

Heartwood Charter School

Agenda for the meeting of the Heartwood Charter School Board of Directors

Call in location: 225 Tamalpais Rd, Fairfax, CA 94930

Call in location: 55 Fire Rd, Woodacre, CA 94973

The meeting may be joined by phone: (US)+1 570-915-0015 PIN: 915 272 011#

Wednesday March 23, 2022

10:45 AM Public Session

Call to Order

- I. Roll Call
- II. Regular Meeting
 - A. Agenda Adjustments and Approval
 - B. Approval of Minutes
 - C. Correspondence
- III. Public and Community Input
- IV. Reports and Information
 - A. Director's Report
 - B. Finance Report
- V. Action Items
 - A. The Board will consider salaries for new employees Sarah Hobstetter and Shelly Knepper for the 2021-22 school year, and approve, defer, or agree to study further.
 - B. The Board will consider the 2nd Interim Budget for the 2021-22 school year and approve, defer or agree to study further.
 - C. The Board will consider staff salary changes and approve, defer, or agree to study further.
 - D. The Board will consider the Salary Schedule for 2021-22 and approve, defer or agree to study further.
 - E. The Board will reconsider whether to continue to conduct Board meetings via video conference during the current pandemic conditions per AB 361 in order to mitigate the risk to health and safety that is presented by in-person meetings and approve, defer or agree to study further.
- VI. Consent Items
- VII. Board Discussion – this time is reserved for Board members to address colleagues and staff about matters they believe need study or action. The President will direct what action he or she feels should be taken on any item introduced by a Board member.
- VIII. Closed Session
 - A. Public Employee Performance Evaluation (Gov. Code section 54957(b)(1).)
 - B. Public Employee Discipline/Dismissal/Release (Gov. Code section 54957(b).)
- IX. Open Session
- X. Action Taken in Closed Session
- XI. Dates and Future Agenda Items conditions

**CHARTER SCHOOL
INTERIM FINANCIAL REPORT - ALTERNATIVE FORM
Second Interim Report Certification**

Charter School Name: Heartwood Charter School
(continued) _____
CDS #: 49-70797-0136568
Charter Approving Entity: Liberty Elementary
County: Sonoma
Charter #: 2071
Fiscal Year: 2021-22

CERTIFICATION OF FINANCIAL CONDITION

- POSITIVE CERTIFICATION**
As the Charter School Official, I certify that based upon current projections this charter will meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- QUALIFIED CERTIFICATION**
As the Charter School Official, I certify that based upon current projections this charter may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.
- NEGATIVE CERTIFICATION**
As the Charter School Official, I certify that based upon current projections this charter will be unable to meet its financial obligations for the remainder of the current fiscal year or for the subsequent fiscal year.

To the entity that approved the charter school:
() 2021-22 CHARTER SCHOOL SECOND INTERIM FINANCIAL REPORT -- ALTERNATIVE FORM: This report has been approved, and is hereby filed by the charter school pursuant to *Education Code* Section 47604.33.
Signed: _____ Date: _____
Charter School Official
(Original signature required)
Print Name: Mark Puccinelli Title: Board President

To the County Superintendent of Schools:
() 2021-22 CHARTER SCHOOL SECOND INTERIM FINANCIAL REPORT -- ALTERNATIVE FORM: This report is hereby filed with the County Superintendent pursuant to *Education Code* Section 47604.33.
Signed: _____ Date: _____
Authorized Representative of
Charter Approving Entity
(Original signature required)
Print Name: Chris Rafanelli Title: Superintendent

For additional information on the Second Interim Report, please contact:

For Approving Entity:
Chris Rafanelli
Name
Superintendent
Title
707 795-4380 X 200
Phone
crafanelli@libertysd.org
E-mail

For Charter School:
Bryce Fleming
Name
VP of Finance - EdTec
Title
510-663-3500 X 321
Phone
bryce @edtec.com
E-mail

This report has been verified for mathematical accuracy by the County Superintendent of Schools,

pursuant to *Education Code* Section 47604.33.

District Advisor

Date

Total, Other Outgo		-	-	-	-	-	-	-	-	-
8. TOTAL EXPENDITURES		2,795,307.73	499,334.79	3,294,642.53	1,242,105.91	182,788.87	1,424,894.78	2,723,214.30	620,549.27	3,343,763.57
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPEND. BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)		510,634.86	(137,157.69)	373,477.17	(742,657.77)	(140,472.38)	(883,130.15)	676,924.39	(161,707.25)	524,477.67
D. OTHER FINANCING SOURCES / USES										
1. Other Sources	8930-8979			-			-			-
2. Less: Other Uses	7630-7699			-			-			-
3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)	8980-8999			-			-	(161,707.25)	161,707.25	-
4. TOTAL OTHER FINANCING SOURCES / USES				-			-	(161,707.25)	161,707.25	-
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)		510,634.86	(137,157.69)	373,477.17	(742,657.77)	(140,472.38)	(883,130.15)	515,217.14	0.00	524,477.67
F. FUND BALANCE, RESERVES										
1. Beginning Fund Balance										
a. As of July 1	9791	86,891.85	-	86,891.85	86,891.85	-	86,891.85	86,891.85	-	86,891.85
b. Adjustments to Beginning Balance	9793, 9795	-	-	-	(11,657.85)	11,656.00	(1.85)	(11,657.85)	11,656.00	(1.85)
c. Adjusted Beginning Balance		86,891.85	-	86,891.85	75,234.00	11,656.00	86,890.00	75,234.00	11,656.00	86,890.00
2. Ending Fund Balance, June 30 (E + F.1.c.)		597,526.71	(137,157.69)	460,369.02	(667,423.77)	(128,816.38)	(796,240.15)	590,451.14	11,656.00	611,367.67
Components of Ending Fund Balance :										
a. Nonspendable										
Revolving Cash (equals object 9130)	9711			-			-			-
Stores (equals object 9320)	9712			-			-			-
Prepaid Expenditures (equals object 9330)	9713			-			-			-
All Others	9719			-			-			-
b. Restricted	9740			-		(128,816.38)	(128,816.38)	11,656.00	11,656.00	-
c. Committed										
Stabilization Arrangements	9750			-			-			-
Other Commitments	9760			-			-			-
d. Assigned										
Other Assignments	9780			-			-			-
e. Unassigned/Unappropriated										
Reserve for Economic Uncertainties	9789			-			-			-
Unassigned/Unappropriated Amount	9790	597,526.71	(137,157.69)	460,369.02	(667,423.77)	-	(667,423.77)	590,451.14	-	590,451.14

**CHARTER SCHOOL
INTERIM FINANCIAL REPORT - ALTERNATIVE FORM
Second Interim Report - Summary**

Charter School Name: Heartwood Charter School
(continued)
CDS #: 49-70797-0136568
Charter Approving Entity: Liberty Elementary
County: Sonoma
Charter #: 2071
Fiscal Year: 2021-22

Description	Object Code	1st Interim Budget (X)	Actuals thru 01/31 (Y)	2nd Interim Budget (Z)	2nd Interim vs. 1st Interim Increase, (Decrease)	
					\$ Difference (Z) vs. (X)	% Change (Z) vs. (X)
A. REVENUES						
1. LCFF/Revenue Limit Sources						
State Aid - Current Year	8011	3,150,948.00	386,850.00	2,763,188.51	(387,759.49)	-12.31%
Education Protection Account State Aid - Current Year	8012	69,748.00	5,874.00	71,325.32	1,577.32	2.26%
State Aid - Prior Years	8019	-	-	-	-	
Transfers to Charter Schools Funding in Lieu of Property Taxes	8096	-	95,146.00	478,500.17	478,500.17	New
Other LCFF Transfers	8091, 8097	-	-	-	-	
Total, LCFF Sources		3,220,696.00	487,870.00	3,313,014.00	92,318.00	2.87%
2. Federal Revenues						
No Child Left Behind/Every Student Succeeds Act	8290	-	-	41,026.00	41,026.00	New
Special Education - Federal	8181, 8182	22,375.00	-	22,375.00	-	0.00%
Child Nutrition - Federal	8220	-	-	-	-	
Donated Food Commodities	8221	-	-	-	-	
Other Federal Revenues	8110, 8260-8299	-	-	50,000.00	50,000.00	New
Total, Federal Revenues		22,375.00	-	113,401.00	91,026.00	406.82%
3. Other State Revenues						
Special Education - State	StateRevSE	267,849.10	32,960.00	273,488.02	5,638.92	2.11%
All Other State Revenues	StateRevAO	157,199.59	11,674.10	159,077.68	1,878.09	1.19%
Total, Other State Revenues		425,048.69	44,634.10	432,565.70	7,517.01	1.77%
4. Other Local Revenues						
All Other Local Revenues	LocalRevAO	-	9,260.53	9,260.53	9,260.53	New
Total, Local Revenues		-	9,260.53	9,260.53	9,260.53	New
5. TOTAL REVENUES		3,668,119.69	541,764.63	3,868,241.23	200,121.54	5.46%
B. EXPENDITURES						
1. Certificated Salaries						
Certificated Teachers' Salaries	1100	1,310,600.00	642,243.71	1,318,700.00	8,100.00	0.62%
Certificated Pupil Support Salaries	1200	-	-	-	-	
Certificated Supervisors' and Administrators' Salaries	1300	118,000.00	69,043.38	118,000.00	-	0.00%
Other Certificated Salaries	1900	-	-	-	-	
Total, Certificated Salaries		1,428,600.00	711,287.09	1,436,700.00	8,100.00	0.57%
2. Non-certificated Salaries						
Non-certificated Instructional Aides' Salaries	2100	73,482.00	39,960.50	73,482.00	-	0.00%
Non-certificated Support Salaries	2200	-	-	-	-	
Non-certificated Supervisors' and Administrators' Sal.	2300	143,268.38	63,560.12	143,268.38	-	0.00%
Clerical and Office Salaries	2400	79,145.60	13,838.50	79,145.60	-	0.00%
Other Non-certificated Salaries	2900	-	-	-	-	
Total, Non-certificated Salaries		295,895.98	117,359.12	295,895.98	-	0.00%
3. Employee Benefits						
STRS	3101-3102	-	-	-	-	
PERS	3201-3202	-	-	-	-	
OASDI / Medicare / Alternative	3301-3302	131,923.94	61,188.06	132,543.59	619.65	0.47%
Health and Welfare Benefits	3401-3402	134,933.18	30,308.66	134,933.18	-	0.00%
Unemployment Insurance	3501-3502	26,734.10	27,845.29	39,226.67	12,492.57	46.73%
Workers' Compensation Insurance	3601-3602	24,142.94	6,669.67	24,256.34	113.40	0.47%
OPEB, Allocated	3701-3702	-	-	-	-	
OPEB, Active Employees	3751-3752	-	-	-	-	
Other Employee Benefits	3901-3902	27,356.69	3,146.18	27,566.69	210.00	0.77%
Total, Employee Benefits		345,090.85	129,157.86	358,526.47	13,435.62	3.89%
4. Books and Supplies						
Approved Textbooks and Core Curricula Materials	4100	-	-	-	-	
Books and Other Reference Materials	4200	3,000.00	-	3,000.00	-	0.00%
Materials and Supplies	4300	354,722.00	138,844.79	362,500.77	7,778.77	2.19%
Noncapitalized Equipment	4400	17,000.00	3,687.74	17,000.00	-	0.00%
Food	4700	-	-	-	-	

Total, Books and Supplies		374,722.00	142,532.53	382,500.77	7,778.77	2.08%
5. Services and Other Operating Expenditures						
Subagreements for Services	5100	-	-	-	-	
Travel and Conferences	5200	-	626.84	627.00	627.00	New
Dues and Memberships	5300	2,850.00	-	2,850.00	-	0.00%
Insurance	5400	65,616.00	33,370.41	67,099.88	1,483.88	2.26%
Operations and Housekeeping Services	5500	21,000.00	8,890.00	21,000.00	-	0.00%
Rentals, Leases, Repairs, and Noncap. Improvements	5600	139,000.00	74,000.00	139,000.00	-	0.00%
Transfers of Direct Costs	5700-5799	-	-	-	-	
Professional/Consulting Services and Operating Expend. Communications	5800	615,617.70	207,333.12	633,313.47	17,695.77	2.87%
	5900	6,250.00	337.81	6,250.00	-	0.00%
Total, Services and Other Operating Expenditures		850,333.70	324,558.18	870,140.34	19,806.65	2.33%
6. Capital Outlay (Objects 6100-6170, 6200-6500 modified accrual basis only)						
Land and Land Improvements	6100-6170	-	-	-	-	
Buildings and Improvements of Buildings	6200	-	-	-	-	
Books and Media for New School Libraries or Major Expansion of School Libraries	6300	-	-	-	-	
Equipment	6400	-	-	-	-	
Equipment Replacement	6500	-	-	-	-	
Depreciation Expense (for accrual basis only)	6900	-	-	-	-	
Total, Capital Outlay		-	-	-	-	
7. Other Outgo						
Tuition to Other Schools	7110-7143	-	-	-	-	
Transfers of Pass-through Revenues to Other LEAs	7211-7213	-	-	-	-	
Transfers of Apportionments to Other LEAs - Spec. Ed.	7221-7223SE	-	-	-	-	
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO	-	-	-	-	
All Other Transfers	7281-7299	-	-	-	-	
Transfers of Indirect Costs	7300-7399	-	-	-	-	
Debt Service:						
Interest	7438	-	-	-	-	
Principal (for modified accrual basis only)	7439	-	-	-	-	
Total, Other Outgo		-	-	-	-	
8. TOTAL EXPENDITURES		3,294,642.53	1,424,894.78	3,343,763.57	49,121.04	1.49%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPEND. BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)		373,477.17	(883,130.15)	524,477.67	151,000.50	40.43%
D. OTHER FINANCING SOURCES / USES						
1. Other Sources	8930-8979	-	-	-	-	
2. Less: Other Uses	7630-7699	-	-	-	-	
3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)	8980-8999	-	-	-	-	
4. TOTAL OTHER FINANCING SOURCES / USES		-	-	-	-	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)		373,477.17	(883,130.15)	524,477.67	151,000.50	40.43%
F. FUND BALANCE, RESERVES						
1. Beginning Fund Balance						
a. As of July 1	9791	86,891.85	86,891.85	86,891.85	-	0.00%
b. Adjustments/Restatements	9793, 9795	-	(1.85)	(1.85)	(1.85)	New
c. Adjusted Beginning Fund Balance		86,891.85	86,890.00	86,890.00		
2. Ending Fund Balance, June 30 (E + F.1.c.)		460,369.02	(796,240.15)	611,367.67		
Components of Ending Fund Balance :						
a. Nonspendable						
Revolving Cash (equals object 9130)	9711	-	-	-	-	
Stores (equals object 9320)	9712	-	-	-	-	
Prepaid Expenditures (equals object 9330)	9713	-	-	-	-	
All Others	9719	-	-	-	-	
b. Restricted	9740	-	(128,816.38)	11,656.00	11,656.00	New
c. Committed						
Stabilization Arrangements	9750	-	-	-	-	
Other Commitments	9760	-	-	-	-	
d. Assigned						
Other Assignments	9780	-	-	-	-	
e. Unassigned/Unappropriated						
Reserve for Economic Uncertainties	9789	-	-	-	-	
Unassigned/Unappropriated Amount	9790	460,369.02	(667,423.77)	590,451.14	130,082.12	28.26%

**CHARTER SCHOOL
MULTI-YEAR PROJECTION - ALTERNATIVE FORM
Second Interim Report - MYP**

Charter School Name: Heartwood Charter School
(continued) _____
CDS #: 49-70797-0136568
Charter Approving Entity: Liberty Elementary
County: Sonoma
Charter #: 2071
Fiscal Year: 2021-22

This charter school uses the following basis of accounting:

- Accrual Basis** (Applicable Capital Assets / Interest on Long-Term Debt / Long-Term Liabilities objects are 6900, 7438, 9400-9499, and 9660-9669)
- Modified Accrual Basis** (Applicable Capital Outlay / Debt Service objects are 6100-6170, 6200-6500, 7438, and 7439)

Description	Object Code	FY 2021-22			Totals for 2022-23	Totals for 2023-24
		Unrestricted	Restricted	Total		
A. REVENUES						
1. LCFE/Revenue Limit Sources						
State Aid - Current Year	8011	2,763,188.51	0.00	2,763,188.51	3,328,576.24	3,684,711.38
Education Protection Account State Aid - Current Year	8012	71,325.32	0.00	71,325.32	80,482.80	85,386.59
State Aid - Prior Years	8019	0.00	0.00	0.00	0.00	0.00
Transfers to Charter Schools in Lieu of Property Taxes	8096	478,500.17	0.00	478,500.17	539,934.96	572,833.03
Other LCFE Transfers	8091, 8097	0.00	0.00	0.00	0.00	0.00
Total, LCFE Sources		3,313,014.00	0.00	3,313,014.00	3,948,994.00	4,342,931.00
2. Federal Revenues						
No Child Left Behind/Every Student Succeeds Act	8290	0.00	41,026.00	41,026.00	41,026.00	50,031.71
Special Education - Federal	8181, 8182	0.00	22,375.00	22,375.00	44,000.00	53,500.00
Child Nutrition - Federal	8220	0.00	0.00	0.00	0.00	0.00
Donated Food Commodities	8221	0.00	0.00	0.00		
Other Federal Revenues	8110, 8260-8299	0.00	50,000.00	50,000.00	0.00	0.00
Total, Federal Revenues		0.00	113,401.00	113,401.00	85,026.00	103,531.71
3. Other State Revenues						
Special Education - State	StateRevSE	0.00	273,488.02	273,488.02	348,479.48	368,585.03
All Other State Revenues	StateRevAO	87,124.68	71,953.00	159,077.68	102,810.77	109,852.73
Total, Other State Revenues		87,124.68	345,441.02	432,565.70	451,290.25	478,437.76
4. Other Local Revenues						
All Other Local Revenues	LocalRevAO	9,260.53	0.00	9,260.53	0.00	0.00
Total, Local Revenues		9,260.53	0.00	9,260.53	0.00	0.00
5. TOTAL REVENUES		3,400,138.68	458,842.02	3,858,980.70	4,485,310.25	4,924,900.47
B. EXPENDITURES						
1. Certificated Salaries						
Certificated Teachers' Salaries	1100	1,092,100.00	226,600.00	1,318,700.00	1,515,813.00	1,773,628.92
Certificated Pupil Support Salaries	1200	0.00	0.00	0.00	0.00	0.00
Certificated Supervisors' and Administrators' Salaries	1300	106,200.00	11,800.00	118,000.00	120,120.00	124,924.80
Other Certificated Salaries	1900	0.00	0.00	0.00	0.00	0.00
Total, Certificated Salaries		1,198,300.00	238,400.00	1,436,700.00	1,635,933.00	1,898,553.72
2. Non-certificated Salaries						
Non-certificated Instructional Aides' Salaries	2100	0.00	73,482.00	73,482.00	125,381.28	132,355.13
Non-certificated Support Salaries	2200	0.00	0.00	0.00	0.00	0.00
Non-certificated Supervisors' and Administrators' Sal.	2300	130,516.88	12,751.50	143,268.38	187,208.00	203,988.24
Clerical and Office Salaries	2400	39,572.80	39,572.80	79,145.60	80,171.42	85,518.28
Other Non-certificated Salaries	2900	0.00	0.00	0.00	0.00	0.00
Total, Non-certificated Salaries		170,089.68	125,806.30	295,895.98	392,760.70	421,861.65

Description	Object Code	FY 2021-22			Totals for 2022-23	Totals for 2023-24
		Unrestricted	Restricted	Total		
3. Employee Benefits						
STRS	3101-3102	0.00	0.00	0.00	0.00	0.00
PERS	3201-3202	0.00	0.00	0.00	0.00	0.00
OASDI / Medicare / Alternative	3301-3302	104,681.81	27,861.78	132,543.59	155,195.07	177,511.78
Health and Welfare Benefits	3401-3402	110,293.21	24,639.97	134,933.18	152,063.83	168,030.53
Unemployment Insurance	3501-3502	28,634.27	10,592.40	39,226.67	39,676.41	43,960.00
Workers' Compensation Insurance	3601-3602	19,157.46	5,098.89	24,256.34	28,401.71	32,485.82
OPEB, Allocated	3701-3702	0.00	0.00	0.00	0.00	0.00
OPEB, Active Employees	3751-3752	0.00	0.00	0.00	0.00	0.00
Other Employee Benefits	3901-3902	23,430.77	4,135.93	27,566.69	64,892.65	72,699.78
Total, Employee Benefits		286,197.51	72,328.97	358,526.47	440,229.67	494,687.90
4. Books and Supplies						
Approved Textbooks and Core Curricula Materials	4100	0.00	0.00	0.00	0.00	0.00
Books and Other Reference Materials	4200	3,000.00	0.00	3,000.00	7,045.00	7,130.00
Materials and Supplies	4300	362,500.77	0.00	362,500.77	552,799.26	637,661.53
Noncapitalized Equipment	4400	17,000.00	0.00	17,000.00	2,900.00	2,900.00

Food	4700	0.00	0.00	0.00	0.00	0.00
Total, Books and Supplies		382,500.77	0.00	382,500.77	562,744.26	647,691.53
5. Services and Other Operating Expenditures						
Subagreements for Services	5100	0.00	0.00	0.00	0.00	0.00
Travel and Conferences	5200	627.00	0.00	627.00	639.54	652.33
Dues and Memberships	5300	2,850.00	0.00	2,850.00	2,850.00	2,907.00
Insurance	5400	67,099.88	0.00	67,099.88	96,322.50	104,235.23
Operations and Housekeeping Services	5500	21,000.00	0.00	21,000.00	21,200.00	21,624.00
Rentals, Leases, Repairs, and Noncap. Improvements	5600	139,000.00	0.00	139,000.00	139,000.00	139,000.00
Transfers of Direct Costs	5700-5799	0.00	0.00	0.00		
Professional/Consulting Services and Operating Expend.	5800	449,299.47	184,014.00	633,313.47	827,834.82	739,553.18
Communications	5900	6,250.00	0.00	6,250.00	4,350.00	4,437.00
Total, Services and Other Operating Expenditures		686,126.34	184,014.00	870,140.34	1,092,196.86	1,012,408.74
6. Capital Outlay (Obj. 6100-6170, 6200-6500 for mod. accr. basis only)						
Land and Land Improvements	6100-6170	0.00	0.00	0.00	0.00	0.00
Buildings and Improvements of Buildings	6200	0.00	0.00	0.00	0.00	0.00
Books and Media for New School Libraries or Major Expansion of School Libraries	6300	0.00	0.00	0.00	0.00	0.00
Equipment	6400	0.00	0.00	0.00	0.00	0.00
Equipment Replacement	6500	0.00	0.00	0.00	0.00	0.00
Depreciation Expense (for accrual basis only)	6900	0.00	0.00	0.00	0.00	0.00
Total, Capital Outlay		0.00	0.00	0.00	0.00	0.00
7. Other Outgo						
Tuition to Other Schools	7110-7143	0.00	0.00	0.00		
Transfers of Pass-through Revenues to Other LEAs	7211-7213	0.00	0.00	0.00		
Transfers of Apportionments to Other LEAs - Spec. Ed.	7221-7223SE	0.00	0.00	0.00		
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO	0.00	0.00	0.00		
All Other Transfers	7280-7299	0.00	0.00	0.00	0.00	0.00
Transfers of Indirect Costs	7300-7399	0.00	0.00	0.00	0.00	0.00
Debt Service:						
Interest	7438	0.00	0.00	0.00	0.00	0.00
Principal (for modified accrual basis only)	7439	0.00	0.00	0.00	0.00	0.00
Total, Other Outgo		0.00	0.00	0.00	0.00	0.00
8. TOTAL EXPENDITURES		2,723,214.30	620,549.27	3,343,763.57	4,123,864.50	4,475,203.54
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPEND. BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)		676,924.39	(161,707.25)	524,477.67	361,445.75	449,696.93

Description	Object Code	FY 2021-22			Totals for 2022-23	Totals for 2023-24
		Unrestricted	Restricted	Total		
D. OTHER FINANCING SOURCES / USES						
1. Other Sources	8930-8979	0.00	0.00	0.00		
2. Less: Other Uses	7630-7699	0.00	0.00	0.00		
3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)	8980-8999	(161,707.25)	161,707.25	0.00		
4. TOTAL OTHER FINANCING SOURCES / USES		(161,707.25)	161,707.25	0.00	0.00	0.00
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)		515,217.14	0.00	524,477.67	361,445.75	449,696.93
F. FUND BALANCE, RESERVES						
1. Beginning Fund Balance						
a. As of July 1	9791	86,891.85	0.00	86,891.85	611,367.67	972,813.41
b. Adjustments to Beginning Balance	9793, 9795	(11,657.85)	11,656.00	(1.85)		
c. Adjusted Beginning Balance		75,234.00	11,656.00	86,890.00	611,367.67	972,813.41
2. Ending Fund Balance, June 30 (E + F.1.c.)		590,451.14	11,656.00	611,367.67	972,813.41	1,422,510.34
Components of Ending Fund Balance:						
a. Nonspendable						
Revolving Cash (equals object 9130)	9711	0.00	0.00	0.00		
Stores (equals object 9320)	9712	0.00	0.00	0.00		
Prepaid Expenditures (equals object 9330)	9713	0.00	0.00	0.00		
All Others	9719	0.00	0.00	0.00		
b. Restricted	9740	0.00	11,656.00	11,656.00		
c. Committed						
Stabilization Arrangements	9750	0.00	0.00	0.00		
Other Commitments	9760	0.00	0.00	0.00		
d. Assigned						
Other Assignments	9780	0.00	0.00	0.00		
e. Unassigned/Unappropriated						
Reserve for Economic Uncertainties	9789	0.00	0.00	0.00		
Unassigned/Unappropriated Amount	9790	590,451.14	0.00	590,451.14	972,813.41	1,422,510.34

Heartwood Charter School

2nd Interim Budget 2021-22

Budget Narrative and Assumptions

March 15, 2022

Overview and Summary

Heartwood Charter School is in its third year of operation. This proposed operational budget includes forecast enrollment targets, projected state revenues and estimated expenditures. All funding rates are based on published funding amounts from the California Department of Education and State Department of Finance as of September 2021.

State budget decisions as of June 30, 2020 had fixed our funding at our first year ADA level of 117.49, making finances extremely challenging for 20-21 and even more so for 21-22. For 20-21, we had in an effort to bolster both our current and future finances, we elected to carry a larger school population of existing enrolled students, while closing K offerings for our supported instruction and reducing curriculum allowances for our homeschool instruction program.

The State budget of June 30, 2022 lifted the freeze on ADA growth, and Heartwood accepted a larger enrollment, eventually enrolling 370 students by early August, 2021. Despite strong enrollment growth, enrollment continued see instability and high turnover during the month of August, experiencing a net decrease, falling through our target to 346 by the first day of instruction on August 30. We believe that the turnover may have been due to uncertainty around masking and vaccination rules.

Enrollment recovered to 402 by mid-December, 2021, but the late enrollment of such a large number of students had the effect of lowering ADA to a figure below what was expected to serve 400 students. This resulted in lower than expected funding and higher than expected costs. In this case the final enrollment was high enough above the planned enrollment to mostly offset the ADA reduction. Also, because of the uncertainty of what would be approved in the June 30 budget and associated trailer bills, Heartwood maintained a cautious stance with committed resources to weather potential surprises. Finally, several staff positions went unfilled, but will be filled as candidates are available.

Because of the large enrollment growth, a significant degree of financing in the form of receivable sales was planned in order to reach into the future, larger funding streams anticipated in the latter part of the year.

We continue to monitor our expenses, cash position and financial plan very carefully, and will continue to refine as the year progresses.

Revenue Assumptions

Heartwood Charter School relies on State and Federal funding sources to support operations, including instruction and curriculum. The LCFF calculator current to September 2021 was used for calculating base grant funding. For the 2021-22 fiscal year, actual ADA value of 356.63 from the P-1 attendance report was used to estimate P-2 current year funding. Actual P-2 ADA may vary from this figure due to enrollment variations in the third quarter. For 2022-23 and 2023-24 it is assumed that ADA will continue to be funded at actual attendance rates, including any enrollment growth. Future year funding was calculated using the COLA included in the current FCMAT calculator.

Revenues to date have been largely as expected, notwithstanding the enrollment variations. We received an unplanned \$35,000 grant from our affiliated fundraising organization. Also, at the end of January, 2022 Heartwood was approved for ESSER II and III grants as well as a small amount of Title I funding. Because of the late approval, plans could not be made in advance of the school year to staff planned activities that could be applicable to these funds, and so it is difficult to forecast the amount of these funds that will ultimately be received.

Extensive use of financial aids has been and will continue to be used through the 21-22 fiscal year. The aids have consisted of three-month receivable sales transactions to enhance liquidity, as well a longer term CSRLFP loan of \$250,000 initiated in 2020. The receivable sales and CSRLFP installments, now extended to a five-year payment schedule, are being paid back on schedule, and without creation of any financial strain. We have planned for the repayment of these financial aids within their respective timeframe, and we continue to expect the payment obligations to fit comfortably within our expected funding level. Loans assumed to finance the pandemic-related state funding deferrals in the spring of 2020-21 were paid off without any further financial disruption in the October, 2021.

Educational stimulus funds and learning loss grants were included in this current forecast, to the extent that they can be applied to allowable uses.

Student Data Assumptions

Though experiencing a drop at the opening of 2021-22 to about 323 from a forecast 370, enrollment has increased steadily through January 2022, ending the period at about 400. It is assumed that enrollment for the remainder of 2021-22 will remain at approximately the P-1 level.

An attendance rate of 94% is assumed when forecasting current and future years. Current year attendance has been in excess of 96% of available days in the first periods of 2021-22. However, the late enrollment of many students has resulted in a lower ADA than 94%, and actual ADA will be used for the remainder of the current year. The unduplicated pupil count is about 34% this year but is assumed to return to about 28% in future years. English Learner count is also assumed equal at current levels.

Enrollment by Grade					
	Grade	2020-21	2021-22	2022-23	2023-24
	K	14	70	78	80
	1	28	53	55	57
	2	31	43	55	50
	3	22	57	60	36
	4	20	45	50	44
	5	25	37	40	133
	6	14	33	33	33
	7	14	27	27	28
	8	6	21	16	25
	9	2	4	-	4
	10	-	9	2	7
	11	1	2	7	10
	12	2	1	5	10
	Total	179	402	428	517

Daily Attendance Rate		2020-21	2021-22	2022-23	2023-24
	Overall ADA Rate	94%	94%	94%	94%
	ADA K-3	89.30	198.18	233.04	210.25
	ADA 4-6	55.46	102.43	115.62	197.12
	ADA 7-8	18.80	40.61	40.42	49.53
	ADA 9-12	4.70	15.40	13.37	28.77
	Overall ADA	168.26	356.62	402.45	485.66

Special Education

Heartwood was accepted into the Sonoma SELPA. The funding rate for Special Education is \$715 per ADA from the state and \$194 from federal and is assumed to be constant for the following years. Currently IEP's accompany about 12% of the total student body. Special education costs still represent a significant uncertainty in our budget, with budgeted costs currently forecast to equal funding +/- 20% due to some possible high-needs students. We continue to actively manage the delivery of required services while looking for ways to improve delivery as well as contain costs.

Cost Assumptions

Staffing

Staffing levels are shown in the table below, notably with a Director starting in Year 1 and an Assistant Director starting in Year 4. The table below shows staffing levels in FTE for positions as well as chief

benefits for eligible employees. Health benefits start for employees at 0.75 FTE and retirement at 1.0 FTE. The retirement included social security and a 403b plan with no match initially.

Personnel Assumptions		2020-21	2021-22	2022-23	2023-24
	Student Ratio	20.0	20.0	20.0	22.0
	Director	1.0	1.0	1.0	1.0
	Assistant Director	1.0	1.0	2.0	3.0
	SpEd Teacher	1.0	3.2	4.0	4.5
	Office Manager (FTE)	0.5	1.0	1.0	1.0
	Office Assistants (FTE)	1.5	2.5	4.0	4.0
	Health Benefit / eligible Empl	\$4,000	\$6,000	\$6,000	\$6,000
	Retirement	403b	403b	403b	403b

Salary and Benefit Assumptions

The table below shows starting salary for school positions in Year 1 and assumes 2% increases after Year 2. The substitute teacher days are very low since this is an independent study program and brief teacher absences are not impactful.

Salary Rate and Benefit Assumptions		2020-21	2021-22	2022-23	2023-24
	Teachers (starting)	50,000	52,500	54,000	56,000
	Av. Annual Days Absent	3	3	3	3
	Substitute Teacher per Diem	150	215	220	225
	Director	112,000	118,000	125,000	128,000
	Assistant Director	45,000	75,000	85,000	88,000
	SpEd Teacher	55,825	65,000	57,475	58,575
	Kindergarten Assistants	-	19,000	25,000	28,000
	Office Administrator	50,000	52,500	54,000	56,000
	Office Assistants	40,000	41,040	48,000	50,000
	Certified Benefits	24.0%	24.0%	26.0%	26.0%
	Non-Certified Benefits	24.0%	24.0%	24.0%	24.0%
	Substitute Teacher Benefits	11.4%	11.4%	11.4%	11.4%

Services and Other Operating Expenses

Assumptions for larger operating expenses are described below:

Business services will cover expenses of our back office service provider, EdTec, who will provide accounting, payroll, accounts payable and student data services. Fees range from 67,800 in 20-21 to approximately \$137,000 in 22-23.

Business insurance is also a significant cost at about 53,000 for 20-21, rising to 87,000 for 22-23.

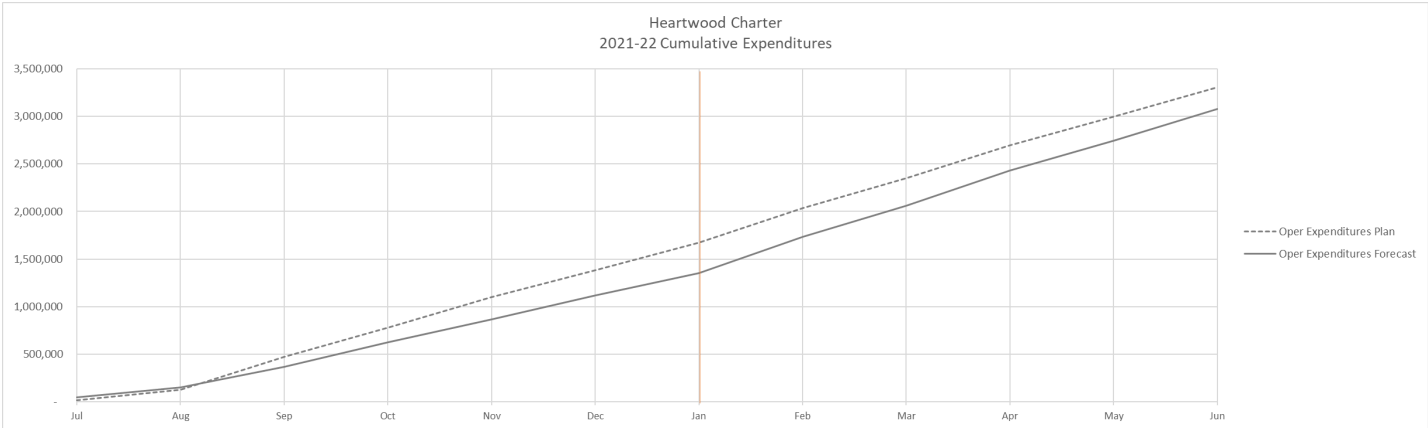
Homeschool curriculum and vendor services, who provide curriculum approval, curriculum vendor approval, order approval and management, will be serviced by in-house staff and is accounted for in the personnel assumptions. However, staffing shortages are keeping several positions unfilled.

Facilities costs for our resource centers are included at approximately \$150,000 in 21-22, and up to \$180,000 per year in 23-24. The facilities are used for independent study supported, in-person independent study instruction and enrichment classes.

District oversight fees are included at a rate of 3% of revenues.

Midyear Expenditure Actuals and Forecast at Year End

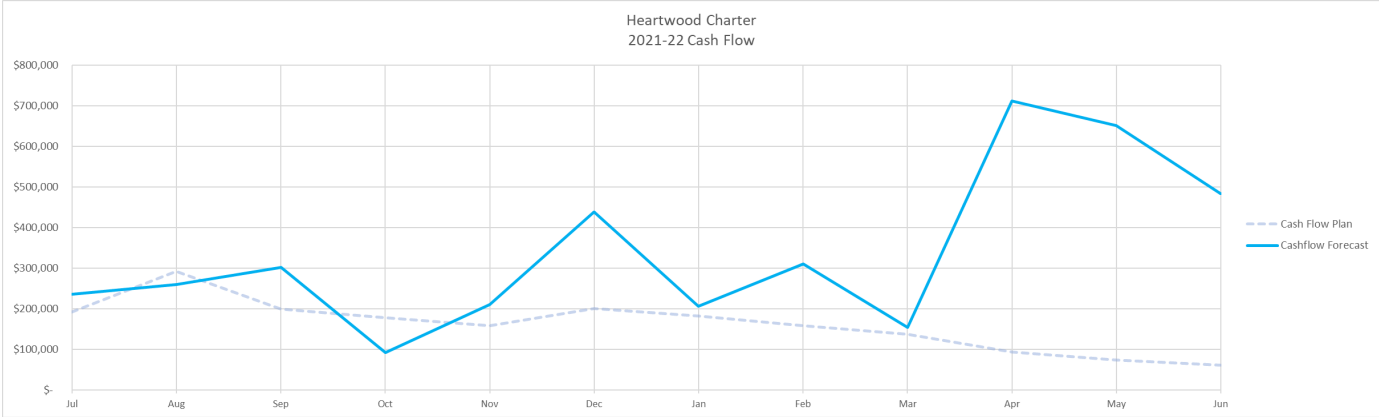
To date actual expenses (“Actuals”) continue to arrive below our budgeted expenditure amounts (“Plan”) in aggregate. We continue to budget for possible increased expenditures, especially in the areas of salaries as staff positions are filled, contracts and especially special education. In future months, we will be reducing our forecasts for costs in these areas if the cost pressures do not materialize. At this time, we are estimating that Actuals plus forecast remainder of the year expenses (collectively the “Forecast” costs) will yield a Forecast at Year End (“FYE”) overall budget surplus of +\$515,000. The expected tolerance on this balance is + / - \$100,000, or + / - 20% of total annual expenditures. Some budget may be spent on program, equipment or salaries if cost uncertainties do not materialize. Our bias will be to manage the budget to an FYE balance that provides a substantial reserve to solidify our financial stability.



Resulting Monthly Cash Flow

We have been making significant use of factoring cash advance loans, which has been an effective strategy to manage operating cash. We have been able to maintain our account balance well above zero, though the marked increase in expenses demanded careful planning. The CSFA loan will assist as

a low cost source of support for liquidity in the remainder of the year. Because of the lower than expected costs, we are still forecasting a significant cash balance into year end, but as mentioned, we will be managing costs to achieve a solid year end balance.



Conclusions

With funding fixed at an ADA level of 117.49 to start the year, finances continue to be very challenging for 21-22 while we support 400 students, and careful loan and cash management is critical. However, much of the core academic program was restored in 21-22, though suppressed somewhat by staffing scarcity. We plan to restore more of the programmatical reductions that were enacted in reaction to pandemic budgeting, as well as grow our staff to better serve our student body.

We continue to monitor our expenses, cash position and financial plan very carefully, and will continue to refine as the year progresses.