



Bella Mente Montessori  
Academy  
Charter School # 1515

Vista, CA

Consolidated Financial  
Statements & Supplemental  
Information

Year Ended June 30, 2019



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



**Bella Mente Montessori Academy**  
Consolidated Financial Statements & Supplemental Information  
Year Ended June 30, 2019

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<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	<b>3</b>
Consolidated Statement of Financial Position .....	3
Consolidated Statement of Activities .....	4
Consolidated Statement of Functional Expenses .....	5
Consolidated Statement of Cash Flows .....	6
Notes to the Financial Statements .....	7
<b>SUPPLEMENTARY INFORMATION</b>	<b>18</b>
Combining Consolidated Statement of Financial Position .....	18
Combining Consolidated Statement of Activities .....	19
Organization Structure .....	20
Schedule of Average Daily Attendance .....	21
Schedule of Instructional Time .....	22
Schedule of Financial Trends and Analysis .....	23
Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements .....	24
Notes to Supplementary Information .....	25
<b>OTHER INDEPENDENT AUDITORS’ REPORTS</b>	<b>26</b>
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 <i>Government Auditing Standards</i> ..	26
Independent Auditor’s Report on State Compliance .....	28
<b>AUDITOR’S RESULTS, FINDINGS &amp; RECOMMENDATIONS</b>	<b>31</b>
Schedule of Auditor’s Results .....	31
Schedule of Findings and Questioned Costs .....	32
Schedule of Prior Year Audit Findings .....	33



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## Independent Auditor's Report

To the Board of Directors  
Bella Mente Montessori Academy  
Vista, CA

### Report on the Financial Statements

We have audited the accompanying financial statements of Bella Mente Montessori Academy (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, consolidated functional expenses, and consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial position of Bella Mente Montessori Academy as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note A to the financial statements, the School has adopted the provisions of FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying additional supplementary information, as required by the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810 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 December 13, 2019, on our consideration of Bella Mente Montessori Academy'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 Bella Mente Montessori Academy'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 Bella Mente Montessori Academy's internal control over financial reporting and compliance.

El Cajon, California  
December 13, 2019

## Financial Statements

**Bella Mente Montessori Academy**  
 Consolidated Statement of Financial Position  
 June 30, 2019

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**Assets**

Cash and cash equivalents	\$ 3,432,909
Operating investments	1,224,220
Accounts receivable	794,448
Prepaid expenses	190,823
Other assets (Bond issuance costs)	821,692
Property and equipment, net	14,706,931
Total Assets	\$ 21,171,023

**Liabilities and Net Assets**

Liabilities

Accounts payable	\$ 111,321
Accrued expenses and other liabilities	236,922
Accounts payable grantor government	69,522
Bonds and notes payable	16,775,006
Total Liabilities	17,192,771

Net Assets

Without donor restrictions	
Undesignated	4,116,118
Invested in property and equipment, net of related debt	(194,231)
	3,921,887
With donor restrictions	
Restricted for state programs	56,365
	56,365
Total Net Assets	3,978,252
Total Liabilities and Net Assets	\$ 21,171,023

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

## Consolidated Statement of Activities

June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 3,392,621	\$ -	\$ 3,392,621
Education protection account state aid	126,632	-	126,632
Transfers in lieu of property taxes	1,905,983	-	1,905,983
Total LCFF sources	5,425,236	-	5,425,236
Federal contracts and grants	-	236,097	236,097
State contracts and grants	394,831	885,220	1,280,051
Local contracts and grants	198,127	-	198,127
Donations	50,407	-	50,407
Net investment return	2,216,941	-	2,216,941
Interest income	897,262	-	897,262
Net assets released from restriction -			
Grant restrictions satisfied	1,243,023	(1,243,023)	-
Total revenue, support, and gains	10,425,827	(121,706)	10,304,121
<b>Expenses and Losses</b>			
Program services expense	4,502,712	-	4,502,712
Supporting services expense	3,062,892	-	3,062,892
Total expenses and losses	7,565,604	-	7,565,604
<b>Change in Net Assets</b>	2,860,223	(121,706)	2,738,517
<b>Net Assets, Beginning of Year</b>	1,061,664	178,071	1,239,735
<b>Net Assets, End of Year</b>	\$ 3,921,887	\$ 56,365	\$ 3,978,252

The accompanying notes to the financial statements are an integral part of this statement.

**Bella Mente Montessori Academy**  
Consolidated Statement of Functional Expenses  
June 30, 2019

	Program Services	Supporting Services		Total
	Educational Programs	Management and General	Fundraising and Development	
Salaries and Wages	\$ 2,503,582	\$ 675,227	\$ -	\$ 3,178,809
Other employee benefits	411,615	111,014	-	522,629
Payroll taxes	187,742	50,635	-	238,377
Fees for services:				-
Management	-	238,480	-	238,480
Legal	-	30,375	-	30,375
Audit	-	3,400	-	3,400
Other: District oversight fees	-	53,912	-	53,912
Other: Banking and financial	-	11,875	-	11,875
Other: Consulting	254,124	85,510	-	339,634
Advertising and promotion	-	41,224	-	41,224
Office expenses	150,475	-	-	150,475
Information technology	46,953	-	-	46,953
Interest				-
Occupancy	92,480		-	92,480
Travel	-	7,413	-	7,413
Conferences, conventions, and meetings	17,272	-	-	17,272
Interest	-	1,607,561	-	1,607,561
Depreciation	402,149	-	-	402,149
Amortization	-	26,823	-	26,823
Insurance	-	74,738	-	74,738
Other expenses:				-
Books, supplies and materials	364,881	-	-	364,881
Equipment	22,881	-	-	22,881
Student activities	48,558	-	-	48,558
Dues and memberships	-	22,449	-	22,449
Fundraising	-	-	22,256	22,256
Total expenses by function	4,502,712	3,040,636	22,256	7,565,604
Total expenses included in the expense section on the statement of activities	<u>\$ 4,502,712</u>	<u>\$ 3,040,636</u>	<u>\$ 22,256</u>	<u>\$ 7,565,604</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

## Consolidated Statement of Cash Flows

June 30, 2019

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<b>Cash Flows from Operating Activities</b>	
Receipts from federal, state, and local contracts and grants	\$ 5,178,003
Receipts from property taxes	1,905,983
Receipts from contributions or donations	50,407
Other cash receipts	897,262
Gain from lease restructure	2,216,941
Payments for salaries, benefits and payroll taxes	(3,944,653)
Payments to vendors	(2,479,634)
Interest paid	(1,607,561)
Net Cash from Operating Activities	<u>2,216,748</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of operating investments	(1,224,220)
Proceeds from sales of operating investments	
Purchases of property and equipment	<u>(5,294,821)</u>
Net Cash used for Investing Activities	<u>(6,519,041)</u>
<b>Cash Flows from Financing Activities</b>	
Proceeds from issuance of bonds and notes	16,775,006
Change in capital lease and asset ownership	<u>(11,999,107)</u>
Net Cash from Financing Activities	<u>4,775,899</u>
<b>Net Change in Cash and Cash Equivalents</b>	473,606
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>2,959,303</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 3,432,909</u>
<b>Reconciliation of Change in Net Assets to Net Cash from Operating Activities</b>	
Change in net assets	2,738,517
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	402,149
Realized and unrealized (gain) loss on operating investments	
Changes in operating assets and liabilities	
Accounts receivable	(125,047)
Prepaid expenses	(60,994)
Other assets (Bond issuance costs)	(821,692)
Accounts payable	19,131
Accrued expenses and other liabilities	(4,838)
Accounts payable grantor government	69,522
Net Cash from Operating Activities	<u>2,216,748</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

## Notes to the Financial Statements

June 30, 2019

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### A. Organization and Significant Accounting Policies

#### *Organization*

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 21<sup>st</sup> 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 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.

#### *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.

#### *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 receivable 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

Notes to the Financial Statements, Continued

June 30, 2019

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## *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, 2019

## *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**

Notes to the Financial Statements, Continued

June 30, 2019

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### *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. The schools federal, state, and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expense. Consequently, at June 30, 2019 there were no conditional contributions, federal, state and local contracts and grants for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

### *Donated Services and In-Kind Contributions*

Volunteers contribute significant amounts of time to the School's program services, administrating, and fundraising and development 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. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2019.

### *Advertising Costs*

Advertising costs are expensed as incurred, and approximated \$41,224 for the year ended June 30, 2019.

### *Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis 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 programs 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, 2019, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

Notes to the Financial Statements, Continued

June 30, 2019

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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, 2019.

The School files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

## *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.

## *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 accounts 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. Investments are made by diversified investment managers whose performance is monitored by the School and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year to year basis, the School believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

## *Change in Accounting Principles*

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The School has adopted these provisions in the accompanying financial statements.

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

Notes to the Financial Statements, Continued

June 30, 2019

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The School has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The School has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

## *Subsequent Events*

The School has evaluated subsequent events through December 13, 2019, the date the financial statements were available to be issued.

## **B. Liquidity and Availability**

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

	Bella Mente Charter School	BM Holdings LLC
Cash and cash equivalents	\$ 3,431,734	\$ 1,175
Operating investments	-	1,224,220
Accounts receivable	794,448	-
	<u>\$ 4,226,182</u>	<u>\$ 1,225,395</u>

## **C. Fair Value Measurements and Disclosures**

The School reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

The accompanying notes to the financial statements are an integral part of this statement.

## Bella Mente Montessori Academy

Notes to the Financial Statements, Continued

June 30, 2019

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3: Unobservable inputs for the asset or liability. In these situations, the School develops inputs using the best information available in the circumstances

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the School's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the School's investment assets are classified within Level 1 because they comprise open end mutual funds with readily determinable fair values based on daily redemption values. The School invests in CDs traded in the financial markets and additionally has funds at the San Diego County Treasury which invests funds in various markets such as CDs, money market, and U.S. government obligations. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions and are classified within Level 2.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2019:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Cash in county treasury	\$ 3,012,164	\$ 3,012,164	\$ -	\$ -
Cash and money market funds (at cost)	1,224,220	1,224,220	-	-
	<u>\$ 4,236,384</u>	<u>\$ 4,236,384</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

Notes to the Financial Statements, Continued

June 30, 2019

## D. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2019 consisted of the following:

	Bella Mente Charter School	BM Holdings LLC
Cash in county treasury	\$ 3,012,164	\$ -
Cash in bank accounts	419,570	1,175
Cash in money market accounts	-	1,224,220
Total cash and cash equivalents	<u>\$ 3,431,734</u>	<u>\$ 1,225,395</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 (\$3,012,164 as of June 30, 2019). 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*

The School maintains a portion of their funds in short term investments with maturities less than three months in length (\$1,224,220 as of June 30, 2019). 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 (\$420,745 as of June 30, 2019) is held in financial institutions which are either insured by the Federal Deposit Insurance School (FDIC) up to a limit of \$250,000 per depositor or certain non-interest-bearing accounts that are fully insured by the FDIC. As of June 30, 2019, the School held \$213,565 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.

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

Notes to the Financial Statements, Continued

June 30, 2019

## E. Accounts Receivable

As of June 30, 2019, accounts receivable consisted of the following:

Federal Government	
Title I	\$ 26,097
Child Nutrition	22,924
Title II	17,495
Title III	9,507
Other Federal Programs	5,000
State Government	
LCFF State Aid	529,017
Lottery Funding	35,751
Other State Programs	1,730
Local Government	
Property tax payments	119,228
Other Local Sources	
Interest	16,003
Other local sources	11,696
Total Accounts Receivable	\$ 794,448

## F. Property and Equipment

Property and equipment consisted of the following at June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ -	\$ 3,352,414	\$ -	\$ 3,352,414
Work in Progress	37,868	-	37,868	-
Total Non-Depreciable Capital Assets	37,868	3,352,414	37,868	3,352,414
Depreciable Capital Assets				
Buildings and Improvements	12,088,029	-	357,633	11,730,396
Equipment, Furniture, and Fixtures	68,569	-	-	68,569
Total Depreciable Capital Assets	12,156,598	-	357,633	11,798,965
Total Capital Assets	12,194,466	3,352,414	395,501	15,151,379
Less Accumulated Depreciation	(2,380,207)	(402,149)	(2,337,908)	(444,448)
Capital Assets, Net	9,814,259	2,950,265	(1,942,407)	14,706,931

## G. Bonds and Notes Payable

### *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.

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

Notes to the Financial Statements, Continued

June 30, 2019

Bonds payable consist of the following at June 30, 2019:

Principal amount	\$ 15,970,000
Plus unamortized premium	805,006
	<u>\$ 16,775,006</u>

Future maturities of bonds payable are as follows:

## 2018 Series A

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 774,250	\$ 774,250
2021	35,000	773,375	808,375
2022	35,000	771,625	806,625
2023	305,000	763,125	1,068,125
2024	320,000	747,500	1,067,500
2025-2029	1,810,000	3,476,250	5,286,250
2030-2034	2,345,000	2,963,125	5,308,125
2035-2039	3,000,000	2,298,750	5,298,750
2040-2044	3,820,000	1,450,000	5,270,000
2045-2048	3,815,000	393,125	4,208,125
	<u>\$ 15,485,000</u>	<u>\$ 14,411,125</u>	<u>\$ 29,896,125</u>

## 2018 Series B

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 27,887	\$ 27,887
2021	235,000	21,132	256,132
2022	250,000	7,188	257,188
	<u>\$ 485,000</u>	<u>\$ 56,206</u>	<u>\$ 541,206</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Bella Mente Montessori Academy

Notes to the Financial Statements, Continued

June 30, 2019

## H. Leases

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
2020	\$ 824,637
2021	1,072,116
2022	1,072,198
2023	1,075,729
2024	1,075,417
2025-2029	5,331,458
2030-2034	5,366,562
2035-2039	5,373,750
2040-2044	5,365,834
2045-2048	4,210,854
Total minimum lease payments	30,768,555
Less amount representing interest	(15,867,393)
Capital lease obligation	\$ 14,901,162

## I. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2019:

Subject to expenditure for specified purpose:	
Educational Programs	\$ 56,365
	56,365
 Total net assets with donor restrictions	 \$ 56,365

The accompanying notes to the financial statements are an integral part of this statement.

## Bella Mente Montessori Academy

Notes to the Financial Statements, Continued

June 30, 2019

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### J. Upcoming Changes in Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective during the 2019-20 fiscal year:

1. FASB ASU 2019-04 *Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*
2. FASB ASU 2018-20 *Leases (Topic 842): Narrow-Scope Improvements for Lessors*
3. FASB ASU 2018-16 *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a benchmark Interest Rate for Hedge Accounting Purposes*
4. FASB ASU 2018-11 *Leases (Topic 842): Targeted Improvements*
5. FASB ASU 2018-10 *Improvements to Topic 842, Leases*
6. FASB ASU 2018-09 *Codification Improvements*
7. FASB ASU 2018-08 *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*
8. FASB ASU 2018-02 *Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*
9. FASB ASU 2018-01 *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*
10. FASB ASU 2017-15 *Codification Improvements to Topic 995, U.S. Steamship Entities: Elimination of Topic 995*
11. FASB ASU 2017-12 *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*
12. FASB ASU 2017-10 *Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services*
13. FASB ASU 2017-07 *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*
14. FASB ASU 2017-06 *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting*
15. FASB ASU 2017-01 *Business Combinations (Topic 805): Clarifying the Definition of a Business*
16. FASB ASU 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash*
17. FASB ASU 2016-15 *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*
18. FASB ASU 2016-02 *Leases (Topic 842)*

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 2019-20 fiscal year will not impact the financial accounting or presentation for the School.

The accompanying notes to the financial statements are an integral part of this statement.

## Supplementary Information

**Bella Mente Montessori Academy**  
Combining Consolidated Statement of Financial Position  
June 30, 2019

	Bella Mente Charter School	BM Holdings LLC	Elimination	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 3,431,734	\$ 1,175	\$ -	\$ 3,432,909
Operating investments	-	1,224,220	-	1,224,220
Accounts receivable	794,448	14,901,162	(14,901,162)	794,448
Accounts receivable related entity	69,851	-	(69,851)	-
Prepaid expenses	190,823	-	-	190,823
Other assets (Bond issuance costs)	-	821,692	-	821,692
Property and equipment, net	14,706,931	-	-	14,706,931
Total Assets	<u>\$ 19,193,787</u>	<u>\$ 16,948,249</u>	<u>\$ (14,971,013)</u>	<u>\$ 21,171,023</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 41,454	\$ 69,867	\$ -	\$ 111,321
Accrued expenses and other liabilities	236,922	-	-	236,922
Accounts payable grantor government	69,522	-	-	69,522
Accounts payable related entity	-	69,851	(69,851)	-
Capital lease obligations	14,901,162	-	(14,901,162)	-
Bonds and notes payable	-	16,775,006	-	16,775,006
Total Liabilities	<u>15,249,060</u>	<u>16,914,724</u>	<u>(14,971,013)</u>	<u>17,192,771</u>
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	4,082,593	33,525	-	4,116,118
Invested in property and equipment, net of related debt	(194,231)	-	-	(194,231)
	<u>3,888,362</u>	<u>33,525</u>	<u>-</u>	<u>3,921,887</u>
<b>With donor restrictions</b>				
Restricted for state programs	56,365	-	-	56,365
	<u>56,365</u>	<u>-</u>	<u>-</u>	<u>56,365</u>
Total Net Assets	<u>3,944,727</u>	<u>33,525</u>	<u>-</u>	<u>3,978,252</u>
Total Liabilities and Net Assets	<u>\$ 19,193,787</u>	<u>\$ 16,948,249</u>	<u>\$ (14,971,013)</u>	<u>\$ 21,171,023</u>

See accompanying notes to supplementary information

**Bella Mente Montessori Academy**  
Combining Consolidated Statement of Activities  
June 30, 2019

	Bella Mente Charter School		BM Holdings LLC		Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	
<b>Revenue, Support, and Gains</b>						
Local Control Funding Formula (LCFF) sources						
State aid	\$ 3,392,621	\$ -	\$ -	\$ -	\$ -	\$ 3,392,621
Education protection account state aid	126,632	-	-	-	-	126,632
Transfers in lieu of property taxes	1,905,983	-	-	-	-	1,905,983
Total LCFF sources	<u>5,425,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,425,236</u>
Federal contracts and grants	-	236,097	-	-	-	236,097
State contracts and grants	394,831	885,220	-	-	-	1,280,051
Local contracts and grants	198,127	-	-	-	-	198,127
Donations	50,407	-	-	-	-	50,407
Gain on termination of lease	2,216,941	-	-	-	-	2,216,941
Interest income	45,570	-	851,692	-	-	45,570
Net assets released from restriction -			-			
Grant restrictions satisfied	1,243,023	(1,243,023)	-	-	-	-
Total revenue, support, and gains	<u>9,574,135</u>	<u>(121,706)</u>	<u>851,692</u>	<u>-</u>	<u>-</u>	<u>10,304,121</u>
<b>Expenses and Losses</b>						
Program services expense	4,502,712	-	-	-	-	4,502,712
Supporting services expense	2,244,725	-	818,167	-	-	3,062,892
Total expenses and losses	<u>6,747,437</u>	<u>-</u>	<u>818,167</u>	<u>-</u>	<u>-</u>	<u>7,565,604</u>
<b>Change in Net Assets</b>	2,826,698	(121,706)	33,525	-	-	2,738,517
<b>Net Assets, Beginning of Year</b>	1,061,664	178,071	-	-	-	1,239,735
<b>Net Assets, End of Year</b>	<u>\$ 3,888,362</u>	<u>\$ 56,365</u>	<u>\$ 33,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,978,252</u>

See accompanying notes to supplementary information

# Bella Mente Montessori Academy

## Organization Structure

June 30, 2019

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

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### GOVERNING BOARD

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<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Scott Moote	President	Three Year Term Expires June 30, 2022
Caroline Veale	Secretary	Three Year Term Expires June 30, 2022
Tom Reilly	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

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### ADMINISTRATION

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Erin Feeley, M. ED  
Executive Director & Principal

# Bella Mente Montessori Academy

## Schedule of Average Daily Attendance

Year Ended June 30, 2019

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	Second Period Report		Annual Report	
	Original B27A87B5	Revised N/A	Original EC460F5B	Revised N/A
Classroom Based Attendance				
Grades TK/K-3	361.87	N/A	361.21	N/A
Grades 4-6	183.45	N/A	182.54	N/A
Grades 7-8	87.49	N/A	86.75	N/A
Total Classroom Based Attendance	<u>632.81</u>	<u>N/A</u>	<u>630.50</u>	<u>N/A</u>
Total ADA	<u><u>632.81</u></u>	<u><u>N/A</u></u>	<u><u>630.50</u></u>	<u><u>N/A</u></u>

See accompanying notes to supplementary information

# Bella Mente Montessori Academy

## Schedule of Instructional Time

Year Ended June 30, 2019

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<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Traditional Days</u>	<u>Status</u>
Transitional Kindergarten	36,000	46,155	179	Complied
Kindergarten	36,000	46,155	179	Complied
1st Grade	50,400	56,895	179	Complied
2nd Grade	50,400	56,895	179	Complied
3rd Grade	50,400	56,895	179	Complied
4th Grade	54,000	61,370	179	Complied
5th Grade	54,000	61,370	179	Complied
6th Grade	54,000	72,235	179	Complied
7th Grade	54,000	72,235	179	Complied
8th Grade	54,000	72,235	179	Complied

See accompanying notes to supplementary information

**Bella Mente Montessori Academy**  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2019

	Budget 2020	2019	2018	2017
Revenues	\$ 7,332,013	\$ 9,452,429	\$ 6,589,104	\$ 6,132,875
Expenses	7,454,660	6,747,437	6,634,940	6,041,912
Change in Net Assets	<u>(122,647)</u>	<u>2,704,992</u>	<u>(45,836)</u>	<u>90,963</u>
Ending Net Assets	<u>\$ 3,822,080</u>	<u>\$ 3,944,727</u>	<u>\$ 1,239,735</u>	<u>\$ 1,285,571</u>
Unrestricted Net Assets	<u>\$ 1,183,369</u>	<u>\$ 3,888,362</u>	<u>\$ 1,061,664</u>	<u>\$ 1,285,571</u>
Unrestricted net assets as a percentage of total expenses	<u>15.87%</u>	<u>58%</u>	<u>16%</u>	<u>21%</u>
Total Long Term Debt	<u>\$ 14,901,162</u>	<u>\$ 14,901,162</u>	<u>\$ 11,999,116</u>	<u>\$ 12,048,340</u>
ADA at P2	<u>640</u>	<u>633</u>	<u>609</u>	<u>632</u>

The School's ending net assets has increased by \$2,659,156 (206.85%) over the past three fiscal years. The significant increase is in large due to the elimination of the previous capital lease under a new purchase of the building by the LLC in 2018. The average daily attendance (ADA) reported by the School has increased by 1 (.16%) over the past three years. The 2019-20 fiscal year budget projects a decrease in net assets of \$122,647 (3.11%) and an increase in ADA of 7 (1.11%).

## Bella Mente Montessori Academy

### Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements Year Ended June 30, 2019

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June 30, 2019 annual financial alternative form net assets:	\$ 3,944,727
Adjustments and reclassifications:	
Total adjustments and reclassifications	<u>                    -</u>
June 30, 2019 audited financial statements net assets:	<u><u>\$ 3,944,727</u></u>

See accompanying notes to supplementary information

# Bella Mente Montessori Academy

## Notes to Supplementary Information

Year Ended June 30, 2019

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### A. Purpose of Schedules

#### Combining Statement of Financial Position

This schedule provides the information by school which combines into the School's overall statement of net position, with eliminations for activities between the schools within the School.

#### Combining Statement of Activities

This schedule provides the information by school which combines into the School's overall statement of activities.

#### Organization Structure

This schedule provides information about the schools' charter numbers, district of authorization, members of the governing board, and members of administration.

#### Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measure of the number of pupils attending classes of the schools. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

#### Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the School and whether they complied with the provisions of Education Code Sections 46200 through 46206. Charter schools must maintain their instructional minutes at the 1986-87 requirements as adjusted by Education Code sections later adopted. The schools neither met nor exceeded their LCFF target.

#### Schedule of Financial Trends and Analysis

Budget information for 2020 is presented for analysis purposes only and is based on estimates of the 2019-20 fiscal year. The information has not been subject to audit.

This schedule discloses the School's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the School's ability to continue as a going concern for a reasonable period of time.

#### Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance as reported on the Unaudited Financial Report Alternative Forms prepared by the schools to the net assets reported in the audited financial statements.

## Other Independent Auditors' 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 Directors  
Bella Mente Montessori Academy  
Vista, CA

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 consolidated financial statements of Bella Mente Montessori Academy (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 13, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bella Mente Montessori Academy's internal control over financial reporting (internal control) to determine 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 Bella Mente Montessori Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Bella Mente Montessori Academy'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 Bella Mente Montessori Academy'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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California  
December 13, 2019

## Independent Auditor's Report on State Compliance

To the Board of Directors  
Bella Mente Montessori Academy  
Vista, CA

### Report on State Compliance

We have audited the Corporation's compliance with the types of compliance requirements described in the *2018-19 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, 2019.

### 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 State's audit Guide *2018-19 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 State's audit guide *2018-19 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 Corporation'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
<b>Local Education Agencies Other Than Charter Schools</b>	
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
<b>School Districts, County Offices of Education, and Charter Schools</b>	
T. California Clean Energy Jobs Act.....	Yes
U. After/Before School Education and Safety Program.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A
<b>Charter Schools</b>	
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
EE. Annual Instructional Minutes - Classroom Based.....	Yes
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, Bella Mente Montessori Academy 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, 2019.

## **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 *2018-19 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  
December 13, 2019

## Auditor's Results, Findings & Recommendations

# Bella Mente Montessori Academy

## Schedule of Auditor's Results

Year Ended June 30, 2019

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### FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?            Yes       X       No

One or more significant deficiencies identified that are  
not considered material weakness(es)?            Yes       X       No

Noncompliance material to financial statements noted?            Yes       X       No

### STATE AWARDS

Any audit findings disclosed that are required to be reported  
in accordance with *2018-19 Guide for Annual Audits  
of California K-12 Local Education Agencies?*            Yes       X       No

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

**Bella Mente Montessori Academy**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2019

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*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
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**

There are no findings to report.

**B. State Award Findings**

There are no findings to report.

# Bella Mente Montessori Academy

## Schedule of Prior Year Audit Findings

Year Ended June 30, 2019

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Finding/Recommendation	Status	Explanation if Not Implemented
There were no findings reported in the prior year audit.	N/A	N/A

See accompanying notes to supplementary information