School (the School), as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 15, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California
January 15, 2022

Independent Auditor's Report on State Compliance

To the Board of Trustees
Bella Mente Montessori Academy Charter School

Report on State Compliance

We have audited the Bella Mente Montessori Academy Charter School's (the School) compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of the School's state programs identified below for the fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance*, prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools	
A. Attendance.....	N/A
B. Teacher Certification and Misassignments.....	N/A
C. Kindergarten Continuance.....	N/A
D. Independent Study.....	N/A
E. Continuation Education.....	N/A
F. Instructional Time.....	N/A
G. Instructional Materials.....	N/A
H. Ratio of Administrative Employees to Teachers.....	N/A
I. Classroom Teacher Salaries.....	N/A
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	N/A
L. School Accountability Report Card.....	N/A
M. Juvenile Court Schools.....	N/A
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	N/A
P. Transportation Maintenance of Effort.....	N/A
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	N/A
S. District of Choice.....	N/A
School Districts, County Offices of Education, and Charter Schools	
T. California Clean Energy Jobs Act.....	Yes
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
Charter Schools	
AA. Attendance.....	Yes
BB. Mode of Instruction.....	Yes
CC. Nonclassroom Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
FF. Charter School Facility Grant Program.....	Yes

The term N/A is used above to mean either the School did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

El Cajon, California
January 15, 2022

Auditor's Results, Findings & Recommendations

Bella Mente Montessori Academy Charter School

Schedule of Auditor's Results
Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
One or more material weakness(es) identified?	____ Yes	<u>X</u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes	<u>X</u> No
Noncompliance material to financial statements noted?	____ Yes	<u>X</u> No

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with <i>2020-21 Guide for Annual Audits of California K-12 Local Education Agencies</i> ?	____ Yes	<u>X</u> No
Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>	

Bella Mente Montessori Academy Charter School

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, or the *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting* (the Audit Guide). Finding codes as identified in the Audit Guide are as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

None

B. State Award Findings

None

BELLA MENTE MONTESSORI ACADEMY CHARTER SCHOOL

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021



**Bella Mente
Montessori
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<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
There were no findings in the prior year audit.	N/A	N/A



VIII. DISCUSSION/ACTION ITEMS

2. Approve the updated Homeless Education Board Policy amended from September 2021

Executive Director's Recommendation: Approve

Moved by _____ Seconded by _____ Vote _____

(Slide 67)

(Board Packet Pages 79-89)



IX. ADJOURNMENT

Thank you!