



Monday, November 30, 2020
Rocketship Public Schools Audit Committee Meeting (2020-21 Q2)

Meeting Time: 11:30am to 12:30pm

Webinar link: <https://rocketshipschools.zoom.us/j/82318793335>

Public Comment: Members of the public can make comment on off-agenda items at the start of the meeting, and on agenda items immediately preceding the board's discussion of each item. Please use the webinar's "raise hand" feature to indicate you would like to make a comment. You will be recognized once the public comment time begins, and will be unmuted by the host and permitted to make comment for a duration of up to 3 minutes.

1. Opening Items (11:30am-11:35am)

- A. Call to order
- B. Public comment on off-agenda items

2. Consent Items (11:35am-11:40am)

- A. Approve minutes from June 11, 2020 and August 20, 2020 Audit Committee meetings

3. Agenda Items (11:40am-12:30pm)

- A. Review audit process (11:40am-11:50am)
- B. Review and recommend approval of 19-20 audit to Rocketship Board of Directors (11:50am-12:20pm)
- C. Forward-looking process and action item updates (12:20pm-12:30pm)

4. Adjourn (12:30pm)

THE ORDER OF BUSINESS AND TIMINGS MAY BE CHANGED WITHOUT NOTICE: Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice, provided that the Board takes action to effectuate such change. Timings listed on the agenda are estimates only and may change depending on the duration of public comment and discussion around prior items.

REASONABLE ACCOMMODATION WILL BE PROVIDED FOR ANY INDIVIDUAL WITH A DISABILITY: Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in this meeting may request assistance by contacting us at compliance@rsed.org.

SPANISH TRANSLATION: If you need Spanish audio translation in order to access the Rocketship Board meeting, please send a request to compliance@rsed.org at least 24 hours before the start of the meeting. If you would like to make a public comment in Spanish and would like us to translate to English for the Board, please send a request to compliance@rsed.org at least 24 hours before the start of the meeting.

Si necesita traducción de audio al español para acceder a la reunión de la Mesa Directiva de Rocketship, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Si desea hacer un comentario público en español y desea que lo traduzcamos al inglés para la Mesa Directiva, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Minutes -- Rocketship Public Schools Audit Committee Meeting (2019-20 Q4) (Thursday, June 11, 2020)**1. Opening Items****A. Call to Order**

At 3:31pm, Mr. Jordan called the meeting to order. With a quorum of committee members present, Mr. Jordan called the meeting to order.

Present: Louis Jordan, Greg Stanger

Advisor: Julie Miller

B. Public Comment on Off-Agenda Items

At 3:32pm, Mr. Jordan called for public comment. No members of public were present.

2. Consent Items**A. Approve minutes from March 4th, 2020 Audit committee meeting****B. Acknowledge selection of Clifton Larsen Allen as Rocketship 403(b) auditor**

At 3:33pm, Mr. Jordan called for a motion to approve the consent items. A motion was made by Mr. Stanger, seconded by Mr. Jordan, and carried unanimously by roll call vote.

Y: Louis Jordan, Greg Stanger

N: --

Abstain: --

3. Agenda Items**A. Update on interim audit process**

At 3:37pm, the committee discussed agenda item 3(A).

B. Update on timeline and preparation for formal audit process for fiscal year ending 6/30/20

At 3:51pm, the committee discussed agenda item 3(B).

C. Review and approve IRS Form 990 for Rocketship Education for fiscal year ending 6/30/19

At 3:55pm, the committee discussed agenda item 3(C). At 4:00pm, Mr. Jordan called for a motion to approve the IRS Form 990 for Rocketship Education for fiscal year ending 6/30/19. A motion was made by Mr. Stanger, seconded by Mr. Jordan, and carried unanimously by roll call vote.

Y: Louis Jordan, Greg Stanger

N: --

Abstain: --

4. Adjourn

At 4:01pm, Mr. Jordan called for a motion to adjourn the meeting. A motion was made Mr. Stanger, seconded by Mr. Jordan, and carried unanimously by roll call vote.

Y: Louis Jordan, Greg Stanger

N: --

Abstain: --

Respectfully Submitted,

Apoorva Katikaneni
Senior Compliance Associate
Rocketship Public Schools

Minutes -- Rocketship Public Schools Audit Committee Meeting (2020-21 Q1) (Thursday, August 20, 2020)**1. Opening Items****A. Call to order**

At 9:31am, Mr. Jordan took roll call. With a quorum of the committee present, Mr. Jordan called the meeting to order.
Present: Louis Jordan, Greg Stanger
Advisor: Julie Miller

B. Public Comment on off-agenda items

At 9:32am, Mr. Jordan called for public comment on off-agenda items. No comments were made.

2. Consent Items**A. Approve minutes from June 11th, 2020 Audit Committee meeting**

At 9:33am, Mr. Jordan called for a motion to approve consent items. A motion was made by Mr. Stanger, seconded by Mr. Jordan, and motion was not passed.

Y: Louis Jordan

N: --

Abstain: Greg Stanger

3. Agenda Items**A. Update on interim audit and 403(b)**

At 9:35am, the committee discussed agenda item 3(A).

B. 2019-20 end-of-year audit process update

At 9:45am, the committee discussed agenda item 3(B).

4. Adjourn

At 9:59am, Mr. Jordan called for a motion to adjourn the meeting. A motion was made by Mr. Stanger, seconded by Mr. Jordan, and motion was carried unanimously.

Y: Louis Jordan, Greg Stanger

N: --

Respectfully Submitted,

Apoorva Katikaneni
Senior Compliance Associate
Rocketship Public Schools

RPS Audit Committee Update November 2020

November 30, 2020



Audit Calendar Overview

Completed

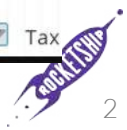
- 403b audit and tax filing completed
- DC and MKE audits completed
- Consolidated RSED audit received and under review for Dec Board finalization
- No audit findings identified

In Process - Completion by Year End - Drafts received

- Single and supplemental audits RRWC, RFA, RDL
- TN GASB audit
- LDC stand alone audit

Audit Calendar FY19-20

Read-only view, generated on 27 Nov 2020



Audit Calendar Detail : RSED/ DC/MKE/LDC/TN/403b

Audit Calendar FY19-20

Read-only view, generated on 27 Nov 2020



Process and Action Item Updates

- **Post Audit Procedures - Contracts**

- Contracts and Procurement identified as a next area to establish improved procedures and review
- Dovetailing with planned AP automation project and aligning cross functionally Accounting/Legal/Operations/Compliance

- **Floqast**

- Continue to build out use with goal of availability as audit support tool

- **403b Processes**

- Integrating tech connectivity between ADP to Principal
- Recommending streamlined company match calculation
- Establishing quarterly internal and external review protocols
- Retained ERISA counsel to supplement Advisor and Principal guidelines and interpretations

- **Future Initiatives - Leases**

- Adoption of lease standard change ASC 842 delayed another year to FY23 by FASB, due to COVID; RPS will continue preparations in FY2021/22, but with longer period available for analysis and execution; Leasequery software and data set up work complete, detail and analysis remains



ROCKETSHIP EDUCATION AND ITS AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019)**

OPERATING:

California

**Rocketship Mateo Sheedy Elementary #0850
Rocketship Si Se Puede Academy #1061
Rocketship Los Suenos Academy #1127
Rocketship Mosaic Elementary #1192
Rocketship Discovery Prep #1193
Rocketship Brilliant Minds #1393
Rocketship Alma Academy #1394
Rocketship Spark Academy #1526
Rocketship Fuerza Community Prep #1687
Rocketship Redwood City Prep #1736
Rocketship Rising Stars #1778
Rocketship Delta Prep #1965
Rocketship Futuro Academy #1805**

Tennessee

**Rocketship Nashville Northeast Elementary
Rocketship United Academy**

Wisconsin

**Rocketship Southside Community Prep
Rocketship Transformation Prep**

DC

**Rocketship Rise Academy
Rocketship Legacy Prep**

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rocketship Education and its Affiliates
Redwood City, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Rocketship Education and its Affiliates (RSEA), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of RSEA as of June 30, 2020, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying supplementary schedules required by the required by the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel (Local Education Agency Organization Structure, Schedule of Instructional Time, Schedule of Average Daily Attendance, Reconciliation of Annual Financial Report with Audited Financial Statements) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary schedules of the consolidating statements of financial position, activities and cash flows are presented for purposes of additional analysis and are not a required part of the basic 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited RSEA's 2019 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated December 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated REPORT DATE on our consideration of RSEA’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 on RSEA’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 RSEA’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

CLA - Draft - Not for Distribution

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2020 Total	2019 Total
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 22,831,077	\$ 1,765,388	\$ 6,132,046	\$ 5,487,242	\$ -	\$ 36,215,753	\$ 34,519,662
Restricted Cash	-	77,454	-	12,470,142	-	12,547,596	12,497,822
Accounts Receivable	17,627,366	90,008	408,881	429,148	-	18,555,403	13,242,884
Deferred Rent Asset	-	-	-	6,156,393	(6,156,393)	-	175,000
Grants Receivable	900,000	-	-	-	-	900,000	-
Prepaid Expenses and Deposits	2,906,790	101,556	336,807	679,531	-	4,024,684	3,612,640
Total Current Assets	44,265,233	2,034,406	6,877,734	25,222,456	(6,156,393)	72,243,436	64,048,008
LONG-TERM ASSETS							
Intracompany Receivable	7,231,996	-	-	-	(7,231,996)	-	-
Security Deposits	426,830	-	1,500	-	(400,000)	28,330	26,830
Deferred Rent Asset	-	-	-	792,938	(792,938)	-	-
Property, Plant, and Equipment, Net	4,740,076	31,523	5,741	132,752,345	-	137,529,685	140,800,699
Total Long-Term Assets	12,398,902	31,523	7,241	133,545,283	(8,424,934)	137,558,015	140,827,529
Total Assets	\$ 56,664,135	\$ 2,065,929	\$ 6,884,975	\$ 158,767,739	\$ (14,581,327)	\$ 209,801,451	\$ 204,875,537
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ 5,976,925	\$ 144,090	\$ 1,325,516	\$ 791,031	\$ -	\$ 8,237,562	\$ 10,652,213
Accrued Interest	127,225	822	-	602,623	-	730,670	745,229
Deferred Rent Liability	14,821	35,276	-	-	(14,821)	35,276	-
Deferred Revenues	1,582,030	-	-	11,343	-	1,593,373	921,751
Current Portion of Loans Payable	1,091,898	150,031	256,251	2,325,617	-	3,823,797	3,690,122
Total Current Liabilities	8,792,899	330,219	1,581,767	3,730,614	(14,821)	14,420,678	16,009,315
LONG-TERM LIABILITIES							
Security Deposits	-	-	-	400,000	(400,000)	-	-
Accrued Interest	194,886	-	1,757	-	-	196,643	166,076
Deferred Rent Liability	4,074,599	17,527	2,728,870	5,803,023	(6,934,510)	5,689,509	4,706,852
Intracompany Payable	-	4,112,908	2,904,205	214,883	(7,231,996)	-	-
Loans Payable	4,870,600	387,442	893,911	158,725,374	-	164,877,327	159,908,722
Total Long-Term Liabilities	9,140,085	4,517,877	6,528,743	165,143,280	(14,566,506)	170,763,479	164,781,650
NET ASSETS							
Without Donor Restriction	37,831,151	(2,782,167)	(1,225,535)	(10,106,155)	-	23,717,294	23,897,122
With Donor Restriction	900,000	-	-	-	-	900,000	187,450
Total Net Assets	38,731,151	(2,782,167)	(1,225,535)	(10,106,155)	-	24,617,294	24,084,572
Total Liabilities And Net Assets	\$ 56,664,135	\$ 2,065,929	\$ 6,884,975	\$ 158,767,739	\$ (14,581,327)	\$ 209,801,451	\$ 204,875,537

See accompanying Notes to Consolidated Financial Statements.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)**

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2020 Total	2019 Total
NET ASSETS WITHOUT DONOR RESTRICTIONS							
REVENUES							
LCFF State Aid & Property Tax Revenue	\$ 66,915,020	\$ -	\$ -	\$ -	\$ -	\$ 66,915,020	\$ 63,871,048
Apportionment Revenue	11,000,801	5,524,820	18,873,678	-	-	35,399,299	29,960,397
Other State Revenue	13,372,928	74,878	7,436,818	-	-	20,884,624	21,341,595
Federal Revenue	8,924,467	1,126,070	1,915,258	-	-	11,965,795	12,974,150
Other Local Revenue	6,827,306	15,165	36,471	16,859,229	(20,936,532)	2,801,639	3,938,359
Contributions	5,316,407	328,063	679,083	-	-	6,323,553	5,461,149
Amounts Released from Restriction	-	87,450	100,000	-	-	187,450	799,680
Total Without Donor Restriction Revenues	112,356,929	7,156,446	29,041,308	16,859,229	(20,936,532)	144,477,380	138,346,378
EXPENSES							
Program Expenses:							
Educational programs	84,199,829	6,652,106	24,778,040	-	(16,700,211)	98,929,764	92,810,139
Program Supports	9,430,017	-	-	19,007,998	-	28,438,015	29,407,382
Supporting Services:							
Administration and General	15,914,774	1,109,665	3,664,135	492,029	(4,236,321)	16,944,282	11,846,410
Fundraising	345,147	-	-	-	-	345,147	281,801
Total Supporting Services	16,259,921	1,109,665	3,664,135	492,029	(4,236,321)	17,289,429	12,128,211
Total Expenses	109,889,767	7,761,771	28,442,175	19,500,027	(20,936,532)	144,657,208	134,345,732
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,467,162	(605,325)	599,133	(2,640,798)	-	(179,828)	4,000,646
NET ASSETS WITH DONOR RESTRICTION							
Amounts Released from Restriction	-	(87,450)	(100,000)	-	-	(187,450)	(799,680)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	900,000	(87,450)	(100,000)	-	-	712,550	(799,680)
INCREASE (DECREASE) IN NET ASSETS	3,367,162	(692,775)	499,133	(2,640,798)	-	532,722	3,200,966
Net Assets, Beginning of Year	35,363,989	(2,089,392)	(1,724,668)	(7,465,357)	-	24,084,572	20,883,606
NET ASSETS, END OF YEAR	<u>\$ 38,731,151</u>	<u>\$ (2,782,167)</u>	<u>\$ (1,225,535)</u>	<u>\$ (10,106,155)</u>	<u>\$ -</u>	<u>\$ 24,617,294</u>	<u>\$ 24,084,572</u>

See accompanying Notes to Consolidated Financial Statements.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)**

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2020 Total	2019 Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets	\$ 3,367,162	\$ (692,775)	\$ 499,133	\$ (2,640,798)	\$ -	\$ 532,722	\$ 3,200,966
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation Expense	336,095	6,372	1,435	3,861,713	-	4,205,615	3,411,478
Transfers and Losses on Disposal of Assets	41,744	-	-	-	-	41,744	-
Amortization Expense	-	-	-	363,633	-	363,633	319,291
(Increase) Decrease in Operating Assets:							
Accounts Receivable	(6,292,945)	413,838	19,477	546,193	-	(5,313,437)	(3,709,467)
Grants Receivable	(900,000)	75,000	100,000	-	-	(725,000)	1,304,283
Prepaid Expenses and Other Current Assets	(52,780)	(17,284)	(300,276)	(43,204)	-	(413,544)	(254,876)
Deferred Rent Asset	-	-	-	(1,172,757)	1,172,757	-	-
Increase (Decrease) in Operating Liabilities:							
Accounts Payable and Accrued Liabilities	(2,561,232)	(181,555)	600,034	(252,431)	-	(2,395,184)	1,067,570
Deferred Revenues	669,736	-	-	1,887	-	671,623	(412,375)
Deferred Rent Liability	138,004	(1,658)	534,648	1,519,695	(1,172,757)	1,017,932	(1,171,631)
Net Cash Provided (Used) by Operating Activities	(5,254,216)	(398,062)	1,454,451	2,183,931	-	(2,013,896)	3,755,239
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property, Plant, and Equipment	(138,818)	(7,676)	(7,176)	(827,296)	-	(980,966)	(39,946,341)
Net Cash Used by Investing Activities	(138,818)	(7,676)	(7,176)	(827,296)	-	(980,966)	(39,946,341)
CASH FLOWS FROM FINANCING ACTIVITIES							
Intracompany Loans	(658,025)	874,660	(431,497)	214,862	-	-	-
Proceeds from Debt	4,000,000	537,473	1,150,162	2,700,000	-	8,387,635	36,081,955
Repayment of Debt	(375,002)	-	-	(3,271,906)	-	(3,646,908)	(2,841,680)
Net Cash Provided (Used) by Financing Activities	2,966,973	1,412,133	718,665	(357,044)	-	4,740,727	33,240,275
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,426,061)	1,006,395	2,165,940	999,591	-	1,745,865	(2,950,827)
Cash and Cash Equivalents, Beginning of Year	25,257,138	836,447	3,966,106	16,957,793	-	47,017,484	49,968,311
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,831,077</u>	<u>\$ 1,842,842</u>	<u>\$ 6,132,046</u>	<u>\$ 17,957,384</u>	<u>\$ -</u>	<u>\$ 48,763,349</u>	<u>\$ 47,017,484</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION							
Cash Paid for Interest, Net	\$ 6,283	\$ -	\$ -	\$ 9,495,696	\$ -	\$ 9,501,979	\$ 7,761,957
Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,050

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rocketship Education and its Affiliates (RSEA) are organized to manage, operate, guide, direct, and promote a network of public elementary charter schools.

The charter schools are funded principally through public education monies. The charters may be revoked by their sponsor for material violations of the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Principles of Consolidation

The accompanying financial statements include the accounts of Rocketship Education (RSED) and its schools. All significant intercompany accounts and transactions within RSED and its schools have been eliminated in the consolidating financial statements. Additionally, the accompanying financial statements include the accounts of Rocketship Education Wisconsin Inc., Rocketship Education D.C. Public Charter School Inc., and Launchpad Development Company (LDC) and its wholly owned LLCs. All significant intercompany accounts and transactions within LDC have been eliminated in the consolidating financial statements. Finally, all significant intercompany accounts and transactions between RSED and Launchpad have been eliminated in consolidation.

Rocketship Education (RSED)

Rocketship Education (RSED) is a California nonprofit public benefit corporation that was incorporated in 2006 and is organized to manage, operate, guide, direct, and promote a network of public elementary charter schools. Divisions of RSED include:

- ***Rocketship Support Network (RSN)*** – Centralized resources providing management, back office support and organizational strategy.
- ***Rocketship Mateo Sheedy Elementary (RMS)*** – California charter school
- ***Rocketship Si Se Puede Academy (RSSP)*** – California charter school
- ***Rocketship Los Suenos Academy (RLS)*** – California charter school
- ***Rocketship Mosaic Elementary School (ROMO)*** – California charter school
- ***Rocketship Discovery Prep (RDP)*** – California charter school
- ***Rocketship Brilliant Minds (RBM)*** – California charter school
- ***Rocketship Alma Academy (RSA)*** – California charter school
- ***Rocketship Spark Academy (RSK)*** – California charter school
- ***Rocketship Fuerza Community Prep (RFZ)*** – California charter school
- ***Rocketship Redwood City Prep (RRWC)*** – California charter school
- ***Rocketship Rising Stars (RRS)*** – California charter school
- ***Rocketship Futuro Academy – (RFA)*** California charter school
- ***Rocketship Delta Prep (RDL)*** – California charter school
- ***Rocketship Nashville Northeast Elementary (RNNE)*** – Tennessee charter school
- ***Rocketship United Academy (RUA)*** – Tennessee charter school

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

Rocketship Education Wisconsin Inc.

RSED incorporated Rocketship Education Wisconsin Inc., as a nonprofit public benefit corporation in October 2012 to hold the charter for its elementary school in Wisconsin, Rocketship Southside Community Prep (RSCP) and Rocketship Transformation Prep (RTP).

Rocketship Education D.C., Public Charter School, Inc.

Rocketship Education D.C., Public Charter School, Inc. (RSDC) incorporated as a nonprofit public benefit corporation during 2014 for the purpose of operating charter schools in Washington, DC. The District of Columbia Public Charter School Board (PCSB) approved RSDC to establish up to eight charter schools beginning in July 2016. Rocketship Education and RSDC entered into a Network Services Agreement to provide services for the DC region. RSDC operates two campuses, Rocketship RISE (RISE) and Rocketship Legacy Prep (RLP).

Launchpad Development Company

Launchpad Development Company (LDC) was incorporated as a 509(a)(3) nonprofit public benefit corporation in November 2009. LDC is a supporting organization of RSED. LDC provides facilities and development services provided that such services are consistent with RSED's exempt purpose. Divisions of LDC include:

- ***Launchpad (LP)*** – investment/asset management and administrative services
- ***Launchpad Development One LLC (LLC1)*** – RMS facilities
- ***Launchpad Development Two LLC (LLC2)*** – RSSP facilities
- ***Launchpad Development Three, LLC (LLC3)*** – RLS facilities
- ***Launchpad Development Four LLC (LLC4)*** – ROMO facilities
- ***Launchpad Development Five LLC (LLC5)*** – RDP facilities
- ***Launchpad Development Eight LLC (LLC8)*** – RSA facilities
- ***Launchpad Development Ten LLC (LLC10)*** – RSK facilities development
- ***Launchpad Development Eleven LLC (LLC11)*** – RBM facilities
- ***Launchpad Development Twelve LLC (LLC12)*** – RFZ facilities
- ***Launchpad Development Fourteen LLC (LLC14)*** – Facilities development
- ***Launchpad Development Fifteen LLC (LLC15)*** – RRWC facilities development
- ***Launchpad Development Sixteen LLC (LLC16)*** – RRS Facilities
- ***Launchpad Development Seventeen LLC (LLC17)*** – RFA facilities development
- ***Launchpad Development Eighteen LLC (LLC18)*** – RDL facilities development
- ***Launchpad Development Nineteen LLC (LLC19)*** – Facilities development
- ***Launchpad Development Twenty LLC (LLC20)*** – Facilities development
- ***Launchpad Development Milwaukee One LLC (MLLC1)*** – RSCP facilities
- ***Launchpad Development Milwaukee Two LLC (MLLC2)*** – RTP facilities development
- ***Launchpad Development One Nashville LLC (NLLC1)*** – RNNE facilities
- ***Launchpad Development Two Nashville LLC (NLLC2)*** – RUA facilities
- ***Launchpad Development One DC LLC (DLLC1)*** – RISE facilities
- ***Launchpad Development Two DC LLC (DLLC2)*** – RLP facilities
- ***Launchpad Development Three DC LLC (DLLC3)*** – Facilities development

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

RSEA presents its financial statements as a California nonprofit public benefit corporation in accordance with Financial Accounting Standards which govern generally accepted accounting principles for non-profit organizations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

Cash and Cash Equivalents

RSEA defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Net Asset Classes

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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Restricted cash includes certain cash balances that are maintained according to debt reserve requirements and donor restrictions.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2020.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 35 years. RSEA capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when RSEA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position.

Revenue Recognition

Amounts received from the California Department of Education are conditional and are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The RSEA is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. RSEA files and exempt return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with RSEA's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenues from Contracts with Customers (Topic 606). The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. RSEA has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on RSEA's financial position and results of operations upon adoption of the new standard.

In November 2016, FASB issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash. The update requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalent and the amounts generally described as restricted cash or restricted cash equivalents. RSEA has implemented ASU 2016-18 under the full retrospective approach. The impact resulted in an increase in cash and cash equivalents and the addition of a reconciliation of cash the statement of cash flows.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. RSEA has implemented ASU 2018-08 under the full retrospective approach. There was no material impact on RSEA's financial position and results of operations upon adoption of the new standard.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evaluation of Subsequent Events

RSEA has evaluated subsequent events through REPORT DATE, the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents, accounts receivable and grants receivable for the total amount of \$54,771,156. As part of RSEA's liquidity management plan, RSEA invests cash in excess of daily requirements in short-term investments and money market funds.

NOTE 3 CREDIT CONCENTRATION RISK

RSEA maintains bank accounts with several institutions. Accounts at each of these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. RSEA occasionally has the need to maintain a cash balance in excess of the FDIC limit. RSEA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 ACCOUNTS RECEIVABLE

Due from federal and state governments consists of funds due as of June 30, 2020. Management believes that these receivables are fully collectible, therefore no provision was recorded as of June 30, 2020.

NOTE 5 GRANTS RECEIVABLE

Grants receivable of \$900,000 consist of funds due from grantor agencies based upon RSN meeting various conditions or milestones. As of June 30, 2020 grant amounts connected with met milestones have been recorded as grants receivable and have been classified as contributions with donor restriction due to implied time restriction. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 PROPERTY, PLANT, AND EQUIPMENT

Property and equipment consisted of the following:

	RSED	LDC	RSEA Total
Land	\$ -	\$ 21,390,990	\$ 21,390,990
Furniture and Equipment	923,123	438,031	1,361,154
Buildings	5,953,488	129,523,850	135,477,338
Other	-	1,781,715	1,781,715
Less: Accumulated Depreciation	(2,099,271)	(20,382,241)	(22,481,512)
Total	<u>\$ 4,777,340</u>	<u>\$ 132,752,345</u>	<u>\$ 137,529,685</u>

Depreciation and amortization expense was \$4,205,615 for the year ended June 30, 2020.

NOTE 7 DEBT

Convertible Debt

RSN – Charter School Growth Fund

In February 2009, RSN entered into a \$2.3 million Subordinate Loan Agreement with Charter School Growth Fund (CSGF) at an effective interest rate of 4.0%. Of this amount, \$2.0 million plus associated interest will be forgiven and converted into a grant provided that RSN meet specified educational, financial and growth outcomes.

In October 2010, RSN and CSGF amended and restated the original Subordinate Loan Agreement to reflect a total loan of \$3.4 million at an effective interest rate of 3.25% and \$400,000 forgiven and converted into a grant. As of June 30, 2014, RSN has borrowed the complete \$3.4 million. Of the amended amount, \$2.35 million plus associated interest will be forgiven and converted into a grant provided that RSN meet specified educational, financial and growth outcomes.

As of June 30, 2015, RSN had substantively met the school year benchmarks and converted all of the \$2.35 million of principal into a grant.

In April 2018, RSN and CSGF amended and restated the 2009 loan agreement (second amendment), modifying debt maturity dates.

In February 2019, RSN and CSGF amended and restated the 2009 loan agreement (third amendment), modifying debt maturity dates. In June 2020, RSN and CSGF amended and restated the 2009 loan agreement (fourth amendment), modifying debt maturity dates. As of June 30, 2020, balance on this loan is \$950,000. This loan is on a repayment schedule that is fully paid by June 30, 2025.

During the 2014/15 school year, RFZ, RNNE, RRWC and RUA each entered into \$100,000 Subordinated Loan Agreements with effective interest rates of 1.0%. In June 2020, RSN and CSGF amended and restated the 2015 loan agreement (first amendment), modifying debt maturity dates. As of June 30, 2020, balances on each of the four loans is \$100,000. The loans are scheduled to be repaid in full on June 30, 2021 (RFZ and RNNE) and June 30, 2022 (RRWC and RUA).

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 DEBT (CONTINUED)

Convertible Debt (Continued)

During the 2015/16 school year, RSN and CSGF entered into three \$100,000 Subordinated Loan Agreements with effective interest rates of 1.0 percent. The loans were made to support RRS, RFA, and RPP. In June 2020, RSN and CSGF amended and restated the 2015 loan agreement (first amendment), modifying debt maturity dates. As of June 30, 2020, balance on each of the four loans is \$100,000. The loans are scheduled to be repaid in full on June 30, 2022.

Loans Payable

Rocketship's Schools - California School Finance Authority Revolving Loan Program

As of June 30, 2020, three of Rocketship's California schools have revolving loans payable to the California School Finance Authority (CSFA) ranging from \$62,500 to \$187,500, totaling \$312,500 combined. The loans have effective interest rates ranging from 0.22% to 1.47%. Principal is payable over a one or three-year period, with installment payments of \$62,500 deducted from apportionment revenue per school each year. Final maturity is 2023.

LLC4 - ROMO Bonds Payable (Series 2011A and 2011B Bonds)

In September 2011, Launchpad completed bond financing in the amount of \$10.1 million (the Series 2011 Bonds), proceeds from which were used to refinance existing debt and to fund certain project expenses remaining for the ROMO construction project. Interest is paid semi-annually at a coupon rate of 8.5% to 8.75%.

The Series 2011 Bonds are divided into \$9.6 million Series 2011A Bonds and \$515,000 Series 2011B Bonds (taxable), maturing December 2041 and December 2018, respectively. Both Series 2011A and Series 2011B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in December 2018 and December 2013, respectively. In December 2019, Series 2011A Bond experienced a maturity of \$140K.

LLC8 – RSA Bonds Payable (Series 2012A and 2012B Bonds)

In September 2012, Launchpad completed bond financing in the amount of \$9.46 million (the Series 2012 Bonds), proceeds from which were used to refinance existing debt and to fund certain project expenses remaining for the RSA construction project. Interest is paid semi-annually at a coupon rate of 6.25% to 8.5%.

The Series 2012 Bonds are divided into \$9.105 million Series 2012A Bonds and \$355,000 million Series 2012B Bonds (taxable), maturing June 2043 and matured June 2016, respectively. Both Series 2012A and Series 2012B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2017 and June 2014, respectively. In June 2020, Series 2012A Bond experienced a maturity of \$165K.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 DEBT (CONTINUED)

Loans Payable (Continued)

LDC – Obligated Group Bonds (Series 2014A and 2014B)

In February 2014, LDC completed bond financing in the amount of \$32.855 million (the Series 2014 Bonds), proceeds from which were used to refinance existing debt for LLC2 and fund project expenses for the RBM and RFZ construction projects. Interest is paid semi-annually at a coupon rate of 6.00% to 7.25%.

The Series 2014 Bonds are divided into \$31.935 million Series 2014A Bonds and \$920,000 Series 2014B Bonds (taxable), maturing between June 2023 and 2043 (Series 2014A) and June 2018 (Series 2014B). Both Series 2014A and Series 2014B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2018, 2024 and 2035 (Series 2014A) and June 2016 (Series 2014B). In June 2020, Series 2014A Bond experienced a maturity of \$550K.

LDC – Obligated Group Bonds (Series 2015A and 2015B)

In August 2015, LDC completed bond financing in the amount of \$6.385 million (the Series 2015 Bonds), proceeds from which were used to refinance existing debt and fund project expenses for LLC1 construction projects. Interest is paid semi-annually at a coupon rate of 4.25%.

The Series 2015 Bonds are divided into \$6.135 million Series 2015A Bonds and \$250,000 Series 2015B Bonds (taxable), maturing between March 2028 (Series 2015A) and matured June 2016 (Series 2015B). The Series 2015B Bonds were repaid during the fiscal year 2015/16. Series 2015A Bonds are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2016. In June 2020, Series 2015A Bond experienced a maturity of \$460K.

LDC – Obligated Group Bonds (Series 2016A and 2016B)

In February 2016, LDC completed bond financing in the amount of \$28.605 million (the Series 2016 Bonds), proceeds from which were used to fund project expenses for LLC1, LLC10, and LLC16 construction projects. Interest is paid semi-annually at coupon rates between 4.50% and 5.00%.

The Series 2016 Bonds are divided into \$28.080 million Series 2016A Bonds and \$525,000 Series 2016B Bonds (taxable), maturing between June 2021 and 2046 (Series 2016A) and June 2018 (Series 2016B). Both Series 2016A and Series 2016B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2018, 2022, 2027, 2032 and 2037 (Series 2016A) and June 2017 (Series 2016B). In June 2020, Series 2016A Bond experienced a maturity of \$500K.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 DEBT (CONTINUED)

Loans Payable (Continued)

LDC – Obligated Group Bonds (Series 2017A, 2017B, 2017C, 2017D, 2017E and 2017F)

In February 2017, LDC completed bond financing in the amount of \$42.16 million (the Series 2017 Bonds), proceeds from which were used to fund project expenses and building financing for LLC3, LLC5, LLC15, MLLC1 and NLLC1. Interest is paid semi-annually at coupon rates between 4.50% and 6.25%.

The Series 2017 Bonds are divided into \$23.098 million Series 2017A Bonds, \$3.665 million Series 2017B Bonds (taxable), \$7.160 million Series 2017C Bonds, \$250,000 Series 2017D Bonds, \$7.740 million Series 2017E Bonds, and \$250,000 Series 2017F Bonds. The Series 2017 Bonds mature between June 2027 and 2052 (Series 2017A), June 2025 (Series 2017B), June 2040 (Series 2017C), June 2019 (Series 2017D), between June 2047 and 2052 (Series 2017E) and June 2019 (Series 2017F). All are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2018 and 2039 (Series 2017A and B), June 2034 (Series 2017C), 2017 (Series 2017D and F), and June 2039 (Series 2017E).

In December 2017, the redemption right related to the 2017A and 2017B RRWC project funding was exercised, with \$9.16M of bonds redeemed.

In June 2020, Series 2017B Bond experienced a maturity of \$180K.

LDC – Obligated Group Bonds (Series 2017G and 2017H)

In December 2017, LDC completed bond financing in the amount of \$16.225 million (the Series 2017 Bonds), proceeds from which were used to fund project expenses and building financing for LLC18. Interest is paid semi-annually at coupon rates between 4.05% and 6.0%.

The Series 2017 Bonds are divided into \$15.56 million Series 2017G Bonds and \$665,000 Series 2017H Bonds (taxable). The Series 2017 Bonds mature between June 2025 and 2053 (Series 2017G) and between June 2022 and 2025 (Series 2017H).

MKE2 LLC – IIF Acquisition Loan

In April 2019, MKE2 LLC entered into a \$900,000 loan agreement with Illinois Investment Fund (IIF) to provide interim financing for MKE2 LLC's project development in Milwaukee, Wisconsin. The loan has an interest rate of 5.875% and matures on April 1, 2021.

In June 2020, the \$900,000 loan was refinanced with another loan from Illinois Investment Fund (IIF) in the amount of \$2.7M to further develop the project. The loan has an interest rate of 5.5% initial rate and matures in July 2022.

NASH2 LLC – CIF Acquisition Loan

In May 2019, NASH2 LLC entered into a \$7.3 million loan agreement with Charter Impact Fund, Inc. to provide financing for NASH2 LLC's project development in Milwaukee, Wisconsin. The loan has an interest rate of 4.25% and matures on June 1, 2049.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 DEBT (CONTINUED)

Loans Payable (Continued)

LDC – Obligated Group Bonds (Series 2019A and 2019B)

In May 2019, LDC Completed bond financing in the amount of \$28.075 million (the Series 2019 Bonds), proceeds from which were used to fund project expenses and building financing for LLC One DC. Interest is paid semi-annually at coupon rates between 5.0% and 5.3%.

The Series 2019 Bonds are divided into \$27.14 million Series 2019A Bonds and \$935,000 Series 2019B Bonds (taxable). The Series 2019 Bonds mature between June 2029 and 2056 (Series 2019A) and between June 2020 and 2023 (Series 2019B). In June 2020, Series 2019B Bond experienced a maturity of \$165K.

Amortization expense for cost of issuance for all bond series was \$363,633 for the year ended June 30, 2020.

SBA PPP Loans

In May 2020, RSEA received two loans from the Paycheck Protection Program administered by SBA in conjunction with Heritage Bank of Commerce. Loan one was issued to Rocketship Education DC Public Charter School for \$1.15M with an effective interest rate of 1.0%. Loan two was issued to Rocketship Education Wisconsin for \$537K with an effective interest of 1.0%. RSEA intends to apply for PPP Loan forgiveness and expects both loans to be fully forgiven.

Charter Asset Management Line of Credit

In June 2020, RSEA entered into a line of credit facility with Charter Asset Management for a \$5M revolving line of credit, subject to increase to \$10M if the State of California or the Department of Education deferred payment of any funds to be paid to RSEA. Upon execution of this credit facility, RSEA initiated the first draw of \$4M with an initial effective interest rate of 6.0%.

Future maturities of debt in summary:

<u>Year Ended June 30,</u>	<u>RSED</u>	<u>LDC</u>	<u>Total</u>
2021	\$ 1,498,180	\$ 2,508,117	\$ 4,006,297
2022	2,586,793	5,408,669	7,995,462
2023	1,551,030	3,034,462	4,585,492
2024	1,086,919	3,180,506	4,267,425
2025	927,211	3,471,812	4,399,023
Thereafter	-	147,927,458	147,927,458
Subtotal	7,650,133	165,531,024	173,181,157
Cost of Issuance and Discounts/Premiums	-	(4,480,037)	(4,480,037)
Total	<u>\$ 7,650,133</u>	<u>\$ 161,050,987</u>	<u>\$ 168,701,120</u>

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 OPERATING LEASES

RSN Administrative Offices

In October 2012, RSN entered into a five-year lease for office facilities payable at \$10,612, plus common area maintenance, payable monthly. The lease includes a waiver of rent (\$10,611) contingent upon RSN's status as a nonprofit public benefit corporation. The lease was renewed on November 1, 2017. During the year ended June 30, 2020, net assets released from restriction from in-kind rent was \$127,332 (net of prior year discount) and lease expense totaled \$168,596.

RSN leases administrative offices in San Jose, California, Concord, California, Milwaukee, Wisconsin, and Nashville, Tennessee under various operating leases. Lease expense for all regional administrative offices totaled \$268,895 for the year ended June 30, 2020.

LLC11-RBM Site Land Lease

30 year land lease, \$7,917 payable monthly, subject to adjustment in 2023. Lease expense recognized for the year ended June 30, 2020 was \$95,004.

LLC12-RFZ Site Land Lease

35-year land lease, \$26,400 payable monthly during the year ended June 30, 2020. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2020, total lease expense of \$376,972 has been recorded and lease payments totaled \$316,800.

RFZ Site Land Lease

34-year land lease for addition to RFZ site, payable between \$3,016 and \$3,062 monthly during the year ended June 30, 2020. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2020, total lease expense of \$40,695.

RRWC Facility Lease

One-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2020 was \$70,229.

RFA facility lease

One-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2020 was \$330,347.

MLLC2-RTP Facility Lease

One year lease for facility starting March 2018. LDC paid for the pre-opening lease in the amount of \$4,108 from March 2018 to June 2018 then transferred the lease to RSED RTP. The final payment under this lease was in July 2020 for \$12,400. In July 2019, RSED entered into a lease with Launchpad for a new RTP facility. Notes for this new lease are in Related Party Transactions Note 10.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OPERATING LEASES (CONTINUED)

DLLC2-RLP Facility Lease

29-year facility lease, \$169,831, plus additional rent items, payable monthly during the year ended June 30, 2020. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2020 total lease expense of \$2,524,555 has been recorded and lease payments totaled \$2,374,122.

LDC paid for a RLP parking lease from June to December 2017. Parking lease transferred to RSED RLP started July 1, 2018 and ended in July 2019. Lease expense recognized for the year ended June 30, 2020 was \$1,500.

The following is a schedule of future minimum lease payments required under the operating leases:

<u>Year Ending June 30,</u>	RSN	RFZ	RPS	LLC10	
2021	\$ 180,924	\$ 36,740	\$ 78,740	\$ 111,132	
2022	186,352	37,291	81,029	111,132	
2023	95,030	37,850	76,423	111,132	
2024	-	38,418	-	116,689	
2025	-	38,994	-	116,689	
Thereafter	-	1,077,546	-	1,140,372	
Total	<u>\$ 462,306</u>	<u>\$ 1,266,839</u>	<u>\$ 236,192</u>	<u>\$ 1,707,146</u>	

<u>Year Ending June 30,</u>	LLC11	LLC12	LLC DC2	LLC DC3	RSEA Total
2021	\$ 95,004	\$ 316,800	\$ 2,032,569	\$ 1,675,404	\$ 4,527,313
2022	95,004	316,800	2,032,569	2,349,929	5,210,106
2023	95,004	322,080	2,032,569	2,593,085	5,363,173
2024	104,504	348,480	2,078,302	2,825,659	5,512,052
2025	104,504	348,480	2,125,064	2,909,781	5,643,512
Thereafter	1,520,537	10,062,486	60,987,579	92,299,975	167,088,495
Total	<u>\$ 2,014,557</u>	<u>\$ 11,715,126</u>	<u>\$ 71,288,652</u>	<u>\$ 104,653,833</u>	<u>\$ 193,344,651</u>

NOTE 9 EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Qualified certificated employees are covered under a multiemployer defined benefit pension plan maintained by agencies of the state of California. The certificated employees are members of the State Teachers' Retirement System (STRS).

The risks of participating in these multiemployer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law, and (c) if the School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. RSEA has no plans to withdraw from these multiemployer plans.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

RSEA contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2019 total STRS plan net assets are \$273 billion, the total actuarial present value of accumulated plan benefits is \$392 billion, contributions from all employers totaled \$5.6 billion, and the plan is 66% funded. The Schools did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826 and www.calstrs.com.

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for the year ended June 30, 2020 was 18.13% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

RSEA's contributions to STRS for each of the last three fiscal years are as follows:

<u>Year Ended June 30,</u>	<u>STRS</u>	
	<u>Required Contribution</u>	<u>Percent Contributed</u>
2018	\$ 2,229,425	100 %
2019	3,158,678	100 %
2020	3,497,023	100 %

Tennessee Consolidated Retirement System – Legacy Pension Plan

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of RSEA are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)

Tennessee Consolidated Retirement System – Legacy Pension Plan (Continued)

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. RSEA makes employer contributions at the rate set by the board of trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the schools if the required employer contributions are not remitted. Employer contributions by RSEA for the year ended June 30, 2020 to the Teacher Legacy Pension Plan was 9.04% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. RSEA did not contribute more than 5% of the total contributions to the plan. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Tennessee Consolidated Retirement System – Teacher Retirement Plan

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by schools after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS.

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. RSEA makes employer contributions at the rate set by the board of trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the school if the required employer contributions are not remitted. Employer contributions by RSEA for the year ended June 30, 2020 to the Teacher Retirement Plan were 4.00% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

RSEA did not contribute more than 5% of the total contributions to the plan. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)

Defined Contribution Plan

RSEA offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. RSEA matches the lesser of 3% of annual salary or \$2,500. During the year ended June 30, 2020 RSEA contributed \$506,181 to this plan.

NOTE 10 RELATED PARTY TRANSACTIONS

Facility Leases

In 2015, RMS amended and restated its existing lease with LLC1 into a 31-year facility lease through 2046. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$868,335 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$968,265.

In 2014, RSSP amended and restated its existing lease with LLC2 into a 29-year facility lease agreement through 2043. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$1,032,223 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$1,037,844.

In 2017, RLS amended and restated its existing lease with LLC3 into a 35-year facility lease through 2052. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$859,654 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$716,998.

In 2011, ROMO entered into a 30-year lease with LLC4 through 2042. The lease was amended in July 2012. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$945,810 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$945,542.

In 2017, RDP amended and restated its existing lease with LLC5 into a 35-year facility lease through 2052. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$746,524 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$463,060.

In 2014, RBM entered into a 29-year facility lease agreement with LLC11 through 2043. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$1,103,935 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$1,129,163.

In 2012, RSA entered into a 15-year lease with LLC8 through 2027. The lease agreement was amended July 2012. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$721,536 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$724,918.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Facility Leases (Continued)

In 2016, RSK entered into a 30-year facility lease agreement with LLC10 through 2046. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$877,798 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$991,291.

In 2014, RFZ entered into a 29-year facility lease agreement with LLC12 through 2043. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$1,408,961 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$1,375,115.

In 2016, RRS entered into a 30-year facility lease agreement with LLC16 through 2046. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$845,520 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$981,987.

In 2017, RDL entered into a 25-year facility lease agreement with LLC18 through 2032. Lease commencement occurred in August 2018. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$1,143,274 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$1,022,353.

In 2017, RNNE entered into a 35-year facility lease agreement with NLLC1 through 2052. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$572,704 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$505,132.

In 2019, RUA entered into a 30-year facility lease agreement with NLLC2 through 2049. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$506,775 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$504,396.

In June 2019, RTP entered into a 35-year facility lease agreement with LDMKE2 through 2054. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$69,194 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$69,194.

In 2017, RSCP amended its original 10-year facility lease agreement with MLLC1. The new lease runs 35 years through 2052. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$423,312 has been recorded. For school year 2019/20, lease payments under this agreement totaled \$424,971.

In 2019, RISE entered into a 37-year facility lease agreement with DLLC1 through 2056. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2020 total lease expense of \$1,822,808 has been recorded and lease payments totaled \$1,881,567.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Facility Leases (Continued)

In 2019, RLP entered into a 29-year facility lease, with DLLC2 through 2046. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2020, total lease expense of \$2,751,848 has been recorded and lease payments totaled \$2,192,406.

Future estimated payments under these leases as of June 30, 2020 are as follows:

<u>June 30,</u>	RMS	RSSP	RLS	ROMO	RDP	RBM	
2021	\$ 1,005,461	\$ 1,031,890	\$ 750,447	\$ 946,063	\$ 656,056	\$ 1,128,415	
2022	1,005,223	1,036,436	750,535	947,569	655,931	1,127,060	
2023	1,007,628	1,040,018	747,100	947,800	653,779	1,130,463	
2024	1,007,990	1,037,237	741,820	946,756	653,878	1,130,577	
2025	1,009,005	1,042,133	801,145	947,354	707,265	1,129,887	
Thereafter	16,980,669	18,815,130	23,850,626	15,778,905	20,727,432	20,565,342	
Total	<u>\$ 22,015,976</u>	<u>\$ 24,002,844</u>	<u>\$ 27,641,673</u>	<u>\$ 20,514,447</u>	<u>\$ 24,054,341</u>	<u>\$ 26,211,744</u>	

<u>June 30,</u>	RSA	RSK	RFZ	RRS	RDL	RNNE	
2021	\$ 724,529	\$ 1,014,162	\$ 1,380,217	\$ 1,004,162	\$ 951,807	\$ 575,000	
2022	723,929	1,013,542	1,379,039	1,003,542	1,020,688	575,000	
2023	726,844	1,015,552	1,394,328	1,005,552	1,180,137	575,000	
2024	724,678	1,015,458	1,414,378	1,005,458	1,176,719	575,000	
2025	726,027	1,015,999	1,413,874	1,005,999	1,177,668	575,000	
Thereafter	12,957,693	17,136,183	26,911,832	16,926,182	32,862,395	15,524,998	
Total	<u>\$ 16,583,700</u>	<u>\$ 22,210,896</u>	<u>\$ 33,893,668</u>	<u>\$ 21,950,895</u>	<u>\$ 38,369,414</u>	<u>\$ 18,399,998</u>	

<u>June 30,</u>	RUA	RTP	RSCP	RISE	RLP	DC3	Total
2021	\$ 504,546	\$ 268,700	\$ 425,000	\$ 1,875,601	\$ 2,032,569	\$ 1,675,404	\$ 17,950,029
2022	504,697	478,801	425,000	1,880,888	2,032,569	2,349,929	18,910,378
2023	504,850	478,801	425,000	1,862,963	2,032,569	2,593,085	19,321,469
2024	505,005	478,801	425,000	1,861,300	2,078,302	2,825,659	19,604,016
2025	505,161	478,801	425,000	1,864,810	2,125,064	2,909,781	19,859,973
Thereafter	12,132,576	13,885,218	11,474,998	57,779,950	60,987,579	92,299,975	487,597,683
Total	<u>\$ 14,656,835</u>	<u>\$ 16,069,122</u>	<u>\$ 13,599,998</u>	<u>\$ 67,125,512</u>	<u>\$ 71,288,652</u>	<u>\$ 104,653,833</u>	<u>\$ 583,243,548</u>

Rocketship Education Wisconsin Inc. Line of Credit from RSN

In 2014, Rocketship Education Wisconsin Inc. entered into a revolving line of credit agreement (RSW LOC) with RSN in the amount of \$650,000 to support the operation of RSCP. The agreement was amended June 30, 2015, and extended to \$1.5 million. Interest is charged at a LIBOR based rate, not to exceed 4.0% on outstanding balances under the facility. On June 30, 2014 an advance of \$650,000 was issued, followed by an advance of \$850,000 on June 30, 2015, totaling \$1.5 million. During school year 2017/18 and 2018/19, RSCP paid RSN quarterly interest payments totaling \$60,000 per year.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Management Services

RMS, RSSP, RLS, ROMO, RDP, RBM, RSA, RSK, RFZ, RRWC, RRS, RFA, RDL, RNNE, RUA, RSC, RISE, and RLP all receive management and support services from RSN for which they pay management fees.

For the year ended June 30, 2020, management fees were as follows:

Mateo Sheedy	927,112
Si Se Puede	770,248
Los Suenos	877,375
Mosaic	1,131,348
Discovery	863,634
Brilliant Minds	1,204,019
Alma	888,497
Spark	1,132,649
Rising Stars	1,174,019
Fuerza Community	1,209,493
Delta Legacy	828,044
Futuro	838,519
Redwood City	459,626
Nashville NE	860,370
United	959,998
Wisconsin Schools	945,792
D.C. Schools	3,290,529
Total	\$ 18,361,272

Donated Services

RSN provided certain organizational support services, including accounting, finance, and human resources, as well as shared office space to Launchpad (Donated Services) during the year. For the year ended June 30, 2020, the amount of Donated Services recorded from RSN to Launchpad was \$420,000.

NOTE 11 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, printing and postage, information technology, and other expenses, which are allocated on the basis of estimates of time and effort.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 COMMITMENTS AND CONTINGENCIES

RSEA has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, management believes all compliance requirements have been met.

The extent of the impact of COVID-19 on the operational and financial performance of RSEA will depend on certain developments, including the duration and spread of the outbreak, impact on state and federal funding, donors, employees and vendors; all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations of RSEA is uncertain.

Specific to RSEA, COVID-19 may impact various parts of its 2020 operations and financial results, including funding sources determined by economic activity. Management believes RSEA is taking appropriate actions to mitigate the negative impact. RSEA received loans in the amount of \$1,687,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

CLA - Draft - Not for Distribution

SUPPLEMENTARY INFORMATION

CLA - Draft - Not for Distribution

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2020**

Rocketship Education (RSED) is a California nonprofit public benefit corporation that was incorporated in 2006 and is organized to manage, operate, guide, direct, and promote a network of public elementary charter schools.

California Charter Schools:

Rocketship Mateo Sheedy Elementary (RMS), chartered by the Santa Clara County Office of Education, Charter Number: 0850 – Established 2007, Expires 2025

Rocketship Si Se Puede Academy (RSSP), chartered by the Santa Clara County Office of Education, Charter Number: 1061 – Established 2009, Expires 2022

Rocketship Los Suenos Academy (RLS), chartered by the Santa Clara County Office of Education, Charter Number: 1127 – Established 2009, Expires 2020

Rocketship Mosaic Elementary School (ROMO), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1192 – Established 2011, Expires 2021

Rocketship Discovery Prep (RDP), chartered by the Santa Clara County Office of Education, Charter Number: 1193 – Established 2010, Expires 2021

Rocketship Brilliant Minds (RBM), chartered by the Santa Clara County Office of Education, Charter Number: 1393 – Established 2012, Expires 2022

Rocketship Alma Academy (RSA), chartered by the Santa Clara County Office of Education, Charter Number: 1394 – Established 2012, Expires 2022

Rocketship Spark Academy (RSK), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1526 – Established 2013, Expires 2023

Rocketship Fuerza Community Prep (RFZ), chartered by the Santa Clara County Office of Education, Charter Number: 1687 – Established 2014, Expires 2024

Rocketship Redwood City Prep (RRWC), chartered by the Redwood City Elementary School District, Charter Number: 1736 – Established 2015, Expires 2024

Rocketship Rising Stars (RRS), chartered by the Santa Clara County Office of Education, Charter Number: 1778 – Established 2016, Expires 2021

Rocketship Futuro Academy (RFA), chartered by the State Board of Education, Charter Number: 1805 – Established 2016, Expires 2021

Rocketship Delta Prep (RDL), chartered by the Antioch Unified School District, Charter Number: 1965 – Expires 2023

Tennessee Charter Schools:

Rocketship Nashville Northeast Elementary (RNNE)

Rocketship United Academy (RUA)

Wisconsin Charter Schools (Operated by Rocketship Education Wisconsin, Inc.):

Rocketship Southside Community Prep (RSCP)

Rocketship Transformation Prep (RTP)

Washington, DC Charter Schools (Operated by Rocketship Education D.C. Public Charter School, Inc.):

Rocketship Rise Academy (RISE)

Rocketship Legacy Prep (RLP)

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2020**

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires (2-Year Term)</u>
Louis Jordan	Board Chair	2021
Alex Terman	Treasurer	2021
Greg Stanger	Secretary	2021
Deborah McGriff	Member	2021
Raymond Raven	Member	2021
Ralph Weber	Member	2021
Jolene Slotter	Member	2021
Michael Fox	Member	2021
Jean-Claude Brizard	Member	2021
June Nwabara	Member	2022
Charmaine Detweiler	Member	2021
Julia Stiglitz	Member	2021
Daniel Velasco	Member	2021
Mai Huong Ho Tran	Member	2022
Yolanda Bernal Samano	Member	2022

ADMINISTRATION

Preston Smith	Co-Founder, CEO and President
Keysha Bailey	Chief Financial Officer
Lynn Liao	Chief Talent Officer
Carolyn Davies Lynch	Chief Operating Officer
Cheye Calvo	Chief Growth and Community Engagement Officer
Christopher Murphy	Chief Communications Officer

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2020

	California							Total Page 1
	RSN	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 2,470,137	\$ 476,418	\$ 2,221,562	\$ 684,062	\$ 3,221,412	\$ 491,373	\$ 2,503,891	\$ 12,068,855
Restricted Cash	-	-	-	-	-	-	-	-
Accounts Receivable	297,962	1,057,399	1,011,686	1,299,836	1,004,165	2,145,892	1,448,486	8,265,426
Grants Receivable	900,000	-	-	-	-	-	-	900,000
Prepaid Expenses and Deposits	523,837	413,137	12,693	305,998	12,778	330,486	12,792	1,611,721
Total Current Assets	<u>4,191,936</u>	<u>1,946,954</u>	<u>3,245,941</u>	<u>2,289,896</u>	<u>4,238,355</u>	<u>2,967,751</u>	<u>3,965,169</u>	<u>22,846,002</u>
LONG-TERM ASSETS								
Intracompany Receivable	12,909,775	124,978	-	-	317	-	-	13,035,070
Security Deposits	26,830	-	-	100,000	100,000	100,000	-	326,830
Property, Plant, and Equipment, Net	184,788	1,102,214	776,529	789,561	561,587	487,629	94,700	3,997,008
Total Long-Term Assets	<u>13,121,393</u>	<u>1,227,192</u>	<u>776,529</u>	<u>889,561</u>	<u>661,904</u>	<u>587,629</u>	<u>94,700</u>	<u>17,358,908</u>
Total Assets	<u>\$ 17,313,329</u>	<u>\$ 3,174,146</u>	<u>\$ 4,022,470</u>	<u>\$ 3,179,457</u>	<u>\$ 4,900,259</u>	<u>\$ 3,555,380</u>	<u>\$ 4,059,869</u>	<u>\$ 40,204,910</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 2,190,546	\$ 121,067	\$ 138,450	\$ 145,480	\$ 314,493	\$ 203,036	\$ 189,147	\$ 3,302,219
Accrued Interest	127,225	-	-	-	-	-	-	127,225
Deferred Rent Liability	-	-	-	-	-	-	-	-
Deferred Revenue	606,639	8,636	184,252	16,465	189,114	226,379	60,756	1,292,241
Current Portion of Loans Payable	604,396	-	-	-	-	-	-	604,396
Total Current Liabilities	<u>3,528,806</u>	<u>129,703</u>	<u>322,702</u>	<u>161,945</u>	<u>503,607</u>	<u>429,415</u>	<u>249,903</u>	<u>5,326,081</u>
LONG-TERM LIABILITIES								
Accrued Interest	147,900	-	-	-	-	-	-	147,900
Deferred Rent Liability	-	-	261,728	-	572,190	-	820,979	1,654,897
Intracompany Payable	-	-	32	-	-	2,735,812	24	2,735,868
Loans Payable	4,345,604	-	-	-	-	-	-	4,345,604
Total Long-Term Liabilities	<u>4,493,504</u>	<u>-</u>	<u>261,760</u>	<u>-</u>	<u>572,190</u>	<u>2,735,812</u>	<u>821,003</u>	<u>8,884,269</u>
NET ASSETS								
Without Donor Restrictions	8,391,019	3,044,443	3,438,008	3,017,512	3,824,462	390,153	2,988,963	25,094,560
With Donor Restrictions	900,000	-	-	-	-	-	-	900,000
Total Net Assets	<u>9,291,019</u>	<u>3,044,443</u>	<u>3,438,008</u>	<u>3,017,512</u>	<u>3,824,462</u>	<u>390,153</u>	<u>2,988,963</u>	<u>25,994,560</u>
Total Liabilities and Net Assets	<u>\$ 17,313,329</u>	<u>\$ 3,174,146</u>	<u>\$ 4,022,470</u>	<u>\$ 3,179,457</u>	<u>\$ 4,900,259</u>	<u>\$ 3,555,380</u>	<u>\$ 4,059,869</u>	<u>\$ 40,204,910</u>

See accompanying Auditors' Report and the Notes to Supplementary Information.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2020

	From Page 1	California							Total Page 2
		Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro	
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 12,068,855	\$ 978,970	\$ 2,897,944	\$ 2,332,933	\$ 482,207	\$ 2,414,623	\$ 543,040	\$ 489,645	\$ 22,208,217
Restricted Cash	-	-	-	-	-	-	-	-	-
Accounts Receivable	8,265,426	3,205,402	988,901	1,433,001	228,211	1,026,241	764,695	991,669	16,903,546
Grants Receivable	900,000	-	-	-	-	-	-	-	900,000
Prepaid Expenses and Deposits	1,611,721	12,689	571,502	15,913	70,390	398,672	13,077	21,212	2,715,176
Total Current Assets	22,846,002	4,197,061	4,458,347	3,781,847	780,808	3,839,536	1,320,812	1,502,526	42,726,939
LONG-TERM ASSETS									
Intracompany Receivable	13,035,070	-	-	-	-	-	294,707	-	13,329,777
Security Deposits	326,830	100,000	-	-	-	-	-	-	426,830
Property, Plant, and Equipment, Net	3,997,008	373,857	168,778	44,924	653	3,228	61,498	11,478	4,661,424
Total Long-Term Assets	17,358,908	473,857	168,778	44,924	653	3,228	356,205	11,478	18,418,031
Total Assets	\$ 40,204,910	\$ 4,670,918	\$ 4,627,125	\$ 3,826,771	\$ 781,461	\$ 3,842,764	\$ 1,677,017	\$ 1,514,004	\$ 61,144,970
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable	\$ 3,302,219	\$ 358,091	\$ 274,224	\$ 423,272	\$ 151,524	\$ 149,664	\$ 216,495	\$ 524,395	\$ 5,399,884
Accrued Interest	127,225	-	-	-	-	-	-	-	127,225
Deferred Rent Liability	-	-	-	-	-	-	-	-	-
Deferred Revenue	1,292,241	174,069	78,679	10,370	-	10,352	7,584	8,735	1,582,030
Current Portion of Loans Payable	604,396	-	-	100,000	100,000	62,500	62,502	62,500	991,898
Total Current Liabilities	5,326,081	532,160	352,903	533,642	251,524	222,516	286,581	595,630	8,101,037
LONG-TERM LIABILITIES									
Accrued Interest	147,900	-	-	10,188	5,056	4,676	2,155	4,649	174,624
Deferred Rent Liability	1,654,897	151,634	-	1,512,964	-	-	752,525	-	4,072,020
Intracompany Payable	2,735,868	1,668,957	6	32	336,692	-	-	173,269	4,914,824
Loans Payable	4,345,604	-	-	-	-	100,000	124,996	100,000	4,670,600
Total Long-Term Liabilities	8,884,269	1,820,591	6	1,523,184	341,748	104,676	879,676	277,918	13,832,068
NET ASSETS									
Without Donor Restriction	25,094,560	2,318,167	4,274,216	1,769,945	188,189	3,515,572	510,760	640,456	38,311,865
With Donor Restriction	900,000	-	-	-	-	-	-	-	900,000
Total Net Assets	25,994,560	2,318,167	4,274,216	1,769,945	188,189	3,515,572	510,760	640,456	39,211,865
Total Liabilities and Net Assets	\$ 40,204,910	\$ 4,670,918	\$ 4,627,125	\$ 3,826,771	\$ 781,461	\$ 3,842,764	\$ 1,677,017	\$ 1,514,004	\$ 61,144,970

See accompanying Auditors' Report and the Notes to Supplementary Information.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2020

	From	Tennessee			Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
	Page 2	Nashville NE	United	Partners Community						
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 22,208,217	\$ 44,927	\$ 1,085,238	\$ (507,305)	\$ -	\$ 22,831,077	\$ 1,765,388	\$ 6,132,046	\$ -	\$ 30,728,511
Restricted Cash	-	-	-	-	-	-	77,454	-	-	77,454
Accounts Receivable	16,903,546	236,813	487,007	-	-	17,627,366	90,008	408,881	-	18,126,255
Grants Receivable	900,000	-	-	-	-	900,000	-	-	-	900,000
Prepaid Expenses and Deposits	2,715,176	100,752	90,862	-	-	2,906,790	101,556	336,807	-	3,345,153
Total Current Assets	42,726,939	382,492	1,663,107	(507,305)	-	44,265,233	2,034,406	6,877,734	-	53,177,373
LONG-TERM ASSETS										
Intracompany Receivable	13,329,777	-	-	-	(6,097,781)	7,231,996	-	-	(7,017,113)	214,883
Security Deposits	426,830	-	-	-	-	426,830	-	1,500	-	428,330
Property, Plant, and Equipment, Net	4,661,424	62,850	15,802	-	-	4,740,076	31,523	5,741	-	4,777,340
Total Long-Term Assets	18,418,031	62,850	15,802	-	(6,097,781)	12,398,902	31,523	7,241	(7,017,113)	5,420,553
Total Assets	\$ 61,144,970	\$ 445,342	\$ 1,678,909	\$ (507,305)	\$ (6,097,781)	\$ 56,664,135	\$ 2,065,929	\$ 6,884,975	\$ (7,017,113)	\$ 58,597,926
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable	\$ 5,399,884	\$ 398,350	\$ 178,691	\$ -	\$ -	\$ 5,976,925	\$ 144,090	\$ 1,325,516	\$ -	\$ 7,446,531
Accrued Interest	127,225	-	-	-	-	127,225	822	-	-	128,047
Deferred Rent Liability	-	14,821	-	-	-	14,821	35,276	-	-	50,097
Deferred Revenue	1,582,030	-	-	-	-	1,582,030	-	-	-	1,582,030
Current Portion of Loans Payable	991,898	100,000	-	-	-	1,091,898	150,031	256,251	-	1,498,180
Total Current Liabilities	8,101,037	513,171	178,691	-	-	8,792,899	330,219	1,581,767	-	10,704,885
LONG-TERM LIABILITIES										
Accrued Interest	174,624	10,688	5,055	4,519	-	194,886	-	1,757	-	196,643
Deferred Rent Liability	4,072,020	-	2,579	-	-	4,074,599	17,527	2,728,870	-	6,820,996
Intracompany Payable	4,914,824	664,877	461,361	56,719	(6,097,781)	-	4,112,908	2,904,205	(7,017,113)	-
Loans Payable	4,670,600	-	100,000	100,000	-	4,870,600	387,442	893,911	-	6,151,953
Total Long-Term Liabilities	13,832,068	675,565	568,995	161,238	(6,097,781)	9,140,085	4,517,877	6,528,743	(7,017,113)	13,169,592
NET ASSETS										
Without Donor Restrictions	38,311,865	(743,394)	931,223	(668,543)	-	37,831,151	(2,782,167)	(1,225,535)	-	33,823,449
With Donor Restrictions	900,000	-	-	-	-	900,000	-	-	-	900,000
Total Net Assets	39,211,865	(743,394)	931,223	(668,543)	-	38,731,151	(2,782,167)	(1,225,535)	-	34,723,449
Total Liabilities and Net Assets	\$ 61,144,970	\$ 445,342	\$ 1,678,909	\$ (507,305)	\$ (6,097,781)	\$ 56,664,135	\$ 2,065,929	\$ 6,884,975	\$ (7,017,113)	\$ 58,597,926

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS
YEAR ENDED JUNE 30, 2020**

	California							Total Page 1
	National	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
WITHOUT DONOR RESTRICTION REVENUES								
LCFF State Aid & Property Tax Revenue	\$ -	\$ 4,846,644	\$ 4,109,854	\$ 4,716,030	\$ 6,125,550	\$ 4,600,717	\$ 6,500,789	\$ 30,899,584
Apportionment Revenue	-	-	-	-	-	-	-	-
Other State Revenue	-	1,163,579	835,325	1,027,173	1,222,118	1,096,392	1,334,037	6,678,624
Federal Revenue	213,281	571,073	453,155	505,992	583,429	499,985	611,161	3,438,076
Other Local Revenue	18,562,368	22,918	24,901	31,241	35,442	20,492	25,801	18,723,163
Contributions	4,924,341	9,730	-	5,927	6,107	9,965	1,048	4,957,118
Amounts Released from Restriction	-	-	-	-	-	-	-	-
Total Without Donor Restriction Revenues	<u>23,699,990</u>	<u>6,613,944</u>	<u>5,423,235</u>	<u>6,286,363</u>	<u>7,972,646</u>	<u>6,227,551</u>	<u>8,472,836</u>	<u>64,696,565</u>
EXPENSES								
Program Expenses:								
Educational Programs	-	5,870,191	4,618,599	5,367,490	6,686,683	5,511,706	6,718,319	34,772,988
Program Supports	9,430,017	-	-	-	-	-	-	9,430,017
Supporting Services:								
Administration and General	15,046,231	974,834	809,424	923,965	1,210,890	912,967	1,270,298	21,148,609
Fundraising	345,147	-	-	-	-	-	-	345,147
Total Supporting Services	<u>15,391,378</u>	<u>974,834</u>	<u>809,424</u>	<u>923,965</u>	<u>1,210,890</u>	<u>912,967</u>	<u>1,270,298</u>	<u>21,493,756</u>
Total Expenses	<u>24,821,395</u>	<u>6,845,025</u>	<u>5,428,023</u>	<u>6,291,455</u>	<u>7,897,573</u>	<u>6,424,673</u>	<u>7,988,617</u>	<u>65,696,761</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION	(1,121,405)	(231,081)	(4,788)	(5,092)	75,073	(197,122)	484,219	(1,000,196)
NET ASSETS WITH DONOR RESTRICTION								
Amounts Released from Restriction	-	-	-	-	-	-	-	-
Contributions	900,000	-	-	-	-	-	-	900,000
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>900,000</u>
INCREASE (DECREASE) IN NET ASSETS	(221,405)	(231,081)	(4,788)	(5,092)	75,073	(197,122)	484,219	(100,196)
Net Assets, Beginning of Year	9,512,424	3,275,524	3,442,796	3,022,604	3,749,389	587,275	2,504,744	26,094,756
NET ASSETS, END OF YEAR	<u>\$ 9,291,019</u>	<u>\$ 3,044,443</u>	<u>\$ 3,438,008</u>	<u>\$ 3,017,512</u>	<u>\$ 3,824,462</u>	<u>\$ 390,153</u>	<u>\$ 2,988,963</u>	<u>\$ 25,994,560</u>

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	From Page 1	California							Total Page 2
		Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro	
WITHOUT DONOR RESTRICTION									
REVENUES									
LCFF State Aid & Property Tax Revenue	\$ 30,899,584	\$ 4,684,177	\$ 6,135,008	\$ 6,571,536	\$ 2,663,943	\$ 6,493,441	\$ 4,512,703	\$ 4,954,628	\$ 66,915,020
Apportionment Revenue	-	-	-	-	-	-	-	-	-
Other State Revenue	6,678,624	1,157,545	1,114,596	1,227,447	456,396	1,146,099	817,403	551,672	13,149,782
Federal Revenue	3,438,076	755,555	521,587	963,298	277,322	563,957	362,108	639,471	7,521,374
Other Local Revenue	18,723,163	18,337	64,813	28,876	357,287	48,856	1,076,404	18,102	20,335,838
Contributions	4,957,118	151,355	9,237	11,405	7,569	30,260	101,856	8,072	5,276,872
Amounts Released from Restriction	-	-	-	-	-	-	-	-	-
Total Without Donor Restriction Revenues	64,696,565	6,766,969	7,845,241	8,802,562	3,762,517	8,282,613	6,870,474	6,171,945	113,198,886
EXPENSES									
Program Expenses:									
Educational Programs	34,772,988	5,818,482	6,159,185	6,952,644	3,227,194	5,789,848	5,962,735	5,013,619	73,696,695
Program Supports	9,430,017	-	-	-	-	-	-	-	9,430,017
Supporting Services:									
Administration and General	21,148,609	936,854	1,214,600	1,285,899	487,290	1,249,236	891,132	881,316	28,094,936
Fundraising	345,147	-	-	-	-	-	-	-	345,147
Total Supporting Services	21,493,756	936,854	1,214,600	1,285,899	487,290	1,249,236	891,132	881,316	28,440,083
Total Expenses	65,696,761	6,755,336	7,373,785	8,238,543	3,714,484	7,039,084	6,853,867	5,894,935	111,566,795
INCREASE (DECREASE) IN NET ASSETS									
WITHOUT DONOR RESTRICTION	(1,000,196)	11,633	471,456	564,019	48,033	1,243,529	16,607	277,010	1,632,091
NET ASSETS									
WITH DONOR RESTRICTION									
Amounts Released from Restriction	-	-	-	-	-	-	-	-	-
Contributions	900,000	-	-	-	-	-	-	-	900,000
INCREASE (DECREASE) IN									
NET ASSETSWITH DONOR RESTRICTION	900,000	-	-	-	-	-	-	-	900,000
INCREASE (DECREASE) IN NET ASSETS	(100,196)	11,633	471,456	564,019	48,033	1,243,529	16,607	277,010	2,532,091
Net Assets, Beginning of Year	26,094,756	2,306,534	3,802,760	1,205,926	140,156	2,272,043	494,153	363,446	36,679,774
NET ASSETS, END OF YEAR	\$ 25,994,560	\$ 2,318,167	\$ 4,274,216	\$ 1,769,945	\$ 188,189	\$ 3,515,572	\$ 510,760	\$ 640,456	\$ 39,211,865

See accompanying Auditors' Report and the Notes to Supplementary Information.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2020

	From Page 2	Tennessee			Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
		Nashville NE	United	Partners Community						
WITHOUT DONOR RESTRICTION										
REVENUES										
LCFF State Aid & Property Tax Revenue	\$ 66,915,020	\$ -	\$ -	\$ -	\$ -	\$ 66,915,020	\$ -	\$ -	\$ -	\$ 66,915,020
Apportionment Revenue	-	5,147,147	5,853,654	-	-	11,000,801	5,524,820	18,873,678	-	35,399,299
Other State Revenue	13,149,782	121,618	101,528	-	-	13,372,928	74,878	7,436,818	-	20,884,624
Federal Revenue	7,521,374	703,540	699,553	-	-	8,924,467	1,126,070	1,915,258	-	11,965,795
Other Local Revenue	20,335,838	360,424	227,636	28,359	(14,124,951)	6,827,306	15,165	36,471	(4,236,321)	2,642,621
Contributions	5,276,872	24,470	15,065	-	-	5,316,407	328,063	679,083	-	6,323,553
Amounts Released from Restriction	-	-	-	-	-	-	87,450	100,000	-	187,450
Total Without Donor Restriction Revenues	113,198,886	6,357,199	6,897,436	28,359	(14,124,951)	112,356,929	7,156,446	29,041,308	(4,236,321)	144,318,362
EXPENSES										
Program Expenses:										
Educational Programs	73,696,695	5,487,951	4,971,443	43,740	-	84,199,829	6,652,106	24,778,040	-	115,629,975
Program Supports	9,430,017	-	-	-	-	9,430,017	-	-	-	9,430,017
Supporting Services:										
Administration and General	28,094,936	945,431	999,358	-	(14,124,951)	15,914,774	1,109,665	3,664,135	(4,236,321)	16,452,253
Fundraising	345,147	-	-	-	-	345,147	-	-	-	345,147
Total Supporting Services	28,440,083	945,431	999,358	-	(14,124,951)	16,259,921	1,109,665	3,664,135	(4,236,321)	16,797,400
Total Expenses	111,566,795	6,433,382	5,970,801	43,740	(14,124,951)	109,889,767	7,761,771	28,442,175	(4,236,321)	141,857,392
INCREASE (DECREASE) IN NET ASSETS										
WITHOUT DONOR RESTRICTION	1,632,091	(76,183)	926,635	(15,381)	-	2,467,162	(605,325)	599,133	-	2,460,970
NET ASSETS										
WITH DONOR RESTRICTION										
Amounts Released from Restriction	-	-	-	-	-	-	(87,450)	(100,000)	-	(187,450)
Contributions	900,000	-	-	-	-	900,000	-	-	-	900,000
INCREASE (DECREASE) IN										
NET ASSETS WITH DONOR RESTRICTION	900,000	-	-	-	-	900,000	(87,450)	(100,000)	-	712,550
INCREASE (DECREASE) IN NET ASSETS	2,532,091	(76,183)	926,635	(15,381)	-	3,367,162	(692,775)	499,133	-	3,173,520
Net Assets, Beginning of Year	36,679,774	(667,211)	4,588	(653,162)	-	35,363,989	(2,089,392)	(1,724,668)	-	31,549,929
NET ASSETS, END OF YEAR	<u>\$ 39,211,865</u>	<u>\$ (743,394)</u>	<u>\$ 931,223</u>	<u>\$ (668,543)</u>	<u>\$ -</u>	<u>\$ 38,731,151</u>	<u>\$ (2,782,167)</u>	<u>\$ (1,225,535)</u>	<u>\$ -</u>	<u>\$ 34,723,449</u>

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS
YEAR ENDED JUNE 30, 2020**

	California							Total Page 1
	National	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ (221,405)	\$ (231,081)	\$ (4,788)	\$ (5,092)	\$ 75,073	\$ (197,122)	\$ 484,219	\$ (100,196)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	107,842	38,050	27,728	26,868	31,885	33,262	3,522	269,157
Transfers and Losses of Disposal of Assets	-	-	-	-	-	-	-	-
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(72,032)	(149,681)	(264,750)	(856,228)	(331,637)	(1,662,232)	(567,732)	(3,904,292)
Grants Receivable	(900,000)	-	-	-	-	-	-	(900,000)
Prepaid Expenses and Deposits	(196,138)	(74,180)	25,065	168,856	(2,780)	277,718	18,472	217,013
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	(791,660)	(253,509)	(211,533)	(174,950)	(215,333)	(73,321)	(191,676)	(1,911,982)
Deferred Revenue	606,639	8,636	6,417	7,383	9,330	8,180	(11,889)	634,696
Deferred Rent Liability	-	-	(5,621)	-	268	-	(25,228)	(30,581)
Net Cash Provided (Used) by Operating Activities	<u>(1,466,754)</u>	<u>(661,765)</u>	<u>(427,482)</u>	<u>(833,163)</u>	<u>(433,194)</u>	<u>(1,613,515)</u>	<u>(290,312)</u>	<u>(5,726,185)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	(60,000)	-	-	-	-	(16,006)	-	(76,006)
Net Cash Used by Investing Activities	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,006)</u>	<u>-</u>	<u>(76,006)</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	(2,269,517)	71,147	(74,350)	(91,420)	(153,325)	1,431,693	(165,961)	(1,251,733)
Proceeds from Debt	4,000,000	-	-	-	-	-	-	4,000,000
Repayment of Debt	(125,000)	-	-	-	-	-	-	(125,000)
Net Cash Provided (Used) by Financing Activities	<u>1,605,483</u>	<u>71,147</u>	<u>(74,350)</u>	<u>(91,420)</u>	<u>(153,325)</u>	<u>1,431,693</u>	<u>(165,961)</u>	<u>2,623,267</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,729	(590,618)	(501,832)	(924,583)	(586,519)	(197,828)	(456,273)	(3,178,924)
Cash and Cash Equivalents, Beginning of Year	<u>2,391,408</u>	<u>1,067,036</u>	<u>2,723,394</u>	<u>1,608,645</u>	<u>3,807,931</u>	<u>689,201</u>	<u>2,960,164</u>	<u>15,247,779</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,470,137</u>	<u>\$ 476,418</u>	<u>\$ 2,221,562</u>	<u>\$ 684,062</u>	<u>\$ 3,221,412</u>	<u>\$ 491,373</u>	<u>\$ 2,503,891</u>	<u>\$ 12,068,855</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Auditors' Report and the Notes to Supplementary Information.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2020

	California								Total Page 2
	From Page 1	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro	
CASH FLOWS FROM OPERATING ACTIVITIES									
Change in Net Assets	\$ (100,196)	\$ 11,633	\$ 471,456	\$ 564,019	\$ 48,033	\$ 1,243,529	\$ 16,607	\$ 277,010	\$ 2,532,091
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation	269,157	15,860	6,298	1,745	7,838	2,980	19,500	1,596	324,974
Transfers and Losses of Disposal of Assets	-	-	-	-	-	-	-	-	-
(Increase) Decrease in Operating Assets:									
Accounts Receivable	(3,904,292)	(2,056,924)	(292,307)	(295,970)	76,662	390	739,989	(304,056)	(6,036,508)
Grants Receivable	(900,000)	-	-	-	-	-	-	-	(900,000)
Prepaid Expenses and Deposits	217,013	31,387	(91,804)	23,803	(65,994)	(114,914)	6,330	40,238	46,059
Increase (Decrease) in Operating Liabilities:									
Accounts Payable and Accrued Liabilities	(1,911,982)	(79,587)	(204,070)	(52,485)	(34,717)	(171,252)	(84,892)	139,904	(2,399,081)
Deferred Revenue	634,696	972	(2,973)	10,370	-	10,352	7,584	8,735	669,736
Deferred Rent Liability	(30,581)	(3,382)	-	33,846	-	-	120,920	-	120,803
Net Cash Provided (Used) by Operating Activities	(5,726,185)	(2,080,041)	(113,400)	285,328	31,822	971,085	826,038	163,427	(5,641,926)
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Property, Plant, and Equipment	(76,006)	-	(5,501)	-	-	-	-	(7,962)	(89,469)
Net Cash Used by Investing Activities	(76,006)	-	(5,501)	-	-	-	-	(7,962)	(89,469)
CASH FLOWS FROM FINANCING ACTIVITIES									
Intracompany Loans	(1,251,733)	1,508,550	(64,274)	(130,197)	186,692	(48,371)	(649,078)	75,174	(373,237)
Proceeds from Debt	4,000,000	-	-	-	-	-	-	-	4,000,000
Repayment of Debt	(125,000)	-	-	-	(62,500)	(62,500)	(62,502)	(62,500)	(375,002)
Net Cash Provided (Used) by Financing Activities	2,623,267	1,508,550	(64,274)	(130,197)	124,192	(110,871)	(711,580)	12,674	3,251,761
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,178,924)	(571,491)	(183,175)	155,131	156,014	860,214	114,458	168,139	(2,479,634)
Cash and Cash Equivalents - Beginning of Year	15,247,779	1,550,461	3,081,119	2,177,802	326,193	1,554,409	428,582	321,506	24,687,851
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,068,855</u>	<u>\$ 978,970</u>	<u>\$ 2,897,944</u>	<u>\$ 2,332,933</u>	<u>\$ 482,207</u>	<u>\$ 2,414,623</u>	<u>\$ 543,040</u>	<u>\$ 489,645</u>	<u>\$ 22,208,217</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION									
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -	\$ 155	\$ 664	\$ 4,800	\$ 664	\$ 6,283

See accompanying Auditors' Report and the Notes to Supplementary Information.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2020

	From Page 2	Tennessee			RSED Total	Wisconsin	DC	Total
		Nashville NE	United	Partners Community				
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 2,532,091	\$ (76,183)	\$ 926,635	\$ (15,381)	\$ 3,367,162	\$ (692,775)	\$ 499,133	\$ 3,173,520
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	324,974	2,747	8,374	-	336,095	6,372	1,435	343,902
Transfers and Losses of Disposal of Assets	-	-	(14,994)	56,738	41,744	-	-	41,744
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(6,036,508)	(187,249)	(69,188)	-	(6,292,945)	413,838	19,477	(5,859,630)
Grants Receivable	(900,000)	-	-	-	(900,000)	75,000	100,000	(725,000)
Prepaid Expenses and Deposits	46,059	(15,143)	(83,696)	-	(52,780)	(17,284)	(300,276)	(370,340)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	(2,399,081)	(53,314)	(108,278)	(559)	(2,561,232)	(181,555)	600,034	(2,142,753)
Deferred Revenue	669,736	-	-	-	669,736	-	-	669,736
Deferred Rent Liability	120,803	14,821	2,380	-	138,004	(1,658)	534,648	670,994
Net Cash Provided (Used) by Operating Activities	(5,641,926)	(314,321)	661,233	40,798	(5,254,216)	(398,062)	1,454,451	(4,197,827)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	(89,469)	(49,349)	-	-	(138,818)	(7,676)	(7,176)	(153,670)
Net Cash Used by Investing Activities	(89,469)	(49,349)	-	-	(138,818)	(7,676)	(7,176)	(153,670)
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	(373,237)	346,691	(603,120)	(28,359)	(658,025)	874,660	(431,497)	(214,862)
Proceeds from Debt	4,000,000	-	-	-	4,000,000	537,473	1,150,162	5,687,635
Repayment of Debt	(375,002)	-	-	-	(375,002)	-	-	(375,002)
Net Cash Provided (Used) by Financing Activities	3,251,761	346,691	(603,120)	(28,359)	2,966,973	1,412,133	718,665	5,097,771
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,479,634)	(16,979)	58,113	12,439	(2,426,061)	1,006,395	2,165,940	746,274
Cash and Cash Equivalents, Beginning of Year	24,687,851	61,906	1,027,125	(519,744)	25,257,138	836,447	3,966,106	30,059,691
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,208,217</u>	<u>\$ 44,927</u>	<u>\$ 1,085,238</u>	<u>\$ (507,305)</u>	<u>\$ 22,831,077</u>	<u>\$ 1,842,842</u>	<u>\$ 6,132,046</u>	<u>\$ 30,805,965</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ 6,283	\$ -	\$ -	\$ -	\$ 6,283	\$ -	\$ -	\$ 6,283

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL MINUTES
YEAR ENDED JUNE 30, 2020**

	Instructional Minutes		Credited Minutes	Total Actual Plus		Credited Days	Total Actual Plus		Status
	Requirement	Actual	COVID-19 School	Credited	Traditional	COVID-19 School	Credited Days		
			Closure Certification			Minutes		Calendar Days	
K/TK									
RMS	36,000	34,635	20,065	54,700	113	67	180	In compliance	
RSSP	36,000	36,465	21,335	57,800	113	67	180	In compliance	
RLS	36,000	34,990	20,410	55,400	113	67	180	In compliance	
ROMO	36,000	35,325	20,575	55,900	113	67	180	In compliance	
RDP	36,000	34,350	20,350	54,700	113	67	180	In compliance	
RBM	36,000	33,295	19,405	52,700	113	67	180	In compliance	
RSA	36,000	33,650	19,750	53,400	113	67	180	In compliance	
RSK	36,000	32,625	19,075	51,700	113	67	180	In compliance	
RFZ	36,000	34,205	19,995	54,200	113	67	180	In compliance	
RRWC	36,000	34,550	20,250	54,800	113	67	180	In compliance	
RFA	36,000	34,770	20,330	55,100	113	67	180	In compliance	
RRS	36,000	37,845	22,355	60,200	113	67	180	In compliance	
RDL	36,000	35,690	21,010	56,700	113	67	180	In compliance	
Grade 1:									
RMS	50,400	33,745	19,655	53,400	113	67	180	In compliance	
RSSP	50,400	35,785	20,915	56,700	113	67	180	In compliance	
RLS	50,400	32,960	19,240	52,200	113	67	180	In compliance	
ROMO	50,400	32,730	19,070	51,800	113	67	180	In compliance	
RDP	50,400	32,290	18,910	51,200	113	67	180	In compliance	
RBM	50,400	34,120	20,180	54,300	113	67	180	In compliance	
RSA	50,400	34,665	20,335	55,000	113	67	180	In compliance	
RSK	50,400	32,280	18,820	51,100	113	67	180	In compliance	
RFZ	50,400	33,295	19,405	52,700	113	67	180	In compliance	
RRWC	50,400	32,625	19,075	51,700	113	67	180	In compliance	
RFA	50,400	32,625	19,075	51,700	113	67	180	In compliance	
RRS	50,400	35,585	21,015	56,600	113	67	180	In compliance	
RDL	50,400	32,865	19,335	52,200	113	67	180	In compliance	
Grade 2:									
RMS	50,400	34,195	19,905	54,100	113	67	180	In compliance	
RSSP	50,400	37,155	21,845	59,000	113	67	180	In compliance	
RLS	50,400	32,960	19,240	52,200	113	67	180	In compliance	
ROMO	50,400	33,860	19,740	53,600	113	67	180	In compliance	
RDP	50,400	32,290	18,910	51,200	113	67	180	In compliance	
RBM	50,400	34,695	20,605	55,300	113	67	180	In compliance	
RSA	50,400	35,115	21,255	56,370	113	67	180	In compliance	
RSK	50,400	32,280	18,820	51,100	113	67	180	In compliance	
RFZ	50,400	33,295	19,405	52,700	113	67	180	In compliance	
RRWC	50,400	33,075	19,325	52,400	113	67	180	In compliance	
RFA	50,400	33,075	19,325	52,400	113	67	180	In compliance	
RRS	50,400	36,495	21,605	58,100	113	67	180	In compliance	
RDL	50,400	34,560	20,340	54,900	113	67	180	In compliance	

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL MINUTES – CALIFORNIA (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	Instructional Minutes		Credited Minutes	Total Actual Plus	Traditional Calendar Days	Credited Days	Total Actual Plus	Status
	Requirement	Actual	COVID-19 School Closure Certification	Credited Minutes		COVID-19 School Closure Certification	Credited Days	
Grade 3:								
RMS	50,400	32,845	19,155	52,000	113	67	180	In compliance
RSSP	50,400	36,705	21,595	58,300	113	67	180	In compliance
RLS	50,400	33,295	19,405	52,700	113	67	180	In compliance
ROMO	50,400	33,860	19,740	53,600	113	67	180	In compliance
RDP	50,400	34,770	20,330	55,100	113	67	180	In compliance
RBM	50,400	35,020	20,680	55,700	113	67	180	In compliance
RSA	50,400	36,245	21,255	57,500	113	67	180	In compliance
RSK	50,400	34,320	20,080	54,400	113	67	180	In compliance
RFZ	50,400	34,990	20,410	55,400	113	67	180	In compliance
RRWC	50,400	33,075	19,325	52,400	113	67	180	In compliance
RFA	50,400	33,075	19,325	52,400	113	67	180	In compliance
RRS	50,400	40,075	23,425	63,500	113	67	180	In compliance
RDL	50,400	35,795	21,005	56,800	113	67	180	In compliance
Grade 4:								
RMS	54,000	34,540	20,160	54,700	113	67	180	In compliance
RSSP	54,000	35,785	20,915	56,700	113	67	180	In compliance
RLS	54,000	34,540	20,160	54,700	113	67	180	In compliance
ROMO	54,000	34,990	20,410	55,400	113	67	180	In compliance
RDP	54,000	34,770	20,330	55,100	113	67	180	In compliance
RBM	54,000	34,800	20,600	55,400	113	67	180	In compliance
RSA	54,000	36,015	21,085	57,100	113	67	180	In compliance
RSK	54,000	34,320	20,080	54,400	113	67	180	In compliance
RFZ	54,000	34,990	20,410	55,400	113	67	180	In compliance
RRWC	54,000	34,090	19,910	54,000	113	67	180	In compliance
RFA	54,000	34,090	19,910	54,000	113	67	180	In compliance
RRS	54,000	37,249	22,003	59,252	113	67	180	In compliance
RDL	54,000	40,704	23,648	64,352	113	67	180	In compliance
Grade 5:								
RMS	54,000	34,540	20,160	54,700	113	67	180	In compliance
RSSP	54,000	35,785	20,915	56,700	113	67	180	In compliance
RLS	54,000	34,540	20,160	54,700	113	67	180	In compliance
ROMO	54,000	34,990	20,410	55,400	113	67	180	In compliance
RDP	54,000	34,205	19,995	54,200	113	67	180	In compliance
RBM	54,000	34,800	20,600	55,400	113	67	180	In compliance
RSA	54,000	36,935	21,765	58,700	113	67	180	In compliance
RSK	54,000	34,320	20,080	54,400	113	67	180	In compliance
RFZ	54,000	34,320	20,080	54,400	113	67	180	In compliance
RRWC	54,000	34,205	19,995	54,200	113	67	180	In compliance
RFA	54,000	34,205	19,995	54,200	113	67	180	In compliance

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE – CALIFORNIA
YEAR ENDED JUNE 30, 2020**

	Second		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades TK/K-3:				
RMS	314.06	314.44	314.06	314.44
RSSP	268.35	268.41	268.35	268.41
RLS	308.64	309.43	308.64	309.43
ROMO	430.24	431.06	430.24	431.06
RDP	356.89	357.05	356.89	357.05
RBM	427.91	427.91	427.91	427.91
RDL	374.26	374.57	374.26	374.57
RSA	365.85	365.99	365.85	365.99
RSK	452.68	453.00	452.68	453.00
RFZ	457.40	457.40	457.40	457.40
RRWC	216.15	216.29	216.15	216.29
RRS	492.94	492.94	492.94	492.94
RFA	428.47	430.08	428.47	430.08
Subtotal	<u>4,893.84</u>	<u>4,898.57</u>	<u>4,893.84</u>	<u>4,898.57</u>
Grades 4-6:				
RMS	183.68	183.72	183.68	183.72
RSSP	101.74	101.87	101.74	101.87
RLS	114.51	114.94	114.51	114.94
ROMO	130.76	131.14	130.76	131.14
RDP	111.24	111.24	111.24	111.24
RBM	162.48	162.48	162.48	162.48
RDL	55.81	55.81	55.81	55.81
RSA	109.26	109.26	109.26	109.26
RSK	133.01	133.01	133.01	133.01
RFZ	137.24	137.24	137.24	137.24
RRWC	49.73	49.83	49.73	49.83
RRS	101.31	101.31	101.31	101.31
RFA	72.89	72.89	72.89	72.89
Subtotal	<u>1,463.66</u>	<u>1,464.74</u>	<u>1,463.66</u>	<u>1,464.74</u>
Grand Total	<u><u>6,357.50</u></u>	<u><u>6,363.31</u></u>	<u><u>6,357.50</u></u>	<u><u>6,363.31</u></u>

ROCKETSHIP EDUCATION AND ITS AFFILIATES
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds
June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 3,044,443	\$ 3,427,383	\$ 3,006,888	\$ 3,824,531	\$ 325,798	\$ 2,992,300
Increase (Decrease) of Fund Balance (Net Assets):						
Cash and cash equivalents	-	10,625	10,624	(69)	64,355	(3,337)
Net Adjustments and Reclassifications	-	10,625	10,624	(69)	64,355	(3,337)
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 3,044,443</u>	<u>\$ 3,438,008</u>	<u>\$ 3,017,512</u>	<u>\$ 3,824,462</u>	<u>\$ 390,153</u>	<u>\$ 2,988,963</u>

	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro
June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 2,319,265	\$ 4,276,198	\$ 1,769,945	\$ 629,284	\$ 3,515,572	\$ 500,135	\$ 969,264
Increase (Decrease) of Fund Balance (Net Assets):							
Cash and cash equivalents	(1,098)	(1,982)	-	-	-	10,625	-
Accounts receivable	-	-	-	-	-	-	8,867
Property, plant & equipment, net	-	-	-	-	-	-	11,478
Deferred revenue	-	-	-	-	-	-	(8,735)
Current portion of loans payable	-	-	-	(100,000)	-	-	(62,500)
Accrued interest	-	-	-	-	-	-	(4,649)
Intracompany payable	-	-	-	(341,095)	-	-	(173,269)
Loans payable	-	-	-	-	-	-	(100,000)
Net Adjustments and Reclassifications	<u>(1,098)</u>	<u>(1,982)</u>	<u>-</u>	<u>(441,095)</u>	<u>-</u>	<u>10,625</u>	<u>(328,808)</u>
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,318,167</u>	<u>\$ 4,274,216</u>	<u>\$ 1,769,945</u>	<u>\$ 188,189</u>	<u>\$ 3,515,572</u>	<u>\$ 510,760</u>	<u>\$ 640,456</u>

*RRWC Redwood City (RRWC) and Futuro (RFA) reported their unaudited actuals on the modified accrual basis of accounting and some of the variances shown are a result of the audited consolidated financial statements presented on the accrual basis of accounting.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	Delta	RSA	Total Page
U.S. Department of Education												
Pass Through Program From:												
California Department of Education												
Title I, Part A, Basic Grants												
Low-Income and Neglected												
84.010	14329	\$	-	\$ 225,471	\$ 200,101	\$ 201,696	\$ 202,120	\$ 179,496	\$ 201,414	\$ 120,226	\$ 200,400	\$ 1,530,924
Metro Nashville Public Schools												
Title I, Part A, Basic Grants												
Low-Income and Neglected												
84.010	N/A		-	-	-	-	-	-	-	-	-	-
<i>Low-Income and Neglected Totals</i>												
			-	225,471	200,101	201,696	202,120	179,496	201,414	120,226	200,400	1,530,924
Pass Through Program From:												
California Department of Education												
Title II												
84.367	14341		-	5,989	7,500	7,500	11,000	22,332	23,933	17,530	23,290	119,074
Metro Nashville Public Schools												
Title II												
84.367	N/A		-	-	-	-	-	-	-	-	-	-
Title II Totals												
			-	5,989	7,500	7,500	11,000	22,332	23,933	17,530	23,290	119,074
Pass Through Program From:												
California Department of Education												
Title III - Immigrant Education Program												
84.365	15146		-	-	-	-	471	121	-	-	-	592
Title III - Limited English Proficiency												
84.365	14356		-	20,165	12,007	17,876	29,464	21,718	21,981	-	17,981	141,192
Title III Totals												
			-	20,165	12,007	17,876	29,935	21,839	21,981	-	17,981	141,784
Pass Through Program From:												
California Department of Education												
Title IV												
84.027A	N/A		-	17,138	15,103	15,046	15,078	13,390	15,331	10,000	14,949	116,035
Title IV Totals												
			-	17,138	15,103	15,046	15,078	13,390	15,331	10,000	14,949	116,035
Pass Through Program From:												
California Department of Education												
Charter School Grant												
84.282M	N/A		213,281	-	-	-	-	-	-	-	-	213,281
Charter School Program Cluster												
			213,281	-	-	-	-	-	-	-	-	213,281
Pass Through Program From:												
California Department of Education												
Special Education IDEA												
84.027	13379		-	73,730	57,227	60,421	77,057	69,737	77,989	56,162	69,471	541,794
Metro Nashville Public Schools												
Special Education IDEA												
84.027	N/A		-	-	-	-	-	-	-	-	-	-
Special IDEA Education Cluster												
			-	73,730	57,227	60,421	77,057	69,737	77,989	56,162	69,471	541,794
Total U.S Department of Education												
			213,281	342,493	291,938	302,539	335,190	306,794	340,648	203,918	326,091	2,662,892

N/A – Not Available

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Federal Expenditures
U.S. Department of Education										
Pass Through Program From:										
California Department of Education										
Title I, Part A, Basic Grants										
Low-Income and Neglected	84.010	14329	\$ 1,530,924	\$ 173,302	\$ 201,581	\$ 94,693	\$ 180,686	\$ 126,210	\$ -	\$ 2,307,396
Metro Nashville Public Schools										
Title I, Part A, Basic Grants										
Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	640,172	640,172
Title I, Part A, Basic Grants										
Low-Income and Neglected Totals			1,530,924	173,302	201,581	94,693	180,686	126,210	640,172	2,947,568
Pass Through Program From:										
California Department of Education										
Title II										
84.367	14341		119,074	6,000	9,625	11,357	23,739	20,392	-	190,187
Metro Nashville Public Schools										
Title II										
84.367	N/A		-	-	-	-	-	-	8,274	8,274
Title II Totals										
			119,074	6,000	9,625	11,357	23,739	20,392	8,274	198,461
Pass Through Program From:										
California Department of Education										
Title III - Immigrant Education Program										
84.365	15146		592	-	-	-	650	-	-	1,242
Title III - Limited English Proficiency										
84.365	14356		141,192	18,587	23,814	15,036	21,657	20,113	-	240,399
Title III Totals										
			141,784	18,587	23,814	15,036	22,307	20,113	-	241,641
Pass Through Program From:										
California Department of Education										
Title IV										
84.027A	N/A		116,035	19,383	21,753	10,000	18,479	15,000	-	200,650
Title IV Totals										
			116,035	19,383	21,753	10,000	18,479	15,000	-	200,650
Pass Through Program From:										
California Department of Education										
Charter School Grant										
84.282M	N/A		213,281	-	-	-	-	-	-	213,281
Charter School Program Cluster										
			213,281	-	-	-	-	-	-	213,281
Pass Through Program From:										
California Department of Education										
Special Education IDEA										
84.027	13379		541,794	80,917	83,578	41,998	83,977	56,429	-	888,693
Metro Nashville Public Schools										
Special Education IDEA										
84.027	N/A		-	-	-	-	-	-	213,460	213,460
Special IDEA Education Cluster										
			541,794	80,917	83,578	41,998	83,977	56,429	213,460	1,102,153
Total U.S Department of Education										
			2,662,892	298,189	340,351	173,084	329,188	238,144	861,906	4,903,754

N/A – Not Available

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	CFDA Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	Delta	RSA	Total Page
U.S. Department of Agriculture:												
Pass Through Program From												
California Department of Education												
National School Lunch Program	10.555	N/A	\$ -	\$ 137,418	\$ 108,060	\$ 129,872	\$ 132,650	\$ 118,076	\$ 142,638	\$ 89,759	\$ 248,435	\$ 1,106,908
Metro Nashville Public Schools												
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-	-
National School Lunch Program Totals			-	137,418	108,060	129,872	132,650	118,076	142,638	89,759	248,435	1,106,908
Pass Through Program From:												
California Department of Education												
School Breakfast Program	10.553	N/A	-	86,014	49,120	67,328	110,505	70,602	122,435	64,885	172,453	743,342
NSLP Commodities	10.553	N/A	-	4,268	3,356	4,034	4,120	3,668	4,431	2,788	7,717	34,382
Metro Nashville Public Schools												
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-	-
School Breakfast Program and Commodities Totals			-	90,282	52,476	71,362	114,625	74,270	126,866	67,673	180,170	777,724
Child Nutrition Cluster			-	227,700	160,536	201,234	247,275	192,346	269,504	157,432	428,605	1,884,632
Total U.S. Department of Agriculture:			-	227,700	160,536	201,234	247,275	192,346	269,504	157,432	428,605	1,884,632
U.S. Department of Health and Human Services:												
Pass Through Program From												
California Department of Education:												
Medicaid	93.778	N/A	-	880	681	2,219	964	845	1,009	758	859	8,215
Total U.S. Department of Health and Human Services			-	880	681	2,219	964	845	1,009	758	859	8,215
Total Federal Expenditures			\$ 213,281	\$ 571,073	\$ 453,155	\$ 505,992	\$ 583,429	\$ 499,985	\$ 611,161	\$ 362,108	\$ 755,555	\$ 4,555,739

N/A – Not Available

See accompanying Auditors' Report and the Notes to Supplementary Information.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Federal Expenditures
U.S. Department of Agriculture:										
Pass Through Program From										
California Department of Education National School Lunch Program	10.555	N/A	\$ 1,106,908	\$ 124,152	\$ 377,558	\$ 65,321	\$ 139,403	\$ 238,104	\$ -	\$ 2,051,446
Metro Nashville Public Schools National School Lunch Program	10.555	N/A	-	-	-	-	-	-	331,008	331,008
National School Lunch Program Totals			<u>1,106,908</u>	<u>124,152</u>	<u>377,558</u>	<u>65,321</u>	<u>139,403</u>	<u>238,104</u>	<u>331,008</u>	<u>2,382,454</u>
Pass Through Program From:										
California Department of Education School Breakfast Program	10.553	N/A	743,342	94,402	232,621	36,403	90,033	154,956	-	1,351,757
NSLP Commodities	10.553	N/A	34,382	3,856	11,727	2,029	4,330	7,396	-	63,720
Metro Nashville Public Schools School Breakfast Program	10.553	N/A	-	-	-	-	-	-	210,179	210,179
School Breakfast Program and Commodities Totals			<u>777,724</u>	<u>98,258</u>	<u>244,348</u>	<u>38,432</u>	<u>94,363</u>	<u>162,352</u>	<u>210,179</u>	<u>1,625,656</u>
Child Nutrition Cluster			<u>1,884,632</u>	<u>222,410</u>	<u>621,906</u>	<u>103,753</u>	<u>233,766</u>	<u>400,456</u>	<u>541,187</u>	<u>4,008,110</u>
Total U.S. Department of Agriculture:			<u>1,884,632</u>	<u>222,410</u>	<u>621,906</u>	<u>103,753</u>	<u>233,766</u>	<u>400,456</u>	<u>541,187</u>	<u>4,008,110</u>
U.S. Department of Health and Human Services:										
Pass Through Program From										
California Department of Education: Medicaid	93.778	N/A	8,215	988	1,041	485	1,003	871	-	12,603
Total U.S. Department of Health and Human Services			<u>8,215</u>	<u>988</u>	<u>1,041</u>	<u>485</u>	<u>1,003</u>	<u>871</u>	<u>-</u>	<u>12,603</u>
Total Federal Expenditures			<u>\$ 4,555,739</u>	<u>\$ 521,587</u>	<u>\$ 963,298</u>	<u>\$ 277,322</u>	<u>\$ 563,957</u>	<u>\$ 639,471</u>	<u>\$ 1,403,093</u>	<u>\$ 8,924,467</u>

N/A – Not Available

See accompanying Auditors' Report and the Notes to Supplementary Information.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020

PURPOSE OF SCHEDULES

NOTE 1 CONSOLIDATING STATEMENTS

These statements provide detailed financial information of each charter school.

NOTE 2 SCHEDULE OF INSTRUCTIONAL MINUTES - CALIFORNIA

This schedule presents information on the amount of instructional time offered by Rocketship Schools and whether the schools complied with the provisions of California Education Code.

NOTE 3 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA) - CALIFORNIA

Average daily attendance is a measurement of the number of pupils attending classes of Rocketship Schools in California. 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.

NOTE 4 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the fund balances (net assets) of each California charter school as reported on the Annual Financial Report form to the audited financial statements.

NOTE 5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of RSEA under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of RSEA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of RSEA.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 6 INDIRECT COST RATE

RSEA did not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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**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***

Board of Directors
Rocketship Education and its Affiliates
Redwood City, California

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 Rocketship Education and its Affiliates (RSEA), which comprise the consolidated statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of financial statements, we considered RSEA'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 RSEA's internal control. Accordingly, we do not express an opinion on the effectiveness of RSEA'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 RSEA'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RSEA’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Rocketship Education and its Affiliates
Redwood City, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Rocketship Education and its Affiliates (RSEA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. RSEA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of RSEA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RSEA'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 on compliance for each major federal program. However, our audit does not provide a legal determination of RSEA's compliance.

Opinion on Each Major Federal Program

In our opinion, RSEA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of RSEA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RSEA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RSEA's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE



INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE - CALIFORNIA

Board of Directors
Rocketship Education and its Affiliates
Redwood City, California

We have audited Rocketship Education and its Affiliates’ (RSEA) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2020. RSEA’s State compliance requirements are identified in the table below.

Management’s Responsibility

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditors’ Responsibility

Our responsibility is to express an opinion on RSEA’s compliance based on our audit of the types of compliance requirements referred to below. 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 *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the RSEA’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 on state compliance. Our audit does not provide a legal determination of RSEA’s compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Before/After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	No ¹
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

¹ We did not perform testing for independent study because the independent study ADA was under the level which requires testing.

Opinion on State Compliance

In our opinion, RSEA complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
 REPORT DATE

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs

CFDA Number(s)

84.010
10.553, 10.555

Name of Federal Program or Cluster

Title I
Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ \$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
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

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported under *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Findings and Questioned Costs – State Compliance

Our audit did not disclose any matters required to be reported under *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

There were no findings in the prior year.

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