

Office of the Superintendent
Stephanie Anello

Preparing Students for Success in College, Career, and Life.

VIA EMAIL (mgil@rsed.org) & CERTIFIED MAIL

February 28, 2019

Marie Issa Gil, MPA/HSA
Executive Director
Rocketship Delta Prep
1700 Cavallo Road
Antioch, CA 94509

**Re: Notice of Violation;
Rocketship Delta Prep Charter School**

Dear Ms. Gil:

This letter shall serve as the Antioch Unified School District's ("District") Notice of Violation issued to the Rocketship Delta Prep ("Charter School"), which includes a reasonable opportunity to refute and/or remedy the violations, pursuant to Education Code section 47607 and Title 5, CCR section 11968.5.2. As discussed further below, the District hereby notifies the Charter School that this Notice of Violation is issued based on the following grounds for revocation pursuant to Education Code section 47607(c):

1. Committed a material violation of any conditions, standards, or procedures set forth in the charter.
2. Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.
3. Violated any provision of law.

I. BACKGROUND FACTS AND SPECIFIC AREAS OF CONCERN

On December 7, 2016, the District's Board of Trustees ("Board") approved the petition ("Charter") to establish the Charter School for a five-year term commencing on July 1, 2018. (Enclosure No. 1.) Thereafter, the District and Charter School executed a Memorandum of Understanding ("MOU"), approved by the Board on June 27, 2018, outlining the Charter School's additional operational obligations, including the provision of special education and related services to students enrolled in the Charter School. The parties agreed when executing the MOU that any violation of that agreement also constitutes grounds for revocation pursuant to Education Code section 47607(c). (MOU, p. 1; Enclosure No. 2.)

On November 14, 2018 the District notified the Charter School of its failure to adhere to and comply with specific obligations in the MOU. (Enclosure No. 3.) The Charter School was slow to respond and to date, has not addressed all of the District's concerns, as discussed more fully below. The District also notified the Charter School of its failure to timely comply with statutory audit report requirements. The Charter School was again unpunctual in responding, requested numerous extensions without providing explanations for such delays and to date, has not addressed all of the District's concerns with that issue, as discussed more fully below. As a result, the District's Administration has lost all confidence in the Charter School's leadership team.

A. Failed to Provide Timely Audit Report.

The Charter School violated Education Code sections 47604.3 and 47604.33, and related sections in the Charter and MOU, did not adhere to generally accepted accounting principles, engaged in fiscal mismanagement, and also failed to respond promptly to the District's inquires and requests to provide the District its 2017-2018 Audit report, due on December 15, 2018.

The Charter School was required to submit its audit report to the District on or before December 15, 2018, pursuant to Education Code section 47604.33 and the Charter. However, the Charter School notified the District on December 17, 2018, via email that the report was not ready and made their first request for an extension of that deadline, stating their auditors required additional time to complete the work but confirmed the report would be complete by December 31, 2018. No report was submitted on December 31, 2018.

On January 8, 2019, the Charter School asked for a second extension via email, stating their audit report would not be available until January 23, 2019. In a January 8, 2019 letter to the Charter School from Interim Associate Superintendent Gamba, the District approved the extension to January 23, 2019. (Enclosure No. 4.) However, in that letter, Ms. Gamba stated that any further extension would require the details of the extraordinary circumstance preceding the request, along with a supporting letter from the auditor with the rationale for the extension. Despite this clear direction to the Charter School, no such supporting documentation was included when the Charter School requested a third extension via email on January 24, 2019, to February 15, 2019.

On January 29, 2019, the District denied that third extension request, requiring the Charter School to provide the report and the name/contact information of their auditors no later than the close of business on February 5, 2019. (Enclosure No. 5.) The District notified the State Controller's Office and the California Department of Education of the late audit, as is required, on February 6, 2019. (Enclosure No. 6.) To date, the Charter School has not provided the District a satisfactory audit report for the 2017-2018 school year.

The Charter School's failure to comply with the law and terms of its Charter, and to not provide any rationale for the delay of the audit report nor any independent auditor's support or rationale for the extensions are very alarming to the District. As the chartering agency, the District is charged with the obligation to monitor the Charter School's fiscal condition and must have a full understanding as to the need for any extension of the statutory deadlines to submit audit reports. The Charter School's conduct to date is entirely unacceptable.

In addition to the foregoing, included in the Charter School's timely submission of its 2018-2019 First Interim Report is a column indicating the budget amount as \$5,870,073.00. (Enclosure No. 7.) This figure does not match the amount of \$5,368,000.00 listed in the same column but in the original budget submitted to the District with its Petition when approved by the Board. (Enclosure No. 8.) A difference of over \$500,000.00. The District requested on January 29, 2019 that the Charter School provide documentation confirming that its Board of Directors adopted a revised 2018-2019 budget and was given information that it cannot be linked back to the First Interim Report. (Enclosure No. 5.)

The Charter School is required to submit its budget to the District by June 30 of each year. If a revision is necessary, it is understood that there is a 45-day window for revision of the original budget. The information provided by the Charter School to the District on February 6, 2019 was consolidated information for the "Rocketship Education Organization" that includes figures and data for schools not chartered by the District.

In regards to this delinquent information submitted by the Charter School, it was not a budget but is instead a consolidated 2017-2018 audit report which identified certain global deficiencies in internal controls of the Rocketship Education Organization that were considered material weaknesses and deficiencies. The consolidated audit report included a February 4, 2019 letter to the California Department of Education acknowledging the Charter School's late submission beyond the December 15 deadline. (Enclosure No. 9.) The Rocketship Education Organization consolidated audit findings are summarized as follows:

- Throughout the audit process, revisions to the trial balance were made by management to correct balances and transactions after the audit process began. The number of journal entries required indicates that internal control processes were not operating effectively throughout the fiscal year and that the closing process was not completed in a timely manner. Month-end closing procedures were not sufficient to ensure correct balances at the time of the audit. Potential errors occurred in reporting account balances and risk that material errors may not be prevented or detected and corrected on a timely basis.
- It was noted during testing that four teachers did not have valid credentials for the full period under review that resulted in an instructional minute deficiency. Internal controls for tracking teacher credentials were insufficient to ensure compliance. Instructional time under non-credentialed teachers were subtracted from the total instructional minutes, which resulted in a shortage of instructional minutes.
- A material audit adjustment was disclosed in the net amount of \$422,429.00. This audit correction resulted in a substantial decrease to the Rocketship Delta Prep's fund balance from \$923,707.00 to \$501,278.00.

Further, the information provided establishes that the Charter School's sister school "Rocketship Futuro Academy" operating in Concord, ended the 2017-2018 fiscal year with a negative ending fund balance of (\$55,428) suggesting that school is insolvent. Such information raises concerns that the Charter School may also be operating at a loss resulting in a negative fund

balance. The budget reports also fail to make any reference to setting aside a 5% reserve as required in the MOU.

As a final matter, the District is not satisfied with the Charter School's audit report nor the adoption of the revised original budget for Rocketship Delta Prep because they consolidate Rocketship Education Organization's entire operation, i.e., the audit report includes the budget information of twenty (20) separate schools located in California, Tennessee, Wisconsin, and the District of Columbia. The Charter makes no reference to audit reports being compiled and submitted to the District in a consolidated form. The consolidated report impedes the District's ability to fully identify issues and concerns regarding the individual operation of the Charter School.

Corrective Action Required.

As a result of these serious deficiencies, the District requires that any Charter School response to this Notice of Violation must include at a minimum:

1. A stand-alone Audit Report for the Rocketship Delta Prep for the period ending June 30, 2018 (not a consolidated audit report).
2. An explanation and legal justification for preparing a consolidated audit report in place of a separate audit for the Charter School as required by the Charter.
3. An explanation and legal justification for preparing a consolidated budget report in place of a separate budget for the Charter School as required by the Charter.
4. An explanation about the failure of Rocketship Education Organization to comply with state audit reporting deadlines as another indicator of poor management and internal controls.
5. Documentation confirming the Charter School's Board of Director's approved a budget that pertains only to the Rocketship Delta Prep to provide the District with the ability to perform satisfactory oversight of the financial condition of the school.

B. Failed to Maintain Appropriate Credential Status of All Teachers.

The Charter School violated Education Code sections 47604.3 and 47605(1), and related sections in the Charter, and also failed to respond promptly to the District's inquires and requests to provide the District teacher credential status information.

The District sent the Charter School two requests on September 18 and October 29, 2018, to provide information confirming it is complying with its statutory requirements, and obligations in the Charter, regarding the qualifications/credentials of certificated staff. (Enclosure No. 10.) Specifically, Education Code section 47605(1) mandates in pertinent part that:

Teachers in charter schools shall hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. These documents shall be maintained on file at the charter school and are subject to period inspection by the chartering authority.

In reviewing public information available to the District, the Administration is unable to confirm that all certificated staff providing instruction to students are in fact credentialed. Rather, based on that information it appears that as many as six certificated staff may not be fully credentialed. Further, the District is unable to confirm that all Charter School administrators hold a valid administrative credential. To date, the Charter School has failed to promptly respond to the District's requests.

The District's concerns are heightened due to the recent disclosure in the audit report, referenced in Section A, above, involving the auditor's testing of the Charter School's sister-schools "Rocketship Redwood City Prep," "Rocketship Spark Academy," and "Rocketship Alma Academy." Specifically, the auditor concluded that "during testing," "four teachers did not have valid credentials for the full period under review that resulted in an instructional minute deficiency." This finding is alarming and exacerbates the need for an immediate response from the Charter School.

C. Failed to Provide Continuum of Services for All Special Needs Students.

The Charter School violated Education Code sections 47604.3, 47641(a) and related sections in the Charter and MOU, and also failed to respond promptly to the District's inquiries and requests to provide the District information regarding special needs students served by the Charter School.

Specifically, the MOU requires that within 72 hours of a Special Education students' expulsion, withdrawal, or disenrollment from the Charter School, the Charter School shall notify the District's Director of Special Education. To date, the Charter School has not followed through with this obligation.

The MOU requires that by September 30, the Charter School shall provide a written report to the District containing the following information for every Special Education student who exited the Charter School during the immediately prior tri-annual period (excluding graduation/matriculation):

- (1) Charter School's most recently approved offer of placement, services, and FAPE;
- (2) The Reason(s) for the student's exit;
- (3) The student's parent/guardian contact information.

To date, the Charter School has not provided this information to the District.

Based on a review of the limited information received from the Charter School for the first quarter of the 2018-2019 school year, as well as reports from Charter School parents of special

education students, and the District's review of special education students leaving the Charter School and returning to the District, the District also has the following concerns:

- It appears that Charter School staff identified as “special education teachers” in the special education records of students leaving the Charter School and returning to the District may not have the necessary special education or teaching credentials. This may have resulted in multiple students being denied specialized academic instruction and/or a failure to fully implement IEPs.
- It appears that all new special needs students entering the Charter School with a “nonpublic school” and/or “special day class” placement as the last agreed-upon offer of a free and appropriate public education (“FAPE”), were not offered a comparable placement at the Charter School. Rather, it appears the Charter School consistently removes and replaces such specialized programs with unspecialized placements at the Charter School, perhaps to avoid more costly services and to prevent the loss of enrollment.
- It has been reported that speech and language services, occupational therapy services, and one-to-one aide services were either not provided, or delivered late to special needs students. It has also been reported that parents are not consistently notified of their rights to compensatory education, for all special education services which the Charter School may have failed to deliver.
- It has been reported that Charter School administrators advise parents of special needs students to disenroll from the Charter School and return to the District when a student's disability related needs exceeded services available at the Charter School.

The foregoing concerns are in direct violation of the law and MOU which requires:

- FAPE. The Charter School shall ensure that all students with disabilities who attend Charter School are provided FAPE in compliance with all applicable laws and regulations including the IDEA (20 U.S.C. §§ 1400 et seq.) and California Education Code §§ 56000, et seq., and their implementing regulations.
- Non-Discrimination. The Charter School shall ensure that no student otherwise eligible to enroll in the Charter School will be denied admission or enrollment to Charter School due to his/her special education status or disability, or due to Charter School's inability to provide necessary services. (Ed. Code § 47605(d)(1).) Charter School shall ensure that no qualified student with a disability is excluded from participation, denied the benefits of, exited from, or otherwise subjected to discrimination under any program of Charter School, on the basis of his/her disability.
- Non-Discrimination. The Charter School acknowledges that no Charter School employee, agent, and/or representative, shall take any action to encourage, persuade, and/or cause the parents/guardians of any student with an IEP seeking to enroll in the Charter School to agree to a different level of services other than that specified in the student's IEP.

- Non-Discrimination. The Charter School shall not require students to modify their IEP to align to the services offered on site at the Charter School and shall not require a student to exit the Charter School and enroll with the District if provision of FAPE requires a more intensive level of support such as special day class, nonpublic school, or residential care.

As a final matter, the MOU requires that by September 1, the Charter School shall notify the District's Director of Student Support Services of the designated employee responsible for Section 504 compliance. To date, the Charter School has not notified the District of the designated employee responsible for Section 504 compliance.

D. Failed to Timely Notify District of Disenrolled Pupils.

The Charter School violated Education Code sections 47604.3, 47605(d)(3), and related sections in the Charter and MOU, and also failed to respond promptly to the District's inquires and requests to provide the District information regarding students leaving the Charter School.

The MOU requires the Charter School, within ten (10) calendar days from when a student was dis-enrolled, to provide written notice to the District whenever a student ceases attendance at the Charter School and the reasons for the departure. To date, the District has received only one (1) notice despite the fact that over ten percent (10%) of the District students who enrolled at the Charter School have since returned to the District. According to District records, the Charter School has failed to notify the District of approximately 53% of the students who have left the school and returned to the District. Many of the families have communicated concerns with the Charter School's operations and instructional program.

E. Failed to Provide Student Records in a Timely Manner.

The Charter School violated Education Code sections 47604.3, 47605(d)(3), and related sections in the Charter and MOU, and also failed to respond promptly to the District's inquires and requests to provide the District pupil records for all students leaving the Charter School. Further, the Charter School's handling of pupil records are inconsistent with Education Code section 49068(b) which provides in pertinent part that :

If a pupil transfers from one public school to another or to a private school, or transfers from a private school to a public school within the state, the pupil's permanent record or a copy of it shall be transferred by the former public school or private school no later than 10 schooldays following the date the request is received from the public school or private school where the pupil intends to enroll.

The Charter School has not provided the District pupil records within 10 schooldays following the date of the request for more than half of all student leaving the school and returning to the District. This failure to timely provide pupil records may result in a misplacement and/or a delay or interruption of educational services and learning supports for the students.

II. REQUIREMENTS TO REFUTE/REMEDY VIOLATIONS

Due to the foregoing, it is necessary for the District to issue this Notice of Violation and provide the Charter School a reasonable opportunity to refute and/or remedy the violations set forth above in Section I. **Specifically, the Charter School shall have thirty (30) days from the date this Notice is issued to submit its response to the District, which must be received no later than March 18, 2019.** Thereafter, the District will evaluate the Charter School's written response to this Notice of Violation and consider whether to proceed with revocation of the Charter. (5 CCR § 11968.5.2(c), (d).)

Very truly yours,

Antioch Unified School District

Stephanie Anello
Superintendent

Enclosures: No. 1 Charter Approval
No. 2 Memorandum of Understanding
No. 3 November 14, 2018 Letter from Superintendent Anello
No. 4 January 8, 2019 Letter from Interim Associate Superintendent Gamba
No. 5 January 29, 2019 Letter from Superintendent Anello
No. 6 February 6, 2019 Letters to SCO and CDE regarding late Audit Report
No. 7: Charter School's 2018-2019 First Interim Report
No. 8: Charter School's budget submitted with Petition for approval
No. 9: February 4, Letter from Charter School to CDE of Audit Report & 2017-2018 Audit Report
No. 10: September 18 and October 29, 2018 Letters to the Charter School

cc: Board of Trustees, Antioch Unified School District

DRAFT

ENCLOSURE NO. 1

DRAFT

MINUTES

December 7, 2016

1. **Opening:** (Roll Call and Establishment of Quorum), Antioch Unified School District, District Office, 510 G Street, Antioch, CA 94509. **Roll Call: 7:00 p.m.** Mr. Fernando Navarro, Mr. Alonzo Terry, Ms. Debra Vinson, Mr. Walter Ruehlig, Ms. Diane Gibson-Gray.
2. **Flag Salute:** Beginning of Open Session – **7:00 p.m.** The pledge was led by Ms. Diane Gibson-Gray.
3. **Action Item:**
 - I. Consideration and Action Regarding the Petition to Establish the Rocketship Antioch Elementary Charter School.

Stephanie Anello summarized for the Board the following information regarding the Petition to Establish the Rocketship Antioch Elementary Charter School:

On October 12, 2016 the Antioch Unified School District Board of Education received a petition for the establishment of Rocketship Antioch Elementary Charter School from Rocketship Education at their regularly scheduled meeting. The Rocketship Antioch Elementary Charter School seeks to commence operation of the charter school for the 2018-2019 school year.

Pursuant to Education Code section 47605, subdivision (b), on November 9, 2016, within 30 days of receiving the Petition, the Board held a public hearing on the provisions of the charter, at which time the Board "...consider[ed] the level of support for the Petition by teachers employed by the district, other employees of the district, and parents." Education Code section 47605, subdivision (b) requires the Board to "either grant or deny the charter within 60 days of the receipt of the Petition." The Board must act on whether to grant or deny the Petition during a special Board meeting scheduled on December 7, 2016.

The Petition, as submitted, fails to provide a reasonably comprehensive description of several essential charter elements and suggests that the Petitioners are demonstrably unlikely to successfully implement the program. Accordingly, staff is recommending denial of the Petition.

Attorney for the District, Janet Mueller and Consultant for the District, Terri Ryland shared the following factual findings for denial of the charter petition:

- The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.
- The Petitioners are demonstrably unlikely to successfully implement the program set forth in the Petition.
- The Petition does not contain the number of signatures required by statute.
- The Petition does not contain an affirmation of each of the conditions required by statute.
- The Petition does not contain reasonably comprehensive descriptions of the required elements of a charter Petition.
- The Petition does not contain a declaration of whether or not the charter school shall be deemed the exclusive public employer of the employees of the charter school for purposes of Chapter 10.7(commencing with Section 3540) of Division 4 of Title 1 of the Government Code.

The attorney and consultant stated the following reasons that justify denial of the Petition prior to the commencement of the school's operations:

- The Petitioners are demonstrably unlikely to successfully implement the program presented in the Petition; and
- The Petition fails to provide a reasonably comprehensive description of all required elements of a charter Petition.

Alonzo Terry questioned the attorney and consultant in their review if any part of the budget presented by Rocketship was correct.

Janet Mueller stated that they were not presenting a comprehensive review of the petition only the deficiencies that led to the recommendation for denial.

Fernando Navarro questioned how many charter school petitions the attorneys had reviewed.

Both the attorney and consultant responded that they have reviewed hundreds of charter petitions and this was the second one for Rocketship noting the first one received a recommendation for approval.

Walter Ruehlig asked if it was normal to release the staff report 48 hours ahead of the meeting and if the attorneys or consultant had worked with the petitioners to cure defects? He also questioned whether the petitioners had made any overtures to the attorney or consultant to meet before the release of the attorney and consultant's recommendations.

Janet Mueller stated that she is the attorney for the Board and it would not be appropriate for her to approach the petitioners before the meeting. She further stated if a review of the petition by the attorney and consultant showed lots of merits then the attorney and consultant would encourage the District to start a

discussion with the petitioner to cure defects. She noted it is not usual for a staff report to be released early and a Special Meeting calls for an agenda to be posted at least 24 hours in advance of the meeting.

Angel Luevano stated the basis for the reasons of denial does not seem objective and urged the Board to approve the petition for the Rocketship Elementary Charter.

Dylan Howell read Education Code 5017 and stated three Board members with expired terms should not be voting on the Rocketship petition and the other two Board members expressing hesitancy should ask for a continuance.

Argentina Luvano stated that disadvantaged low income children deserve choices and Rocketship has proven that they can advance these students.

Kendra Borja passed out cards to Board members made by students in her classroom and shared the importance of field trips and art projects.

Shawnricka Sein-Colon stated her support for Rocketship and the choice of parents to decide on the learning environment for their children.

Elizabeth Ippolite shared her experience with the District's English Learner program and how her children have been helped through the program.

Tom McNell stated that one type of learning does not work for all students and it is the duty of the District to offer a learning environment for all students.

Elizabeth Matt stated that she is a teacher in our District with a learning disability. She further stated that Common Core standards were established to teach life skills and demonstrate for students the ability to talk collaboratively.

Julie Young stated that Rocketship shows students what level they are starting at and moves them forward. She told the Board to think of the kids first and money second.

Dan Reynolds stated that he would not send his children to Rocketship and cited reasons of the lack of physical education, teachers without credentials, enrollment numbers that don't add up, and budget issues. He noted the Board meetings are held 60 miles away. He further stated that Antioch schools are serving students in art, play, hands on learning, English Learner programs, and special education programs.

Pam Thomas stated that she removed her grandson from the District because there were too many students in classrooms and teachers could not meet the needs of her grandson.

Jennifer Emmons shared that her daughter missed six months of school because of an illness and the District created a program to fit her needs.

Francine Banford stated that our data states that 19% of students are achieving in math but it is 9% for students of color. She further stated that what is best for the students of Antioch is to have options.

David Price stated that all students should have a balanced enrichment program that our District offers.

Melanie Steger stated that Rocketship has successfully opened twelve schools. She urged the Board to ask Rocketship staff any clarifying questions.

Cassie Bell expressed her support for the District and shared how well her children are doing attending Belshaw Elementary School.

Andrea Lebron stated that her children attend Rocketship in Concord and her children are not sitting in front of a computer every day.

Sarah Hallam stated her support for the District. She has children attending our schools that participate in band and utilize our special education resources.

Sasha Hickman stated that there is a fear because Rocketship is different. She asked the Board to approve Rocketship.

Annette Benton teaches music to elementary students in our District. She stated that our District teaches the whole child.

Olivia Garcia supports the petition for Rocketship. She volunteers at Rocketship in Concord and appreciates the impact the teachers have on her children.

Mary Rocha stated the fear she has that Rocketship will not be able to provide the needs of special education students. Rocketship needs to have local leadership for parent involvement at the local level.

Veronica Alvarado stated her support for Rocketship.

Sarah Nichols stated children need time for socialization, physical education, and enrichment programs. The Rocketship daily program is too long for young students.

Vividiana Torres expressed how happy and excited her children are attending Rocketship.

Martha Steele-Spellman stated what has been presented this evening by Rocketship is a bucketful of question marks. She further stated that Rocketship is basing their budget on loans.

Jennifer Alfonso stated her support for Rocketship and parents having options of where their children attend school.

Marleen Stratton stated that she is not against charter schools but she does not feel that Rocketship is a good fit for the Antioch community.

Clara Lopez stated her support for Rocketship.

Nina Satterfield expressed concern with the special education program proposed with Rocketship.

Lamont Francies expressed his support for the Rocketship charter stating the community is responsive and there is deep parent engagement.

Sharon Weaver stated that our District offers choices for students. She expressed concern with the treatment of special education students by Rocketship because there is a lack of a solid plan for continued services for students.

Nicholas Hunt stated that Rocketship ensures that the process of outreach and enrollment is available to all families in the community.

Karen Vargas shared a summit on ocean life she recently attended and explained a 5th grade year long project involving marine life.

Hugo Garcia expressed his support for Rocketship and the volunteer opportunities he has in his children's classrooms.

Velma Wilson stated that the community can have different opinions but the community can still grow together.

Dominick Frazier expressed his support for Rocketship and encouraged the Board to approve the petition.

Robert Strickler shared many concerns with the Rocketship petition including special education and extensive use of non-certificated personnel.

Shemira Fermon expressed her support for Rocketship.

Willie Mims stated that the District's scores are nothing to be proud of. He further stated he has serious concerns with suspensions and expulsion within the District. He questioned why Rocketship is being held to a standard that our District is not held to.

Tonja Windham stated that choices are important for a community.

Emma Brady stated that Rocketship approaches special education with an inclusion model.

Crystal Peacock stated her support for Rocketship.

Brian Pfeiffer expressed his support for Rocketship and the need for the Antioch community to have education options for their children.

Randy Peacock stated that he wants a better education for his children than he received attending Antioch schools.

Lusmaia Diaz stated that to the privileged equality looks like oppression.

Teshone Jones presented letters to the Board from the faith based community.

Andre Jones with the California Charter Association stated his organization's support for Rocketship.

Doris Tsui stated that the administration at Rocketship supports their schools.

Morgan Wordes shared the importance of parent engagement at Rocketship Concord.

John Crowder stated the importance of programs like Math Intensive. He further stated that Rocketship embraces these types of programs.

Beto is a Rocketship student and said he loves his school.

Elaine Morch asked the Board to postpone the vote because she felt some Board members have an agenda and some Board members didn't think they had enough time to analyze the petition. She noted that the community voiced their decision with the election and the new Board should vote on this important matter.

Aiesha Ford explained Rocketship's blended learning model.

Genevieve Thomas stated that each Rocketship school is an independent LEA for special education students.

Keina Hodge stated that all Rocketship principals have a minimum of two years' experience and proven leadership in the classroom.

Alice Gonzalez stated many families come to Rocketship with feelings of desperation.

Cecilia Sequeira expressed her support for Rocketship Concord.

Allen Payton expressed his support for Rocketship and parents having a choice for their children's education.

Jason Calon, Principal at Concord Rocketship stated he opened the doors to Concord Rocketship to the Antioch community. He asked the Board to give the community choices in their children's education.

Miguel Soza shared his physical education lesson plans for his students at Rocketship.

Marie Gil stated that Rocketship does not have failing schools and expressed her appreciation for all Rocketship community this evening.

Ken Kent stated that he visited a Rocketship school in San Jose and shared his observations.

Narcella Banks stated that schools need consistency and need to know when to play, when to be quiet, and when to share.

Debra Vinson stated that she was not under duress or threat of a recall and her decision this evening will be based solely on her individual review of the Rocketship Charter School petition. No one from the District or outside of the District had approached her in a "quid pro quo" manner. She stated that she cannot consider the staff report findings as it came too late for her to do a thorough review. She added that her decision would be based on what is best for the students of Antioch. Her concerns are meeting oversight agency, less experienced charter school leaders, friction that will be created between the District and the Rocketship charter, employee qualifications, health and safety of pupils, measureable public outcomes, racial and ethnic balance, admission requirements were not clear, annual audit requirements not clear, FAPE special needs/special education students, student attendance alternative plan, proposed facilities paperwork missing, no documentation for a capacity interview provided, administration/governance team, special education team, and number of signatures submitted on petition. Ms. Vinson recommended an alternative solution such as a Memorandum of Understanding to be created for the District's Board of Education, not District staff, to provide oversight for the first two years of the charter with all other items in the charter petition remaining the same.

Fernando Navarro thanked parents and staff for voicing their concerns. He noted that on both the State and Federal level there is support for charter schools. He

reviewed the petition and staff report recommending denial. He visited Rocketship schools and reviewed data from the California Department of Education. He stated that the Board is temporary guardians of the children of the Antioch community. He expressed his support for Antioch Rocketship Elementary and the opportunity for the Antioch community.

Walter Ruehlig questioned the length of the extended day at Rocketship, the number of failed Rocketship schools, and the enrollment plan for the Antioch Rocketship.

Cheye Calvo stated that Rocketship schools offers a longer day but it is broken up with enrichment, play, and physical education. He further stated that the proposed enrollment plan is TK – 4 and Rocketship has no failed schools.

Walter Ruehlig asked what the next steps are if this petition is denied this evening.

Janet Mueller stated if Rocketship is approved at the County or State level then that agency would have oversight for monitoring the charter programs, managing revenues, and meeting all legal compliance requirements.

Walter Ruehlig stated that he visited both a Rocketship and Antioch Charter Academy school. He stated that charter schools are a great equalizer for parents who cannot afford private schools. He further stated that all parents should have choices for their children. He expressed his overriding concern why there was only 48 hours' notice of the staff report and no opportunity to discuss concerns with Rocketship staff. He expressed his support for the Antioch Rocketship Elementary.

Alonzo Terry stated his support for the teachers in our District. He shared his experience from his visit to Rocketship in San Jose with several District teachers. He noted this decision is about where a parent wants their child to be placed in school. He further stated that the District and Rocketship should be working as partners.

Debra Vinson offered a proposal to Rocketship if they would become a dependent charter under our District for two years or consider a Memorandum of Understanding to work within our District for two years.

Cheye Calvo stated that Rocketship operates under an independent charter and Ms. Vinson's request would be asking this Board to be Rocketship's governing board and that is not how Rocketship operates. He further stated that Rocketship follows the Brown Act and all meetings are compliant by video conferencing within Antioch.

Diane Gibson-Gray stated that her role as a Board member was to determine if criteria was met and the comprehensive staff report states that criteria has not been met. She indicated that she would be voting no on the charter petition.

Janet Mueller stated a motion for approval could be conditional on Rocketship addressing all deficiencies that have been identified. She further stated that budgetary issues could be addressed with a Memorandum of Understanding. She explained that the term for a charter could be up to five years or less than five years and the term would begin at the time the charter was approved.

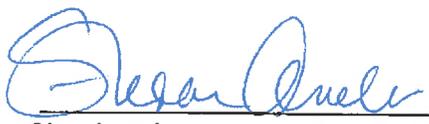
Stephanie Anello stated that the staff report was comprehensive of deficiencies in the petition.

Motion: Approve the petition to establish the Antioch Rocketship Elementary Charter School with no conditions. **Moved by:** Mr. Fernando Navarro; **seconded by:** Mr. Alonzo Terry. **Vote:** Motion carried by a 3-2 vote. **Yes:** Mr. Fernando Navarro, Mr. Alonzo Terry, Mr. Walter Ruehlig. **No:** Ms. Debra Vinson, Ms. Diane Gibson-Gray.

4. **Future Meetings:** Regular Board of Education meetings of December 14, 2016 and January 25, 2017. Meetings to be held at the Antioch Unified School District office at 510 G Street, Antioch, CA 94509.
5. **Adjournment: 10:41 p.m. Motion:** Adjourn. **Action:** Adjourn. **Moved by:** Ms. Debra Vinson, **seconded by:** Mr. Fernando Navarro. **Vote:** Motion carried by a 5-0 vote. **Yes:** Mr. Fernando Navarro, Mr. Alonzo Terry, Ms. Debra Vinson, Mr. Walter Ruehlig, Ms. Diane Gibson-Gray.



Diane Gibson-Gray, President



Stephanie Anello, Superintendent

DRAFT

ENCLOSURE NO. 2

DRAFT

**MEMORANDUM OF UNDERSTANDING REGARDING CHARTER SCHOOL
OVERSIGHT AND OPERATIONS
by and between
ANTIOCH UNIFIED SCHOOL DISTRICT
AND
ROCKETSHIP EDUCATION
(ROCKETSHIP ANTIOCH CHARTER SCHOOL)**

This Memorandum of Understanding ("Agreement") is entered into by and between the Antioch Unified School District ("District") and Rocketship Education ("Rocketship"), operating under the District's oversight. District and Rocketship are collectively referred to herein as the "Parties."

I. RECITALS:

- A. The Antioch Unified School District is a school district existing under the laws of the State of California.
- B. Rocketship Education, d/b/a Rocketship Public Schools, is a nonprofit, public benefit corporation that operates multiple charter schools throughout the nation, including Rocketship Antioch Charter School (operating under the name of "Rocketship Delta Prep") (hereinafter "Charter School") which operated by Rocketship Education in accordance with state and federal laws and under the oversight of the District. Rocketship shall be responsible for, and have all rights and benefits attributable to, the Charter School as further outlined herein, and where this Agreement obligates the Charter School to a particular course of action, the corporation is coextensively required to fulfill such obligation.
- C. The District is the authorizing entity of the Charter School. In accordance with the California Charter Schools Act of 1992, Education Code section 47600 et seq., on December 7, 2016, the charter petition submitted by Rocketship for the establishment of the Charter School ("Charter") was approved by the District's Board of Trustees for a five (5) year term commencing July 1, 2018, and running through June 30, 2023. This Agreement is intended to outline the agreement of Rocketship, the Charter School and the District governing their respective fiscal and administrative responsibilities, their legal relationships and operation of Charter School.
- D. The terms of this Agreement are intended by both parties to become part of the standards and procedures set forth in the approved Charter ("Charter"). As such, any violation of this Agreement by Charter School that also constitutes a ground for revocation per Education Code section 47607(c) will be treated and enforced by the District in the same manner as it would any other violation constituting a ground for revocation.

If the Charter is silent on an issue addressed by this Agreement, this Agreement shall control. If the parties discover any term of this Agreement conflicts with a material term of the Charter, the parties shall meet ("initial meeting") to discuss and address the inconsistency, which may entail amending the Agreement to reach consistency. If the parties do not reach an agreement

regarding how to address the inconsistency within thirty (30) calendar days from the initial meeting, the parties agree to follow the procedures for dispute resolution as stated in the Charter, however, nothing in this section shall impede the ability of the District to proceed with revocation of the Charter in accordance with applicable law.

II. AGREEMENT

A. Term

1. Along with the Charter, this Agreement will govern the relationship between the District, Rocketship and the Charter School regarding the operation of Charter School and the relationship of the District, Rocketship and Charter School.
2. Any modification of this Agreement must be in writing, executed by duly authorized representatives of both District and Rocketship, ratified by the respective Boards, and must indicate intent to modify or amend this Agreement.
3. The duly authorized representative of Rocketship and the Charter School is the Chief Growth and Community Engagement Officer. As of the date of this Agreement, this position is held by Cheye Calvo.
4. The duly authorized representative of the District is the Superintendent or any designee thereof. In order to ensure consistency in communications, all communication regarding any aspect of the operation of Charter School shall be initiated by the designated representative of Rocketship/Charter School with the Superintendent of the District, unless the Superintendent or Chief Growth and Community Engagement Officer delegates this function to another employee.
5. The term of this Agreement shall be coterminous with the operation of the Charter, including the current term and any renewal terms. This Agreement shall be effective once signed by both parties and ratified by the District's Board ("Effective Date"), and will remain in place until terminated in accordance with this Agreement.
6. This Agreement shall terminate automatically upon closure of Charter School for any reason, except as may be specified otherwise herein. "Closure" means that all legally required closure processes are completed, including completion of a final audit as required by law.

B. State Funding under Local Control Funding Formula

1. The Charter School will be funded in accordance with the Local Control Funding Formula ("LCFF"). Charter School will receive base funding and may receive supplemental and concentration grants. Charter School will be responsible for providing the California Department of Education ("CDE") with all data required for funding and will comply with all laws and regulations as developed by the Legislature and State Board of

Education ("SBE") to implement LCFF. All information provided by Charter School shall be truthful and accurate.

2. LCFF includes accountability requirements. Charter School is required to develop, adopt, and annually update a Local Control and Accountability Plan ("LCAP"), using the SBE template approved for this purpose, each July 1, in accordance with Education Code section 47606.5.
3. Charter School shall comply with the requirements of law in developing its LCAP including but not limited to:
 - a. Consultation with teachers, principals, administrators, other school personnel, parents and pupils;
 - b. Provide notice of the opportunity to submit written communication, consider stakeholder input, and approve in public meetings brought in conformity with the Brown Act;
 - c. Adopt LCAP concurrent with the Charter School's budget, submit to CDE and post on website.
4. Charter School shall comply with all accountability measures including the LCAP evaluation rubrics as may be revised by SBE from time to time, as well as the following:
 - a. SBE regulations including but not limited to all requirements "to increase and improve" services for targeted students.
 - b. Obtain parent and public input in developing, revising, and updating LCAPs.
 - c. Cooperate and comply with all requirements of the State Superintendent of Public Instruction ("SPI") if and/or when Charter School fails to show improvement across multiple subgroups in three out of four consecutive years as determined by SPI.
 - d. Charter School shall ensure that all LCFF funds are spent in accordance with the requirements of the law.
5. Charter School shall comply with Common Core State Standards ("CCSS") requirements including any required State assessment systems, including, but not limited to, the California Assessment of Student Performance and Progress ("CAASPP") system.
6. Lottery funds – Charter School will be funded directly from the State through the District for their share of these funds. A portion of Lottery Funds must be spent on instruction, as dictated by the State.
7. Charter School may be eligible for Federal funding including, but not limited to: Title I, II, IV and VII, based on the qualification of Charter School's students for such funding.
8. Charter School shall elect to receive funding from the State directly, pursuant to Education Code section 47651. Should the Contra Costa County Office of Education distribute such funds to the District rather than to the Charter School, District shall have no liability whatsoever for

failure of the Charter School to timely receive its funding. However, District will make best efforts to ensure Charter School receives such funding in a timely manner.

9. Charter School may receive funding from new or one-time funding sources available to schools or school districts provided by the State of California to the extent that Charter School and its students generate such entitlements. Additionally, Charter School may apply for private grants.
10. Grants written by and obtained by Charter School will come directly to Charter School and not go through the District or be subtracted from the resources the District would otherwise have allocated to Charter School.
11. If the District applies for additional sources of funding in the form of grants or similar funding at the request of and for the benefit of Charter School, which it may do in its sole discretion, the District will receive a percentage of the funds to be allocated to Charter School. The District will charge the maximum indirect costs as allowed under law or as specified by the specific funding source. Funds shall be allocated to Charter School on a prorated basis based on the formula that generates the funds, as negotiated between the Charter School and the District. For example, if funds are generated on a per eligible student basis, they shall be allocated to Charter School on a per-eligible student basis minus the administration fee (i.e., indirect cost fee) charged by the District.
12. Charter School shall cooperate fully with the District in any applications made by the District on behalf of the students of Charter School.
13. Charter School agrees to comply with all applicable laws and regulations related to receipt and expenditures of such funds.
14. District shall transfer to Charter School funding in lieu of property taxes in monthly installments on or before the fifteenth (15th) of each month pursuant to Education Code section 47635.
15. Charter School agrees that all revenue obtained by Rocketship for Charter School shall only be used to provide educational services and support consistent with its Charter, and shall not be used for purposes other than those consistent with the approved Charter, this Agreement or any authorized amendments. All expenditures shall be in accordance with applicable law.

C. Legal Relationship

1. The Parties recognize that the Charter School is a separate legal entity that operates under the supervisory oversight of the District. Rocketship shall maintain its status in good standing with the Internal Revenue Service, the State of California, and shall operate in compliance with its Bylaws and the Charter, and shall further ensure that the

Charter School, to the extent it is a legal entity separate from Rocketship, operates in compliance with all applicable laws. Any failure to do so will be deemed a material violation of the Charter.

2. The Rocketship Governing Board shall be wholly and independently responsible for Charter School's operations and shall manage its operations efficiently and economically within the constraints of Charter School's Charter and its annual budget. Consistent with Cal. Ed. Code Section 47604(c), the District shall not be liable for the debts or obligations of Rocketship and Charter School, for claims arising from the debts or obligations of Rocketship and Charter School or for claims arising from the performance of acts, errors, or omissions by Rocketship and Charter School, if it has complied with all oversight responsibilities including but not limited to, those required by Education Code Section 47604.32 and 47605(m).

Subject to the above, it is agreed that it is the parties' intent that the District shall incur no unreimbursed cost or expenses of any type whatsoever as a result of its relationship with Rocketship and Charter School. Neither Rocketship nor the Charter School shall enter into a contract or agreement to be managed or operated by any other non-profit benefit corporation (or any other corporation or entity) without the express written prior approval of the District.

Neither Rocketship nor Charter School shall have the authority to enter into a contract that would bind the District, nor to extend the credit of the District to any third person or party. Rocketship/Charter School shall clearly indicate in writing to vendors and other entities and individuals outside the District with which or with whom Rocketship/Charter School enters into an agreement or contract that the obligations of Rocketship/Charter School under such agreement or contract are solely the responsibility of Rocketship/Charter School and are not the responsibility of the District.

Rocketship and Charter School shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless the District, its officers, directors, employees, attorneys, agents, representatives, volunteers, successors and assigns (collectively hereinafter "District" and "District Personnel") from and against any and all actions, suits, claims, demands, losses, costs, penalties, obligations, errors, omissions, or liabilities, including legal costs, attorney's fees, and expert witness fees, whether or not suit is actually filed, and/or any judgment rendered against District and/or District Personnel, that may be asserted or claimed by any person, firm or entity arising out of, or in connection with, Rocketship and Charter School's performance under this Agreement or the Charter, the condition or use of its facilities, or any acts, errors, negligence, omissions or intentional acts by Rocketship and Charter School, its Governing Board, administrators, employees, agents, representatives, volunteers, successors and assigns. This indemnity and hold harmless provision shall exclude actions against the District arising out of the negligence or intentional acts, of the District

and/or District Personnel or solely out of any acts or omissions of the District and/or District Personnel that are not otherwise related to or connected with Rocketship and Charter School and/or its Personnel. This indemnification clause shall survive termination of this Agreement.

3. Rocketship and Charter School will comply with all applicable state and federal laws, including, without limitation, the Ralph M. Brown Act (Gov. Code, § 54950 et seq.), the California Public Records Act (Gov. Code, § 6250 et seq.), and applicable conflict of interest laws, including without limitation, the Political Reform Act (Gov. Code, § 81000) and Government Code section 1090, et seq.

Charter School shall also comply with all applicable federal and state laws concerning the maintenance and disclosure of student records, including, without limitation, the Family Education Rights and Privacy Act of 1974 (20 U.S.C.A. §1232g), all applicable state and federal laws and regulations concerning the improvement of student achievement, including, without limitation, applicable provisions of the Elementary and Secondary Education Act of 1965 (20 U.S.C.A. § 6301, et seq. as reauthorized and amended by the Every Student Succeeds Act ("ESSA"), and agrees to take appropriate remedial action if notified by the District, State of California, and/or Office of Civil Rights or other federal or state administrative agency charged with enforcement of these laws, of a violation of any of the foregoing. Notwithstanding Education Code section 47610, the Charter School shall comply with the Education Code sections 49060 through 49079.

4. Any formal, written complaints made to a third-party governmental entity (including complaints filed with OCR, CDE, EEOC, or FEHA) received by the Charter School about the Charter School or any aspect of the operation of Charter School shall be forwarded to the District by the Charter School within five (5) business days of receiving the complaint. District may request that Charter School inform the District of how such concerns or complaints are being addressed, and Charter School shall cooperate fully with such requests from the District and promptly provide such information. Charter School shall handle its own uniform complaints pursuant to a Uniform Complaint Procedure adopted in accordance with California Code of Regulations, Title 5, Sections 4600 et seq. The District retains the authority to investigate any complaints received regarding any alleged material violation of the law or the Charter or this Agreement, and may make recommendations to the Charter School on the complaint's resolution, in its sole discretion, however the District agrees not to intervene in the dispute without the consent of the Charter School unless the matter at issue in the complaint relates to a possible violation of the Charter, possible violation of this Agreement, or relates to the District's performance of its oversight obligations in any manner.

D. Supervisory Oversight

1. Oversight Obligations: The Charter School and District agree that the "supervisory oversight" as used in Education Code section 47613 shall include the following:
 - a. Review and revision of this Agreement and any subsequent agreements to clarify and interpret the Charter and amendments to the Charter and the relationship between Rocketship, Charter School and the District.
 - b. All activities related to the charter revocation, renewal, and material revision processes, including any process conducted in compliance with Education Code section 47607 related to the issuance of a Notice of Violation or other corrective notice related to Charter School's operations, including document requests, hearings, notices, and investigations, and monitoring efforts to remedy operational problems identified by the District.
 - c. Activities related to monitoring the performance and compliance of the Charter School with respect to the terms of its Charter, related agreements, and all applicable laws.
 - d. Review of the Charter School's annual independent fiscal and programmatic audit reports and related processes related to the Charter School's annual audit.
 - e. Development and updating of this Agreement to clarify and interpret the Charter and the operational relationship of the District and the Charter School.
 - f. Completion of the following duties under Education Code section 47604.32:
 - (i) Identify at least one (1) District staff member as a contact person for the Charter School.
 - (ii) Visit the Charter School at least annually.
 - (iii) Ensure that the Charter School complies with all reports required of charter schools by law.
 - (iv) Monitor the fiscal condition of the Charter School, including review of annual fiscal audit of the Charter School.
 - (v) Providing timely notification to the California Department of Education if any of the following circumstances occur: Renewal of the Charter is granted or denied; the Charter is revoked; or, the Charter School ceases operation for any reason.
 - g. Any review of teacher credentials pursuant to Education Code section 47605(l).

Rocketship or Charter School shall inform the District in writing within ten (10) calendar days of any student that ceases attendance at the Charter School, the date the student was disenrolled, and the reason for disenrollment.

(B) Personnel Data/Credential Data/Criminal Background Check Data

Staffing data shall be available to the District upon request. Teacher credentials, clearances, and permits shall be maintained on file at Charter School and shall be subject to periodic inspection by the District. Rocketship will maintain on file, and available for inspection, evidence that clear criminal records summaries based on criminal background checks were conducted and received for all employees prior to employment. Throughout the term of the Charter and this Agreement, Rocketship shall ensure that all Charter School employees, volunteers who will be performing services that are not under the direct supervision of a certificated teacher, and any contractors/vendors whose duties will require contact with Charter School students, will comply with the criminal background check and fingerprinting requirements of Education Code sections 44237 and 45125.1.

Rocketship shall report employment status changes for credentialed employees based on allegations of misconduct to the Commission on Teacher Credentialing ("CTC") within 30 days pursuant to Education Code section 44030.5. The District shall be provided a copy of such report concurrently with its submittal to CTC. Rocketship shall also report to the District any employment status changes for all other employees based upon allegations of misconduct within 30 days.

(C) Budget/Financial Data

Cash Flow Data/Long-term Debt:

Charter School agrees that all loans or other financial commitments by Charter School shall be the sole responsibility of Charter School and the District shall have no obligation for repayment. Charter School shall provide the District with not less than thirty (30) calendar days' advance notice of Rocketship Governing Board action to incur short term debt for cash flow purposes or long term debt beyond five years on behalf of, or for the benefit of, Charter School. In no event shall a deferral of the management fee owed from Charter School to Rocketship Education be considered a loan for purposes of compliance with this provision. Financing documents shall be made available for District review.

Financial Data:

Bank account reconciliations for Charter School will be the responsibility of Rocketship.

Rocketship shall annually prepare and submit the following information to the District (Attention: District Chief Business Official) in accordance with Education Code Section 47604.33:

1. Preliminary budget approved by the Rocketship Board on or before July 1. All key budget variables, including revenue, expenditure, debt, beginning and ending balance variables shall be defined, and the budget shall be accompanied by summary certificated and classified employee salary data, and health benefit plans and policies as supporting documents;
2. Annual LCAP update on or before July 1;
3. First interim financial report on or before December 15;
4. Second Interim financial report on or before March 15;
5. Final unaudited report for the full prior year on or before September 15.

The First Interim Financial Report shall reflect changes through October 31; the Second Interim Financial Report shall reflect changes through January 31.

In accordance with Education Code section 47604.3, Rocketship shall promptly respond to reasonable inquiries from the District and respond with additional information regarding its financial records, upon written request of the District.

Copies of budget revisions shall be provided to the District within two weeks of revision, upon approval by Charter School Governing Board.

A copy of any revisions to Charter School budget guidelines, policies, and internal controls shall be provided to the District within four weeks of adoption of revisions, followed by annual updates. Updates shall be specifically noted for ease of reference and review.

Charter School shall prepare and submit to the District on a quarterly basis each year financial reports displaying the financial status of the Charter School. Such reports shall display budgeted revenues and expenditures as compared with actual figures to date and projected year-end figures, by category of revenue and expenditure. Quarterly financial reports shall be due to District no earlier than 45 days after close of quarter.

The District reserves the right to request additional Charter School financial information and inspect Charter School financial records if District officials, in their sole discretion, deem such information necessary to perform State required financial oversight responsibilities. Such requests will be made in writing and reasonable timeframes will be

established to allow the Charter School to produce such additional financial information.

Fiscal Services/Back Office Services Provider. The District and the Charter School agree that the District shall not be required to act as the fiscal agent for the Charter School. It is understood that, as between the District and the Charter School, the Charter School shall be responsible for all fiscal services such as payroll, purchase orders, attendance reporting and state budget forms ("fiscal services").

In the event that the Charter School utilizes the services of a 3rd party back office services provider for its fiscal services as part of its structure or operations, Charter School shall:

a. Provide the District with the name and contact information of the back office service provider, and the contract with the provider, and notify the District within seven (7) business days regarding any changes to such information and when Charter School changes its back office service provider.

b. Ensure the District has access to all records of the Charter School in the possession of the back office service provider and that all such records are available for review by the District at any time.

c. Make good faith requests to its back office service provider that it promptly respond to all reasonable inquiries from the District, which shall be routed through the Charter School, regarding the Charter School's records in the back office service provider's possession, including financial records, and request that its back office services provider shall consult with the District regarding such inquiries if necessary.

Minimum Reserve. The Charter School agrees to maintain, a minimum cash reserve of five percent (5%) of annual expenditures of the Charter School.

Financial Audit: Rocketship shall provide a copy of Charter School's Audited Financial Report to the District, the Contra Costa County Superintendent of Schools, the State Controller, and the California Department of Education by December 15 each year. Rocketship's Financial Director will review any audit exceptions or deficiencies and report to the Rocketship Governing Board with recommendations on how to resolve them. Rocketship will submit a report to the District describing how the exceptions and deficiencies have been or will be resolved to the satisfaction of the District along with an anticipated timeline for the same. Any disputes regarding the resolution of audit exceptions and deficiencies will be resolved through the process described in the Charter, unless the dispute in any way relates to revocation of the Charter.

In accordance with and in addition to the Charter School's obligation to promptly respond to all reasonable inquiries as required by Education Code section 47604.3, the Charter School shall notify the District within three (3) business days in writing of any request for special audits, information, or an investigation by any federal, state or local government agency, or a grand jury. The Charter School shall provide District with any and all requested information, audit or inquiry, as the District, in its sole discretion, may request. The Charter School shall at all times keep the District fully informed regarding all aspects of any such inquiry, investigation or audit and shall provide the District ample notice of any meetings, conferences, or discussions, related to an inquiry, investigation, or audit, so that the District has a timely opportunity to attend if desired. The District shall at all times have full access to any conclusions, findings, or reports related to any inquiry, investigation or audit.

Charter School shall, upon request by the District, present a report to the District's Board of Trustees on its fiscal solvency.

This presentation shall be made at an agenda meeting of the Board of Trustees and the report shall include review of the Charter School's ADA, revenue, expenditures, debt, audit findings, and compliance with revenue based programs and grants such as the National School Lunch Program and the Public Charter Schools Grant Program.

(D) Governance Data/Meeting Information

Copies of meeting agendas for meetings of the Rocketship Governing Board shall be posted at the Charter School facility and on its website at the time they are distributed to the public pursuant to the Brown Act. Charter School shall provide the District with prior notification of all meetings of the Rocketship Board, and provide District with electronic copies of Board meeting agenda packet materials and documents at the time of posting. Copies of approved minutes shall be maintained by Rocketship and made available at the Charter School's facility and on the Charter School website, and electronic copies shall be provided to the District upon request.

Rocketship shall establish an annual calendar listing the dates of its regular meetings and identify the locations of those meetings so that members of the public are able to attend the meeting in person, if desired. Regardless of specific location, Rocketship will ensure that all meetings are accessible to the public and may be attended in person if desired; in addition, for every meeting, Rocketship will ensure that an accessible videoconference location is available within the boundaries of the District. Notice of the videoconference location shall be included on all meeting agendas, and each videoconference location shall allow for public comment from the videoconference location. In addition, agendas for meetings that pertain to Rocketship public schools located outside of California that are directly governed by the Rocketship Education Board of Directors shall be available for review by the public on Rocketship's website.

Rocketship shall annually (on or before July 1 of each year) send to the District a list of its directors and officers, including addresses and phone numbers. The Charter School shall notify the District within thirty (30) calendar days of any change in the composition of these directors and/or officers.

Rocketship shall promptly after adoption/approval provide the District with all amendments to the Rocketship Board Bylaws and/or Articles of Incorporation.

(E) Personnel Policies

A copy of Rocketship personnel and payroll policies shall be provided upon commencement of the first school year and annually thereafter by September 1.

(F) Risk Management Data

Rocketship and Charter School shall establish and institute risk management policies and practices to address reasonably foreseeable occurrences. Copies of all policies of Insurance and memoranda of coverage shall be provided by Rocketship to the District no later than July 1st annually. The District shall be named as an additional insured. Should insurance expire or lapse for any reason, the Charter School shall immediately inform District, and Charter School shall not operate unless and until full coverage as set forth in Section II, G of this Agreement is reinstated. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by this Agreement at any time.

A copy of the Rocketship or Charter School Health and Safety Plan will be maintained by the Charter School and shall be provided to the District no later than two weeks prior to the commencement of school annually.

(G) Programmatic/Performance Audit

The Charter School shall prepare an annual performance review and present the review to the District Board of Trustees at a public meeting of the Board on or about March 1 each year, the specific date to be mutually agreed between District and Charter School.

The performance review report shall include all information necessary to demonstrate that Charter School is meeting the applicable accountability standards and legal requirements as defined by the State of California, the Charter, and this Agreement, and operating in a legally compliant and fiscally responsible manner for the then current school year. The performance review report shall also include, among other things: a review of budget and financial status including discussion of any debt incurred by Rocketship on behalf of the Charter School; a discussion of the educational program being delivered at the Charter

School; an analysis of whether student performance is meeting the goals specified in the Charter using data displayed on a school-wide basis and disaggregated by major racial and ethnic categories, socio-economic status, English learner status, and/or disability; an overview of Charter School's admissions practices during the year and data regarding the numbers of students enrolled and the number on waiting lists; student data regarding student discipline, expulsion and any disenrollment including the basis for any disenrollment; analysis of the effectiveness of Charter School's internal and external dispute mechanisms and data on the number and resolution of written, formal disputes and complaints; as well as any updates on the Charter School's operations. Should the District require additional information (not listed here) in the Annual Performance Review, it shall notify the Charter School at least sixty (60) days prior to the scheduled Performance Review.

(H) Instructional Materials

A list of core instructional materials by grade and content will be maintained by the Charter School and shall be made available to the District within ten (10) business days of receipt of a written request from the District.

(I) Other

Charter School shall provide such other documents, data and reports as may be reasonably requested or required by the District.

2. Oversight Fees: Charter School shall pay the District one percent (1%) of Charter School revenues to cover the actual cost of oversight, unless the District provides substantially rent free facilities, in which case the oversight fee shall not exceed three percent (3%) of the Charter School's revenue. "Charter School revenue" means the amount received by the Charter School in the current fiscal year from the local control funding formula calculated pursuant to Education Code Section 42238.02, as implemented by Education Code Section 42238.03. The Charter School shall reserve within its budget one percent (1%) of the Revenue of the Charter School for District oversight costs. The District will invoice the Charter School for this amount by September 1st for the prior fiscal year for oversight costs. Amounts not paid within thirty (30) calendar days from the Charter School's receipt of the invoice may be deducted from the in-lieu-of property taxes, if any, otherwise due from the District to the Charter School.
3. Administrative Services: Rocketship has the obligation to provide all administrative services necessary to operate Charter School. Charter School may provide these services directly or may contract with a third party to provide services, including the District. The Charter School shall provide the District with a copy of the contract entered into with any third party administrative services provider. If Rocketship or Charter School purchases services from a third party other than the District,

Rocketship shall make all reasonable efforts to ensure that the District is able to access all information regarding Charter School maintained by the third party service provider. Should Charter School desire to purchase administrative or business services from the District, Charter School shall request administrative services in writing. If the Charter School requests administrative services from the District in writing, the Parties shall execute an administrative services contract delineating their agreement. Any such contract is incorporated by reference herein and shall govern the Parties' entire relationship with respect to the District's provision of administrative services.

4. Technical Assistance/Failure to Improve Academic Outcomes: Rocketship acknowledges that if it fails to improve outcomes for three or more pupil subgroups identified pursuant to Education Code section 52052 (or in all pupil subgroups if fewer than 3), in one or more state or school priorities identified in the Charter in three out of four consecutive school years, the District shall take the following actions:
 - (A) Using an evaluation rubric adopted by SBE, District shall provide technical assistance to the Charter School.
 - (B) District may request that the SPI assign the California Collaborative for Educational Excellence ("CCEE") to provide advice and assistance to the Charter School.
 - (C) If the Charter School has been assigned to CCEE for advice and assistance but the District has found that the Charter School has (i) failed or is unable to implement CCEE recommendations; or (ii) the Charter School's inadequate performance based on the evaluation rubric is persistent and acute, then the District will consider revocation of the Charter School. Increases in pupil academic achievement for all pupil subgroups will be the most important factor in determining whether the Charter School shall be revoked. Pursuant to Education Code Section 47607.3, the provisions of Education Code section 47607 shall govern the revocation process, except that the Charter School may not appeal the District's revocation determination.
5. Pre-opening Site Visit: Prior to commencing operations, the Charter School must demonstrate that it has completed specified actions and provided required documentation. The District will visit the Charter School facility for an inspection and review prior to the time the School is scheduled to open.
6. Periodic Site Visits: At its discretion, the District will conduct at least one site visit annually to assess the School's fulfillment of the terms of the Charter and this Agreement. The site visit may include review of the facility, review of records maintained by the School, fiscal operations, and internal controls, interviews with the director of the School, staff, and clients, and observation of instruction in the classroom.

Prior to September 1 of each year, or at least thirty (30) days prior to any site visit, the District shall provide Charter School with a list of required documentation and specified actions for the site visit.

E. Special Education

Please see Exhibit "A" for a full description of the roles and responsibilities for special education services for Charter School students.

F. Non-discrimination/Registration/Records/Withdrawal

1. Charter School shall not discriminate against any student at any time, including during the pre-enrollment admission process and/or while enrolled in the Charter School, based on his/her disability, gender, gender identity, gender expression, nationality, race or ethnicity, religion, sexual orientation, or any other characteristic that is contained in the definition of hate crimes set forth in Section 422.55 of the Penal Code, including immigration status. (Ed. Code 47605(d).)
2. Charter School may encourage parental involvement, but shall notify the parents and guardians of applicant pupils and currently enrolled pupils that parental involvement is not a requirement for acceptance to, or continued enrollment at, the Charter School. (Ed. Code 47605(n).)
3. Student Withdrawal from Charter School. If a pupil is expelled or leaves the Charter School without graduating or completing the school year for any reason, the Charter School shall notify the school district of the pupil's last known address within thirty (30) calendar days, and shall, upon request, provide that school district a copy of the cumulative record of the pupil, including a transcript of grades or report card and health information.
4. No student may be involuntarily disenrolled or dismissed from the Charter School without compliance with the Charter School suspension/expulsion procedures set forth in the Charter.

G. Insurance

Charter School will obtain its own insurance coverage to cover the operations of Charter School and shall supply the District certificates of insurance, with proof of insurance of at least the types and amounts recommended by the District's insurer based upon the standard coverage for a school of similar size and location, as initially outlined below, which may change annually based on, among other factors, size and location of Charter School subject to District agreement to such change. It is understood that the Charter School is a separate school from the District and the Charter School is afforded no coverage under any District policy. The District shall be an additional insured on the Charter School's General Liability and Automobile Liability policies, and Charter School insurance is to be primary and any insurance maintained by the District, its officers, officials, employees, or volunteers shall be in excess of the Charter School's insurance and shall not contribute to such coverage(s).

1. The Charter School, at its expense, shall procure and maintain throughout the term of this Agreement General Liability insurance with a minimum per occurrence limit of \$15,000,000 and the deductible/self-insurance retention shall not exceed \$10,000. Such minimum limits of policies shall in no event limit the liability of the Charter School hereunder. Insurance shall include coverage for claims against the Charter School, it's elected or appointed officials, employees, agents, volunteers and students (interns while acting on behalf of the Charter School) arising out of errors and omissions, abuse and molestation, and employment practices liability. The policy or policies shall name as additional insured/additional covered party, by way of separate endorsement, the District, it's elected or appointed officials, employees, agents and volunteers. The policy or policies shall provide that this insurance shall be primary with respect to any liability or claimed liability arising out of the performance or activities by the Charter School under this Agreement or the Charter School's use of the Premises, and that any insurance procured by the District, it's elected or appointed officials, employees, agents and volunteers shall be excess and shall not be called upon to contribute until the limits of the insurance provided hereunder shall be exhausted.
2. Charter School shall maintain automobile liability insurance, including non-owned and hired coverage with a minimum per accident limit of \$10,000,000 for any injuries to persons (including death therefrom) and property damage in connection with the Charter School's activities under this Agreement.
3. Charter School is to procure and maintain, for the duration of this Agreement, Workers' Compensation insurance against claims for injuries to the Charter School's employees in accordance with such insurance as required by the State of California Labor Code and Employers Liability coverage.
4. Professional Liability (Errors and Omissions) Insurance (including employment practices coverage) with limits not less than One Million Dollars (\$1,000,000) each occurrence.
5. Annually on or before September 15th, the Charter School shall provide the District with a current copy of all the above-listed insurance policies, showing coverage limits, and specifying that the District is named as an additional insured on the liability policy. Charter School shall provide written notice to the District in the event that any policy of Insurance is changed, cancelled, revoked or otherwise no longer in force and effect.
6. If any policies are written on a claims-made form, Charter School agrees to maintain such insurance continuously in force for three years following termination or revocation of the Charter or extend the period for reporting claims for three years following the termination or revocation of the Charter to the effect that occurrences which take place during this shall be insured.

7. District is not responsible for real or personal property losses suffered by the Charter School, its elected or appointed officials, employees, agents, volunteers or students. Charter School shall be solely responsible for obtaining adequate property insurance for Charter School's personal property, building improvements and any real property/buildings owned by the Charter School.
8. The Charter School must adhere to established claim reporting guidelines, especially as they relate to timeliness and completeness of reporting, and providing assistance requested by the carrier or its representative in the investigation and defense of a claim.
9. The Charter School must follow established guidelines in regards to obtaining appropriate certificates of insurance, additional insured endorsements and hold harmless and indemnification agreements.
10. If the Charter School is housed in a facility independent of the District, the Charter School shall only allow its facilities to be used pursuant to a policy developed by Charter School. The policy and any updates to the policy shall be provided to the District once adopted by the Charter School. At a minimum, the Charter School shall require that all users provide a certificate of insurance with acceptable liability limits, depending upon the nature of the activity, and a written agreement by the user group to defend, indemnify and hold harmless the Charter School and the District as the oversight agent from any and all losses which may occur, however caused, as a result of the user group's use of the facility.
11. The District shall retain the ability to conduct inspections of Charter School's facilities and equipment pursuant to established risk management guidelines. Defective or dangerous conditions discovered through these inspections must be promptly corrected by the Charter School at its own expense. The Charter School is required to complete safety inspections three times per school year. These inspections must be maintained in a log book. Bi-annual inspection by a certified third party must be performed at least bi-annually. The Charter School shall keep written records of these inspections on file for at least one year after the date of the inspection.
12. The Charter School shall obtain parent or legal guardian permission for all voluntary field trips, excursions or on-campus extracurricular activities. An Assumption of Risk Form shall be signed by all parents/legal guardians and release shall include acknowledgment that such trips, excursions or extracurricular activities are not affiliated with the District. Student participants twelve years of age or older shall also sign the Assumption of the Risk Form.
13. Charter School employees and parent volunteers must provide proof of automobile liability insurance coverage and a valid driver's license prior to driving on Charter School business or activities. Drivers must be at

least 21 years old. Only participants in the activity shall ride in the vehicle while it is being driven on school business.

14. The Charter School shall follow established guidelines applicable to charter schools and consistent with the Charter School's charter, employment agreements, and personnel policies in regards to termination of employees, handling sexual harassment complaints and conducting business in a nondiscriminatory manner and must comply with applicable local, state and federal laws and regulations.
15. If Charter School decides to use the services of independent contractors rather than hiring employees, the Charter School shall be responsible for properly risk managing those activities. The Charter School shall also assume all responsibility for any taxes and penalties, which may be assessed by the Internal Revenue Service.
16. The Charter School shall follow safety guidelines mandated in their insurance policy agreement.
17. Fidelity Bond coverage shall be maintained by the Charter School to cover all Charter School employees who handle, process, or otherwise have responsibility for Charter School funds, supplies, equipment and/or other assets. Minimum amount of coverage shall be \$150,000 per occurrence, with no self-insured retention. The bond/policy deductible shall not exceed \$5,000.

H. Human Resources Management

1. All staff working at the Charter School are employees of Charter School. Charter School shall have sole responsibility for employment, management, salary, benefits, dismissal and discipline of its employees.
2. Charter School will be considered the public school employer for the purposes of the Educational Employment Relations Act.
3. Charter School agrees to comply with all applicable federal statutory and regulatory requirements for teachers and paraprofessionals used for instructional support.
4. Charter School shall be responsible for ensuring compliance with all applicable fingerprinting and criminal background investigation requirements. No individual may begin employment or be in contact with students that has not received full clearance.

I. Transportation

All responsibility for transportation services, if offered, will be provided by Charter School, including transportation for field trips.

J. Nutritional Services

The Charter School will be responsible for providing its own food services. The District shall not provide or otherwise be responsible for paying any costs in connection with food service to Charter School students. The District shall not provide or otherwise be responsible for paying any costs in connection with food service to Charter School students. The Charter School may contract with the District's Department of Nutrition Services, or a qualified vendor, to provide food services at the Charter School subject to an agreement separate from this Agreement. Charter School shall provide nutritious lunches and snacks to children at reasonable prices in conformity with the National School Lunch Program. The program must be open to all enrolled children. Free or reduced price meals and snacks must be provided to those children who qualify for such benefits. Charter School shall fully comply with all state and federal laws governing free and reduced price lunch/meals.

K. Educational Program

1. Charter School's calendar shall be submitted annually on or before September 1 to the District for review and verification of compliance with instructional day and minutes requirements. Updates to the calendar shall be provided to the District within ten (10) calendar days of any changes.
2. The Charter School shall establish and maintain an attendance reporting calendar and maintain an attendance accounting system to record and account for Average Daily Attendance ("ADA"). The Charter School will report the ADA figures to the District, the Contra Costa County Office of Education, and/or the California Department of Education, as required by law, on a timely basis. Charter School shall provide the District with a monthly enrollment report, including the name and addresses of all students enrolled in the Charter School, upon request of the District.
3. It is understood that Charter School shall meet or pursue the applicable accountability provisions under state and federal law.
4. Charter School shall comply with the requirements of Education Code section 52200-52212 and the implementing regulations in the provision and implementation of its Gifted and Talented Education Program, if applicable. Charter School shall provide the District with student data regarding its Program, in total and disaggregated by grade level, including the number and percentage of students identified as gifted and talented broken down by the following categories: English language learners; eligible to participate in the free and reduced lunch program; ethnic/racial category; participants in Migrant Education Program; students reclassified Fluent-English-Proficient; foster youth; gender; and/or students with disabilities. Charter School shall ensure that the Charter School is employing methods designed to seek out and identify gifted and talented pupils from diverse linguistic, economic, and cultural backgrounds and shall ensure that there is equal opportunity to be identified in the categories served.

5. Rocketship will not "opt-in" to participate in the *Williams* Settlement.
 6. As long as funding is available, Charter School shall provide a transitional kindergarten program with age appropriate curriculum and outcomes in accordance with Education Code section 48000.
- L. Facilities. Charter School shall comply with Education Code Section 47610 by either utilizing facilities that are compliant with the Field Act or facilities that are compliant with the State Building Code. The facilities shall meet the requirements of the Americans with Disabilities Act and shall be approved by the local fire marshal for the use intended. Charter School agrees to test sprinkler systems, fire extinguishers, and fire alarms annually at its facilities to ensure that they are maintained in an operable condition at all times. Charter School shall conduct fire drills regularly and shall maintain records of such drills. Charter School must be located within the District's boundaries and may not establish more than one site or facility without seeking material revision of its Charter document from the District's Board. Furthermore, any temporary location outside of the District's boundaries requires approval of the District's Board. Charter School shall provide notice to the District at least sixty (60) days prior to any major construction being initiated at its facility.

Whenever the Charter School is utilizing District facilities, Charter School understands and acknowledges that a separate facilities use agreement is required. If the parties have a facilities use agreement in place, that shall govern over this Section.

- M. Renewal. The parties recognize that Charter School will be required to meet the requirements of law as a condition for renewal. If Charter School intends to apply for a renewal of its charter, it must submit its petition no later than six (6) months in advance of the end of its current term. The petition must satisfy all legal criteria and evidence that the Charter has operated in full compliance with the law, the Charter and this Agreement in order to be renewed.
- N. Response to Requests. Pursuant to Education Code section 47604.3, Charter School shall respond promptly to all reasonable written requests of the District.
- O. Designees. Any notice, documentation, and/or information required or permitted to be given under this Agreement shall be deemed to have been given, served and received if given in writing and personally delivered or either deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, or sent by overnight delivery service or facsimile transmission, addressed as follows:

If to the District: Antioch Unified School District
Attn: Superintendent
510 G Street
Antioch, CA 94509
Fax: (925) 779-7509

If to Charter: Rocketship Education
Attn: Cheye Calvo
Chief Growth and Community Engagement
Officer
Rocketship Education
350 Twin Dolphin Drive Suite 109
Redwood City, CA 94065
Email: ccalvo@rsed.org

- P. Legal Counsel. Charter School shall retain the right to use its own legal counsel and will be responsible for procuring such counsel and associated costs.
- Q. Enrollment of Expelled Students. Neither Charter School nor the District shall be obligated to accept enrollment of any student who has been expelled from the other entity during the term of the expulsion except as may be required by federal or state law. Charter School may not involuntarily remove a student from the Charter School without compliance with the procedures required by Education Code section 47605, any other applicable laws, and the Charter.
- R. Provision of Documents. With both parties understanding that some state, federal and county documents directed toward Charter School may be mailed to the District, the District agrees to pass on such documents and forms to Charter School in a timely manner, so it may complete its legal obligations. Charter School has full responsibility for the forms and documents it receives directly and those which it must access on the internet on its own.
- S. Reimbursement of Mandated Costs. Charter School shall seek reimbursements of its mandated costs, if any, directly from the State.
- T. Miscellaneous.
1. *Non-Assignment*. Neither party shall assign its rights, duties or privileges under this Agreement, nor shall either party attempt to confer any of its rights, duties or privileges under this Agreement on any third party, without the written consent of the other party.

The replacement of Charter School with any other nonprofit corporation or other operating body or governance structure shall be treated as a material revision of the Charter, subject to the review and approval of the District pursuant to applicable provisions of the Education Code.
 2. *Severability*. If any provision or any part of this Agreement is for any reason held to be invalid or unenforceable or contrary to public policy, law or statute and/or ordinance, the remainder of this Agreement shall not be affected thereby and shall remain valid and fully enforceable.
 3. *Amendments*. This Agreement may be amended or modified, in whole or in part, only by an agreement in writing developed in the same manner as this Agreement.

4. *Independent Entities.* The Parties intend that the relationship between Rocketship and the District are separate legal entities. No agent, employee or servant of Rocketship or the Charter School shall be deemed to be the employee, agent or servant of the District except as expressly acknowledged in writing by the District. Rocketship and the Charter School will be solely and entirely responsible for its acts and for the acts of their agents, employees, servants and subcontractors.
5. *Venue.* The validity of this Agreement and any of its terms or provisions as well as the rights and duties of the Parties shall be governed by the laws of the state of California, and venue shall lie only in Contra Costa County.
6. *Interpretation.* The language of this Agreement shall be construed as jointly proposed and jointly accepted, and in the event of any subsequent determination of ambiguity, the Parties shall be treated as equally responsible for such ambiguity.
7. *Entire Agreement.* This Agreement is intended by the Parties as the final expression of their agreement with respect to such terms as are included herein and as the complete and exclusive statement of its terms and may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement, nor explained or supplemented by evidence of consistent additional terms. The Parties acknowledge that no one has made any promise, representation, or warranty whatsoever, express or implied, written or oral, not contained herein to induce them to execute this Agreement, and that this Agreement is not executed in reliance upon any such promise, representation, or warranty.
8. *Binding Effect.* This Agreement is binding upon the successors and assigns of the Parties, subject to the non-assignability restrictions set forth in this Agreement.
9. *Authority.* The person signing below on behalf of Rocketship Education warrants and guarantees that she/he is legally authorized to execute this Agreement on behalf of Rocketship Education and that such execution shall bind Rocketship Education and the Charter School to the terms of this Agreement upon the ratification of the Agreement by the District's governing board.

The person signing below on behalf of the District warrants and guarantees that she/he is legally authorized to execute this Agreement on behalf of the District and that such execution shall bind the District to the terms of this Agreement subject to ratification by District's governing board.
10. *Counterparts.* This Agreement may be signed in counterparts such that the signatures may appear on the separate signature pages. Facsimile or photocopy signatures shall have the same force and effect as original signatures.

11. *Subject to Ratification by District's Governing Board.* This entire Agreement is subject to approval/ratification by the governing board of the District.

IN WITNESS WHEREOF, each of the Parties hereto has duly executed this Agreement as of the dates shown below.

ANTIOCH UNIFIED SCHOOL DISTRICT

Dated: 6/28/18



Stephanie Anello, Superintendent
Antioch Unified School District

ROCKETSHIP EDUCATION

Dated: JUNE 21, 2018



Cheye Calvo
Chief Growth and Community Engagement
Officer, Rocketship Education d/b/a
Rocketship Public Schools

EXHIBIT A

**TO THE MEMORANDUM OF UNDERSTANDING
REGARDING CHARTER SCHOOL OVERSIGHT AND OPERATION
by and between
ANTIOCH UNIFIED SCHOOL DISTRICT
AND
ROCKETSHIP EDUCATION
(ROCKETSHIP ANTIOCH CHARTER SCHOOL)**

This Exhibit "A" is an attachment to the Memorandum of Understanding Regarding Charter School Oversight and Operations by and between Antioch Unified School District ("District") and Rocketship ("Agreement").

I. INTRODUCTION

- A. This Exhibit "A" is intended to describe the respective fiscal and administrative roles and responsibilities, the parties' legal relationship, and the operation of the Rocketship Antioch Charter School ("Charter School"), with regard to special education only.
- B. Charter School is a local educational agency ("LEA") member of the El Dorado Charter Special Education Local Plan Area ("SELPA") for purposes of special education pursuant to Education Code section 47641. For as long as Charter School remains a LEA member of the El Dorado Charter SELPA Section II of this Exhibit "A" shall govern.
- C. Should the Charter School cease to be a LEA member of the El Dorado Charter SELPA for any reason at any time during the term of this Agreement, then Section III of this Exhibit "A" shall govern.

II. SPECIAL EDUCATION SERVICES – LEA MEMBER OF THE EL DORADO CHARTER SELPA

- A. The Charter School is a LEA member of the El Dorado Charter SELPA, and hereby acknowledges its responsibility as an LEA for the purpose of compliance with federal and state special education laws and for eligibility for federal and state special education laws. Should the Charter School or El Dorado Charter SELPA provide written notice to the other party of its intended termination of the El Dorado Charter SELPA Participation Agreement ("written notice to terminate"), the Charter School shall notify the District of the intended termination within three (3) business days from the date of the written notice to terminate.
- B. IDEA. The Charter School will ensure that no student is denied enrollment on the basis of special education status or disability. The Charter School is solely and independently responsible for compliance with the Individuals with Disabilities in Education Act ("IDEA") and State special education laws, in regard to the determination, provision and financing of special education placement and services for all students seeking to and/or enrolled at the Charter School.

- C. FAPE. The Charter School shall ensure that all students with disabilities who attend Charter School are provided a free and appropriate public education ("FAPE") in compliance with all applicable laws and regulations including the IDEA (20 U.S.C. §§ 1400 et seq.) and California Education Code §§ 56000, et seq., and their implementing regulations.

The Charter School shall inform parents annually in writing of their right to access the full continuum of services, including special day class, nonpublic school, or residential care, while enrolled at the Charter School, as required by state and federal law and each students' respective IEP. By September 1st each year, Charter School shall provide District with a copy of this annual parent notice.

- D. Non-Discrimination. Charter School shall ensure that no student otherwise eligible to enroll in the Charter School will be denied admission or enrollment to Charter School due to his/her special education status or disability, or due to Charter School's inability to provide necessary services. (Ed. Code § 47605(d)(1).) Charter School shall ensure that no qualified student with a disability is excluded from participation, denied the benefits of, exited from, or otherwise subjected to discrimination under any program of Charter School, on the basis of his/her disability.

The Charter School acknowledges that no Charter School employee, agent, and/or representative, shall take any action to encourage, persuade, and/or cause the parents/guardians of any student with an IEP seeking to enroll in the Charter School to agree to a different level of services other than that specified in the student's IEP.

The Charter School shall not require students to modify their IEP to align to the services offered on site at the Charter School and shall not require a student to exit the Charter School and enroll with the District if provision of FAPE requires a more intensive level of support such as special day class, nonpublic school, or residential care.

- E. Report – Newly Enrolled Special Education Students.

By September 30th, January 31st, and June 30th of each year during the term of this Agreement, the Charter School shall provide a written report to the District containing the following information for every special education student newly enrolled in the Charter School during the immediately prior tri-annual period:

- (1) Student's prior placement, services, offer of FAPE.
- (2) Charter School's offer of placement, services, and FAPE to the newly enrolled charter student.

The District reserves the right to randomly select and review/audit IEPs of any student whose offer of FAPE (setting and services) upon entering the Charter School was amended to be more or less restrictive.

The Charter School hereby designates employees of the District as having a legitimate educational interest under the Family Educational Rights and Privacy Act (FERPA) such that they are entitled access to the records of the Charter School's students, including, but not limited to, those records referenced in this Section, and in other sections of the Agreement and this Exhibit "A".

F. Report – Exited Special Education Students.

By September 30th, January 31st, and June 30th of each year during the term of this Agreement, the Charter School shall provide a written report to the District containing the following information for every special education student who exited the Charter School during the immediately prior tri-annual period (excluding graduating and aging out students):

- (1) The Charter School's most recently approved offer of placement, services and FAPE.
- (2) The reason(s) for the student's exit.
- (3) Student's parent/guardian contact information.

District reserves the right to contact parents/guardians of exiting Charter School special education students residing in the District's service area to review the reason(s) for exit from the Charter School.

G. Transfer Student Records. The District will ensure that the Charter School is provided with notification and relevant files of all students transferring to the Charter School from a District school, who have an existing IEP. All records and files will be released with the signed permission of the parent/guardian. As between the Charter School and the District, the Charter School is solely responsible for obtaining the cumulative files, prior and/or current IEP and other special education information on any student enrolling from a non-District school.

H. Expertise and Responsibility of Charter School. The Charter School is responsible for the management of its special education budgets, personnel, programs and services. Charter School shall employ appropriately qualified, credentialed employees or contract with highly qualified third-party providers to provide all necessary and appropriate special education placement and services to its students. Those individuals shall understand, accept responsibility and provide services for:

1. Child Find;
2. Interim Programs;
2. Referral;
3. Assessment;
4. Placement
5. Special Education Instruction;
6. Related Services;
7. Due process;
8. Discipline/manifestation determination;

9. Transportation;
10. Charter School staff development and training;
11. Consultation with District Administration

I. **Section 504.** The Charter School shall comply with Section 504 of the Rehabilitation Act of 1973 ("Section 504"), the Americans with Disabilities Act ("ADA"), and all Office of Civil Rights mandates for students enrolled in the Charter School. The Charter School understands that it is solely responsible for its compliance with Section 504 and the ADA, and that this is not a special education service for which special education funds may be used, even though students at the Charter School may be eligible for such services under Section 504. The Charter School recognizes its legal responsibility to ensure that no qualified person with a disability shall, on the basis of the disability, be excluded from participation, be denied the benefits of, or otherwise be subjected to discrimination under any program of the Charter School. Any student who has an objectively identified disability which substantially limits a major life activity such as learning is eligible for accommodation by the Charter School. The Charter School shall adopt legally compliant Section 504 policies, procedures and forms. These policies, procedures and forms will describe how the Charter School will:

1. Respond to requests from parents for evaluation and/or services;
2. Conduct evaluations of students;
3. Convene meetings to determine eligibility and/or placement and services;
4. Provide regular or special education services necessary to provide FAPE to students with disabilities eligible under Section 504; and
5. Convene impartial hearings if a parent wishes to contest a decision concerning FAPE.

By September 1 of each year, Charter School shall designate a Charter School employee responsible for Section 504 compliance and notify the District's Director of Child Welfare and Attendance in writing of the responsible individual. The designated Charter School employee shall notify the District's Director of Child Welfare and Attendance anytime a student eligible under Section 504 withdraws from Charter School, including notice of the school in which the student enrolled in following withdrawal from Charter School and the student's district of residence.

In the case of pending student discipline of student eligible under Section 504, the Charter School will ensure that it follows procedures to comply with the mandates of State and Federal laws for considering disciplinary action against disabled students, as specified above. Prior to recommending expulsion of a Section 504 eligible student, the Charter School will convene a review committee to determine whether the student's misconduct was a manifestation of his or her disability or related to the Charter School's failure to implement the student's accommodation plan. The Charter School may proceed with the discipline only if it is determined that the student's misconduct was not a manifestation of his/her disability or related to the Charter School's failure to implement the student's accommodation plan. The Charter School

acknowledges and understands that it shall be solely responsible for such compliance.

- J. Student Withdrawal from Charter School. Within seventy two (72) hours of any Charter School special education student's expulsion, withdrawal or disenrollment from the Charter School for any, the Charter School shall notify the district of residence, the District's Special Education Director, and SELPA of the student's name, date of expulsion, withdrawal or disenrollment, and to the extent such information is known to the Charter School, the reason for such separation and the student's next school/LEA of attendance. The Charter School shall comply with Education Code section 47605(d)(3) in terms of providing notice of expulsion, withdrawal, or disenrollment of students who reside in other school districts. If the Charter School expels a student, it is obligated to pay any costs of that student's placement and services during the term of expulsion.

III. SPECIAL EDUCATION SERVICES - SCHOOL OF THE DISTRICT

- A. If the Charter School ceases to be its own LEA member of the El Dorado SELPA for any reason at any time during the term of this Agreement then the following provisions in this Section III shall govern.
- B. Pursuant to Education Code section 47641, subdivision (a), Charter School is a school of the District for purposes of compliance with federal and state special education laws, including the Individuals with Disabilities in Education Act ("IDEA"). The District is a member of Contra Costa County SELPA.
- C. IDEA. The District and Charter School shall comply with the Individuals with Disabilities in Education Act ("IDEA") and State special education laws, in regard to the determination, provision and financing of special education placement and services for all students seeking to enroll and/or enrolled at the Charter School.
- D. FAPE. The District and Charter School shall ensure that all students with disabilities who attend Charter School are provided a free and appropriate public education ("FAPE") in compliance with all applicable laws and regulations including the IDEA (20 U.S.C. §§ 1400 et seq.) and California Education Code §§ 56000, et seq., and their implementing regulations and in the same manner as provided to any other students of the District.

The Charter School shall inform parents annually of their right to access the full continuum of services, including special day class, nonpublic school, or residential care, while enrolled at the Charter School, and work with the District to provide those programs and services to students eligible for such who are seeking to enroll or enrolled in the Charter School, as required by state and federal law and each students' respective IEP as outlined in this Agreement and in the same manner as provided to any other students in the District. By September 1st each year, Charter School shall provide District with a copy of this annual parent notice.

- E. Non-Discrimination. Charter School shall ensure that no student otherwise eligible to enroll in the Charter School will be denied admission or enrollment to Charter School due to his/her special education status or disability, or due to Charter School's inability to provide necessary services. (Ed. Code § 47605(d)(1).) Charter School shall ensure that no qualified student with a disability is excluded from participation, denied the benefits of, exited from, or otherwise subjected to discrimination under any program of Charter School, on the basis of his/her disability.

- F. District and SELPA Policy. The Charter School shall comply with all District and SELPA policies, procedures and other requirements regarding special education. Charter School shall obtain all District and SELPA Policies, Procedures and Forms regarding special education. At least annually, and as further required by District, Charter School shall be responsible for reviewing pertinent information from the Policies, Procedures, and Forms with all Charter School staff at one or more staff meetings, including explanation of any updates or revisions thereto. Charter School will collaborate with District special education staff in developing its staff training and may request their assistance in preparing for the training. Charter School will bear the full cost of District Office staff assigned to assist Charter School with special education staff training. Charter School, however, shall be solely responsible for preparation of materials, for conducting their staff review annually, and ensuring Charter School staff understands the Policies, Procedures and Forms. Charter School shall provide copies of sign in sheets from staff meetings where Policies, Procedures and Forms related to special education are reviewed to the District's Director of Special Education.

- G. Forms and Records. The Charter School will cooperate and assist the District as requested with providing for and/or entering information in the Special Education Information System ("SEIS") in accordance with District policies and procedures in the same manner as any other school of the District. The Charter School will maintain all special education records and provide copies to the District upon request. Charter School will be responsible for all costs related to the SEIS access and Charter School student special education records maintenance.

- H. Attendance Accounting and Reports: The Charter School shall keep daily attendance for each student, including special education students, and shall report and certify such attendance. Upon request by the District, the Charter School shall provide any required reports concerning special education students, including discipline data, alternative assessment and other reports maintained by the Charter School. The Charter School will submit to the District all required reports in a timely manner as necessary to comply with state and federal requirements.

- I. Public School for the District for Purposes of Special Education. The Charter School and the District intend that the Charter School will be treated as any other public school in the District with respect to the provision of special education services, including the allocation of resources and duties between on-site staff and resources and the District staff and resources. The District and the Charter School agree to allocate responsibility for the provision of

services (including but not limited to identification, evaluation, Individualized Education Plan ("IEP") development and modification, and educational services) in a manner consistent with their allocation between the District and its local public school sites. Where particular services are generally provided by staff at the local school site level, the Charter School will be responsible for providing said staff and programming; where particular services are provided to the school by the central district office, those services will be made available to the Charter School in a similar fashion.

- J. Division and Coordination of Responsibility. Charter School and District intend to jointly and collaboratively ensure that all Charter School students entitled to special education services will receive those services appropriately. Nothing in this Agreement shall relieve Charter School from performing reasonable and appropriate support services as required by the District in the same manner as any other school of the District and as described in this Agreement to assist the District in ensuring that all children with disabilities enrolled in the Charter School receive special education and designated instruction services in accordance with all applicable statutes.

The District acknowledges that, as the LEA, it is obligated to provide special education services in compliance with the Individuals with Disabilities Education Improvement Act ("IDEA") and State special education laws to eligible Charter School students to the same extent as it provides special education services to eligible students at District schools. Charter School acknowledges it is obligated to cooperate with and assist the District in ensuring that eligible Charter School students receive the special education services to which they are entitled. Special education services will be offered at Charter School or elsewhere based upon each student's IEP and in the least restrictive environment. All special education services provided to Charter School students beyond the services to be performed by general education personnel and/or the type provided by general school site administrators at District operated schools, will be performed by employees, consultants, and/or other representatives of the District. The District will be solely responsible for hiring and directing the individuals or entities to provide such special education services to Charter School students. If needed due to limited special education staff, District may seek out contracts with other school districts, companies or organizations to serve Charter School students.

Representatives from Charter School and the District shall meet annually to ensure a common understanding of the allocation of responsibilities.

- K. Pre-Referral Process and Interventions: Charter School shall implement a process (e.g., Student Study Team) to monitor and guide referrals of general education students for special education evaluation and services, such that general education interventions are utilized and exhausted before Charter School refers the student for a special education evaluation. Charter School understands that this process, and any interventions employed prior to a referral for special education evaluation are general education functions that are Charter School's sole responsibility. This pre-referral process shall not prevent Charter School from forwarding parent/guardian requests for assessment to the District as required by this Agreement.

- L. Child Find ("Search and Serve" Notices): Charter School shall include a notice at the beginning of the school year and at each semester in a publication to parents/guardians of Charter School students notifying them of Charter School's responsibility to "search and serve" students who need or are believed to need special education services. The text of the notice shall be given to the District prior to the beginning of each school year by Charter School and the District's Director of Special Education, or designee, shall be the named contacts for parents of Charter School students inquiring about special education evaluation, eligibility, and/or services. Each semester, Charter School shall notify the District's Director of Special Education, or designee, of all regular education students that either required Interventions beyond Charter School's regular programming or were placed on modified curriculum at Charter School.
- M. Identification and Referral: The Charter School shall have the same responsibility as any other public school in the District to work cooperatively with the District in identifying and referring students who have or may have exceptional needs that qualify them to receive special education services. The Charter School will develop, maintain, and implement policies and procedures to ensure identification and referral of students who have, or may have, such exceptional needs. These policies and procedures will be in accordance with California law and District policy. As between the Charter School and the District, the Charter School is solely responsible for obtaining the cumulative files, prior and/or current IEPs and other special education information on any student enrolling from a non-District school. A pupil shall be referred for special education instruction and services only after the resources of the regular education program have been considered and where appropriate utilized.

The District shall provide the Charter School with any assistance that it generally provides its other public schools in the identification and referral processes. The District will ensure that the Charter School is provided with notification and relevant files of all students transferring to the Charter School from a District school, who have an existing IEP, in the same manner that it ensures the forwarding of such information between District schools.

- N. Assessment: The District shall make the determination as to what assessments are necessary, including assessments for all referred students, annual assessments and tri-annual assessments, in accordance with the District's general practice and procedure and applicable law. The Charter School shall not conduct unilateral independent assessments or agree to or refer any of its students to independent educational evaluations without prior written approval of the District. Charter School shall immediately (within one (1) business day) forward by email any parent/guardian requests for assessment it receives to the District. If a parent/guardian communicates to Charter School their refusal to consent to an assessment or reassessment plan that has been generated by the District, then Charter School shall immediately (within one (1) business day) notify the District in writing (by email okay), so that the District in consultation with Charter School can determine whether any additional action is necessary with respect to initial assessment or reassessment, such as, but

not limited to, filing a request for due process consistent with the terms of this Agreement.

- O. Individualized Education Program (IEP): Decisions regarding initial determination, or change in eligibility, areas of need, goals/objectives, services, program, placement and exit from special education shall be made by the IEP team. IEP team membership shall be in compliance with State and federal law and shall include the designated representative(s) of Charter School (or designee) and the designated representative(s) of the District (or designee).

The Charter School shall not require students to modify their IEP to align to the services offered on site at the Charter School and shall not require a student to exit or disenroll from the Charter School and enroll with the District if provision of FAPE requires a more intensive level of support such as special day class, nonpublic school, or residential care. The Charter school shall bear the full portion of the unfunded cost of any such placements as long as the student remains enrolled in Charter School.

Charter School shall ensure: (1) that all Charter School teachers and staff who provide services to a student with a disability are knowledgeable of the content of the student's IEP and implement the IEP appropriately; (2) that each student's IEP is understood and fully implemented by Charter School staff who work with the student, including all accommodations, modifications, supports for instruction, goals and objectives, data collection and progress reporting; and (3) that Charter School staff working with students with disabilities are monitoring and reporting progress towards IEP goals that are the responsibility of Charter School staff in the same interval as progress is reported to general education students.

- P. IEP Meetings: Responsibility for arranging necessary IEP meetings shall be allocated in accordance with the District's general practice and procedure and applicable law. Charter School shall cooperate and coordinate with the District in scheduling IEP meetings. The Charter School shall be responsible for having in attendance at all IEP meetings, the designated District representative, the designated representative of the Charter School and Charter School representatives who are knowledgeable about the regular education program at the Charter School and/or about the student.
- Q. Enrollment and Interim Placements for Students Transferring Into the Charter School: Charter School shall notify the District of students seeking to enroll who are eligible for special education or have an existing IEP, prior to their enrollment in Charter School. The Charter School shall adopt registration forms to be provided after the student has applied and been accepted to the Charter School that include questions about whether the student is currently receiving or has ever received any type of special services (e.g. special education, IEP, Section 504 plan, accommodation plan), or is expelled from a school district. Charter School and District are obligated to implement the IEP, or provide comparable services as those implemented in the IEP, in effect at the time a student transfers to the Charter School, regardless of whether the level and types of services called for in that IEP are currently available or otherwise being provided at the Charter School. The Charter School acknowledges that no

Charter School employee, agent, and/or representative, shall take any action to encourage, persuade, and/or cause the parents/guardians of any student with an IEP seeking to enroll in the Charter School to agree to a different level of services other than that specified in the student's IEP.

- R. Parent Concerns: The Charter School shall instruct parents/guardians to raise concerns regarding special education services, related services and rights to the Charter School staff. The Charter School staff shall then in turn consult with the designated representative of the District regarding such concerns. The District representative in consultation with the Charter School's designated representative shall respond to and address the parent/guardian concerns consistent with the District's role.
- S. Complaints: In consultation with the Charter School, the District shall address/respond to/investigate all complaints received by Charter School or the District regarding the provision of special education services to Charter School students. Charter School shall notify the District's Director of Special Education, or designee, within one (1) business day of receiving any written complaint regarding special education, including providing a copy of the written complaint (by email okay), and shall promptly respond to requests from the District for any additional information and documentation related to such complaints and cooperate with the District during its investigation. Copies of all correspondence from parents/guardians regarding their special education child and/or special education services provided to their child received by Charter School, shall be provided the District's Director of Special Education within three (3) business days from when received by Charter School. Charter School shall cooperate fully with requests from District for information and documentation related to such complaints and correspondence.

If the District or Charter School receives a due process or compliance complaint alleging the violation of any State or Federal law related to special education students by Charter School, the District and Charter School shall meet to discuss the allegation(s). Upon request of the District, Charter School shall provide a written response to the allegation(s) in accordance with timelines set by regulatory agency and in accordance with reasonable requests from District staff to permit review and completion of all required responses. The District shall respond to such complaint in the same manner as it responds to such complaints for any other public school of the District.

The District may direct Charter School in writing to take any and all corrective action it believes is reasonable necessary for future compliance with State and Federal special education laws ("Written Directive"). If Charter School does not comply with the District's Written Directive, Charter School shall hold harmless, defend and indemnify the District against any and all actions, claims, complaints, charges, demands, suits, compliance complaints, and due process filings, of any and all kind whatsoever that arises out of the failure of Charter School to comply with the Written Directive. It is specifically understood and agreed that such indemnification, defense, and duty to hold harmless shall include Charter School's responsibility to reimburse the District for any and all costs arising out of or related to Charter School's failure to comply with the Written Directive, including but not limited to actions, claims, complaints,

charges, demands, suits, compliance complaints and due process filings, including but not necessarily limited to: attorneys' fees, District administrative staff time, investigation costs, mediation, settlement discussion, preparation, meeting time, expert witness fees, assessments, and resolution sessions.

- T. Initiating Due Process Hearings: Charter School understands and agrees that the District may initiate a due process hearing related to the provision of FAPE to a student enrolled in Charter School as the District determines is legally necessary or desirable to meet the District's responsibilities under federal and state law. Charter School shall cooperate with the District and assist to prepare, file and prosecute the case, if requested by the District. In the event that the District determines that legal counsel representation is needed, the District and Charter School shall be jointly represented by the District's legal counsel with all legal costs covered by the Charter School subject to the indemnification provisions provided in this Agreement. If a conflict of interest exists and separate counsel is needed by the Charter School, the Charter School shall be solely responsible for the separate costs of its legal counsel. A Charter School representative shall attend all mediations and hearings regarding Charter School students.
- U. Due Process Hearings. The Charter School shall notify the District's Director of Special Education, or designee, of any due process proceedings filed against the Charter School under IDEA, and of any complaints to State or federal agencies relating to special education and/or students with qualifying disabilities within three (3) business days of receipt by the Charter School. The Charter School shall consult and work with the District to prepare and defend any case filed against Charter School and/or the District regarding special education eligibility, placement, or services provided to a student who is or was enrolled in Charter School during any time period(s) at issue. In the event that the District determines that legal counsel representation is needed, the District and Charter shall be jointly represented by the District's legal counsel with all legal costs covered by the Charter School subject to the indemnification provisions of this Agreement. If a conflict of interest exists and separate counsel is needed by the Charter School, the Charter School shall be solely responsible for the separate costs of its legal counsel. Charter School staff and administrators shall cooperate in the defense as needed, even if represented by separate legal counsel.
- V. SELPA Activities and Meetings: The District Superintendent or designee shall represent the Charter School at all SELPA meetings as it represents the needs of all schools in the District. Reports to the Charter School regarding SELPA decisions, policies, etc. shall be communicated to the Charter School as they are to all other schools within the District. To the extent that the District and/or SELPA provide training opportunities and/or information regarding special education to site staff, such opportunities/information shall be made available to Charter School staff. To the extent that District site staff have the opportunity to participate in committee meetings of the SELPA as representatives of their district, such opportunities shall be made available to Charter School staff.

W. School District of Residence: The District and Charter School shall be responsible for providing all services under this Agreement to all students of the Charter School regardless of their school district of residence.

X. Funding.

1. Retention of Special Education Funds by District: The parties agree that, pursuant to the division of responsibilities set forth in this Agreement, the Charter School has elected the status of any other public school in the District for the purposes of special education services and funding, and the District has agreed to provide special education services for the Charter School, consistent with the services it provides at its public schools. Consistent with this division of responsibility, all funds apportioned to Charter School for special education and related services, including any and all funds apportioned to, or on behalf of, the Charter School through or by the SELPA and the Contra Costa County Office of Education, and any and all state and federal funds for special education services otherwise apportioned to Charter School, shall be retained by the District.

2. Actual Costs. Charter School shall reimburse the District for the full actual cost incurred by the District for providing special education and related services to the Charter School's students per their IEPs, including, but not limited to, direct service provider costs, transportation costs, subcontractor costs, District provided administrative oversight/services costs, legal fees, District staffing costs, and costs for providing a more intensive level of support, including special day class, non-public school, and residential placements in order to provide FAPE ("Actual Costs"). The Actual Costs amount shall be offset by the special education funds actually received by the District per Section X(1) herein.

Quarterly on or about September 30, December 31, March 31, and June 30, the District shall provide the Charter School with documentation as to the calculation of the Actual Costs and allow the Charter School an opportunity to provide input and respond to the calculation prior to invoicing the Charter School. Each quarterly payment is due to the District within (30) thirty calendar days from the Charter School's receipt of the invoice from the District.

3. Waiver of Responsibility to Pay Fair Share Contribution. In consideration for Charter School's agreement to reimburse the District for all Actual Costs as specified in Section X(2) herein, the District agrees that Charter School shall not be required to contribute its fair share contribution (encroachment fee) to the District-wide special education services as otherwise required by Education Code section 47646(c).

Y. Alternative Placements. The Charter School shall not place a student in a program of the District or SELPA through the IEP process or otherwise, without the prior involvement and express written consent of the District. In the event it is determined that the Charter School is unable to provide an appropriate placement or services for a student with special needs enrolled in the Charter School, the Charter School will contact the District to discuss placement and service alternatives and such alternatives shall be provided and funded as

outlined in this Agreement.

- Z. Revocation of Consent. The Charter School will ensure that it receives a written revocation of consent from an eligible Charter School student's parent or guardian if, at any time subsequent to the initial provision of special education and related services to the student, the parent or guardian of that student informs the Charter School that they wish to withdraw that student from special education. Such revocation of consent for the continued provision of special education and related services must be in writing. Should a parent or guardian revoke consent to special education and related services in writing, the Charter School and District understand that the Charter School and District may not continue to provide special education and related services to the child after providing prior written notice to the parent in accordance with Section 300.503 of the Title 34 of the Code of Federal Regulations. The Charter School agrees to forward any such written revocation of consent to the District's Director of Special Education within twenty-four (24) hours of receipt.
- AA. Student Withdrawal from Charter School. Within twenty four (24) hours of any Charter School special education student's expulsion, withdrawal or disenrollment from the Charter School for any reason during the school year, the Charter School shall notify the District's Special Education Director (by email okay), the district of residence (if other than the District) and SELPA of the student's name, date of expulsion, withdrawal or disenrollment, and to the extent such information is known to the Charter School, the reason for such separation and the student's next school/LEA of attendance. The Charter School shall comply with Education Code section 47605(d)(3) in terms of providing notice of expulsion, withdrawal, or disenrollment of students who reside in other school districts.
- BB. Student Discipline. Charter School acknowledges it is obligated to and will ensure that its student discipline procedures for suspension and expulsion of students with disabilities are in full compliance with State and Federal law. Charter School shall notify the District's Director of Special Education in writing whenever Charter School intends to recommend for expulsion, or make a disciplinary change in placement, a student currently receiving special education, or for whom Charter School has a basis of knowledge may be eligible for special education, prior to making such recommendation. Charter School shall comply and cooperate with directions from the District when considering any disciplinary action against special education students, including suspension and expulsion. Charter School shall notify the District's Director of Special Education in writing of all suspensions and expulsions of students eligible for special education and complete and file a behavior incident form with the SELPA and District. Charter School shall coordinate with the District all necessary meetings and services following the filing of a behavior incident form. Charter School understands and acknowledges that prior to imposing any discipline on a special education student that would constitute a change in placement, a manifestation determination must first be convened to determine whether the violative conduct was a manifestation of the student's disability or caused by a failure to implement the student's IEP. The Charter School and District also understand and acknowledge their responsibility to provide whatever special education services are necessary to allow the removed special education

student to continue to have access to the general curriculum and make progress on their IEP goals. If the Charter School expels a student, the Parties agree and understand that they are obligated to provide the expelled special education student with special education services during the term of the expulsion up until such time as the student is enrolled in another school consistent with state and federal law, and consistent with the terms of this Agreement, the Charter School will be obligated to reimburse the District for any Actual Costs of that student's placement and services during the term of expulsion, consistent with Section X, above.

CC. Indemnification. In addition to the indemnification specified in Section S of this Exhibit A, the Charter School agrees to indemnify, defend, and hold harmless the District and its Board of Trustees, officers, administrators, employees, attorneys, agents, representatives, volunteers, successors, and assigns (collectively hereinafter "District and District personnel") against any and all actions, causes of action, suits, losses, expenses, costs, penalties, obligations, errors, omissions, or liabilities, including legal costs, attorney's fees, and expert witness fees, whether or not suit is actually filed, and/or any judgment rendered against District and District personnel (including but not limited to due process complaints and/or compliance complaints with the California Department of Education and the Office of Civil Rights) that may be asserted or claimed by any person, firm, or entity arising solely from the acts or omissions of the Charter School and Charter School personnel, and Charter School subcontractors and invitees resulting from or arising out of this Agreement or its performance, and related to the provision of special education services to students enrolled in the Charter School. This indemnification excludes any action, complaint, damages, or liability of the District based solely upon the acts or omissions of the District or District personnel.

DD. Section 504. The Charter School shall comply with Section 504 of the Rehabilitation Act of 1973 ("Section 504"), the Americans with Disabilities Act ("ADA"), and all Office of Civil Rights mandates for students enrolled in the Charter School. The Charter School understands that it is solely responsible for its compliance with Section 504 and the ADA, and that this is not a special education service for which special education funds may be used, even though students at the Charter School may be eligible for such services under Section 504. The Charter School recognizes its legal responsibility to ensure that no qualified person with a disability shall, on the basis of the disability, be excluded from participation, be denied the benefits of, or otherwise be subjected to discrimination under any program of the Charter School. Any student who has an objectively identified disability which substantially limits a major life activity such as learning is eligible for accommodation by the Charter School. The Charter School shall adopt legally compliant Section 504 policies, procedures and forms. These policies, procedures and forms will describe how the Charter School will:

1. Respond to requests from parents for evaluation and/or services;
2. Conduct evaluations of students;
3. Convene meetings to determine eligibility and/or placement and services;

4. Provide regular or special education services necessary to provide FAPE to students with disabilities eligible under Section 504; and
5. Convene impartial hearings if a parent wishes to contest a decision concerning FAPE.

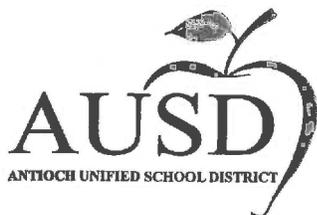
By September 1 of each year, Charter School shall designate a Charter School employee responsible for Section 504 compliance and notify the District's Director of Child Welfare and Attendance in writing of the responsible individual. The designated Charter School employee shall notify the District's Director of Child Welfare and Attendance anytime a District resident student eligible under Section 504 withdraws from Charter School, including notice of the school in which the student enrolled in following withdrawal from Charter School.

In the case of pending student discipline of student eligible under Section 504, the Charter School will ensure that it follows procedures to comply with the mandates of State and Federal laws for considering disciplinary action against disabled students, as specified above. Prior to recommending expulsion of a Section 504 eligible student, the Charter School will convene a review committee to determine whether the student's misconduct was a manifestation of his or her disability or related to the Charter School's failure to implement the student's accommodation plan. The Charter School may proceed with the discipline only if it is determined that the student's misconduct was not a manifestation of his/her disability or related to the Charter School's failure to implement the student's accommodation plan. The Charter School acknowledges and understands that it shall be solely responsible for such compliance.

DRAFT

ENCLOSURE NO. 3

DRAFT



Stephanie Anello
Superintendent

Preparing Students for Success in College, Career, and Life.

***RE: Adherence to the Obligations Outlined in the Memorandum of Understanding
Between The Antioch Unified School District and Delta Prep Rocketship***

Dear Delta Prep Rocketship Governing Board:

On April 25, 2018, the Antioch Unified School Board approved the petition for the establishment of the Rocketship Antioch Charter School for a five-year term commencing on July 1, 2019. The District and Rocketship have since negotiated and agreed to the terms of the attached Memorandum of Understanding (MOU) outlining the parties' respective fiscal and administrative responsibilities and their legal relationship regarding operation of the Charter School, and related to the provision of special education and related services to students enrolled in the Charter School. The purpose of this letter is to inform you that Delta Prep Rocketship is in violation of several of the obligations outlined in the binding Memorandum of Understanding. These violations include:

- On or before July 1, the Delta Prep Rocketship shall provide an update related to the Local Control Accountability Plan (LCAP); The District has not received an update or a copy of the Delta Prep Rocketship LCAP nor can we locate the Charter School's LCAP on its website as required by law.
- Within 10 calendar days from when a student was dis-enrolled, Delta Prep Rocketship shall provide a written notice whenever a student ceases attendance at the Charter School and the reason why. To date we have not received a single notice despite the fact that we have learned that over 10% of AUSD students who started the school year at Rocketship have returned to the Antioch Unified School District –many citing numerous complaints and concerns about the operations of the Charter School as well as with the instructional program.
- Onn or before July 1, the Delta Prep Rocketship shall provide the Charter School's current board of directors and officers; To date, the District has not received notice of the Charter School's current board of directors and officers.
- At time of posting, the District shall receive notice of the Charter School's Board meeting notices and electronic copies of agenda packet materials. To date, the District has not received these items.
- By September 1, the Charter School is to provide its student discipline policies. To date, the District has yet to receive these items.

- By September 1, the Charter School shall provide the District with a copy of written notice to parents of their right to access the full continuum of services, including special day class, nonpublic school, or residential care while enrolled at the Charter School as required by state and federal law and each students' respective Individualized Education Plan (IEP). To date, the District has not received this.
- By September 1, the Charter School shall notify the District's Director of Student Support Services of the designated employee responsible for Section 504 compliance. To date, the Charter School has not notified the District of the designated employee responsible for this.
- Within 72 hours of a Special Education students' expulsion, withdrawal, or dis-enrollment from the Charter School, the Charter School shall notify the District's Director of Special Education. To date, the Charter School has not followed through with this obligation.
- By September 30, the Charter School shall provide written report to AUSD containing the following information for every SPED student newly enrolled in the Charter School during the immediately tri-annual period:
 - (1) Student's prior placement, services, offer of FAPE;
 - (2) Charter School's offer of placement, services, and FAPE to the newly enrolled charter student.
 To date, the District has not received this information.
- By September 30, the Charter School shall provide a written report to the District containing the following information for every Special Education student who exited the Charter School during the immediately prior tri-annual period (excluding graduation/matriculation):
 - (1) Charter School's most recently approved offer of placement, services, and FAPE;
 - (2) The Reason(s) for the student's exit;
 - (3) The student's parent/guardian contact information.
 To date, the District has not received this information.
- Annually or before September 15th, the Charter School shall provide a current copy of insurance policies:
 - (1) General Liability –minimum per occurrence limit of \$15M; deductible/self-insurance retention shall not exceed \$10k;
 - (2) Auto Liability –minimum per accident limit of \$10M;
 - (3) Workers' Compensation;
 - (4) Professional Liability (Error and Omissions) with limits not less than \$1M each occurrence.

Finally, the District has sent the Charter School two requests to fulfill its responsibilities related to the California Education Code (47605). The Education Code states:

“(1) Teachers in charter schools shall hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. These documents shall be maintained on file at the charter school and are subject to period inspection by the chartering authority.” To date we have not received a response to our requests dated September 18, 2018 and October 29, 2018.

In closing, please know that the Antioch Unified School District takes its obligation to oversee the fiscal and administrative responsibilities and established legal responsibilities outlined in the Memorandum of Understanding approved by both the District and the Delta Prep Rocketship.

Sincerely,
Stephanie Anello

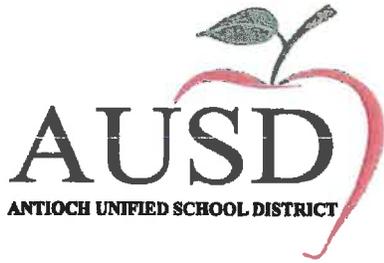
A handwritten signature in cursive script that reads "Stephanie Anello". The signature is written in black ink and is positioned below the typed name.

Superintendent
Antioch Unified School District
(925) 779-7500 ext. 5319

DRAFT

ENCLOSURE NO. 4

DRAFT



Sheri Gamba
Interim Associate Superintendent
Business Services & Operations

January 8, 2019

By Email & US Postal Mail

Marie Issa Gil
Bay Area Regional Director
Rocketship Public Schools
350 Twin Dolphin Drive
#109
Redwood City, CA 94065

Dear Ms. Gil,

The Antioch Unified School District is in receipt of your request to extend your audit deadline for the Rocketship Delta Prep. As you know, the audit deadline is not just a matter related to the Memorandum of Understanding between our agencies; it is also a standard from the California State Controller's Office.

The State Controller's Office does not grant extensions for the audit deadline unless there are extraordinary circumstances offered for the need of an extension by the audit firm. The Antioch Unified School District prefers to adhere to this State level standard. However, because this is a first-year audit for the 2017-18 year, the District will grant the extension as requested with a deadline of submission of January 23, 2019. The rationale for granting the extension is that this is the preparation year for your opening in Antioch, and not a year that includes such components as student attendance.

In the future, any extension requests must include details of the extraordinary circumstance that preceded the request. An extension request must also include a supporting letter from the audit firm in question with the rationale.

Should you have any questions or concerns, please feel free to contact me.

Sincerely,

Sheri Gamba
Interim Associate Superintendent
Business & Operations
Antioch Unified School District
925-779-7500 ext 43720
Email: sherigamba@antiochschools.net

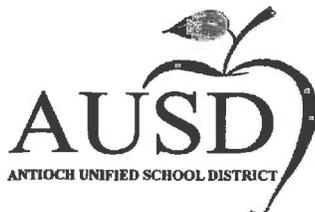
Cc: Stephanie Anello, Superintendent

510 G Street, Antioch, California 94509-1259 (925) 779-7500 ext 43720 - FAX (925) 779-7510

DRAFT

ENCLOSURE NO. 5

DRAFT



Stephanie Anello
Superintendent

Preparing Students for Success in College, Career, and Life.

VIA U.S. MAIL & EMAIL

January 29, 2019

Marie Gil
Rocketship Public Schools
1700 Cavallo Rd.
Antioch, CA 94509

Re: Denial of Third Request To Extend Deadline for 1st Interim Audit Report

Dear Ms. Gil,

I am in receipt of your January 24, 2019 email requesting a third extension to the deadline for Rocketship Public School ("Rocketship" or "Charter School") to submit its 1st Interim Audit Report, to February 15, 2019. Please be advised, your request is **denied** for the reasons described below. Accordingly, please submit the Charter School's completed 1st Interim Audit Report to the District no later than the close of business on February 5, 2019. If the Charter School fails to comply with this deadline, I will recommend to the Board of Trustees at its next meeting on February 13, 2019 that a Notice of Violation be issued to the Charter School.

The Charter School was required to submit its 1st Interim Audit Report to the District on or before December 15, 2018 pursuant to Education Code section 47604.33. However, you notified me on December 17, 2018, via email that the report was not ready and made your first request for an extension of that deadline, stating your auditors required additional time to complete the work but confirmed the report would be complete by December 31, 2018. No report was submitted on December 31, 2018.

On January 8, 2019, you asked me for a second extension via email, stating your audit report would not be available until January 23, 2019. In a January 8, 2019 letter to you from Interim Associate Superintendent Sheri Gamba, the District approved the extension to January 23, 2019. However, in that letter, Ms. Gamba stated that any further extension would require the details of the extraordinary circumstance preceding the request, along with a supporting letter from the auditor with the rationale for the extension. Despite this clear direction to you, no such supporting documentation was included with your January 24, 2019 email requesting a third extension, to February 15, 2019.

Please be reminded that Rocketship's Charter cites the governing law: The manner in which annual, independent, financial audits shall be conducted, which shall employ generally accepted accounting principles, and the manner in which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority.-- California Education Code Section 47605(b)(5)(I)

The Charter also acknowledges compliance with the Education Code which requires “The annual audit will be completed and forwarded to the District, the County Superintendent of Schools, the State Controller, and to the CDE by the 15th of December of each year.”

Rocketship’s failure to comply with the law and terms of its Charter, and to not provide any rationale for the delay of the audit nor any independent auditor’s support or rationale for a third extension is very alarming to the District. As the chartering agency, the District is charged with the obligation to monitor the Charter School’s fiscal condition and must have a full understanding as to the need for a third extension of the deadline to submit the 1st Interim Audit Report. Therefore, the request for a third extension is denied.

In addition, the original budget appears to have been revised because it does not match the budget submitted with the petition when approved by the District’s Board of Trustees. The District has no documentation confirming the Charter School’s Board of Director’s adopted and/or approved this revised original budget prior to commencing operations in the 2018-2019 school year.

In closing, please provide the following items to me no later than the close of business on February 5, 2019:

1. Completed 1st Interim Audit Report (2018-19);
2. Documentation confirming Board of Director’s Approval/Adoption of the revised Original Budget (2018-19) and 1st Interim Audit Report (2018-19); and
3. The name and contact information of the auditing firm and/or CPA(s) advising the Charter School and requesting the extension.

Please contact Ms. Gamba at (925) 779-7500, ext. 43720, if you have any questions in this regard.

Sincerely,



Stephanie Anello
Superintendent

cc: Sheri Gamba, Interim Associate Superintendent, Business & Operations

DRAFT

ENCLOSURE NO. 6

DRAFT



Office of the Superintendent
Stephanie Anello

Preparing Students for Success in College, Career, and Life.

February 6, 2019

The State Controller's Office
Division of Audits
Financial Audits Bureau/LEA Unit
P.O. Box 942850
Sacramento, CA 94250-5874

To Whom It May Concern:

The Antioch Unified School District (the District) is the chartering agency for Rocketship Delta Charter School (the Charter). The Charter requested an audit extension on December 17, 2018 stating the required annual audit would be ready by December 31, 2018. On January 8, 2019, an additional extension was requested with the audit to be submitted by January 23, 2019. The Charter School was notified that they were granted this extension and the District notified the State Controller's Office via email of this extension. Since that time, the Charter has requested a third extension, to February 15, 2019, which was denied by the District. In communicating this denial the Charter has noticed the District that the audit is now complete and will be submitted to its governing board on February 28, 2019. However, the Charter has failed to provide the District with a copy of the audit as requested.

The Antioch Unified School District Governing Board will be considering the string of extension requests and lack of an audit at their meeting on February 13, 2019 as a possible violation of the terms of the Rocketship Delta Charter.

The audit firm retained for the Rocketship Delta Charter is:

Wade McMullin
Clifton Larson Allen
626-857-7300
2210 East Route 66
Glendora, CA 91740

In compliance with the guidance provided by the State Controller's Office please accept this letter as notification that the Antioch Unified School District has not granted an extension of the audit deadline for the Rocketship Delta Charter School beyond the January 23 previously reported to the State Controller's Office (CDS Code # 07-61648-0137430).

Respectfully,

Stephanie Anello
Superintendent



Office of the Superintendent
Stephanie Anello

Preparing Students for Success in College, Career, and Life.

February 6, 2019

California Department of Education
1430 N Street
Sacramento, CA 95814-5901

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Superintendent

DRAFT

ENCLOSURE NO. 7

DRAFT

**CHARTER SCHOOL
INTERIM FINANCIAL REPORT - ALTERNATIVE FORM
First Interim Report - Detail**

Charter School Name: Rocketship Delta Legacy Prep
CDS #: 07-61648-0137430
Charter Approving Entity: California Department of Education
County: Contra Costa
Charter #: 1965
Fiscal Year: 2018/19

This charter school uses the following basis of accounting:

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 Modified Accrual Basis (Applicable Capital Outlay / Debt Service objects are 6100-6170, 6200-6500, 7438, and 7439)

Description	Object Code	Adopted Budget - July 1			Actuals thru 10/31			1st Interim Budget		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
A. REVENUES										
1. LCFF Sources										
State Aid - Current Year	8011	3,341,284.23		3,341,284.23	589,512.00		589,512.00	3,180,625.35		3,180,625.35
EPA - Current Year	8012	80,276.00		80,276.00	24,921.00		24,921.00	77,028.46		77,028.46
State Aid - Prior Years	8019	-		-	-		-	-		-
Transfers to Charter Schools in Lieu of Property Taxes	8096	452,989.77		452,989.77	470,440.00		470,440.00	458,700.18		458,700.18
Other LCFF Transfers	8091, 8097	-		-	-		-	-		-
Total, LCFF Sources		3,874,550.00	-	3,874,550.00	1,084,873.00	-	1,084,873.00	3,716,354.00	-	3,716,354.00
2. Federal Revenues										
No Child Left Behind/Every Student Succeeds Act	8290		112,975.36	112,975.36		31,632.00	31,632.00		112,969.00	112,969.00
Special Education - Federal	8181, 8182		-	-		-	-		-	-
Child Nutrition - Federal	8220		246,656.04	246,656.04		61,665.00	61,665.00		234,760.28	234,760.28
Donated Food Commodities	8221		-	-		-	-		-	-
Other Federal Revenues	8110, 8260-8299		550,000.00	550,000.00		419,000.00	419,000.00		553,000.00	553,000.00
Total, Federal Revenues		-	909,631.40	909,631.40	-	512,297.00	512,297.00	-	900,729.28	900,729.28
3. Other State Revenues										
Special Education - State	StateRevSE		206,309.32	206,309.32		73,256.00	73,256.00		82,232.00	82,232.00
All Other State Revenues	StateRevAO	72,649.78	327,839.16	400,488.94	20,343.00	119,088.00	139,431.00	69,146.02	426,897.44	496,043.46
Total, Other State Revenues		72,649.78	534,148.48	606,798.26	20,343.00	192,344.00	212,687.00	69,146.02	509,129.44	578,275.46
4. Other Local Revenues										
All Other Local Revenues	LocalRevAO	-	11,766.04	11,766.04	-	1,311.00	1,311.00	-	9,871.00	9,871.00
Total, Local Revenues		-	11,766.04	11,766.04	-	1,311.00	1,311.00	-	9,871.00	9,871.00
5. TOTAL REVENUES										
		3,947,199.78	1,455,545.91	5,402,745.69	1,105,216.00	705,952.00	1,811,168.00	3,785,500.02	1,419,729.72	5,205,229.74
B. EXPENDITURES										
1. Certificated Salaries										
Certificated Teachers' Salaries	1100	834,551.25	284,666.35	1,119,217.60	270,810.00	11,262.00	282,072.00	829,246.00	89,262.00	918,508.00
Certificated Pupil Support Salaries	1200	-	-	-	-	-	-	-	-	-
Certificated Supervisors' and Administrators' Salaries	1300	293,075.00	15,425.00	308,500.00	70,657.00	-	70,657.00	235,913.00	-	235,913.00
Other Certificated Salaries	1900	-	-	-	-	-	-	-	18,688.00	18,688.00
Total, Certificated Salaries		1,127,626.25	300,091.35	1,427,717.60	341,467.00	11,262.00	352,729.00	1,065,159.00	107,950.00	1,173,109.00
2. Non-certificated Salaries										
Non-certificated Instructional Aides' Salaries	2100	-	174,847.50	174,847.50	-	92,349.00	92,349.00	-	220,911.00	220,911.00
Non-certificated Support Salaries	2200	131,959.87	-	131,959.87	55,331.00	-	55,331.00	145,301.00	-	145,301.00
Non-certificated Supervisors' and Administrators' Salaries	2300	144,725.00	3,275.00	148,000.00	6,197.00	-	6,197.00	45,397.00	-	45,397.00
Clerical and Office Salaries	2400	-	-	-	24,913.00	-	24,913.00	69,812.00	-	69,812.00
Other Non-certificated Salaries	2900	-	-	-	-	-	-	-	-	-
Total, Non-certificated Salaries		276,684.87	178,122.50	454,807.37	86,441.00	92,349.00	178,790.00	260,510.00	220,911.00	481,421.00

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INTERIM FINANCIAL REPORT - ALTERNATIVE FORM
First Interim Report - Detail**

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Description	Object Code	Adopted Budget - July 1			Actuals thru 10/31			1st Interim Budget		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
3. Employee Benefits										
STRS	3101-3102	188,217.15	-	188,217.15	9,441.82	2,286.18	11,728.00	84,572.06	20,979.94	105,552.00
PERS	3201-3202	-	-	-	-	-	-	-	-	-
OASDI / Medicare / Alternative	3301-3302	52,003.90	-	52,003.90	17,888.57	4,331.43	22,220.00	47,264.11	11,724.89	58,989.00
Health and Welfare Benefits	3401-3402	172,342.94	-	172,342.94	6,465.49	1,565.51	8,031.00	102,242.52	25,363.48	127,606.00
Unemployment Insurance	3501-3502	4,925.35	-	4,925.35	-	-	-	2,897.27	718.73	3,616.00
Workers' Compensation Insurance	3601-3602	28,731.19	-	28,731.19	3,950.46	956.54	4,907.00	20,834.54	5,168.46	26,003.00
OPEB, Allocated	3701-3702	-	-	-	-	-	-	-	-	-
OPEB, Active Employees	3751-3752	-	-	-	-	-	-	-	-	-
Other Employee Benefits	3901-3902	38,970.32	-	38,970.32	1,719.62	416.38	2,136.00	12,467.23	3,092.77	15,560.00
Total, Employee Benefits		485,190.86	-	485,190.86	39,465.96	9,556.04	49,022.00	270,277.74	67,048.26	337,326.00
4. Books and Supplies										
Approved Textbooks and Core Curricula Materials	4100	-	146,143.85	146,143.85	68,564.00	10,939.00	79,503.00	80,700.00	11,955.00	92,655.00
Books and Other Reference Materials	4200	-	31,410.00	31,410.00	27,309.00	-	27,309.00	34,288.00	-	34,288.00
Materials and Supplies	4300	119,130.00	-	119,130.00	88,192.00	-	88,192.00	148,383.00	-	148,383.00
Noncapitalized Equipment	4400	-	304,991.59	304,991.59	301,621.00	-	301,621.00	368,224.00	-	368,224.00
Food	4700	-	285,226.23	285,226.23	46.00	86,204.00	86,250.00	3,151.00	290,000.00	293,151.00
Total, Books and Supplies		119,130.00	767,771.67	886,901.67	485,732.00	97,143.00	582,875.00	634,746.00	301,955.00	936,701.00
5. Services and Other Operating Expenditures										
Subagreements for Services	5100	-	-	-	-	-	-	-	-	-
Travel and Conferences	5200	9,170.00	-	9,170.00	9,479.00	-	9,479.00	12,950.00	-	12,950.00
Dues and Memberships	5300	3,709.00	-	3,709.00	281.00	-	281.00	281.00	-	281.00
Insurance	5400	10,675.00	-	10,675.00	199.00	-	199.00	727.00	-	727.00
Operations and Housekeeping Services	5500	71,550.00	-	71,550.00	18,521.00	-	18,521.00	67,177.00	-	67,177.00
Rentals, Leases, Repairs, and Noncap. Improvements	5600	1,293,867.86	-	1,293,867.86	15,610.00	287,628.00	303,238.00	70,507.00	1,049,516.00	1,120,023.00
Transfers of Direct Costs	5700-5799	-	-	-	-	-	-	-	-	-
Professional/Consulting Services & Operating Expenditures	5800	964,006.29	241,056.79	1,205,063.08	297,507.00	9,687.00	307,194.00	960,422.00	37,789.00	998,211.00
Communications	5900	20,795.83	-	20,795.83	19,670.00	-	19,670.00	33,681.00	-	33,681.00
Total, Services and Other Operating Expenditures		2,373,773.98	241,056.79	2,614,830.77	361,267.00	297,315.00	658,582.00	1,145,745.00	1,087,305.00	2,233,050.00
6. Capital Outlay (Obj. 6100-6170, 6200-6500 for mod. accrual basis only)										
Land and Land Improvements	6100-6170	-	-	-	-	-	-	-	-	-
Buildings and Improvements of Buildings	6200	-	-	-	-	-	-	-	-	-
Books and Media for New School Libraries or Major Expansion of School Libraries	6300	-	-	-	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-	-	-	-
Equipment Replacement	6500	-	-	-	-	-	-	-	-	-
Depreciation Expense (for accrual basis only)	6900	625.00	-	625.00	756.00	-	756.00	1,175.00	-	1,175.00
Total, Capital Outlay		625.00	-	625.00	756.00	-	756.00	1,175.00	-	1,175.00

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Description	Object Code	Adopted Budget - July 1			Actuals thru 10/31			1st Interim Budget		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
7. Other Outgo										
Tuition to Other Schools	7110-7143	-	-	-	-	-	-	-	-	-
Transfers of Pass-through Revenues to Other LEAs	7211-7213	-	-	-	-	-	-	-	-	-
Transfers of Apportionments to Other LEAs - Spec. Ed.	7221-7223SE	-	-	-	-	-	-	-	-	-
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO	-	-	-	-	-	-	-	-	-
All Other Transfers	7281-7299	-	-	-	-	-	-	-	-	-
Transfers of Indirect Costs	7300-7399	-	-	-	-	-	-	-	-	-
Debt Service:										
Interest	7438	-	-	-	84.00	-	84.00	248.00	-	248.00
Principal (for modified accrual basis only)	7439	-	-	-	-	-	-	-	-	-
Total, Other Outgo		-	-	-	84.00	-	84.00	248.00	-	248.00
8. TOTAL EXPENDITURES		4,383,030.96	1,487,042.31	5,870,073.27	1,315,212.96	507,625.04	1,822,838.00	3,377,860.74	1,785,169.26	5,163,030.00
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)		(435,831.18)	(31,496.40)	(467,327.58)	(209,996.96)	198,326.96	(11,670.00)	407,639.28	(365,439.54)	42,199.74
D. OTHER FINANCING SOURCES / USES										
1. Other Sources	8930-8979			-			-			-
2. Less: Other Uses	7630-7699			-			-			-
3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)	8980-8999	(31,496.40)	31,496.40	-	198,326.96	(198,326.96)	-	(365,439.54)	365,439.54	-
4. TOTAL OTHER FINANCING SOURCES / USES		(31,496.40)	31,496.40	-	198,326.96	(198,326.96)	-	(365,439.54)	365,439.54	-
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)		(467,327.58)	-	(467,327.58)	(11,670.00)	-	(11,670.00)	42,199.74	-	42,199.74
F. FUND BALANCE, RESERVES										
1. Beginning Fund Balance										
a. As of July 1	9791	-	-	-	305,203.83	-	305,203.83	305,203.83	-	305,203.83
b. Adjustments to Beginning Balance	9793, 9795	685,123.59	-	685,123.59	-	-	-	-	-	-
c. Adjusted Beginning Balance		685,123.59	-	685,123.59	305,203.83	-	305,203.83	305,203.83	-	305,203.83
2. Ending Fund Balance, June 30 (E + F.1.c.)		217,796.01	-	217,796.01	293,533.83	-	293,533.83	347,403.57	-	347,403.57

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Description	Object Code	Adopted Budget - July 1			Actuals thru 10/31			1st Interim Budget		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Components of Ending Fund Balance (Modified Accrual Basis):										
a. Nonspendable										
Revolving Cash (equals object 9130)	9711			-			-			-
Stores (equals object 9320)	9712			-			-			-
Prepaid Expenditures (equals object 9330)	9713			-			-			-
All Others	9719			-			-			-
b. Restricted	9740			-			-			-
c. Committed				-			-			-
1. Stabilization Arrangements	9750			-			-			-
2. Other Commitments	9760			-			-			-
d. Assigned	9780			-			-			-
e. Unassigned/Unappropriated				-			-			-
1. Reserve for Economic Uncertainties	9789			-			-			-
2. Unassigned/Unappropriated Amount	9790M	-	-	-	-	-	-	-	-	-
f. Components of Ending Net Position (Accrual Basis only)										
1. Net Investment in Capital Assets	9796			-	96,742.66	-	96,742.66			-
2. Restricted Net Position	9797			-			-			-
3. Unrestricted Net Position	9790A	-		-	196,791.17		196,791.17	347,403.57		347,403.57
G. ASSETS										
1. Cash										
In County Treasury	9110				-	-	-			
Fair Value Adjustment to Cash in County Treasury	9111				-	-	-			
In Banks	9120				347,284.77	(230,377.86)	116,906.91			
In Revolving Fund	9130				-	-	-			
With Fiscal Agent/Trustee	9135				-	-	-			
Collections Awaiting Deposit	9140				-	-	-			
2. Investments	9150									
3. Accounts Receivable	9200				513,213.56	230,377.86	743,591.42			
4. Due from Grantor Governments	9290									
5. Stores	9320									
6. Prepaid Expenditures	9330				25,282.35	-	25,282.35			
7. Other Current Assets	9340									
8. Capital Assets (for accrual basis only)	9400-9489				96,742.66	-	96,742.66			
9. TOTAL ASSETS					982,523.34	-	982,523.34			
H. 1. Deferred Outflows of Resources	9490									
I. LIABILITIES										
1. Accounts Payable	9500				343,075.59	-	343,075.59			
2. Due to Grantor Governments	9590									
3. Current Loans	9640									
4. Deferred Revenue	9650				48,059.24	-	48,059.24			
5. Long-Term Liabilities (for accrual basis only)	9660-9669				287,712.54	-	287,712.54			
6. TOTAL LIABILITIES					678,847.37	-	678,847.37			

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		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
J. DEFERRED INFLOWS OF RESOURCES										
1. Deferred Inflows of Resources	9690						-			
K. FUND BALANCE										
Ending Fund Balance, October 31					303,675.97	-	303,675.97			

DRAFT

ENCLOSURE NO. 8

DRAFT

Appendix 1: Budget Narrative & Cash Flow Statement

Please find below the financial documents and narrative for the proposal of The Rocketship Antioch Charter ("RSAD"). The financial statements include a six year pro-forma annual budget and monthly cash flow statement (start-up year and five years of operations).

Students: Enrollment, Demographics and Average Daily Attendance

Revenues for RSAD will depend on the number of students enrolled and their demographics. Rocketship selects neighborhoods with a low-income population that is often higher than district averages. This budget assumes 50% English Learners (EL), and 75% Free and Reduced Lunch (FRL). Average Daily Attendance (ADA) is the aggregate attendance of a school during a reporting period divided by the number of days school is in session during this period. ADA is used to calculate many of the revenue sources. To allow for conservatism, this budget assumes a 94% attendance rate for TK-5 students. Historical averages at Rocketship Schools have been slightly higher at 96%.

RSAD will reach full enrollment in the fifth year of operation at 646. The school max capacity is at 700 students. The following table shows RSAD's projected enrollment and ADA.

Table A: Enrollment & ADA

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Enrollment & ADA						
Projected Enrollment by Grade						
Transitional Kindergarten	-	50	50	50	50	50
Kindergarten	-	112	112	112	112	112
1st Grade	-	56	112	112	112	112
2nd Grade	-	56	56	112	112	112
3rd Grade	-	56	56	56	112	112
4th Grade	-	56	51	51	51	102
5th Grade	-	-	51	46	46	46
Total	-	386	488	539	595	646
Average Daily Attendance						
ADA %	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%
Total	-	363	459	507	560	608

Enrollment patterns and attrition rates are monitored very closely when creating enrollment targets for Rocketship schools each year. In the first few years of operation enrollment will target earlier grades at 112 students per full grade. As the school grows towards full capacity, enrollment will naturally attrit in the higher grades. The financial projection assumes for attrition to start in 4th grade.

Revenues

Factoring in all revenues at the school, per-pupil funding is about \$12,000/ADA at RSAD. Please note Federal Funding in Year 1 has a slight increase due to Federal Startup Grant. State revenue streams provide the largest source of funding, constituting over 90% of charter school funding in California. All revenues are monitored throughout the year as the funding estimates are refined and recalculated.

Table B: Summary of Projected Revenues

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Summary of Revenue Programs (Thousands)						
State Revenue	-	\$3,977	\$5,065	\$5,600	\$6,181	\$6,710
Federal Revenue	\$26	\$811	\$460	\$532	\$587	\$641
Local Revenue	-	\$9	\$44	\$55	\$34	\$2
Philanthropy	\$100	-	-	-	-	-
Total Revenues	\$126	\$4,797	\$5,569	\$6,187	\$6,803	\$7,353
% of State Revenues	-	82.9%	91.0%	90.5%	90.9%	91.3%
Revenues per ADA		\$13,222	\$12,142	\$12,204	\$12,156	\$12,103

State Revenues

State Revenues are estimated based on specific programs as identified below, with the majority of this funding dependent upon the annual state budget and the school's student population.

Table C: Projected State Revenues

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
State Revenues (Thousands)						
LCFF - State Aide	-	\$2,451	\$3,267	\$3,612	\$3,987	\$4,328
In Lieu of Property Tax	-	\$867	\$1,104	\$1,220	\$1,347	\$1,462
Prop 30 EPA	-	\$114	-	-	-	-
Mandate Block Grant	-	-	\$5	\$6	\$7	\$8
California Lottery	-	\$66	\$83	\$92	\$101	\$110
State Lunch Reimbursements	-	\$24	\$31	\$34	\$37	\$41
SB740 Facilities Subsidy	-	\$272	\$344	\$380	\$420	\$456
SPED State Revenue	-	\$183	\$232	\$256	\$283	\$307
Total State Revenue	-	\$3,977	\$5,065	\$5,600	\$6,181	\$6,710

Principal Apportionment

The LCFF FCMAT calculator (v2016-07-06-17.2b) was used to determine the LCFF projections for each year of the pro-forma. Per the California Department of Finance (DOF) guidance, the 2016-17 LCFF estimate assumes a 73% gap closure in 2017-18, and 40%, and 74% for each year thereafter.

These revenue projections are based on expected student ADA and the supplemental and concentration grants are calculated based on the unduplicated count of students at RSAD and the district's unduplicated count. Since RSAD will be located within the Antioch School Unified District, and the district's unduplicated count is approximately 70.85%, RSAD would qualify for concentration grant funding.

The 2017-18 estimates for Antioch School Unified LCFF floor, gap funding and ADA were used as estimates for 2018-19 targets to calculate the LCFF per-pupil funding for RSAD in its first year. The

unduplicated count for Antioch Unified in 2015-16, 70.85%, was used for each following year in the LCFE calculator. RSAD's expected ADA and unduplicated count then calculated the increase in funding for the following year 2017-18. RSAD's unduplicated count was projected at 75% for each year in the calculations. The calculator accounts for the updated implementation and cost of living adjustment (COLA) rates. These projections assume \$259 of the principal apportionment ADA funding is disbursed via the Education Protection Account in year 1 only, and 25.2% of the principal apportionment is expected to be received via property taxes.

Lottery & Mandate Block Grant

Lottery funding is based upon recent estimates provided by School Services of California. We project a total per student allocation of approximately \$181 per year. Funding is based on annual ADA. Lottery funds are mainly allocated for general purpose use with slightly over 20% of the funds restricted for instructional materials. Projections for the Mandate Block Grant are assumed at \$14/ADA. Since funding is dependent on the previous year's ADA, RSAD will not be eligible to receive this funding until the second year of operations.

Facilities Reimbursement (SB 740)

The Charter School Facility Grant Program provides assistance with facilities rent and lease expenditures for charter schools that meet certain eligibility criteria. Eligible charter schools may receive reimbursement for facilities rent and lease costs in an amount of up to \$750 per unit of classroom-based average daily attendance (ADA), not to exceed 75% of their total annual facilities rent and lease costs. If there are insufficient funds to reimburse all eligible charter schools at the maximum level, the funding provided to each school will be reduced on a pro-rata basis.

To be eligible for reimbursement, a charter school site must be geographically located within the attendance area of a public elementary school in which at least 55% of the pupil enrollment is eligible for free or reduced-price meals, or serving a pupil population that meets or exceeds 55% eligibility for free and reduced-price meals. RSAD will most likely qualify for this funding based on the given demographics of the neighborhood in which the school will be located.

Special Education

Rocketship provides special education services for all schools in its network, and works with the El Dorado County Special Education Local Planning Area (SELPA) to ensure resources are allocated across all schools to ensure compliant, efficient and effective delivery of services. RSAD's state special education funding includes general state aid of \$505/ADA. In addition to state special education funding, the revenue projection for RSAD also assumes \$120/ADA of federal special education funding. Federal funding is based off of previous year's ADA.

Federal Revenues

As a direct-funded charter school, RSAD will apply for federal funds directly through the Consolidated Application process. Federal revenues are estimated based on specific programs identified below.

Table D: Projected Federal Revenues

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Federal Revenues (Thousands)						
Title I	-	\$109	\$109	\$138	\$152	\$168
Title II	-	\$4	\$4	\$4	\$4	\$4
Title III	-	\$17	\$22	\$24	\$27	\$29
Federal Startup Grant (CSP)	\$26	\$458	-	-	-	-
IDEA	-	-	\$44	\$55	\$61	\$67
National School Lunch Program	-	\$223	\$282	\$312	\$344	\$373
Total Federal Revenue	\$26	\$811	\$460	\$532	\$587	\$641

Title I, II, & III

Title I funding is used to improve the academic achievement of economically disadvantaged students. The funding is calculated based on the number of students qualifying for free and/or reduced meals. We conservatively project \$400 per identified pupil. Title II funding is used to improve the quality of teaching and principal leadership. These projections assume \$3,800/school each year. Finally, Title III funding is used for language instruction for limited English proficient and immigrant students. With a large portion of English Language Learner (ELL) students Title III funding is based off \$95 per ELL ADA.

Startup Grant (CSP)

In 2011, Rocketship Education received a grant from the Department of Education Charter School Program (CSP) in the amount of \$6,259,757. The grant specifies that up to \$600K could be used for start-up costs for each Rocketship Education school opening during the period between October 2011 and September 2016. We plan to apply for another CSP Grant this year for a similar amount which we will use to cover startup cost at RSAD. Current projections indicate approximately \$484K of reimbursable start-up expenses thought the first year of operations. Should we not receive this funding we will supplement this amount with philanthropy.

Free and Reduced-Price Meal Eligibility

The federally funded National School Lunch Program provides free and reduced-price meals for lunch and breakfast to eligible students, based on parent/guardian income levels. RSAD provides universal breakfast to all its students. For this budget, we assume that 75% of our students will be eligible to receive federal funding reimbursements per meal per day for lunch meals. For operational purposes, we project that 75% of all students receive lunch, based on historical percentages. Additional receipts from paid student meals are included in the budget as local revenue. Food expenses for this program are shown below; serving staff expenses are included in classified salaries and benefits.

Expenditures

The projected expenditures through 2022-23 are shown below and are followed by a summary of assumptions for some of the larger expenses.

Table E: Summary of Projected Expenses

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Summary of Projected Expenses (Thousands)						
Certificated Salaries	-	\$1,187	\$1,404	\$1,555	\$1,641	\$1,798
Classified Salaries	\$74	\$504	\$634	\$648	\$696	\$701
Employee Benefits	\$10	\$481	\$609	\$675	\$715	\$768
Total Compensation	\$84	\$2,172	\$2,647	\$2,879	\$3,052	\$3,267
Books & Supplies	\$1	\$519	\$329	\$341	\$346	\$340
Food Service	\$11	\$256	\$356	\$401	\$415	\$415
Other Operating Expenses	\$1	\$1,362	\$1,385	\$1,397	\$1,404	\$1,410
Professional Services	-	\$1,057	\$1,314	\$1,441	\$1,565	\$1,675
Interest & Capital Outlay	-	\$1	\$1	\$1	\$1	\$1
Total Non-Comp	\$12	\$3,196	\$3,385	\$3,581	\$3,731	\$3,842
Total Expenses	\$97	\$5,368	\$6,032	\$6,460	\$6,784	\$7,109

Salaries and Employee Benefits

Total compensation costs (salary and benefits) remain relatively constant at just under half of total expenditures after the continued expansion of the school until fully-staffed in the 2021-22 school years. "Compensation" includes the salary costs of all staff, including those who work full-time and part-time. Compensation also incorporates all staff benefits including social security, state teachers' retirement, Medicare, and workers' compensation.

RSAD's teacher staffing levels are based upon enrollment projections. In a traditional elementary school, if a teacher's homeroom class is receiving services from another teacher, the homeroom teacher does not instruct another class of students. Because RSAD teachers engage in a teaming approach they are able to teach more than one class of students each day. In addition, our students spend a portion of their day in the learning lab in groups. By using a teaming approach in conjunction with the learning lab, Rocketship is able to have an overall school-wide ratio of certificated teachers to students between 34:1 and 36:1, while maintaining an actual classroom ratio of certificated teachers to students at around 28:1.

As explained in the "Instructional Minutes Section" of Element A, Rocketship's unique rotational model and approach to instruction, which includes students spending a portion of their day in the Learning Lab, allows for students to receive instruction in core academic subjects at student/teacher ratios of no more than 28:1. Using our Year 1 Kindergarten class, we can explain how those ratios are achieved. Table A of the Financial Narrative (Appendix BO-1) shows we will enroll 112 Kindergarten students in Year 1. At any given time throughout the day, 28 of those students will be in the Learning Lab receiving additional practice in Math and Literacy at their current level of instruction through online learning, active reading, tutoring, and enrichment. Appendix BO-1, Table G, shows that we will hire three certificated Kindergarten teachers in Year 1. The remaining 84 students will be split between those three teachers, receiving instruction in core academic subjects. This results in a classroom student/teacher ratio of 28:1.

In order to further understand the instructional and student: teacher ratios in the classroom (and overall), it is helpful to better understand the bell schedule and overall enrollment at RSAD. Initially, one may assume that with 112 students in a grade level (Appendix BO-1, Table A) and three credentialed teachers (Appendix BO-1, Table G) that the ratio is 38:1 or more during instructional time; however, that is incorrect. To understand the correct ratio of instruction, it is helpful to further focus on this one specific grade level.

As described above, in Kindergarten in year one, RSAD plans to enroll 112 students. This grade level will then be divided into four homerooms or cohorts of students ($112/4=28$). These cohorts of students will then rotate to their separate classes and remain with the same homeroom of 28 students throughout the entire day. The first cohort of students will begin their day in their humanities class with their homeroom and are provided instruction at a 28:1 ratio with a credentialed teacher. This cohort of Rocketeers spends approximately 170 minutes in this classroom every day. At the same time, the second cohort of Rocketeers is also receiving instruction from a second credentialed teacher in a separate humanities classroom, again at a 28:1 ratio, and similar to the first cohort of students, they will spend 170 minutes in this classroom. The third cohort of students is in the Math/Science class with the third credentialed teacher (Appendix BO-1, Table G) within this grade level, again at a 28:1 ratio. This cohort of students will spend 85 minutes in this class. The final cohort of students are in the Learning Lab at a 28:1 ratio as well with an Individualized Learning Specialist, a highly qualified tutor, that guides this class through online learning, tutoring, active reading.

After 85 minutes, the third and fourth cohort of kindergarten students will then switch classroom spaces (third homeroom of students goes to the Learning Lab with the ILS and fourth homeroom of students goes to Math/Science). Again, they will remain in their same homerooms and maintain the ratio of 28:1. This completes the first half of the school day for these students.

After completing these classes and 170 minutes of instruction, the entire grade level will then rotate. After this total of 170 minutes across the grade level, the first and second cohorts will then remain in their homerooms, but each will move to either Math/Science and the other cohort will go to Learning Lab for their separate 85 minute blocks. The third and fourth homeroom classes will at that same time then rotate to their humanities classes and spend 170 minutes in these spaces with the same credentialed teachers that instructed the first and second homerooms of students at the beginning of the day.

It is through this 'rotational model' that RSAD will be able to ensure that student: teacher ratios remain at a level of 28:1 throughout the school day as well as ensuring that students, teachers, and families are able to build deep relationships and learning communities by remaining with the same homeroom of students throughout the day and year.

The Rocketship instructional model employs a mix of qualified instructional staff including teachers and tutors (Individualized Learning Specialists or "ILS") in each school. All of these positions are engaged in full-time student instruction, some providing group instruction in the classroom, and others providing personalized instruction, with students rotating to different subject areas during the day. This unique structure means that while instruction is being delivered, there are never more than 28 students working with a certificated teacher. In terms of ratios, as shown below in Table F, the ratio of instructional staff to students is 23:1 at full enrollment. Also shown is a table showing planned staffing level across the school, along with a table following that provides detailed staffing projections on a grade-by-grade level.

Table F: Teacher - Instructional Staff Ratio

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	<i>Year 0</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
<i>Instructional Staff Ratio</i>						
Total Enrollment	-	386	488	539	595	646
Teachers	-	11	14	16	17	19
Tutors	-	4	5	5	6	6
Special Education Teachers	-	2	2	2	2	2
Para-Professionals	-	-	1	1	1	1
Total Instructional Staff	-	17	22	24	26	28
<i>Student : Instructional Staff Ratio</i>	-	23	22	22	23	23

At full enrollment, teachers at RSAD will be supported by a Principal and two Assistant Principals. RSAD will have support staff to assist with operations and personalized learning within the Learning Lab. Additionally, RSAD will be staffed with a special education teacher at year 1. Starting the second year of operations, RSAD will also have a para-professional on staff.

The staffing tables associated with our financial projections are shown below:

Table G: Staffing Model

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Staffing Model						
Instructional Staff						
Teachers						
Transitional Kindergarten	-	2.0	2.0	2.0	2.0	2.0
Kindergarten	-	3.0	3.0	3.0	3.0	3.0
1st Grade	-	2.0	3.0	3.0	3.0	3.0
2nd Grade	-	1.0	2.0	3.0	3.0	3.0
3rd Grade	-	2.0	1.0	2.0	3.0	3.0
4th Grade	-	1.0	2.0	1.0	2.0	3.0
5th Grade	-	-	1.0	2.0	1.0	2.0
Special Education Specialists	-	2.0	2.0	2.0	2.0	2.0
Total Teachers	-	13.0	16.0	18.0	19.0	21.0
Tutors/Para-Professionals						
Transitional Kindergarten	-	1.0	1.0	1.0	1.0	1.0
Kindergarten	-	1.0	1.0	1.0	1.0	1.0
1st Grade	-	1.0	1.0	1.0	1.0	1.0
2nd Grade	-	1.0	1.0	1.0	1.0	1.0
3rd Grade	-	-	-	-	-	-
4th Grade	-	-	1.0	-	-	-
5th Grade	-	-	-	1.0	-	-
Para-Professional	-	-	1.0	1.0	1.0	1.0
Total Tutors/Para-Professionals	-	4.0	6.0	6.0	5.0	5.0
Total Instructional Staff	-	17.0	22.0	24.0	24.0	26.0
Non-Instructional Staff						
School Leaders						
Principal	-	1.0	1.0	1.0	1.0	1.0
Assistant Principal	-	2.0	2.0	2.0	2.0	2.0
Total School Leaders	-	3.0	3.0	3.0	3.0	3.0
Other Non-Instructional Staff						
Office Manager	0.5	1.0	1.0	1.0	1.0	1.0
Business Operations Manager	0.5	1.0	1.0	1.0	1.0	1.0
Enrichment Coordinators	-	2.0	3.0	3.0	3.0	3.0
Part-time Support Staff (Est. as FTE)	-	4.5	5.0	5.3	5.4	5.4
Total Other Non-Instructional Staff	1.0	8.5	10.0	10.3	10.4	10.4
Total Non-Instructional Staff	1.0	11.5	13.0	13.3	13.4	13.4
Total Staffing	1.0	28.5	35.0	37.3	37.4	39.4

The Office Manager and Business Manager are hired in March prior to the opening of the school to assist in the start-up of the school, specifically for student recruitment and establishing the necessary operational infrastructure for school opening in August of 2018.

The average salary structure for key FTE staff positions are listed in Table H. The budget assumes an annual 1% cost of living adjustment starting in year 2 of operations. It should be noted, the projected total salary amounts in Table E also includes part-time support staff costs.

Table H: Average Budgeted Salary by Position

	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 1	Year 2	Year 3	Year 4	Year 5
Average Budgeted Salary by Position					
Instructional Positions					
Teachers (incl. Special Ed Teachers)	\$67,575	\$68,251	\$68,933	\$69,623	\$70,319
Tutors/Para-Professionals	\$34,560	\$34,906	\$35,255	\$35,607	\$35,963
Non-Instructional Positions					
Principal	\$124,500	\$125,745	\$127,002	\$128,272	\$129,555
Assistant Principal	\$92,000	\$92,920	\$93,849	\$94,788	\$95,736
Office Manager	\$65,500	\$66,155	\$66,817	\$67,485	\$68,160
Business Operations Manager	\$82,500	\$83,325	\$84,158	\$85,000	\$85,850

Table I: Employee Benefits

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Employee Benefits (Thousands)						
Medical / Dental / Vision	\$3	\$178	\$220	\$234	\$249	\$263
Workers Compensation	\$1	\$25	\$31	\$33	\$35	\$37
Medicare	\$1	\$25	\$30	\$32	\$34	\$36
Social Security / FICS	\$5	\$31	\$39	\$40	\$43	\$43
STRS Retirement	-	\$193	\$254	\$297	\$313	\$343
403(b) Match	\$1	\$17	\$20	\$22	\$23	\$25
PTO Payout	-	\$12	\$15	\$17	\$18	\$20
Total Benefits	\$10	\$481	\$609	\$675	\$715	\$768

The above table lists the total projected annual employer costs for all employee benefits, on a year-by-year basis. Within employee benefits, most benefits are statutory and are determined by either state or federal mandate and are based on current rate factors. Statutory benefits are cost factors applied to the salary factor. These benefits differ by type of employee: certificated and classified and by the period of time they work: full-time, part-time and hourly. RSAD's employees participate in some combination of State Teachers' Retirement, Social Security, Medicare, and workers' compensation depending on position. For full-time certificated employee who participate in the State Teachers' Retirement System (and not in the Federal Social Security system), the employer contribution is expected to increase to 14.4% in 2018-19 and 16.3% in 2018-19. Other employee benefits include health care insurance to employees who are scheduled to work at least 30 hours per week.

Table J: Books, Supplies, & Food

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Books & Supplies (Thousands)						
Curriculum	-	\$155	\$102	\$105	\$106	\$106
Instructional Supplies	-	\$31	\$37	\$41	\$43	\$43
Non-Instructional Supplies	-	\$81	\$83	\$91	\$94	\$94
Software Programs (Admin & Assessment)	-	\$27	\$28	\$31	\$32	\$32
Student Computer Equipment	-	\$54	\$34	\$35	\$32	\$29
Other Non-Cap. Equipment & Furniture	\$1	\$172	\$45	\$38	\$40	\$37
Total Books & Supplies	\$1	\$519	\$329	\$341	\$346	\$340
Food Service (Thousands)						
Student Food Services	\$11	\$256	\$356	\$401	\$415	\$415
Total Food Service	\$11	\$256	\$356	\$401	\$415	\$415

Many of the core programming cost projections are based upon a per pupil allotment, such as food, instructional supplies, textbooks, and some assessments. With technology an innovative component of our school model, schools spend approximately \$40,000 on online-learning curricula each year for use in the learning labs. Chromebooks are projected based on new student enrollment and pre-determined life-cycle for existing equipment. The budget assumes a 3:1 student to Chromebook ratio, with a 33% breakage rate.

Table K: Other Discretionary Expenses

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Other Operating Expenses (Thousands)						
Travel & Conferences	\$1	\$13	\$14	\$15	\$16	\$16
Dues & Memberships	-	\$11	\$13	\$14	\$15	\$15
Communications	-	\$22	\$29	\$31	\$31	\$31
Insurance	-	\$7	\$13	\$15	\$16	\$16
Utilities	-	\$75	\$75	\$75	\$75	\$75
Copier Leases	-	\$46	\$48	\$49	\$50	\$50
Facility Maintenance & Repairs	-	\$46	\$51	\$56	\$61	\$66
Facility Lease Expense	-	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142
Total Other Operating Expenses	\$1	\$1,362	\$1,385	\$1,397	\$1,404	\$1,410

Many of the operating cost projections are based upon historical averages experienced at other Rocketship Schools, such as communication costs, utilities, insurance, and copier lease costs. Costs for insurance are an enrollment-based allocation of Rocketship's overall schools commercial insurance package.

Facilities

Traditional public schools have a significant cost advantage for facilities costs when compared to charter schools for several reasons: (a) much of the facility costs in existing traditional public schools are based on schools that were built many years ago when costs for land and buildings were significantly less than the cost of land acquisition and construction that Rocketship schools are forced to pay; (b) Rocketship is obligated to finance its own buildings and land and is not permitted to access low-cost state financing

like traditional public schools nor to access additional sources like parcel taxes to offset costs; and (c) most of Rocketship’s schools are built in high-density areas rather than on land that was previously used for other, less congested (e.g. agricultural) purposes.

Once Rocketship secures a permanent facility, the lease expense line item is determined based on a number of facility-related components including:

- Debt service, covering land acquisition and construction
- Ground leases, when required
- Taxes & insurance
- Maintenance and cap-ex reserves
- Property management fees

The projections model an annual lease expense of approximately one million dollars. In the early years of operation, when RSAD is not at full capacity this annual lease payment of \$1.14M is a significant burden to the school’s finances. To mitigate this financial burden in the first year of lease payments, the lease will be structured such that, RSAD will only need to pay about 50% of this cost in the first year of the lease, 2018-19. This saving in the first year of the lease will be spread out over the remaining 29 years of lease payment. However, in accordance with GAAP procedures, it is required to straight-line the lease payment over the thirty years of the lease schedule. As a result, the lease expense in 2018-19 is expensed at \$1.14M on the Statement of Activities for RSAD; however, the actual cash outflow for the facility in this year is only \$571K.

SB740 revenue source provides some relief to the financial burden this cost puts on RSAD. SB740 is a restricted revenue source and will only be used to cover RSAD’s lease expense. As shown in Table L this revenue stream relieves up to 40% of this cost for the school.

Table L: SB740 Impact on Facility Cost

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	<i>Year 0</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
<i>SB740 Impact (Thousands)</i>						
SB740 Revenue	-	\$271	\$342	\$378	\$417	\$453
Lease Expense	-	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142
<i>SB740 Relief</i>		24%	30%	33%	37%	40%
<i>Actual Lease Burden to School</i>	-	\$872	\$800	\$764	\$725	\$689

Expenses in this next section are primarily based on preliminary negotiations with prospective service providers or based on historical amounts from Rocketship’s operational schools. We make note of items below as needed to explain our budgeting assumptions.

Table M: Professional Service Expenses

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Professional Services (Thousands)						
Professional Development	-	\$60	\$67	\$72	\$74	\$74
SPED Consultants	-	\$5	\$35	\$60	\$83	\$105
Other Consultants	-	\$13	\$13	\$13	\$13	\$13
IT Support	-	\$58	\$30	\$30	\$30	\$30
Custodial Services	-	\$62	\$62	\$62	\$62	\$62
Health & Testing	-	\$6	\$6	\$6	\$6	\$6
After School Program	-	\$100	\$150	\$150	\$150	\$150
Substitutes	-	\$37	\$44	\$49	\$51	\$51
Field Trips	-	\$28	\$33	\$33	\$33	\$33
Other Services	-	\$35	\$36	\$36	\$36	\$36
Authorizer Oversight	-	\$34	\$43	\$48	\$53	\$58
SPED Admin Fee	-	\$7	\$11	\$12	\$14	\$15
Central Office Allocation Fee	-	\$609	\$778	\$863	\$953	\$1,035
Total Professional Services	-	\$1,053	\$1,308	\$1,435	\$1,558	\$1,668

Professional Development

Professional development includes both certification costs and costs for other professional development of administrators, teachers, and staff.

SPED Consultants

Special Education Consultant costs include all service provider costs. This includes psychological, speech language and occupational therapy services to RSAD's students with IEPs. These costs are based on historical experience at Rocketship schools.

After School Program

All of our Bay Area schools run an After School Program, and expect a similar cost for this program at RSAD.

Substitute Teacher Costs

Teacher substitute provisions are included for both projected sick and personal leave as well as for professional staff development leave. Ten days per year per teacher FTE are projected for all forms of leave. For each day of leave per teacher FTE, \$250 has been assumed for teacher substitute provisions. Projections estimate substitutes will be needed for 30% of paid time off. Estimates are based off of historical experience of Rocketship's existing schools. Included in this line-item are proctoring costs for CELDT testing, based on historical data at Rocketship schools.

Field Trips

Schools are budgeted \$5500/grade for field trips; these costs have been projected based on historical experience at Rocketship schools.

Other Services

The budget line item for “Other Services” includes the following external expenses: audit fees, security services, relocation costs, and parent and staff appreciation.

Authorizer Oversight & SELPA Admin Fee

Authorizer oversight is the fee charged by each charter authorizer. We assume 1 percent of general purpose revenue is budgeted for all our Rocketship schools in the Bay Area, and a 4 percent fee of special education revenue for the El Dorado County SELPA.

Central Office Expense Allocation Fee

Rocketship’s model is highly centralized. Many services that benefit the school, and that are typically provided directly at the school in a traditional public school environment, are provided by Rocketship’s central office. This structure allows school leaders to focus their time and energy on instruction and student/parent engagement and provides more efficient and effective centralized delivery of various support services. These centralized services include, but are not limited to:

Programmatic Services:

- Curriculum & Assessment
- Instructional Leadership
- Recruitment
- Lottery Management
- Student Data Analysis
- Parent & Community Engagement

Operational Services:

- Payroll
- Accounting & Financial Reporting
- Procurement
- Human Resources
- Legal Support
- IT Support
- Operational Policy Support
- Authorizer Relations

To cover the cost of these services schools are charged 15% revenue which is transferred to the central office (Note some reimbursed revenues are not included, i.e. Lunch revenues).

Other Outgo and Transfers

Rocketship applies for the CSFA Charter School Revolving Loan for each new Bay Area school, and has been awarded this funding for all of their Bay Area schools to date. This budget assumes RSAD receives this low-interest rate working capital loan of \$250,000 from the California School Finance Authority (CSFA) Charter School Revolving Loan fund at the start of Year 1. Repayments are made each year, until fully repaid in 2022-23.

RSAD is expected to open with 386 students in year 1. The school will grow to full enrollment over the next four years. To cover the school’s deficits during this ramp-up period, Rocketship Education will

transfer a \$1.4M to the school in July 2018. Starting in the following year, the school will transfer back \$140K each year until the total amount is transferred back to Rocketship Education.

As a result of the timing of receipts and disbursements, schools experience lower cash balances in the first few months of each year. For example, some costs are front-loaded (i.e. curriculum), however, only 19% of state aide revenue is received within the first quarter, and many other revenues not until later in the year. Due to the fluctuation in cash receipts RSAD may defer some of its management fees to Rocketship Education, or Rocketship Education will provide short-term cash transfers in the beginning of the school year to cover any potential cash shortages. The projections indicate these short-term transfers will be provided at the beginning of the year of both 2021 and 2022. RSAD will transfer this funding back to Rocketship Education at the end of these school years.

Ending Cash Balance

RSAD will have a positive cash balance while consistently transferring back the start-up funding from Rocketship Education. The projected reserves will be monitored constantly and adjusted and refined as decisions and updates are provided relative to state funding amounts as well as when refinements or updates are made to the projected spending plan for the school.

Table N: Statement of Activities & Reserve Balance

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Statement of Activities (Thousands)						
Revenues						
State Revenue	-	\$3,977	\$5,065	\$5,600	\$6,181	\$6,710
Federal Revenue	\$26	\$811	\$460	\$532	\$587	\$641
Local Revenue	-	\$9	\$44	\$55	\$34	\$2
Grants & Fundraising	\$100	-	-	-	-	-
Total Revenues	\$126	\$4,797	\$5,569	\$6,187	\$6,803	\$7,353
Expenses						
Certificated Salaries	-	\$1,187	\$1,404	\$1,555	\$1,641	\$1,798
Classified Salaries	\$74	\$504	\$634	\$648	\$696	\$701
Employee Benefits	\$10	\$481	\$609	\$675	\$715	\$768
Books & Supplies	\$1	\$519	\$329	\$341	\$346	\$340
Food Service	\$11	\$256	\$356	\$401	\$415	\$415
Other Operating Expenses	\$1	\$1,362	\$1,385	\$1,397	\$1,404	\$1,410
Professional Services	-	\$1,057	\$1,314	\$1,441	\$1,565	\$1,675
Interest & Capital Outlay	-	\$1	\$1	\$1	\$1	\$1
Total Expenses	\$97	\$5,368	\$6,032	\$6,460	\$6,784	\$7,109
Increase/Decrease of Net Assets	\$29	(\$570)	(\$463)	(\$273)	\$19	\$244
Beginning Balance	-	\$3	\$1,548	\$806	\$341	\$95
Ending Balance	\$3	\$1,548	\$806	\$341	\$95	\$115
Reserve Balance (% of Expenditures)	3.3%	28.8%	13.4%	5.3%	1.4%	1.6%

The Statement of Activities reflects a \$570K loss in net assets in 2018-19, but this loss includes the \$571K non-cash expense portion of the lease payment. This \$571K non-cash expense does not impact cash flow for RSAD in 2018-19; therefore, the ending cash balance in this year is positive \$1,548K.

Cash Flow

Revenues

Since revenues are lumpy and from multiple sources, it's very important to correctly project cash flow to ensure the charter school maintains a healthy financial situation. The greatest cash flow challenge is correctly predicting the flow of federal and state revenue sources. California law identifies the percentage of a school's general purpose funds to be paid at specified dates. This schedule is subject to legislative and regulatory change. The California Department of Education (CDE) has committed to a 5-9-9 schedule for 2015-2016. We have used this schedule to project our cash flow position for the first five years RSAD is in operation. We assumed no deferrals in these projections.

Principal Apportionment

The principal apportionment comes from a combination of three sources: In Lieu Property Taxes, State Aid, and Education Protection Account. The district where the school is located pays the Charter School an In Lieu Property Tax amount per (ADA) on or before the 15th of each month from August through July. State Aid is due from the state on or before the end of the month and is paid monthly from July to June on a 5-5-9 schedule. The Economic Protection Account flows quarterly in September, December, March and June.

PENSEC

Per-pupil revenue is allocated based on ADA levels. The advance apportionment is based on the previous year's ADA levels. However, for new schools this data does not exist. Rocketship plans to apply to Pupil Estimates for New or Significantly Expanding Charters (PENSEC) for RSAD's first year of operation. Disbursements will be made in September and December based on ADA estimates provided in the application. RSAD will return to the 5-5-9 schedule in February, once actual ADA levels are captured in the first quarter.

California Lottery

State Lottery Revenues are paid according to the prior year's ADA, and are paid quarterly.

Title I Funding

We project that Title I payments will be made in January (40% of total), April (40%), and August (20%).

Free and Reduced Meals Program

Payments are made after RSAD files a reimbursement claim. Claims are generally filed monthly and the payment schedule is generally within 45 to 60 days after the claim is filed. This means that revenue for Free and Reduced Meals generally lag expenses by a month.

Repayment of Loan or Transfer

RSAD will pay down its \$250K balance on its loan from the California School Finance Authority (CSFA) Charter School Revolving Loan program over its first five years of operation.

In addition, RSAD will transfer \$140K over ten years starting in year 2019-20.

Expenditure

The most significant parts of RSAD's cost structure are primarily staff compensation and facilities related expenses which are generally paid evenly throughout the year. The vast majority of the curriculum costs are front-loaded to the beginning of the school year.

Cash Flow Summary

Rocketship Antioch Charter — Summary Cash Flow Projections												
2017-18	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Beginning Cash Balance	-	-	-	-	-	-	100,000	100,000	100,000	78,709	57,167	35,626
Total Receipts	-	-	-	-	-	100,000	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-	-	-	(21,291)	(21,541)	(21,541)	(32,416)
Other Financing Sources/Uses	-	-	-	-	-	-	-	-	-	-	-	-
Change in Cash	-	-	-	-	-	100,000	-	-	(21,291)	(21,541)	(21,541)	(32,416)
Ending Cash Balance	-	-	-	-	-	100,000	100,000	100,000	78,709	57,167	35,626	3,210
2018-19	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Beginning Cash Balance	3,210	1,275,291	832,754	1,765,853	1,750,192	1,533,631	1,757,028	1,518,567	1,464,573	1,507,219	1,567,390	1,513,396
Total Receipts	34,962	9,162	1,345,714	376,768	175,868	615,827	153,968	338,393	435,034	452,558	338,393	367,001
Total Disbursements	(460,480)	(499,298)	(460,214)	(440,029)	(440,029)	(440,029)	(440,029)	(439,987)	(439,987)	(439,987)	(439,987)	(380,491)
Other Financing Sources/Uses	1,697,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600
Change in Cash	1,272,081	(442,536)	933,099	(15,661)	(216,562)	223,398	(238,461)	(53,995)	42,647	60,171	(53,995)	34,110
Ending Cash Balance	1,275,291	832,754	1,765,853	1,750,192	1,533,631	1,757,028	1,518,567	1,464,573	1,507,219	1,567,390	1,513,396	1,547,506
2019-20	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Beginning Cash Balance	1,547,506	1,266,462	1,087,766	1,002,530	950,856	1,050,421	983,073	985,175	923,239	947,299	1,003,433	941,498
Total Receipts	260,467	360,922	439,266	460,020	611,258	444,346	513,795	439,266	525,262	557,336	439,266	439,266
Total Disbursements	(541,511)	(529,202)	(514,086)	(501,277)	(501,277)	(501,277)	(501,277)	(501,202)	(501,202)	(501,202)	(501,202)	(434,379)
Other Financing Sources/Uses	-	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	(140,000)
Change in Cash	(281,044)	(178,696)	(85,236)	(51,674)	99,565	(67,347)	2,102	(61,936)	24,060	56,134	(61,936)	(135,113)
Ending Cash Balance	1,266,462	1,087,766	1,002,530	950,856	1,050,421	983,073	985,175	923,239	947,299	1,003,433	941,498	806,385
2020-21	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Beginning Cash Balance	806,385	568,306	401,075	326,173	287,478	415,957	360,743	388,238	337,077	380,974	473,982	422,821
Total Receipts	338,499	407,921	486,178	509,118	676,293	492,599	575,308	486,178	581,235	630,346	486,178	486,178
Total Disbursements	(576,579)	(564,735)	(550,663)	(537,397)	(537,397)	(537,397)	(537,397)	(537,338)	(537,338)	(537,338)	(537,338)	(427,717)
Other Financing Sources/Uses	-	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	(140,000)
Change in Cash	(238,080)	(167,231)	(74,902)	(38,695)	128,480	(55,215)	27,495	(51,161)	43,897	93,007	(51,161)	(81,540)
Ending Cash Balance	568,306	401,075	326,173	287,478	415,957	360,743	388,238	337,077	380,974	473,982	422,821	341,281
2021-22	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Beginning Cash Balance	341,281	242,558	94,229	40,071	24,677	193,816	160,198	217,794	187,536	262,206	391,097	360,839
Total Receipts	374,494	453,824	534,205	559,527	744,060	541,302	632,517	534,205	639,132	693,353	534,205	534,205
Total Disbursements	(643,217)	(591,737)	(577,946)	(564,504)	(564,504)	(564,504)	(564,504)	(564,462)	(564,462)	(564,462)	(564,462)	(489,973)
Other Financing Sources/Uses	170,000	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	(310,000)
Change in Cash	(98,723)	(148,329)	(54,158)	(15,394)	169,139	(33,618)	57,596	(30,258)	74,670	128,891	(30,258)	(265,769)
Ending Cash Balance	242,558	94,229	40,071	24,677	193,816	160,198	217,794	187,536	262,206	391,097	360,839	95,070
2022-23	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Beginning Cash Balance	95,070	217,955	84,259	45,556	47,579	249,931	232,299	314,538	299,513	398,398	558,233	543,208
Total Receipts	407,033	494,971	576,699	604,189	804,518	584,534	684,406	576,699	690,608	751,559	576,699	576,699
Total Disbursements	(634,148)	(618,250)	(604,986)	(591,749)	(591,749)	(591,749)	(591,749)	(591,724)	(591,724)	(591,724)	(591,724)	(515,369)
Other Financing Sources/Uses	350,000	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	(490,000)
Change in Cash	122,885	(133,696)	(38,704)	2,023	202,352	(17,632)	82,240	(15,025)	98,884	159,835	(15,025)	(428,670)
Ending Cash Balance	217,955	84,259	45,556	47,579	249,931	232,299	314,538	299,513	398,398	558,233	543,208	114,538

2017 – 2018 Cash Flow

	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Total 2017-18
Beginning Cash Balance	-	-	-	-	-	-	100,000	100,000	100,000	78,709	57,167	35,626	
REVENUES													
State Programs													
CSGPB - Base	-	-	-	-	-	-	-	-	-	-	-	-	-
In Lieu of Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop 30 EPA	-	-	-	-	-	-	-	-	-	-	-	-	-
Mandate Block Grant	-	-	-	-	-	-	-	-	-	-	-	-	-
California Lottery	-	-	-	-	-	-	-	-	-	-	-	-	-
Total State Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Other State Programs													
State Lunch Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
SB740 Facilities Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
State SPED	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other State Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Programs													
Title I	-	-	-	-	-	-	-	-	-	-	-	-	-
Title II	-	-	-	-	-	-	-	-	-	-	-	-	-
Title III	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Startup Grant (Title Vb)	-	-	-	-	-	-	-	-	-	-	-	-	-
IDEA	-	-	-	-	-	-	-	-	-	-	-	-	-
National School Lunch Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Federal Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Programs													
Local Food Service Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Fundraising & Grants													
Private Startup Grants	-	-	-	-	-	100,000	-	-	-	-	-	-	100,000
Total Local Programs	-	-	-	-	-	100,000	-	-	-	-	-	-	100,000
PY Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	100,000	-	-	-	-	-	-	100,000
EXPENSES													
Certificated Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Classified Salaries	-	-	-	-	-	-	-	18,500	18,500	18,500	18,500	18,500	74,000
Employee Benefits	-	-	-	-	-	-	-	2,617	2,617	2,617	2,617	2,617	10,469
Books & Supplies	-	-	-	-	-	-	-	174	174	174	174	174	696
Food Service	-	-	-	-	-	-	-	-	-	-	-	10,875	10,875
Other Operating Services	-	-	-	-	-	-	-	-	250	250	250	250	750
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
PY Payables	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	-	-	-	-	-	-	-	21,291	21,541	21,541	21,541	32,416	96,790
OTHER FINANCING SOURCES/USES													
CSFA - Revolving Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
CSGF - Start-up Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Fee Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
RSED Cash Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Cash Position	-	-	-	-	-	100,000	100,000	100,000	78,709	57,167	35,626	3,210	

2018-2019 Cash Flow

	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Total 2018-19
Beginning Cash Balance	3,210	1,275,291	832,754	1,765,853	1,750,192	1,533,631	1,757,028	1,518,567	1,464,573	1,507,219	1,567,390	1,513,396	
REVENUES													
State Programs													
CSGPB - Base	-	-	943,670	-	-	404,430	-	220,598	220,598	220,598	220,598	220,598	2,451,090
In Lieu of Property Taxes	-	-	333,633	-	-	142,986	-	77,992	77,992	77,992	77,992	77,992	866,579
Prop 30 EPA	-	-	28,609	-	-	28,609	-	-	28,609	-	-	-	114,435
Mandate Block Grant	-	-	-	-	-	-	-	-	-	-	-	-	-
California Lottery	-	-	-	16,419	-	-	16,419	-	-	16,419	-	-	49,256
Total State Programs	-	-	1,305,911	16,419	-	576,024	16,419	298,590	327,199	315,009	298,590	327,199	3,481,359
Other State Programs													
State Lunch Reimbursements	-	-	2,203	2,203	2,203	2,203	2,203	2,203	2,203	2,203	2,203	2,203	22,025
SB740 Facilities Subsidy	-	-	-	-	136,065	-	-	-	68,033	-	-	-	204,098
State SPED	9,162	9,162	16,491	16,491	16,491	16,491	16,491	16,491	16,491	16,491	16,491	16,491	183,234
Total Other State Programs	9,162	9,162	18,694	18,694	154,759	18,694	18,694	18,694	86,726	18,694	18,694	18,694	409,357
Federal Programs													
Title I	-	-	-	-	-	-	43,541	-	-	43,541	-	-	87,082
Title II	-	-	-	-	-	-	1,520	-	-	1,520	-	-	3,040
Title III	-	-	-	-	-	-	6,894	-	-	6,894	-	-	13,788
Federal Startup Grant (Title Vb)	-	-	-	320,547	-	-	45,792	-	-	45,792	-	-	412,132
IDEA	-	-	-	-	-	-	-	-	-	-	-	-	-
National School Lunch Program	-	-	20,268	20,268	20,268	20,268	20,268	20,268	20,268	20,268	20,268	20,268	202,682
Total Federal Programs	-	-	20,268	340,815	20,268	20,268	118,015	20,268	20,268	118,015	20,268	20,268	718,723
Local Programs													
Local Food Service Revenue	-	-	841	841	841	841	841	841	841	841	841	841	8,407
Total Local Programs	-	-	841	8,407									
Fundraising & Grants													
Private Startup Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Programs	-												
PY Receivables	25,800	-	25,800										
TOTAL REVENUES	34,962	9,162	1,345,714	376,768	175,868	615,827	153,968	338,393	435,034	452,558	338,393	367,001	4,643,646
EXPENSES													
Certificated Salaries	98,915	98,915	98,915	98,915	98,915	98,915	98,915	98,915	98,915	98,915	98,915	98,915	1,186,975
Classified Salaries	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	503,998
Employee Benefits	40,058	40,058	40,058	40,058	40,058	40,058	40,058	40,058	40,058	40,058	40,058	40,058	480,699
Books & Supplies	77,859	103,812	51,906	31,720	31,720	31,720	31,720	31,720	31,720	31,720	31,720	25,376	512,715
Food Service	-	12,823	25,645	25,645	25,645	25,645	25,645	25,645	25,645	25,645	25,645	12,823	256,451
Other Operating Services	113,528	113,528	113,528	113,528	113,528	113,528	113,528	113,528	113,528	113,528	113,528	90,822	1,339,630
Professional Services	88,121	88,121	88,121	88,121	88,121	88,121	88,121	88,121	88,121	88,121	88,121	70,497	1,039,827
Interest	-	42	42	42	42	42	42	-	-	-	-	-	250
PY Payables	-												
TOTAL EXPENSES	460,480	499,298	460,214	440,029	440,029	440,029	440,029	439,987	439,937	439,987	439,987	380,491	5,320,546
OTHER FINANCING SOURCES/USES													
CSFA - Revolving Loan	250,000	-	-	-	-	-	-	-	-	-	-	-	250,000
Facility Fee Adjustment	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	571,196
RSED Cash Transfers	1,400,000	-	-	-	-	-	-	-	-	-	-	-	1,400,000
Total Financing Cash Flow	1,697,600	47,600	2,221,196										
Cumulative Cash Position	1,275,291	832,754	1,765,853	1,750,192	1,533,631	1,757,028	1,518,567	1,464,573	1,507,219	1,567,390	1,513,396	1,547,506	

2019-2020 Cash Flow

	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Total 2019-20
Beginning Cash Balance	1,547,506	1,266,462	1,087,766	1,002,530	950,856	1,050,421	983,073	985,175	923,239	947,299	1,003,433	941,498	
REVENUES													
State Programs													
CSGPB - Base	163,364	163,364	294,054	294,054	294,054	294,054	294,054	294,054	294,054	294,054	294,054	294,054	3,267,271
In Lieu of Property Taxes	-	91,968	91,968	91,968	91,968	91,968	91,968	91,968	91,968	91,968	91,968	91,968	1,011,646
Prop 30 EPA	-	-	-	-	-	-	-	-	-	-	-	-	-
Mandate Block Grant	-	-	-	-	-	5,080	-	-	-	-	-	-	5,080
California Lottery	-	-	-	20,754	-	-	20,754	-	-	20,754	-	-	62,261
Total State Programs	163,364	255,331	386,022	406,776	386,022	391,102	406,776	386,022	386,022	406,776	386,022	386,022	4,346,258
Other State Programs													
State Facility Reimbursements	-	-	2,784	2,784	2,784	2,784	2,784	2,784	2,784	2,784	2,784	2,784	27,841
SB740 Facilities Subsidy	-	-	-	-	171,992	-	-	-	85,996	-	-	-	257,988
State SPED	11,581	11,581	20,845	20,845	20,845	20,845	20,845	20,845	20,845	20,845	20,845	20,845	231,616
Total Other State Programs	11,581	11,581	23,630	23,630	195,621	23,630	23,630	23,630	109,625	23,630	23,630	23,630	517,444
Federal Programs													
Title I	-	-	-	-	-	-	43,541	-	-	43,541	-	-	87,082
Title II	-	-	-	-	-	-	1,520	-	-	1,520	-	-	3,040
Title III	-	-	-	-	-	-	8,714	-	-	8,714	-	-	17,429
Federal Startup Grant (Title Vb)	-	-	-	-	-	-	-	-	-	-	-	-	-
IDEA	-	-	-	-	-	-	-	-	-	43,541	-	-	43,541
National School Lunch Program	-	-	25,620	25,620	25,620	25,620	25,620	25,620	25,620	25,620	25,620	25,620	256,198
Total Federal Programs	-	-	25,620	25,620	25,620	25,620	79,395	25,620	25,620	122,936	25,620	25,620	407,289
Local Programs													
Local Food Service Revenue	-	-	3,995	3,995	3,995	3,995	3,995	3,995	3,995	3,995	3,995	3,995	39,948
Total Local Programs	-	-	3,995	3,995	3,995	3,995	3,995	3,995	3,995	3,995	3,995	3,995	39,948
Fundraising & Grants													
Private Startup Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
PY Receivables	85,522	94,010	-	-	-	-	-	-	-	-	-	-	179,532
TOTAL REVENUES	260,467	360,922	439,266	460,020	611,258	444,346	513,795	439,266	525,262	557,336	439,266	439,266	5,490,472
EXPENSES													
Certificated Salaries	116,966	116,966	116,966	116,966	116,966	116,966	116,966	116,966	116,966	116,966	116,966	116,966	1,403,597
Classified Salaries	52,818	52,818	52,818	52,818	52,818	52,818	52,818	52,818	52,818	52,818	52,818	52,818	633,810
Employee Benefits	50,766	50,766	50,766	50,766	50,766	50,766	50,766	50,766	50,766	50,766	50,766	50,766	609,196
Books & Supplies	49,405	65,874	32,937	20,128	20,128	20,128	20,128	20,128	20,128	20,128	20,128	16,102	325,344
Food Service	-	17,821	35,642	35,642	35,642	35,642	35,642	35,642	35,642	35,642	35,642	17,821	356,422
Other Operating Services	115,413	115,413	115,413	115,413	115,413	115,413	115,413	115,413	115,413	115,413	115,413	92,331	1,361,875
Professional Services	109,468	109,468	109,468	109,468	109,468	109,468	109,468	109,468	109,468	109,468	109,468	87,575	1,291,725
Interest	-	75	75	75	75	75	75	-	-	-	-	-	450
PY Payables	46,674	-	-	-	-	-	-	-	-	-	-	-	46,674
TOTAL EXPENSES	541,511	529,202	514,086	501,277	501,277	501,277	501,277	501,202	501,202	501,202	501,202	434,379	5,982,419
OTHER FINANCING SOURCES/USES													
CSFA - Revolving Loan	-	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	-	(62,500)
CSGF - Start-up Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Fee Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
RSED Cash Transfers	-	-	-	-	-	-	-	-	-	-	-	(140,000)	(140,000)
Total Financing Cash Flow	-	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	(140,000)	(202,500)
Cumulative Cash Position	1,266,462	1,087,766	1,002,530	950,856	1,050,421	983,073	985,175	923,239	947,299	1,003,433	941,498	806,385	

2020-2021 Cash Flow

	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Total 2020-21
Beginning Cash Balance	806,385	568,306	401,075	325,173	287,478	415,957	360,743	388,238	337,077	380,974	473,982	422,821	
REVENUES													
State Programs													
CSGPB - Base	180,578	180,578	325,040	325,040	325,040	325,040	325,040	325,040	325,040	325,040	325,040	325,040	3,611,553
In Lieu of Property Taxes	-	101,659	101,659	101,659	101,659	101,659	101,659	101,659	101,659	101,659	101,659	101,659	1,118,246
Prop 30 EPA	-	-	-	-	-	-	-	-	-	-	-	-	-
Mandate Block Grant	-	-	-	-	-	6,421	-	-	-	-	-	-	6,421
California Lottery	-	-	-	22,941	-	-	22,941	-	-	22,941	-	-	68,822
Total State Programs	180,578	282,236	426,699	449,639	426,699	433,120	449,639	426,699	426,699	449,639	426,699	426,699	4,805,042
Other State Programs													
State Lunch Reimbursements	-	-	3,077	3,077	3,077	3,077	3,077	3,077	3,077	3,077	3,077	3,077	30,775
SB740 Facilities Subsidy	-	-	-	-	190,115	-	-	-	95,058	-	-	-	285,173
State SPED	12,801	12,801	23,042	23,042	23,042	23,042	23,042	23,042	23,042	23,042	23,042	23,042	256,022
Total Other State Programs	12,801	12,801	26,119	26,119	216,235	26,119	26,119	26,119	121,177	26,119	26,119	26,119	571,969
Federal Programs													
Title I	-	-	-	-	-	-	55,037	-	-	55,037	-	-	110,075
Title II	-	-	-	-	-	-	1,520	-	-	1,520	-	-	3,040
Title III	-	-	-	-	-	-	9,632	-	-	9,632	-	-	19,265
Federal Startup Grant (Title Vb)	-	-	-	-	-	-	-	-	-	-	-	-	-
IDEA	-	-	-	-	-	-	-	-	-	55,037	-	-	55,037
National School Lunch Program	-	-	28,319	28,319	28,319	28,319	28,319	28,319	28,319	28,319	28,319	28,319	283,195
Total Federal Programs	-	-	28,319	28,319	28,319	28,319	94,509	28,319	28,319	149,547	28,319	28,319	470,612
Local Programs													
Local Food Service Revenue	-	-	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	50,403
Total Local Programs	-	-	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	50,403
Fundraising & Grants													
Private Startup Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
PY Receivables	145,120	112,883	-	-	-	-	-	-	-	-	-	-	258,004
TOTAL REVENUES	338,499	407,921	486,178	509,118	676,293	492,599	575,308	486,178	581,235	630,346	486,178	486,178	6,156,030
EXPENSES													
Certificated Salaries	129,625	129,625	129,625	129,625	129,625	129,625	129,625	129,625	129,625	129,625	129,625	129,625	1,555,499
Classified Salaries	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	648,204
Employee Benefits	56,269	56,269	56,269	56,269	56,269	56,269	56,269	56,269	56,269	56,269	56,269	56,269	675,224
Books & Supplies	51,171	68,228	34,114	20,848	20,848	20,848	20,848	20,848	20,848	20,848	20,848	14,593	334,887
Food Service	-	20,043	40,085	40,085	40,085	40,085	40,085	40,085	40,085	40,085	40,085	20,043	400,850
Other Operating Services	116,412	116,412	116,412	116,412	116,412	116,412	116,412	116,412	116,412	116,412	116,412	93,129	1,373,657
Professional Services	120,084	120,084	120,084	120,084	120,084	120,084	120,084	120,084	120,084	120,084	120,084	60,042	1,380,960
Interest	-	58	58	58	58	58	58	-	-	-	-	-	350
PY Payables	49,002	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	576,579	564,735	550,663	537,397	537,397	537,397	537,397	537,338	537,338	537,338	537,338	427,717	6,369,632
OTHER FINANCING SOURCES/USES													
CSFA - Revolving Loan	-	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	-	(62,500)
CSGF - Start-up Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Fee Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
RSED Cash Transfers	-	-	-	-	-	-	-	-	-	-	-	(140,000)	(140,000)
Total Financing Cash Flow	-	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	-	(202,500)
Cumulative Cash Position	568,306	401,075	326,173	287,478	415,957	360,743	388,238	337,077	380,974	473,982	422,821	341,281	

2021-2022 Cash Flow

	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Total 2021-22
Beginning Cash Balance	341,281	242,558	94,229	40,071	24,677	193,816	160,198	217,794	187,536	262,206	391,097	360,839	
REVENUES													
State Programs													
CSGPB - Base	199,327	199,327	358,789	358,789	358,789	358,789	358,789	358,789	358,789	358,789	358,789	358,789	3,986,548
In Lieu of Property Taxes	-	112,214	112,214	112,214	112,214	112,214	112,214	112,214	112,214	112,214	112,214	112,214	1,234,356
Prop 30 EPA	-	-	-	-	-	-	-	-	-	-	-	-	-
Mandate Block Grant	-	-	-	-	-	7,098	-	-	-	-	-	-	7,098
California Lottery	-	-	-	25,323	-	-	25,323	-	-	25,323	-	-	75,968
Total State Programs	199,327	311,542	471,003	495,326	471,003	478,101	496,326	471,003	471,003	496,326	471,003	471,003	5,303,968
Other State Programs													
State Lunch Reimbursements	-	-	3,397	3,397	3,397	3,397	3,397	3,397	3,397	3,397	3,397	3,397	33,970
SB740 Facilities Subsidy	-	-	-	-	209,855	-	-	-	104,928	-	-	-	314,783
State SPED	14,130	14,130	25,434	25,434	25,434	25,434	25,434	25,434	25,434	25,434	25,434	25,434	282,605
Total Other State Programs	14,130	14,130	28,831	28,831	238,687	28,831	28,831	28,831	133,759	28,831	28,831	28,831	631,358
Federal Programs													
Title I	-	-	-	-	-	-	60,837	-	-	60,837	-	-	121,674
Title II	-	-	-	-	-	-	1,520	-	-	1,520	-	-	3,040
Title III	-	-	-	-	-	-	10,633	-	-	10,633	-	-	21,265
Federal Startup Grant (Title Vb)	-	-	-	-	-	-	-	-	-	-	-	-	-
IDEA	-	-	-	-	-	-	-	-	-	60,837	-	-	60,837
National School Lunch Program	-	-	31,260	31,260	31,260	31,260	31,260	31,260	31,260	31,260	31,260	31,260	312,599
Total Federal Programs	-	-	31,260	31,260	31,260	31,260	104,249	31,260	31,260	165,086	31,260	31,260	519,415
Local Programs													
Local Food Service Revenue	-	-	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	31,098
Total Local Programs	-	-	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	31,098
Fundraising & Grants													
Private Startup Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
PY Receivables	161,037	128,152	-	-	-	-	-	-	-	-	-	-	289,189
TOTAL REVENUES	374,494	453,824	534,205	559,527	744,060	541,302	632,517	534,205	639,132	693,353	534,205	534,205	6,775,028
EXPENSES													
Certificated Salaries	136,723	136,723	136,723	136,723	136,723	136,723	136,723	136,723	136,723	136,723	136,723	136,723	1,640,677
Classified Salaries	58,004	58,004	58,004	58,004	58,004	58,004	58,004	58,004	58,004	58,004	58,004	58,004	696,045
Employee Benefits	59,612	59,612	59,612	59,612	59,612	59,612	59,612	59,612	59,612	59,612	59,612	59,612	715,342
Books & Supplies	51,847	69,130	34,565	21,123	21,123	21,123	21,123	21,123	21,123	21,123	21,123	16,898	341,423
Food Service	-	20,774	41,548	41,548	41,548	41,548	41,548	41,548	41,548	41,548	41,548	20,774	415,475
Other Operating Services	117,034	117,034	117,034	117,034	117,034	117,034	117,034	117,034	117,034	117,034	117,034	93,627	1,381,003
Professional Services	130,419	130,419	130,419	130,419	130,419	130,419	130,419	130,419	130,419	130,419	130,419	104,335	1,538,944
Interest	-	42	42	42	42	42	42	-	-	-	-	-	250
PY Payables	89,578	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	643,217	591,737	577,946	564,504	564,504	564,504	564,504	564,462	564,462	564,462	564,462	489,973	6,729,161
OTHER FINANCING SOURCES/USES													
CSFA - Revolving Loan	-	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	-	(62,500)
CSGF - Start-up Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Fee Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
RSED Cash Transfers	170,000	-	-	-	-	-	-	-	-	-	-	(310,000)	(140,000)
Total Financing Cash Flow	170,000	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	(310,000)	(202,500)
Cumulative Cash Position	242,558	94,229	40,071	24,677	193,816	160,198	217,794	187,536	262,206	391,097	360,839	95,070	

2022-2023 Cash Flow

	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Total 2022-2023
Beginning Cash Balance	95,070	217,955	84,259	45,556	47,579	249,931	232,299	314,538	299,513	398,398	558,233	543,208	
REVENUES													
State Programs													
CSGPB - Base	216,390	216,390	389,501	389,501	389,501	389,501	389,501	389,501	389,501	389,501	389,501	389,501	4,327,792
In Lieu of Property Taxes	-	121,820	121,820	121,820	121,820	121,820	121,820	121,820	121,820	121,820	121,820	121,820	1,340,015
Prop 30 EPA	-	-	-	-	-	-	-	-	-	-	-	-	-
Mandate Block Grant	-	-	-	-	-	7,835	-	-	-	-	-	-	7,835
California Lottery	-	-	-	27,490	-	-	27,490	-	-	27,490	-	-	82,470
Total State Programs	216,390	338,209	511,321	538,811	511,321	519,155	538,811	511,321	511,321	538,811	511,321	511,321	5,758,113
Other State Programs													
State Lunch Reimbursements	-	-	3,688	3,688	3,688	3,688	3,688	3,688	3,688	3,688	3,688	3,688	36,878
SB740 Facilities Subsidy	-	-	-	-	227,818	-	-	-	113,909	-	-	-	341,728
State SPED	15,340	15,340	27,612	27,612	27,612	27,612	27,612	27,612	27,612	27,612	27,612	27,612	306,796
Total Other State Programs	15,340	15,340	31,299	31,299	259,118	31,299	31,299	31,299	145,209	31,299	31,299	31,299	685,401
Federal Programs													
Title I	-	-	-	-	-	-	67,154	-	-	67,154	-	-	134,307
Title II	-	-	-	-	-	-	1,520	-	-	1,520	-	-	3,040
Title III	-	-	-	-	-	-	11,543	-	-	11,543	-	-	23,086
Federal Startup Grant (Title Vb)	-	-	-	-	-	-	-	-	-	-	-	-	-
IDEA	-	-	-	-	-	-	-	-	-	67,154	-	-	67,154
National School Lunch Program	-	-	33,936	33,936	33,936	33,936	33,936	33,936	33,936	33,936	33,936	33,936	339,358
Total Federal Programs	-	-	33,936	33,936	33,936	33,936	114,152	33,936	33,936	181,306	33,936	33,936	566,944
Local Programs													
Local Food Service Revenue	-	-	143	143	143	143	143	143	143	143	143	143	1,432
Total Local Programs	-	-	143	143	143	143	143	143	143	143	143	143	1,432
Fundraising & Grants													
Private Startup Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
PY Receivables	175,303	141,422	-	-	-	-	-	-	-	-	-	-	316,726
TOTAL REVENUES	407,033	494,971	576,699	604,189	804,518	584,534	684,406	576,699	690,608	751,559	576,699	576,699	7,328,615
EXPENSES													
Certificated Salaries	149,810	149,810	149,810	149,810	149,810	149,810	149,810	149,810	149,810	149,810	149,810	149,810	1,797,721
Classified Salaries	58,452	58,452	58,452	58,452	58,452	58,452	58,452	58,452	58,452	58,452	58,452	58,452	701,423
Employee Benefits	64,007	64,007	64,007	64,007	64,007	64,007	64,007	64,007	64,007	64,007	64,007	64,007	768,090
Books & Supplies	51,057	68,076	34,038	20,801	20,801	20,801	20,801	20,801	20,801	20,801	20,801	16,641	336,219
Food Service	-	20,774	41,548	41,548	41,548	41,548	41,548	41,548	41,548	41,548	41,548	20,774	415,475
Other Operating Services	117,522	117,522	117,522	117,522	117,522	117,522	117,522	117,522	117,522	117,522	117,522	94,017	1,386,756
Professional Services	139,585	139,585	139,585	139,585	139,585	139,585	139,585	139,585	139,585	139,585	139,585	111,668	1,647,099
Interest	-	25	25	25	25	25	25	-	-	-	-	-	150
PY Payables	53,715	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	634,148	618,250	604,986	591,749	591,749	591,749	591,749	591,724	591,724	591,724	591,724	515,369	7,052,933
OTHER FINANCING SOURCES/USES													
CSFA - Revolving Loan	-	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	-	(62,500)
CSGF - Start-up Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Fee Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
RSED Cash Transfers	350,000	-	-	-	-	-	-	-	-	-	-	(490,000)	(140,000)
Total Financing Cash Flow	350,000	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	-	-	-	-	(490,000)	(202,500)
Cumulative Cash Position	217,955	84,259	45,556	47,579	249,931	232,299	314,538	299,513	398,398	558,233	543,208	114,538	

DRAFT

ENCLOSURE NO. 9

DRAFT

Lisa F. Constancio, Director
Charter Schools Division
California Department of Education
1430 N Street
Sacramento, California 95814

February 4, 2019

RE: Audit Findings and Report for Rocketship Education FY 2017-18

Dear Ms. Constancio,

On behalf of Rocketship Education d/b/a Rocketship Public Schools ("RPS"), I am attaching the Rocketship Education and its Affiliates Consolidated Audit for FY 2017-18. We have been working diligently with our auditors over the last six months. It has been a deeply productive process which identified key areas for improvement that we are addressing with urgency. That said, we regret that we are submitting this audit past the California statutory deadline of 12/15/18. We also want to thank you for your patience during this process.

We would like to note that under Section IV (Findings and Questioned Costs--State Compliance) RPS auditors found that four teachers did not have valid credentials during the entirety of the period in question. Due to partial disallowed instructional time from the non-credentialed teachers, RPS also has an instructional minutes finding for fiscal year ending 2018. These findings impacted three (3) schools in the entire Rocketship California network of thirteen (13) schools -- Rocketship Alma, Rocketship Redwood City, and Rocketship Spark. The impact of this analysis will result in \$400,000 in ADA apportionment being due to the State of California, which we fully anticipate will be offset against future apportionment payments due to RPS this fiscal year. Rocketship has recognized the lower income impact of this total \$400,000 in the reported FY 2017-18 results.

Rocketship fully understands the seriousness of this issue. We have already taken various steps to address this problem and are continuing to examine and elevate our practices. In March 2018, we hired a dedicated Credential Analyst. The national teacher shortage and new pathways to education we need to develop compelled us to establish a position with an exclusive focus on credentialing. Since the hire of our Credential Analyst, RPS has also created new tracking systems that ensure no credentialing issues slip through the cracks. Our new systems track current credential status with the state, in addition to tracking test status and all communication with our teachers. School Leaders and the broader RPS network receive monthly reports to ensure we are all aware of the current credential status of every teacher in the network. Finally, RPS also implemented a mandatory summer credentialing professional development session and will continue to do this each year to ensure teachers understand all credential systems and processes and correctly apply for their licenses.

Lisa F. Constancio, Director
February 4, 2019
Page 2 of 2

To verify the integrity of the new internal systems now in place, Rocketship management made the decision to proactively audit all California teacher credentials for the 6/30/19 audit year. RPS is confident that these new internal systems will ensure this problem will not persist; investing in the supplementary audit is an important, independent check on our process before the 12/15/19 deadline. RPS will share the results of this credentialing "pre-audit" with our authorizers and the CDE as soon as it is available.

Our mission compels us to ensure all students have access to an excellent public education. As part of this review, RPS also assessed student impact from the non-credentialed teachers. Based on the nationally normed NWEA Measures of Academic Progress, student achievement in these cohorts improved by at least one year of academic growth -- meaning that students kept pace with their peers across the country. Student progress was not negatively impacted.

RPS also has a finding in Section II related to its closing process. In the second half of 2017-18, Rocketship experienced the departure of a senior accounting staff member. With this departure, RPS decided it was an appropriate time to assess the efficiency and strength of its accounting team. Therefore, the organization reviewed in detail its accounting processes, systems and staff. This included hiring an external consultant in Q4 2017-18 to assess our systems, investing in more advanced technology systems, developing detailed close-out procedures, and ultimately hiring a very experienced senior accounting leader in the late fall of 2018. We are hopeful that these steps will mitigate report delays and solidify controls, and address the findings related to our closing process.

Rocketship deeply appreciates the continued spirit of partnership from its authorizers and the CDE, and we look forward to reviewing any additional questions or concerns you may have regarding these important issues.

Very truly yours,



Keysha Bailey
CFO

cc: Preston Smith, CEO
Fred Ferrer, Board President
Cheye Calvo, Chief Growth and Community Engagement Officer
Marie Gill, Bay Area Regional Director
Maria O'Hollearn, San Jose Regional Director

ROCKETSHIP EDUCATION AND ITS AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017)**

OPERATING:

California

**Rocketship Mateo Sheedy Elementary
Rocketship Si Se Puede Academy
Rocketship Los Suenos Academy
Rocketship Mosaic Elementary
Rocketship Discovery Prep
Rocketship Brilliant Minds
Rocketship Alma Academy
Rocketship Spark Academy
Rocketship Fuerza Community Prep
Rocketship Redwood City Prep
Rocketship Rising Stars
Rocketship Futuro Academy
Rocketship Delta Prep**

Tennessee

**Rocketship Nashville Northeast Elementary
Rocketship United Academy
Rocketship Partners Community Prep**

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, 2018, and the related consolidated statements of activities 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.

Auditor's 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 auditor's 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, 2018, 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*. 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 2017 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated January 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 January 30, 2019 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

January 30, 2019

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2018 Total	2017 Total
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 20,844,116	\$ 883,567	\$ 2,453,937	\$ 14,612,692	\$ -	\$ 38,794,312	\$ 43,265,177
Restricted Cash	-	29,664	-	11,333,336	-	11,363,000	10,634,074
Accounts Receivable	9,235,566	3,667	-	294,198	-	9,533,421	8,203,486
Grants Receivable	-	533,532	870,751	-	-	1,404,283	476,241
Note Receivable	-	-	-	-	-	-	560,000
Prepaid Expenses and Deposits	2,349,122	48,343	46,422	903,568	-	3,347,455	1,368,099
Total Current Assets	<u>32,428,794</u>	<u>1,498,773</u>	<u>3,371,110</u>	<u>27,143,794</u>	<u>-</u>	<u>64,442,471</u>	<u>64,507,077</u>
LONG-TERM ASSETS							
Grants Receivable	-	75,000	-	-	-	75,000	96,325
Intracompany Receivable	4,949,638	334	643,470	-	(5,593,442)	-	-
Security Deposits	429,295	5,000	1,500	-	(400,000)	35,795	-
Deferred Rent Asset	-	-	-	6,403,433	(6,403,433)	-	-
Property, Plant, and Equipment, Net	5,150,515	20,219	-	98,422,757	-	103,593,491	99,989,879
Total Long-Term Assets	<u>10,529,448</u>	<u>100,553</u>	<u>644,970</u>	<u>104,826,190</u>	<u>(12,396,875)</u>	<u>103,704,286</u>	<u>100,086,204</u>
Total Assets	<u>\$ 42,958,242</u>	<u>\$ 1,599,326</u>	<u>\$ 4,016,080</u>	<u>\$ 131,969,984</u>	<u>\$ (12,396,875)</u>	<u>\$ 168,146,757</u>	<u>\$ 164,593,281</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ 6,294,351	\$ 335,276	\$ 728,268	\$ 2,370,467	\$ -	\$ 9,728,362	\$ 6,783,072
Accrued Interest	85,119	-	-	507,338	-	592,457	761,817
Deferred Rent Liability	-	36,283	-	-	(36,283)	-	-
Deferred Revenues	1,324,670	-	-	9,456	(9,456)	1,324,670	823,348
Current Portion of Loans Payable	491,668	-	-	2,225,000	-	2,716,668	9,722,526
Total Current Liabilities	<u>8,195,808</u>	<u>371,559</u>	<u>728,268</u>	<u>5,112,261</u>	<u>(45,739)</u>	<u>14,362,157</u>	<u>18,090,763</u>
LONG-TERM LIABILITIES							
Security Deposits	-	-	-	400,000	(400,000)	-	-
Accrued Interest	148,825	-	-	-	-	148,825	113,478
Deferred Rent Liability	3,834,350	21,092	2,302,877	6,276,315	(6,357,694)	6,076,940	1,922,841
Intracompany Payable	-	2,643,691	2,949,751	-	(5,593,442)	-	-
Loans Payable	1,762,512	-	-	124,912,717	-	126,675,229	126,930,036
Total Long-Term Liabilities	<u>5,745,687</u>	<u>2,664,783</u>	<u>5,252,628</u>	<u>131,589,032</u>	<u>(12,351,136)</u>	<u>132,900,994</u>	<u>128,966,355</u>
NET ASSETS							
Unrestricted	28,924,363	(2,066,762)	(2,229,816)	(4,731,309)	-	19,896,476	16,490,691
Temporarily Restricted	92,384	629,746	265,000	-	-	987,130	1,045,472
Total Net Assets	<u>29,016,747</u>	<u>(1,437,016)</u>	<u>(1,964,816)</u>	<u>(4,731,309)</u>	<u>-</u>	<u>20,883,606</u>	<u>17,536,163</u>
Total Liabilities And Net Assets	<u>\$ 42,958,242</u>	<u>\$ 1,599,326</u>	<u>\$ 4,016,080</u>	<u>\$ 131,969,984</u>	<u>\$ (12,396,875)</u>	<u>\$ 168,146,757</u>	<u>\$ 164,593,281</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2018 Total	2017 Total
UNRESTRICTED NET ASSETS							
REVENUES							
LCFF State Aid	\$ 39,238,901	\$ -	\$ -	\$ -	\$ -	\$ 39,238,901	\$ 38,756,121
Apportionment Revenue	9,928,496	4,138,735	10,138,348	-	-	24,205,579	20,628,908
Property Taxes	15,266,385	-	-	-	-	15,266,385	13,886,120
Other State Revenue	12,233,383	73,416	2,210,386	-	-	14,517,185	12,324,370
Federal Revenue	10,070,208	1,065,681	1,815,858	-	-	12,951,747	11,057,467
Other Local Revenue	5,015,447	26,830	8,118	18,619,442	(16,229,778)	7,440,059	2,766,145
Contributions	6,904,759	131,854	970,245	-	-	8,006,858	8,197,231
Amounts Released from Restriction	41,763	32,550	596,325	-	-	670,638	264,170
Total Unrestricted Revenues	<u>98,699,342</u>	<u>5,469,066</u>	<u>15,739,280</u>	<u>18,619,442</u>	<u>(16,229,778)</u>	<u>122,297,352</u>	<u>107,880,532</u>
EXPENSES							
Program Expenses:							
Educational programs	74,905,227	4,878,229	13,854,536	-	(16,229,778)	77,408,214	70,573,394
Supporting Services:							
Site Supports and Program Development	12,441,682	-	-	15,388,516	(145,000)	27,685,198	27,977,604
Administration and General	7,023,529	782,730	2,083,443	3,763,453	145,000	13,798,155	9,280,970
Total Supporting Services	<u>19,465,211</u>	<u>782,730</u>	<u>2,083,443</u>	<u>19,151,969</u>	<u>-</u>	<u>41,483,353</u>	<u>37,258,574</u>
Total Expenses	<u>94,370,438</u>	<u>5,660,959</u>	<u>15,937,979</u>	<u>19,151,969</u>	<u>(16,229,778)</u>	<u>118,891,567</u>	<u>107,831,968</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	4,328,904	(191,893)	(198,699)	(532,527)	-	3,405,785	48,564
TEMPORARILY RESTRICTED NET ASSETS							
Amounts Released from Restriction	(41,763)	(32,550)	(596,325)	-	-	(670,638)	(264,170)
Contributions	100,000	347,296	165,000	-	-	612,296	820,305
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	58,237	314,746	(431,325)	-	-	(58,342)	556,135
INCREASE (DECREASE) IN NET ASSETS	4,387,141	122,853	(630,024)	(532,527)	-	3,347,443	604,699
Net Assets - Beginning of Year	24,629,606	(1,559,869)	(1,334,792)	(4,198,782)	-	17,536,163	16,931,464
NET ASSETS - END OF YEAR	<u>\$ 29,016,747</u>	<u>\$ (1,437,016)</u>	<u>\$ (1,964,816)</u>	<u>\$ (4,731,309)</u>	<u>\$ -</u>	<u>\$ 20,883,606</u>	<u>\$ 17,536,163</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2018 Total	2017 Total
CASH FLOWS FROM OPERATING							
ACTIVITIES							
Change in Net Assets	\$ 4,387,141	\$ 122,853	\$ (630,024)	\$ (532,527)	\$ -	\$ 3,347,443	\$ 604,699
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:							
Depreciation and Amortization	338,971	36	-	2,964,498	-	3,303,505	2,957,153
Allowance for Nonrecoverable Project Costs	-	-	-	-	-	-	1,721,312
(Increase) Decrease in Operating Assets:							
Accounts Receivable	(1,440,173)	355,823	31,411	(276,996)	-	(1,329,935)	(276,902)
Grants Receivable	52,944	(608,532)	(351,129)	-	-	(906,717)	166,068
Prepaid Expenses and Other Current Assets	(683,311)	(22,771)	33,950	(564,060)	-	(1,236,192)	677,420
Deferred Rent Asset	-	-	-	(2,424,669)	2,424,669	-	-
Increase (Decrease) in Operating Liabilities:							
Accounts Payable and Accrued Liabilities	659,588	139,645	1,212,642	1,534,157	-	3,546,032	1,183,357
Deferred Revenues	531,264	-	(29,942)	(769,503)	-	(268,181)	(86,628)
Deferred Rent Liability	488,961	32,861	1,685,012	4,382,478	(2,424,669)	4,144,643	608,637
Net Cash Flows from Operating Activities	4,335,385	19,915	1,931,920	4,313,378	-	10,600,598	7,575,115
CASH FLOWS FROM INVESTING							
ACTIVITIES							
Proceeds from Note Receivable	-	-	-	560,000	-	560,000	-
Purchases of Property, Plant, and Equipment	(202,698)	(20,255)	-	(6,668,919)	-	(6,891,872)	(18,766,316)
Net Cash Flows from Investing Activities	(202,698)	(20,255)	-	(6,108,919)	-	(6,331,872)	(18,766,316)
CASH FLOWS FROM FINANCING							
ACTIVITIES							
Change in Restricted Cash	-	-	-	(699,262)	-	(699,262)	(3,009,144)
Intracompany Loans	382,460	365,846	(1,498,306)	-	-	(750,000)	(2,244,791)
Proceeds from Debt	200,000	-	-	16,860,412	-	17,060,412	44,837,264
Repayment of Debt	(1,633,348)	-	-	(22,687,729)	-	(24,321,077)	(9,700,583)
Net Cash Flows from by Financing Activities	(1,050,888)	365,846	(1,498,306)	(6,526,579)	-	(8,709,927)	29,882,746
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,081,799	365,506	433,614	(8,322,120)	-	(4,441,201)	18,691,545
Cash and Cash Equivalents - Beginning of Year	17,762,317	547,725	2,020,323	22,934,812	-	43,265,177	24,573,632
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 20,844,116	\$ 913,231	\$ 2,453,937	\$ 14,612,692	\$ -	\$ 38,823,976	\$ 43,265,177
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION							
Cash Paid for Interest, Net	\$ 14,783	\$ -	\$ -	\$ 7,747,174	\$ -	\$ 7,761,957	\$ 6,734,613
Capitalized Interest	\$ -	\$ -	\$ -	\$ 28,050	\$ -	\$ 28,050	\$ 111,379

See accompanying Notes to Consolidated Financial Statements.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

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 Nashville Northeast Elementary (RNNE)*** – Tennessee charter school
- ***Rocketship United Academy (RUA)*** – Tennessee charter school
- ***Rocketship Partners Community Prep (RPP)*** – Tennessee charter school
- ***Rocketship Delta Prep (RDL)*** – California charter school (opened August 2018)

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

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). There is a second school in its start-up year called Rocketship Transformation Prep which is expected to begin operations in the Fall of 2018.

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), opened in August 2016, and Rocketship Legacy Prep (RLP) opened in August 2017.

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

- *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

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.

Net Asset Classes

RSEA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Net assets of RSEA consist of the following:

Unrestricted – All resources over which the governing board has discretionary control to use in carrying on the general operations of the organization.

Temporarily Restricted – These net assets are restricted by donors to be used for specific purposes.

Permanently Restricted – These net assets are permanently restricted by donors and cannot be used by RSEA. RSEA does not currently have any permanently restricted net assets.

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.

Restricted Cash

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

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.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

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.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have 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. There were no expenses for fundraising or the year ended June 30, 2018.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market 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.

Income Taxes

RSEA is comprised of various nonprofit entities 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 related to these entities. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

RSEA files all appropriate tax returns in the U.S. federal jurisdiction, and the states in which it operates, as applicable.

Evaluation of Subsequent Events

RSEA has evaluated subsequent events through January 30, 2019, the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, from which the summarized information was derived.

NOTE 2 CONCENTRATION OF CREDIT 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 3 ACCOUNTS RECEIVABLE

Accounts receivable primarily consist of funds due from various governmental units. Management believes that \$507,646 of the In Lieu of Property Taxes receivables are uncollectible; therefore provisions for uncollectible accounts were recorded as of June 30, 2018.

NOTE 4 GRANTS RECEIVABLE

Grants receivable consist of funds due from grantor agencies based upon RSN meeting various conditions or milestones. As of June 30, 2018 grant amounts connected with met milestones have been recorded as grants receivable and have been classified as temporarily restricted contributions 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, 2018

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property and equipment consisted of the following:

	RSED	LDC	RSEA Total
Land	\$ -	\$ 16,310,375	\$ 16,310,375
Furniture and Equipment	794,478	422,131	1,216,609
Buildings	5,799,793	87,974,773	93,774,566
Other	12,755	7,126,245	7,139,000
Less: Accumulated Depreciation	(1,436,292)	(13,410,767)	(14,847,059)
Total	<u>\$ 5,170,734</u>	<u>\$ 98,422,757</u>	<u>\$ 103,593,491</u>

Depreciation expense was \$3,303,502 for the year ended June 30, 2018.

NOTE 6 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.

The remaining nonconvertible \$1.05 million of the loan plus accrued interest will be due on June 30, 2018 (\$100,000 paid), June 30, 2019 (\$200,000) and June 30, 2020 (\$500,000), and on June 20, 2021 (\$250,000) and all remaining accrued interest.

In December 2012, RSN and CSGF entered into a \$125,000 School Startup Subordinated Loan Agreement at an effective interest rate of 1.0%. The loan is scheduled to be repaid in full on June 30, 2019.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 DEBT (CONTINUED)

Convertible Debt (Continued)

RSN – Charter School Growth Fund (Continued)

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%. The loans are scheduled to be repaid in full on June 30, 2020 (RFZ and RNNE) and June 30, 2021 (RRWC and RUA).

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. The loans are scheduled to be repaid in full on June 30, 2021.

During the 2016/17 school year, RSN and CSGF entered into a \$1 million Subordinated Loan Agreement at an effective rate of 1.0 percent. The entire loan plus associated interest will be forgiven and converted into a grant provided that RSN meet specified educational, financial and growth outcomes prior to December 31, 2019. If not converted, the loan and interest is scheduled to be repaid in full December 31, 2022.

Loans Payable

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

As of June 30, 2018, three of Rocketship's California schools have revolving loans payable to the California School Finance Authority (CSFA) ranging from \$65,500 to \$250,000, totaling \$541,680 combined. The loans have effective interest rates ranging from 0.22% to 1.47%. Principal is payable over a four or five-year period, with installments ranging from \$20,000 to \$62,500 deducted from apportionment revenue. Final maturity is 2022.

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.

LLC5 - Low Income Investment Fund Sub-CDE VIII LLC Loan

In March 2011, LLC5 borrowed debt capital for the RDP project from LIIF Sub-CDE VIII, LLC (the LIIF LLC), a Delaware limited liability company formed by the Low Income Investment Fund (LIIF), a CDFI under the leverage loan model of the New Markets Tax Credits program under Section 45D of the Internal Revenue Code of 1986. US Bank CDC purchased the tax credits from the LIIF LLC, the proceeds of which were used in part to fund a "qualified equity investment".

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 DEBT (CONTINUED)

Loans Payable (Continued)

LLC5 - Low Income Investment Fund Sub-CDE VIII LLC Loan (Continued)

LIIF and other participating institutions provided the leverage debt capital. The LIIF LLC made three (3) loans to LLC5, the Borrower, in the aggregate original principal amount of \$9,975,000 (the QLICI Loan), which QLICI Loan is expected to constitute a “qualified low-income community investment” (QLICI) being made to a “qualified active low-income community business” (QALICB) under the NMTC Program, and which includes subordinated debt provided by Launchpad of \$560,000. The loan was repaid and retired in August 2017 with the proceeds from the Obligated Group Bonds Series 2017A and B.

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.

LLC18 – LIIF Acquisition Loan

In January 2017, LLC18 entered into a \$1.2 million loan agreement with Low Income Investment Fund (LIIF) to provide interim financing for LLC18’s project development in Antioch, California. The loan has an interest rate of 5.50% and is repayable in 36 months. In December 2017, the loan was repaid with proceeds from LDC Obligated Group Bonds Series 2017 G and H.

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).

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 DEBT (CONTINUED)

Loans Payable (Continued)

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.

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).

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).

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 DEBT (CONTINUED)

Loans Payable (Continued)

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

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

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).

Future maturities of debt in summary:

<u>Year Ended June 30,</u>	<u>RSED</u>	<u>LDC</u>	<u>Total</u>
2019	\$ 491,668	\$ 2,225,000	\$ 2,716,668
2020	987,512	3,545,000	4,532,512
2021	712,500	2,455,000	3,167,500
2022	62,500	2,650,000	2,712,500
2023	-	2,995,000	2,995,000
Thereafter	-	117,756,675	117,756,675
Subtotal	2,254,180	131,626,675	133,880,855
Cost of Issuance and Discounts/Premiums	-	(4,488,958)	(4,488,958)
Total	<u>\$ 2,254,180</u>	<u>\$ 127,137,717</u>	<u>\$ 129,391,897</u>

Amortization expense for cost of issuance and discounts/premiums was \$290,632 for the year ended June 30, 2018.

NOTE 7 NET ASSET RESTRICTIONS

Temporarily restricted net assets of \$987,130 relate to grants that are specifically restricted to future operations.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

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 August 7, 2018. During the year ended June 30, 2018, temporarily restricted net assets released from restriction from in-kind rent was \$125,290 (net of prior year discount) and lease expense totaled \$163,639.

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 \$221,122 for the year ended June 30, 2018.

LLC10-RSK Site Land Lease

20-year land lease, \$8,400 payable monthly (\$100,800 annually), subject to adjustment every three years. Lease expense recognized for the year ended June 30, 2018 was \$100,800.

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, 2018 was \$95,004.

LLC12-RFZ Site Land Lease

35-year land lease, \$24,000 payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018, total lease expense of \$387,863 has been accrued and lease payments totaled \$287,400.

RFZ Site Land Lease

34-year land lease for addition to RFZ site, payable between \$2,885 and \$2,928 monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018, total lease expense of \$32,295 has been accrued and lease payments totaled \$32,272.

RRWC Facility Lease

One-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2018 was \$72,754.

LLC15 Site Lease

15-year land lease, \$25,000 payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018, total lease expense was \$370,500. In December 2017, the lease was terminated.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 OPERATING LEASES (CONTINUED)

RFA facility lease

One-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2018 was \$40,110.

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. Lease expense recognized for the year ended June 30, 2018 was \$16,432.

NLLC2- RUA Facility Lease

29-year facility lease, \$53,908, plus additional rent items, payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018 total lease expense of \$880,032 has been accrued and lease payments totaled \$826,775.

DLLC1-RISE Facility Lease

29-year facility lease, \$174,828, plus additional rent items, payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018 total lease expense of \$2,726,285 has been accrued and lease payments totaled \$2,676,592.

DLLC2-RLP Facility Lease

29-year facility lease, \$174,828, plus additional rent items, payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018 total lease expense of \$1,213,864 has been accrued.

LDC paid for a RLP parking lease from June to December 2017. Lease expense recognized for the year ended June 30, 2018 was \$10,500.

RPP Facility Lease

One-year facility lease, \$10,000 payable monthly during the year ended June 30, 2018. Lease expense recognized for the year ended June 30, 2018 was \$120,000.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 OPERATING LEASES (CONTINUED)

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

June 30,	RSN	RFZ	RPS	LLC10	LLC11
2019	\$ 319,338	\$ 35,662	\$ 73,874	\$ 105,840	\$ 95,004
2020	175,654	36,197	76,104	105,840	95,004
2121	180,924	36,740	78,393	105,840	95,004
2022	186,352	37,291	80,624	111,132	95,004
2023	95,030	37,850	76,017	111,132	95,004
Thereafter	-	1,154,958	-	1,476,216	1,900,080
Total	<u>\$ 957,298</u>	<u>\$ 1,338,698</u>	<u>\$ 385,012</u>	<u>\$ 2,016,000</u>	<u>\$ 2,375,100</u>

June 30,	LLC12	DLLC1	DLLC2	NLLC2	RSEA Total
2019	\$ 316,800	\$ 2,047,832	\$ 1,918,053	\$ 646,893	\$ 5,559,296
2020	316,800	2,047,832	1,918,053	646,893	5,418,377
2121	316,800	2,047,832	1,918,053	660,647	5,440,233
2022	316,800	2,091,821	1,918,053	675,511	5,512,588
2023	316,800	2,138,887	1,961,209	681,114	5,513,043
Thereafter	10,479,126	64,818,142	59,556,835	18,705,503	158,090,860
Total	<u>\$ 12,063,126</u>	<u>\$ 75,192,346</u>	<u>\$ 69,190,256</u>	<u>\$ 22,016,561</u>	<u>\$ 185,534,397</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, 2018**

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, 2017, total plan net assets are \$210 billion, the total actuarial present value of accumulated plan benefits is \$362 billion, contributions from all employers totaled \$4.2 billion, and the plan is 62.6% funded. RSEA 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, 2018 was 16.28% 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>	STRS	
	Required Contribution	Percent Contributed
2016	\$ 1,420,048	100 %
2017	\$ 1,924,652	100 %
2018	\$ 2,229,425	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, 2018

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 percent 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, 2018 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, 2018 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, 2018

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, 2018 RSEA contributed \$458,331 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 accrued on a straight-line basis over the life of the lease. Total lease expense of \$868,335 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,016,140.

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 accrued on a straight-line basis over the life of the lease. Total lease expense of \$1,032,223 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,033,731.

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 accrued on a straight-line basis over the life of the lease. Total lease expense of \$1,095,777 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$621,020.

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 accrued on a straight-line basis over the life of the lease. Total lease expense of \$932,818 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$945,693.

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 accrued on a straight-line basis over the life of the lease. Total lease expense of \$960,579 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$509,140.

In 2014, RBM entered into a 29-year facility lease agreement with LLC11 through 2043. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$1,103,935 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,130,841.

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 accrued on a straight-line basis over the life of the lease. Total lease expense of \$715,590 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$724,520.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

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 accrued on a straight-line basis over the life of the lease. Total lease expense of \$875,394 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,024,464.

In 2014, RFZ entered into a 29-year facility lease agreement with LLC12 through 2043. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$1,408,961 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,366,250.

In 2016, RRS entered into a 30-year facility lease agreement with LLC16 through 2046. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$854,915 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,014,847.

In 2017, RRWC entered into a 19-year facility lease agreement with LLC15 through 2036. Total lease revenue of \$398,317 has been accrued. For school year 2017/18, lease revenue under this agreement totaled \$211,686. On December 2017, the lease was terminated.

In February 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 accrued on a straight-line basis over the life of the lease. Following the purchase, the prior year accrued balance of \$112,241 was written down, resulting in a decrease in current lease expense. For the year ended June 30, 2018, lease expense under the original lease of \$276,036 has been recorded, inclusive of current year lease payments totaling \$388,277 and the \$112,241 credit from the prior year. Lease expense under the new lease totaled \$423,312 and lease payments totaled \$425,000.

In 2017, RNNE entered into a 35-year facility lease agreement with NLLC1 through 2052. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$572,704 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$575,000.

In 2016, RUA entered into a 29-year facility lease agreement with NLLC2 through 2044. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$826,775 has been accrued. For school year 2017/16, lease payments under this agreement totaled \$646,893.

In 2016, RISE entered into a 29-year facility lease agreement with DLLC1 through 2045. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018 total lease expense of \$2,617,388 has been accrued and lease payments totaled \$2,097,931.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

In 2017, RDL entered into a 25-year facility lease agreement with LLC18 through 2032. Lease commencement occurred in August 2018.

Future estimated payments under these leases as of June 30, 2018 are as follows:

June 30,	RMS	RSSP	RLS	ROMO	RDP	RBM
2019	\$ 1,008,461	\$ 1,038,839	\$ 692,773	\$ 947,108	\$ 591,203	\$ 1,124,587
2020	1,004,894	1,037,829	630,467	945,542	538,043	1,129,129
2021	1,005,461	1,031,890	627,634	946,063	535,599	1,128,415
2022	1,005,223	1,036,436	627,483	947,569	535,521	1,127,060
2023	1,007,628	1,040,018	624,201	947,800	533,570	1,130,462
Thereafter	18,997,664	20,894,500	21,550,273	17,673,015	18,413,437	22,825,806
Total	<u>\$ 24,029,331</u>	<u>\$ 26,079,512</u>	<u>\$ 24,752,831</u>	<u>\$ 22,407,097</u>	<u>\$ 21,147,373</u>	<u>\$ 28,465,459</u>

June 30,	RSA	RSK	RFZ	RRS	RNNE
2019	\$ 724,657	\$ 1,020,585	\$ 1,375,718	\$ 1,013,385	\$ 575,000
2020	724,946	1,013,722	1,375,032	1,005,092	575,000
2021	724,609	1,014,162	1,380,217	1,004,162	575,000
2022	723,645	1,013,542	1,379,039	1,003,542	575,000
2023	727,055	1,015,552	1,394,328	1,005,552	575,000
Thereafter	3,145,672	19,167,639	29,740,084	18,937,639	16,674,998
Total	<u>\$ 6,770,584</u>	<u>\$ 24,245,202</u>	<u>\$ 36,644,418</u>	<u>\$ 23,969,372</u>	<u>\$ 19,549,998</u>

June 30,	RUA	RSCP	RISE	RLP	Total
2019	\$ 646,893	\$ 425,000	\$ 2,097,931	\$ 2,148,519	\$ 15,430,659
2020	646,893	425,000	2,097,931	2,148,519	15,298,039
2021	660,647	425,000	2,145,134	2,148,519	15,352,512
2022	675,511	425,000	2,193,400	2,148,519	15,416,490
2023	690,710	425,000	2,242,751	2,148,519	15,508,146
Thereafter	18,695,862	12,324,998	64,365,100	68,909,827	372,316,514
Total	<u>\$ 22,016,516</u>	<u>\$ 14,449,998</u>	<u>\$ 75,142,247</u>	<u>\$ 79,652,422</u>	<u>\$ 449,322,360</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, RSCP paid RSN quarterly interest payments totaling \$60,000.

Rocketship Education fees charged to Rocketship Education D.C.

RSN charged RSDC \$79,474 and \$490,782 for start-up services in support of the region during years ended June 30, 2018 and 2017, respectively.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Development Fees

In connection with construction development projects, Launchpad has contracted to receive development fees which are accrued based on project-specific milestones.

For the year ended June 30, 2018, development fees of \$150,000 were collected from LLC18.

Management Services

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

For the year ended June 30, 2018, management fees were as follows:

RMS	\$ 914,913
RSSP	778,634
RLS	905,539
ROMO	1,120,350
RDP	850,760
RBM	1,037,898
RSA	815,692
RSK	1,062,897
RRS	999,744
RFZ	1,082,970
RFA	419,322
RRWC	398,558
RNNE	720,048
RUA	863,152
RPP	85,078
Wisconsin Schools	708,504
D.C. Schools	1,368,278
Total	<u><u>\$ 14,132,337</u></u>

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, 2018, the amount of Donated Services recorded from RSN to Launchpad was \$146,000.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 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.

NOTE 12 SUBSEQUENT EVENT

At June 30, 2018 the operations of RPP in Nashville were consolidated into other Nashville schools RNNE and RUA. RPP will not operate in the 18/19 school year.

SUPPLEMENTARY INFORMATION

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2018**

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 2020
Rocketship Si Se Puede Academy (RSSP), chartered by the Santa Clara County Office of Education, Charter Number: 1061 – Established 2009, Expires 2017
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 2017
Rocketship Alma Academy (RSA), chartered by the Santa Clara County Office of Education, Charter Number: 1394 – Established 2012, Expires 2017
Rocketship Spark Academy (RSK), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1526 – Established 2013, Expires 2018
Rocketship Fuerza Community Prep (RFZ), chartered by the Santa Clara County Office of Education, Charter Number: 1687 – Established 2014, Expires 2019
Rocketship Redwood City Prep (RRWC), chartered by the Redwood City Elementary School District, Charter Number: 1736 – Established 2015, Expires 2020
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 – begins 18/19

Tennessee Charter Schools:

Rocketship Nashville Northeast Elementary (RNNE)
Rocketship United Academy (RUA)
Rocketship Partners Community Prep (RPP)

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

Rocketship Southside Community Prep (RSCP)
Rocketship Transformation Prep (RTP) – begins 18/19

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, 2018**

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires (2-Year Term)</u>
Fred Ferrer	President	2020
Louis Jordan	Treasurer	2019
Arra Yerganian	Secretary	2019
Alex Hernandez	Member	2019
Alex Terman	Member	2020
Deborah McGriff	Member	2019
Greg Stanger	Member	2020
Raymond Raven	Member	2019
Ralph Weber	Member	2019
Jolene Slotter	Member	2019
David Kaval	Member	2020
Don Shalvey	Member	2020
June Nwabara	Member	2020

ADMINISTRATION

Preston Smith	Co-Founder, CEO and President
Keysha Bailey	Chief Financial Officer
Lynn Liao	Chief Programs Officer
Carolyn Davies Lynch	Vice President, Strategy & Scalability
Cheye Calvo	Chief Growth and Community Engagement Officer
Christopher Murphy	Vice President, Marketing and Communications

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - SCHOOLS
JUNE 30, 2018

ASSETS	RSN	California					RBM	Total Page 1
		RMS	RSSP	RLS	ROMO	RDP		
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 2,298,869	\$ 1,046,446	\$ 2,773,820	\$ 1,061,482	\$ 3,327,002	\$ 346,290	\$ 2,074,410	\$ 12,928,319
Restricted Cash	-	-	-	-	-	-	-	-
Accounts Receivable	606,242	519,504	613,957	713,921	648,219	1,266,582	905,454	5,273,879
Grants Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	191,919	466,273	22,272	346,159	20,430	619,124	26,068	1,692,245
Total Current Assets	3,097,030	2,032,223	3,410,049	2,121,562	3,995,651	2,231,996	3,005,932	19,894,443
LONG-TERM ASSETS								
Grants Receivable	-	-	-	-	-	-	-	-
Intracompany Receivable	10,130,406	192,058	-	-	-	-	-	10,322,464
Security Deposits	29,295	-	-	100,000	100,000	100,000	-	329,295
Property, Plant, and Equipment, Net	331,130	1,179,661	833,204	844,643	624,661	534,926	91,901	4,440,126
Total Long-Term Assets	10,490,831	1,371,719	833,204	944,643	724,661	634,926	91,901	15,091,885
Total Assets	\$ 13,587,861	\$ 3,403,942	\$ 4,243,253	\$ 3,066,205	\$ 4,720,312	\$ 2,866,922	\$ 3,097,833	\$ 34,986,328
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 2,258,365	\$ 269,033	\$ 241,047	\$ 242,920	\$ 365,591	\$ 319,951	\$ 334,451	\$ 4,031,358
Accrued Interest	85,119	-	-	-	-	-	-	85,119
Deferred Rent Liability	-	-	-	-	-	-	-	-
Deferred Revenue	-	110,731	177,835	35,302	208,786	247,199	122,519	902,372
Current Portion of Loans Payable	325,000	-	-	-	-	-	-	325,000
Total Current Liabilities	2,668,484	379,764	418,882	278,222	574,377	567,150	456,970	5,343,849
LONG-TERM LIABILITIES								
Accrued Interest	127,461	-	-	-	-	-	-	127,461
Deferred Rent Liability	-	30	273,964	-	573,863	-	866,862	1,714,719
Intracompany Payable	104	-	88,306	135,100	203,520	1,798,494	155,625	2,381,149
Loans Payable	750,000	-	-	-	-	-	-	750,000
Total Long-Term Liabilities	877,565	30	362,270	135,100	777,383	1,798,494	1,022,487	4,973,329
NET ASSETS								
Unrestricted	9,949,428	3,024,148	3,462,101	2,652,883	3,368,552	501,278	1,618,376	24,576,766
Temporarily Restricted	92,384	-	-	-	-	-	-	92,384
Total Net Assets	10,041,812	3,024,148	3,462,101	2,652,883	3,368,552	501,278	1,618,376	24,669,150
Total Liabilities and Net Assets	\$ 13,587,861	\$ 3,403,942	\$ 4,243,253	\$ 3,066,205	\$ 4,720,312	\$ 2,866,922	\$ 3,097,833	\$ 34,986,328

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2018

ASSETS	From Page 1	California						Total Page 2
		RSA	RSK	RFZ	RRWC	RRS	RFA	
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 12,928,319	\$ 1,378,581	\$ 2,634,846	\$ 1,658,643	\$ 246,586	\$ 1,041,362	\$ 462,513	\$ 20,350,850
Restricted Cash	-	-	-	-	-	-	-	-
Accounts Receivable	5,273,879	1,080,155	278,768	694,963	369,690	532,230	582,403	8,812,088
Grants Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	1,692,245	20,435	390,998	19,334	8,582	89,893	13,465	2,234,952
Total Current Assets	19,894,443	2,479,171	3,304,612	2,372,940	624,858	1,663,485	1,058,381	31,397,890
LONG-TERM ASSETS								
Grants Receivable	-	-	-	-	-	-	-	-
Intracompany Receivable	10,322,464	-	-	-	-	-	-	10,322,464
Security Deposits	329,295	100,000	-	-	-	-	-	429,295
Property, Plant, and Equipment, Net	4,440,126	389,636	160,495	50,952	16,328	9,188	(8,116)	5,058,609
Total Long-Term Assets	15,091,885	489,636	160,495	50,952	16,328	9,188	(8,116)	15,810,368
Total Assets	\$ 34,986,328	\$ 2,968,807	\$ 3,465,107	\$ 2,423,892	\$ 641,186	\$ 1,672,673	\$ 1,050,265	\$ 47,208,258
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable	\$ 4,031,358	\$ 285,824	\$ 346,106	\$ 292,668	\$ 220,296	\$ 235,901	\$ 145,738	\$ 5,557,891
Accrued Interest	85,119	-	-	-	-	-	-	85,119
Deferred Rent Liability	-	-	-	-	-	-	-	-
Deferred Revenue	902,372	251,774	131,319	15,920	-	(181)	23,466	1,324,670
Current Portion of Loans Payable	325,000	-	-	-	41,668	62,500	62,500	491,668
Total Current Liabilities	5,343,849	537,598	477,425	308,588	261,964	298,220	231,704	7,459,348
LONG-TERM LIABILITIES								
Accrued Interest	127,461	-	-	3,844	3,055	2,522	2,522	139,404
Deferred Rent Liability	1,714,719	151,041	-	1,445,875	-	-	-	3,311,635
Intracompany Payable	2,381,149	100,785	119,690	107,956	475,000	135,547	583,967	3,904,094
Loans Payable	750,000	-	-	100,000	162,508	162,504	287,500	1,462,512
Total Long-Term Liabilities	4,973,329	251,826	119,690	1,657,675	640,563	300,573	873,989	8,817,645
NET ASSETS								
Unrestricted	24,576,766	2,179,383	2,867,992	457,629	(261,341)	1,073,880	(55,428)	30,838,881
Temporarily Restricted	92,384	-	-	-	-	-	-	92,384
Total Net Assets	24,669,150	2,179,383	2,867,992	457,629	(261,341)	1,073,880	(55,428)	30,931,265
Total Liabilities and Net Assets	\$ 34,986,328	\$ 2,968,807	\$ 3,465,107	\$ 2,423,892	\$ 641,186	\$ 1,672,673	\$ 1,050,265	\$ 47,208,258

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2018

ASSETS	From	Tennessee			Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
	Page 2	RNNE	RUA	RPP						
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 20,350,850	\$ 117,510	\$ 772,324	\$ (396,568)	\$ -	\$ 20,844,116	\$ 883,567	\$ 2,453,937	\$ -	\$ 24,181,620
Restricted Cash	-	-	-	-	-	-	29,664	-	-	29,664
Accounts Receivable	8,812,088	(23,195)	445,090	1,573	-	9,235,556	3,667	-	-	9,239,223
Grants Receivable	-	-	-	-	-	-	533,532	870,751	-	1,404,283
Prepaid Expenses and Deposits	2,234,952	73,579	26,943	13,648	-	2,349,122	48,343	46,422	-	2,443,887
Total Current Assets	31,397,890	167,894	1,244,357	(381,347)	-	32,428,794	1,498,773	3,371,110	-	37,298,677
LONG-TERM ASSETS										
Grants Receivable	-	-	-	-	-	-	75,000	-	-	75,000
Intracompany Receivable	10,322,464	-	-	-	(5,372,826)	4,949,638	334	643,470	(5,593,442)	-
Security Deposits	429,295	-	-	-	-	429,295	5,000	1,500	-	435,795
Property, Plant, and Equipment, Net	5,058,609	19,332	12,567	60,007	-	5,150,515	20,219	-	-	5,170,734
Total Long-Term Assets	15,810,368	19,332	12,567	60,007	(5,372,826)	10,529,448	100,553	644,970	(5,593,442)	5,681,529
Total Assets	\$ 47,208,258	\$ 187,226	\$ 1,256,924	\$ (321,340)	\$ (5,372,826)	\$ 42,958,242	\$ 1,599,326	\$ 4,016,080	\$ (5,593,442)	\$ 42,980,206
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable	\$ 5,557,891	\$ 269,600	\$ 321,503	\$ 145,357	\$ -	\$ 6,294,351	\$ 335,276	\$ 728,268	\$ -	\$ 7,357,895
Accrued Interest	85,119	-	-	-	-	85,119	-	-	-	85,119
Deferred Rent Liability	-	-	-	-	-	-	36,283	-	-	36,283
Deferred Revenue	1,324,670	-	-	-	-	1,324,670	-	-	-	1,324,670
Current Portion of Loans Payable	491,668	-	-	-	-	491,668	-	-	-	491,668
Total Current Liabilities	7,459,348	269,600	321,503	145,357	-	8,195,808	371,559	728,268	-	9,295,635
LONG-TERM LIABILITIES										
Accrued Interest	139,404	3,844	3,055	2,522	-	148,825	-	-	-	148,825
Deferred Rent Liability	3,311,635	2,296	520,419	-	-	3,834,350	21,092	2,302,877	-	6,158,319
Intracompany Payable	3,904,094	279,018	1,104,636	85,078	(5,372,826)	-	2,643,691	2,949,751	(5,593,442)	-
Loans Payable	1,462,512	100,000	100,000	100,000	-	1,762,512	-	-	-	1,762,512
Total Long-Term Liabilities	8,817,645	385,158	1,728,110	187,600	(5,372,826)	5,745,687	2,664,783	5,252,628	(5,593,442)	8,069,656
NET ASSETS										
Unrestricted	30,838,881	(467,532)	(792,689)	(654,297)	-	28,924,363	(2,066,762)	(2,229,816)	-	24,627,785
Temporarily Restricted	92,384	-	-	-	-	92,384	629,746	265,000	-	987,130
Total Net Assets	30,931,265	(467,532)	(792,689)	(654,297)	-	29,016,747	(1,437,016)	(1,964,816)	-	25,614,915
Total Liabilities and Net Assets	\$ 47,208,258	\$ 187,226	\$ 1,256,924	\$ (321,340)	\$ (5,372,826)	\$ 42,958,242	\$ 1,599,326	\$ 4,016,080	\$ (5,593,442)	\$ 42,980,206

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS
YEAR ENDED JUNE 30, 2018**

	California							Total Page 1
	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	
UNRESTRICTED NET ASSETS								
REVENUES								
LCFF State Aid	\$ -	\$ 1,072,636	\$ 2,825,171	\$ 4,546,620	\$ 3,547,548	\$ 4,060,171	\$ 5,424,756	\$ 21,476,902
Apportionment Revenue	-	-	-	-	-	-	-	-
Property Taxes	-	3,767,827	1,385,513	32,733	1,967,579	152,097	27,524	7,333,273
Other State Revenue	-	1,142,990	1,008,596	972,592	1,432,694	1,294,307	1,391,076	7,242,255
Federal Revenue	293,775	782,749	579,999	701,705	758,962	657,475	724,720	4,499,385
Other Local Revenue	15,330,180	8,973	2,652	162	344	-	3,300	15,345,611
Contributions	5,793,550	112,159	46,760	47,406	49,966	58,410	55,088	6,163,339
Amounts Released from Restriction	41,763	-	-	-	-	-	-	41,763
Total Unrestricted Revenues	21,459,268	6,887,334	5,848,691	6,301,218	7,757,093	6,222,460	7,626,464	62,102,528
EXPENSES								
Program Expenses:								
Educational Programs	1,279,807	5,456,788	5,040,303	5,230,885	6,196,606	5,445,354	6,264,227	34,913,970
Supporting Services:								
Site Supports and Program Development	12,441,682	-	-	-	-	-	-	12,441,682
Administration and General	7,023,529	914,913	778,634	905,539	1,120,350	850,760	1,037,898	12,631,623
Total Supporting Services	19,465,211	914,913	778,634	905,539	1,120,350	850,760	1,037,898	25,073,305
Total Expenses	20,745,018	6,371,701	5,818,937	6,136,424	7,316,956	6,296,114	7,302,125	59,987,275
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	714,250	515,633	29,754	164,794	440,137	(73,654)	324,339	2,115,253
TEMPORARILY RESTRICTED NET ASSETS								
Amounts Released from Restriction	(41,763)	-	-	-	-	-	-	(41,763)
Contributions	100,000	-	-	-	-	-	-	100,000
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	58,237	-	-	-	-	-	-	58,237
INCREASE (DECREASE) IN NET ASSETS	772,487	515,633	29,754	164,794	440,137	(73,654)	324,339	2,173,490
Net Assets - Beginning of Year	9,269,325	2,508,515	3,432,347	2,488,089	2,928,415	574,932	1,294,037	22,495,660
NET ASSETS - END OF YEAR	\$ 10,041,812	\$ 3,024,148	\$ 3,462,101	\$ 2,652,883	\$ 3,368,552	\$ 501,278	\$ 1,618,376	\$ 24,669,150

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, 2018**

	California						Total Page 2	
	From Page 1	RSA	RSK	RFZ	RRWC	RRS		RFA
UNRESTRICTED NET ASSETS								
REVENUES								
LCFF State Aid	\$ 21,476,902	\$ 4,133,985	\$ 3,404,567	\$ 3,953,833	\$ 1,415,912	\$ 3,486,135	\$ 1,367,567	\$ 39,238,901
Apportionment Revenue	-	-	-	-	-	-	-	-
Property Taxes	7,333,273	159,150	2,036,013	1,955,936	827,685	1,894,158	1,060,170	15,266,385
Other State Revenue	7,242,255	1,031,615	1,185,594	1,107,249	405,905	1,014,868	232,344	12,219,830
Federal Revenue	4,499,385	751,507	699,514	719,830	329,625	689,565	476,348	8,165,774
Other Local Revenue	15,345,611	-	2,699	5,139	921,405	5,156	13,922	16,293,932
Contributions	6,163,339	41,099	48,993	42,673	44,518	52,011	407,652	6,800,285
Amounts Released from Restriction	41,763	-	-	-	-	-	-	41,763
Total Unrestricted Revenues	62,102,528	6,117,356	7,377,380	7,784,660	3,945,050	7,141,893	3,558,003	98,028,870
EXPENSES								
Program Expenses:								
Educational Programs	34,913,970	5,336,437	5,674,696	6,175,565	2,992,471	5,332,932	2,651,731	63,077,802
Supporting Services:								
Site Supports and Program Development	12,441,682	-	-	-	-	-	-	12,441,682
Administration and General	12,631,623	815,692	1,062,897	1,082,970	398,558	999,744	419,322	17,410,806
Total Supporting Services	25,073,305	815,692	1,062,897	1,082,970	398,558	999,744	419,322	29,852,488
Total Expenses	59,987,275	6,152,129	6,737,593	7,258,535	3,391,029	6,332,676	3,071,053	92,930,290
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	2,115,253	(34,773)	639,787	526,125	554,021	809,217	486,950	5,096,580
TEMPORARILY RESTRICTED NET ASSETS								
Amounts Released from Restriction	(41,763)	-	-	-	-	-	-	(41,763)
Contributions	100,000	-	-	-	-	-	-	100,000
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	58,237	-	-	-	-	-	-	53,237
INCREASE (DECREASE) IN NET ASSETS	2,173,490	(34,773)	639,787	526,125	554,021	809,217	486,950	5,154,817
Net Assets - Beginning of Year	22,495,660	2,214,156	2,228,205	(68,496)	(815,362)	264,663	(542,378)	25,775,448
NET ASSETS - END OF YEAR	\$ 24,669,150	\$ 2,179,383	\$ 2,867,992	\$ 457,929	\$ (261,341)	\$ 1,073,880	\$ (55,428)	\$ 30,931,265

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, 2018

	From Page 2	Tennessee			Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
		RNNE	RUA	RPP						
UNRESTRICTED NET ASSETS										
REVENUES										
LCFF State Aid	\$ 39,238,901	\$ -	\$ -	\$ -	\$ -	\$ 39,238,901	\$ -	\$ -	\$ -	\$ 39,238,901
Apportionment Revenue	-	4,100,435	5,402,129	425,932	-	9,928,496	4,138,735	10,138,348	-	24,205,579
Property Taxes	15,266,385	-	-	-	-	15,266,385	-	-	-	15,266,385
Other State Revenue	12,219,830	-	-	13,553	-	12,233,383	73,416	2,210,386	-	14,517,185
Federal Revenue	8,165,774	566,570	664,405	673,459	-	10,070,208	1,065,681	1,815,858	-	12,951,747
Other Local Revenue	16,293,932	756,175	14,768	6,127	(12,055,555)	5,015,447	26,830	8,118	(2,076,782)	2,973,613
Contributions	6,800,285	4,474	-	100,000	-	6,904,759	131,854	970,245	-	8,006,858
Amounts Released from Restriction	41,763	-	-	-	-	41,763	32,550	596,325	-	670,638
Total Unrestricted Revenues	98,026,870	5,427,654	6,081,302	1,219,071	(12,055,555)	98,699,342	5,469,066	15,739,280	(2,076,782)	117,830,906
EXPENSES										
Program Expenses:										
Educational Programs	63,077,802	4,862,156	5,310,185	1,655,084	-	74,905,227	4,878,229	13,854,536	-	93,637,992
Supporting Services:										
Site Supports and Program Development	12,441,682	-	-	-	-	12,441,682	-	-	-	12,441,682
Administration and General	17,410,806	720,048	863,152	85,078	(12,055,555)	7,023,529	782,730	2,083,443	(2,076,782)	7,812,920
Total Supporting Services	29,852,488	720,048	863,152	85,078	(12,055,555)	19,465,211	782,730	2,083,443	(2,076,782)	20,254,602
Total Expenses	92,930,290	5,582,204	6,173,337	1,740,162	(12,055,555)	94,370,438	5,660,959	15,937,979	(2,076,782)	113,892,594
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	5,096,580	(154,550)	(92,035)	(521,091)	-	4,328,904	(191,893)	(198,699)	-	3,938,312
TEMPORARILY RESTRICTED NET ASSETS										
Amounts Released from Restriction	(41,763)	-	-	-	-	(41,763)	(32,550)	(596,325)	-	(670,638)
Contributions	100,000	-	-	-	-	100,000	347,296	165,000	-	612,296
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	58,237	-	-	-	-	58,237	314,746	(431,325)	-	(58,342)
INCREASE (DECREASE) IN NET ASSETS	5,154,817	(154,550)	(92,035)	(521,091)	-	4,387,141	122,853	(630,024)	-	3,879,970
Net Assets - Beginning of Year	25,776,448	(312,982)	(700,654)	(133,206)	-	24,629,606	(1,559,869)	(1,334,792)	-	21,734,945
NET ASSETS - END OF YEAR	<u>\$ 30,931,265</u>	<u>\$ (467,532)</u>	<u>\$ (792,689)</u>	<u>\$ (654,297)</u>	<u>\$ -</u>	<u>\$ 29,016,747</u>	<u>\$ (1,437,016)</u>	<u>\$ (1,964,816)</u>	<u>\$ -</u>	<u>\$ 25,614,915</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, 2018**

	California							Total Page 1
	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 772,487	\$ 515,633	\$ 29,754	\$ 164,794	\$ 440,137	\$ (73,654)	\$ 324,339	\$ 2,173,490
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:								
Depreciation	130,739	39,396	28,792	28,214	20,568	19,212	5,962	272,883
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(605,567)	(118,693)	(90,709)	(66,901)	(130,392)	(341,732)	(33,451)	(1,407,445)
Grants Receivable	52,944	-	-	-	-	-	-	52,944
Prepaid Expenses and Deposits	131,129	(68,896)	6,428	(325,471)	(442)	(476,123)	(4,100)	(737,475)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	432,577	12,201	41,536	38,012	80,127	134,024	110,016	648,493
Deferred Revenue	-	-	(1,963)	(1,975)	88,212	91,185	88,835	264,294
Deferred Rent Liability	-	30	84,653	(1,062)	75,104	-	67,113	225,838
Net Cash Flows from Operating Activities	<u>914,309</u>	<u>379,671</u>	<u>98,491</u>	<u>(184,389)</u>	<u>573,314</u>	<u>(647,088)</u>	<u>558,714</u>	<u>1,693,022</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	-	-	(5,409)	-	(70,706)	(78,285)	-	(154,400)
Net Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>(5,409)</u>	<u>-</u>	<u>(70,706)</u>	<u>(78,285)</u>	<u>-</u>	<u>(154,400)</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	(936,966)	(192,058)	99,948	135,100	203,520	459,792	155,625	(75,039)
Proceeds from Debt	200,000	-	-	-	-	-	-	200,000
Repayment of Debt	(1,300,000)	-	-	-	-	-	-	(1,300,000)
Net Cash Flows from Financing Activities	<u>(2,036,966)</u>	<u>(192,058)</u>	<u>99,948</u>	<u>135,100</u>	<u>203,520</u>	<u>459,792</u>	<u>155,625</u>	<u>(1,175,039)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,122,657)</u>	<u>187,613</u>	<u>193,030</u>	<u>(49,289)</u>	<u>706,128</u>	<u>(265,581)</u>	<u>714,339</u>	<u>363,583</u>
Cash and Cash Equivalents - Beginning of Year	<u>3,421,526</u>	<u>858,833</u>	<u>2,580,790</u>	<u>1,110,771</u>	<u>2,620,874</u>	<u>611,871</u>	<u>1,360,071</u>	<u>12,564,736</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,298,869</u>	<u>\$ 1,046,446</u>	<u>\$ 2,773,820</u>	<u>\$ 1,061,482</u>	<u>\$ 3,327,002</u>	<u>\$ 346,290</u>	<u>\$ 2,074,410</u>	<u>\$ 12,928,319</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	<u>\$ 11,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,611</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, 2018

	From Page 1	California						Total Page 2
		RSA	RSK	RFZ	RRWC	RRS	RFA	
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 2,173,490	\$ (34,773)	\$ 639,787	\$ 526,125	\$ 554,021	\$ 809,217	\$ 486,950	\$ 5,154,817
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:								
Depreciation	272,883	19,238	8,000	4,282	7,838	2,980	17,658	332,879
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(1,407,445)	74,858	206,612	40,867	146,642	25,778	(426,217)	(1,338,905)
Grants Receivable	52,944	-	-	-	-	-	-	52,944
Prepaid Expenses and Deposits	(737,475)	12,546	(68,242)	8,448	24,669	(52,759)	11,304	(801,509)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	848,493	(15,446)	21,929	(43,936)	(46,849)	(9,960)	(82,792)	671,439
Deferred Revenue	264,294	212,366	131,319	-	-	(181)	23,466	631,264
Deferred Rent Liability	225,838	61,835	(1)	151,729	(66,660)	(32,289)	-	340,452
Net Cash Flows from Operating Activities	1,693,022	330,624	939,404	687,515	619,661	742,786	30,369	5,043,381
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	(154,400)	-	-	-	-	-	(8,071)	(162,471)
Net Cash Flows from Investing Activities	(154,400)	-	-	-	-	-	(8,071)	(162,471)
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	(75,039)	100,785	119,690	107,956	(494,533)	135,547	219,322	113,728
Proceeds from Debt	200,000	-	-	-	-	-	-	200,000
Repayment of Debt	(1,300,000)	-	(62,512)	(62,512)	(83,328)	(124,996)	-	(1,633,348)
Net Cash Flows from Financing Activities	(1,175,039)	100,785	57,178	45,444	(577,861)	10,551	219,322	(1,319,620)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	363,583	431,409	996,582	732,959	41,800	753,337	241,620	3,561,290
Cash and Cash Equivalents - Beginning of Year	12,564,736	947,172	1,638,264	925,684	204,786	288,025	220,893	16,789,560
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,928,319</u>	<u>\$ 1,378,581</u>	<u>\$ 2,634,846</u>	<u>\$ 1,658,643</u>	<u>\$ 246,586</u>	<u>\$ 1,041,362</u>	<u>\$ 462,513</u>	<u>\$ 20,350,850</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ 11,611	\$ -	\$ 117	\$ 105	\$ 658	\$ 2,292	\$ -	\$ 14,783

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, 2018

	From Page 2	Tennessee			RSED Total	Wisconsin	D.C.	Total
		RNNE	RUA	RPP				
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 5,154,817	\$ (154,550)	\$ (92,035)	\$ (521,091)	\$ 4,387,141	\$ 122,853	\$ (630,024)	\$ 3,879,970
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:								
Depreciation	332,879	2,939	3,153	-	338,971	36	-	339,007
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(1,338,905)	256,085	(355,780)	(1,573)	(1,440,173)	355,823	31,411	(1,052,939)
Grants Receivable	52,944	-	-	-	52,944	(608,532)	(351,129)	(906,717)
Prepaid Expenses and Deposits	(801,509)	(27,138)	24,091	121,245	(683,311)	(22,771)	33,950	(672,132)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	671,439	(4,251)	54,008	(61,608)	659,588	139,645	1,212,642	2,011,875
Deferred Revenue	631,264	-	-	(100,000)	531,264	-	(29,942)	501,322
Deferred Rent Liability	340,452	(31,373)	179,882	-	488,961	32,861	1,665,012	2,186,834
Net Cash Flows from Operating Activities	5,943,381	41,712	(186,681)	(563,027)	4,335,385	19,915	1,931,920	6,297,220
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	(162,471)	(5,125)	-	(35,102)	(202,698)	(20,255)	-	(222,953)
Net Cash Flows from Investing Activities	(162,471)	(5,125)	-	(35,102)	(202,698)	(20,255)	-	(222,953)
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	113,728	(320,982)	504,636	85,078	382,460	365,846	(1,498,306)	(750,000)
Proceeds from Debt	200,000	-	-	-	200,000	-	-	200,000
Repayment of Debt	(1,633,348)	-	-	-	(1,633,348)	-	-	(1,633,348)
Net Cash Flows from Financing Activities	(1,319,620)	(320,982)	504,636	85,078	(1,050,888)	365,846	(1,498,306)	(2,183,348)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,561,290	(284,395)	317,955	(513,051)	3,081,799	365,506	433,614	3,880,919
Cash and Cash Equivalents - Beginning of Year	16,789,560	401,905	454,369	116,483	17,762,317	547,725	2,020,323	20,330,365
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 20,350,850</u>	<u>\$ 117,510</u>	<u>\$ 772,324</u>	<u>\$ (396,568)</u>	<u>\$ 20,844,116</u>	<u>\$ 913,231</u>	<u>\$ 2,453,937</u>	<u>\$ 24,211,284</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ 14,783	\$ -	\$ -	\$ -	\$ 14,783	\$ -	\$ -	\$ 14,783

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL MINUTES)
YEAR ENDED JUNE 30, 2018**

	2017-18 Minutes		Traditional Days	Status
	Requirement	Actual		
Kindergarten/Transitional Kindergarten				
RMS	36,000	55,145	178	In compliance
RSSP	36,000	63,240	180	In compliance
RLS	36,000	59,055	180	In compliance
ROMO	36,000	58,485	180	In compliance
RDP	36,000	66,825	180	In compliance
RBM	36,000	53,850	180	In compliance
RSA	36,000	63,225	180	In compliance
RSK	36,000	26,570	180	Not In compliance
RFZ	36,000	61,200	180	In compliance
RRWC	36,000	55,710	180	In compliance
RFA	36,000	54,840	180	In compliance
RRS	36,000	61,350	180	In compliance
Grade 1:				
RMS	50,400	55,080	178	In compliance
RSSP	50,400	64,545	180	In compliance
RLS	50,400	55,620	180	In compliance
ROMO	50,400	56,190	180	In compliance
RDP	50,400	56,520	180	In compliance
RBM	50,400	54,150	180	In compliance
RSA	50,400	60,030	180	In compliance
RSK	50,400	56,115	180	In compliance
RFZ	50,400	55,860	180	In compliance
RRWC	50,400	54,480	180	In compliance
RFA	50,400	54,840	180	In compliance
RRS	50,400	57,750	180	In compliance
Grade 2:				
RMS	50,400	54,915	178	In compliance
RSSP	50,400	70,425	180	In compliance
RLS	50,400	55,620	180	In compliance
ROMO	50,400	55,050	180	In compliance
RDP	50,400	59,460	180	In compliance
RBM	50,400	55,455	180	In compliance
RSA	50,400	61,665	180	In compliance
RSK	50,400	57,345	180	In compliance
RFZ	50,400	55,860	180	In compliance
RRWC	50,400	54,480	180	In compliance
RFA	50,400	54,840	180	In compliance
RRS	50,400	57,750	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, 2018

	2017-18 Minutes		Traditional Days	Status
	Requirement	Actual		
Grade 3:				
RMS	50,400	55,080	178	In compliance
RSSP	50,400	70,755	180	in compliance
RLS	50,400	55,620	180	In compliance
ROMO	50,400	55,050	180	In compliance
RDP	50,400	56,520	180	In compliance
RBM	50,400	57,015	180	In compliance
RSA	50,400	45,415	180	Not In compliance
RSK	50,400	33,890	180	Not In compliance
RFZ	50,400	56,520	180	In compliance
RRWC	50,400	55,950	180	In compliance
RFA	50,400	51,510	180	In compliance
RRS	50,400	58,485	180	In compliance
Grade 4:				
RMS	54,000	58,145	178	In compliance
RSSP	54,000	70,755	180	In compliance
RLS	54,000	55,620	180	In compliance
ROMO	54,000	58,320	180	In compliance
RDP	54,000	56,520	180	In compliance
RBM	54,000	57,015	180	In compliance
RSA	54,000	60,525	180	In compliance
RSK	54,000	58,815	180	In compliance
RFZ	54,000	56,520	180	In compliance
RRWC	54,000	37,230	180	Not In Compliance
RRS	54,000	60,855	180	In compliance
Grade 5:				
RMS	54,000	58,145	178	In compliance
RSSP	54,000	70,755	180	In compliance
RLS	54,000	55,620	180	In compliance
ROMO	54,000	58,320	180	In compliance
RDP	54,000	56,520	180	In compliance
RBM	54,000	57,585	180	In compliance
RSA	54,000	61,830	180	In compliance
RSK	54,000	62,190	180	In compliance
RFZ	54,000	56,850	180	In compliance
RRWC	54,000	55,950	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, 2018**

	<u>Second</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
Grades TK/K-3:				
RMS	370.13	370.80	368.66	369.93
RSSP	306.71	306.93	305.68	305.84
RLS	340.22	340.44	337.36	337.51
ROMO	412.32	414.55	411.77	413.59
RDP	351.87	352.34	349.86	350.43
RBM	393.88	394.32	390.96	391.44
RSA	322.17	323.20	322.34	323.08
RSK	434.74	437.09	433.63	437.88
RFZ	452.45	453.90	452.77	453.82
RRWC	172.62	172.84	172.36	172.63
RRS	473.38	473.38	471.17	471.39
RFA	268.30	269.76	274.33	274.78
Subtotal	<u>4,298.79</u>	<u>4,309.55</u>	<u>4,290.89</u>	<u>4,302.32</u>
Grades 4-6:				
RMS	172.56	173.69	172.94	173.78
RSSP	108.92	109.12	108.11	108.25
RLS	112.22	112.22	110.81	110.83
ROMO	137.25	137.77	137.30	137.62
RDP	120.91	120.91	120.88	120.93
RBM	145.82	145.86	144.46	144.51
RSA	165.95	166.18	164.48	164.64
RSK	133.84	134.44	132.52	133.26
RFZ	133.05	133.44	132.54	132.83
RRWC	82.45	82.65	81.23	81.37
RRS	58.33	58.33	58.57	58.57
Subtotal	<u>1,371.30</u>	<u>1,374.61</u>	<u>1,363.84</u>	<u>1,366.59</u>
Grand Total	<u><u>5,670.09</u></u>	<u><u>5,684.16</u></u>	<u><u>5,654.73</u></u>	<u><u>5,668.91</u></u>

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

	RMS	RSSP	RLS	ROMO	RDP	RBM
June 30, 2018 Annual Financial Report						
Fund Balances (Net Assets)	\$ 2,871,770	\$ 3,373,863	\$ 2,621,374	\$ 3,560,151	\$ 923,707	\$ 1,501,868
Increase (Decrease) of Fund Balance						
(Net Assets):						
Cash and cash equivalents	48,774	(34,063)	(16,806)	(64,329)	(23,707)	(27,857)
Accounts receivable	86,881	147,560	51,759	(134,397)	567,703	347,657
Prepaid expenses and deposits	437,996	(3,999)	323,298	-	600,499	(5,000)
Intracompany receivable	192,058	-	-	-	-	-
Property, plant & equipment, net	(299,496)	13,092	(28,214)	29,799	25,683	26,403
Accounts payable	133,161	55,906	(75,153)	123,017	(34,218)	(42,669)
Deferred revenue	-	-	-	70,706	59,551	-
Deferred rent liability	(446,996)	(1,952)	(88,275)	(12,875)	180,554	(26,401)
Intracompany payable	-	(88,306)	(135,100)	(203,520)	(1,798,494)	(155,625)
Net Adjustments and Reclassifications	152,378	88,238	31,509	(191,599)	(422,429)	116,508
June 30, 2018 Audited Financial Statement						
Fund Balances (Net Assets)	\$ 3,024,148	\$ 3,462,101	\$ 2,652,883	\$ 3,368,552	\$ 501,278	\$ 1,618,376
	RSA	RSK	RFZ	RRWC*	RRS	RFA*
June 30, 2018 Annual Financial Report						
Fund Balances (Net Assets)	\$ 2,293,918	\$ 3,077,361	\$ 324,015	\$ 198,956	\$ 886,756	\$ (575,392)
Increase (Decrease) of Fund Balance						
(Net Assets):						
Cash and cash equivalents	4,552	(72,398)	(29,825)	74,240	(85,693)	105,186
Accounts receivable	(33,304)	(132,100)	193,983	76,613	128,987	318,224
Prepaid expenses and deposits	(4,544)	362,089	(4,000)	(4,297)	67,666	(4,125)
Property, plant & equipment, net	22,918	232	1	16,328	-	(8,116)
Accounts payable	5,374	118,587	81,411	(248)	149,029	492,761
Deferred revenue	-	-	-	-	181	529,056
Current portion of loans payable	-	-	-	(41,668)	-	(62,500)
Accrued interest	-	-	(3,844)	(3,055)	(2,522)	(2,522)
Deferred rent liability	(8,746)	(366,089)	103,844	-	-	-
Intracompany payable	(100,785)	(119,690)	(107,956)	(475,000)	(135,547)	(583,967)
Loans payable	-	-	(100,000)	(103,210)	65,023	(264,033)
Net Adjustments and Reclassifications	(114,535)	(209,369)	133,614	(460,297)	187,124	519,964
June 30, 2018 Audited Financial Statement						
Fund Balances (Net Assets)	\$ 2,179,383	\$ 2,867,992	\$ 457,629	\$ (261,341)	\$ 1,073,880	\$ (55,428)

*RRWC and 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.

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	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	\$ -	\$ 248,620	\$ 157,962	\$ 222,906	\$ 223,376	\$ 198,373	\$ 232,491	\$ 221,474	\$ 1,505,202
Metro Nashville Public Schools											
Title I, Part A, Basic Grants											
Low-Income and Neglected											
	84.010	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction											
Title I, Part A, Basic Grants											
Low-Income and Neglected											
	84.010	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
Title I, Part A, Basic Grants											
Low-Income and Neglected											
	84.010	N/A	-	-	-	-	-	-	-	-	-
Title I, Part A, Basic Grants											
<i>Low-Income and Neglected Totals</i>											
			-	248,620	157,962	222,906	223,376	198,373	232,491	221,474	1,505,202
Pass Through Program From:											
California Department of Education											
Title II											
	84.367	14341	-	28,589	24,599	23,938	26,378	21,845	26,972	24,295	176,616
Metro Nashville Public Schools											
Title II											
	84.367	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction											
Title II											
	84.367	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
Title II											
	84.367	N/A	-	-	-	-	-	-	-	-	-
Title II Totals											
			-	28,589	24,599	23,938	26,378	21,845	26,972	24,295	176,616

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, 2018**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Wisconsin	DC	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	\$ 1,505,202	\$ 191,526	\$ 196,936	\$ 94,289	\$ 143,898	\$ 104,269	\$ -	\$ -	\$ -	\$ 2,236,120
Metro Nashville Public Schools												
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	379,359	-	-	379,359
Wisconsin Department of Public Instruction												
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	-	268,533	-	268,533
DC State Board of Education												
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	-	-	464,463	464,463
Title I, Part A, Basic Grants Low-Income and Neglected Totals			1,505,202	191,526	196,936	94,289	143,898	104,269	379,359	268,533	464,463	3,348,475
Pass Through Program From:												
California Department of Education												
Title II	84.367	14341	176,616	24,143	24,780	12,355	17,623	14,269	-	-	-	269,786
Metro Nashville Public Schools												
Title II	84.367	N/A	-	-	-	-	-	-	23,327	-	-	23,327
Wisconsin Department of Public Instruction												
Title II	84.367	N/A	-	-	-	-	-	-	-	31,399	-	31,399
DC State Board of Education												
Title II	84.367	N/A	-	-	-	-	-	-	-	-	97,908	97,908
Title II Totals			176,616	24,143	24,780	12,355	17,623	14,269	23,327	31,399	97,908	422,420

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, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	Total Page
Pass Through Program From:											
California Department of Education											
Title III - Immigrant Education Program	84.365	15146	\$ -	\$ 892	\$ -	\$ -	\$ -	\$ 555	\$ -	\$ -	\$ 1,447
Title III - Limited English Proficiency	84.365	14356	-	30,784	21,766	26,534	29,618	28,711	35,241	26,534	199,188
Wisconsin Department of Public Instruction											
Title III	84.365	N/A	-	-	-	-	-	-	-	-	-
Title III Totals			-	31,676	21,766	26,534	29,618	29,266	35,241	26,534	200,635
Pass Through Program From:											
U.S. Department of Education											
DC State Board of Education											
Title IV	84.027A	N/A	-	-	-	-	-	-	-	-	-
Title IV Totals			-	-	-	-	-	-	-	-	-
Pass Through Program From:											
U.S. Department of Education											
Charter School Program Cluster	84.282M	N/A	293,775	-	-	-	-	-	-	-	293,775
			293,775	-	-	-	-	-	-	-	293,775
Pass Through Program From:											
U.S. Department of Education											
Special Education IDEA	84.027	13379	-	76,387	65,659	64,366	75,353	62,298	78,455	105,116	527,634
Metro Nashville Public Schools											
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction											
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	-
Special Education IDEA Totals			-	76,387	65,659	64,366	75,353	62,298	78,455	105,116	527,634
Pass Through Program From:											
Wisconsin Department of Public Instruction											
Special Education IDEA Preschool	84.173	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
Special Education IDEA Preschool	84.173	N/A	-	-	-	-	-	-	-	-	-
Special Education IDEA Preschool Totals			-	-	-	-	-	-	-	-	-
Special Education Cluster			-	76,387	65,659	64,366	75,353	62,298	78,455	105,116	527,634
Total U.S. Department of Education			293,775	385,272	269,986	337,744	354,725	311,782	373,159	377,419	2,703,862

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, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Wisconsin	DC	Federal Expenditures
Pass Through Program From:												
California Department of Education												
Title III - Immigrant Education Program	84.365	15146	\$ 1,447	\$ 555	-	-	\$ 675	-	-	-	-	\$ 2,677
Title III - Limited English Proficiency	84.365	14356	199,188	28,504	25,264	21,559	27,882	18,346	-	-	-	320,743
Wisconsin Department of Public Instruction												
Title III	84.365	N/A	-	-	-	-	-	-	-	44,410	-	44,410
Title III Totals			200,635	29,059	25,264	21,559	28,557	18,346	-	44,410	-	367,830
Pass Through Program From:												
U.S. Department of Education												
DC State Board of Education												
Title IV	84.027A		-	-	-	-	-	-	-	10,000	10,000	20,000
Title IV Totals			-	-	-	-	-	-	-	10,000	10,000	20,000
Pass Through Program From:												
U.S. Department of Education												
Charter School Program Cluster												
	84.282M	N/A	293,775	-	-	-	108,470	160,502	655,825	124,945	803,107	2,146,624
			293,775	-	-	-	108,470	160,502	655,825	124,945	803,107	2,146,624
Pass Through Program From:												
U.S. Department of Education												
Special Education IDEA												
	84.027	13379	527,634	76,387	80,393	37,353	60,101	16,027	-	-	-	797,895
Metro Nashville Public Schools												
Special Education IDEA												
	84.027	N/A	-	-	-	-	-	-	134,607	-	-	134,607
Wisconsin Department of Public Instruction												
Special Education IDEA												
	84.027	N/A	-	-	-	-	-	-	-	96,458	-	96,458
DC State Board of Education												
Special Education IDEA												
	84.027	N/A	-	-	-	-	-	-	-	-	124,754	124,754
Special Education IDEA Totals			527,634	76,387	80,393	37,353	60,101	16,027	134,607	96,458	124,754	1,153,714
Pass Through Program From:												
Wisconsin Department of Public Instruction												
Special Education IDEA Preschool												
	84.173	N/A	-	-	-	-	-	-	-	11,638	-	11,638
DC State Board of Education												
Special Education IDEA Preschool												
	84.173	N/A	-	-	-	-	-	-	-	-	4,078	4,078
Special Education IDEA Preschool Totals			-	-	-	-	-	-	-	11,638	4,078	15,716
Special Education Cluster												
			527,634	76,387	80,393	37,353	60,101	16,027	134,607	108,096	128,832	1,169,430
Total U.S. Department of Education			2,703,862	321,115	327,373	165,556	358,649	313,413	1,193,118	587,383	1,504,310	7,474,779

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, 2018**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	Total Page
U.S. Department of Agriculture:											
Pass Through Program From											
California Department of Education National School Lunch Program	10.555	N/A	\$ -	\$ 198,817	\$ 154,286	\$ 194,504	\$ 209,338	\$ 173,642	\$ 174,179	\$ 199,982	\$ 1,304,748
Metro Nashville Public Schools National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-
National School Lunch Program Totals			-	198,817	154,286	194,504	209,338	173,642	174,179	199,982	1,304,748
California Department of Education School Breakfast Program	10.553	N/A	-	168,285	129,341	140,436	164,097	147,944	146,366	144,800	1,041,269
NSLP Commodities	10.553	N/A	-	27,634	23,645	26,280	28,061	21,366	28,275	26,565	181,826
Metro Nashville Public Schools School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-
Donated Commodities - Noncash	10.555	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-
School Breakfast Program and Commodities Totals			-	195,919	152,986	166,716	192,158	169,310	174,641	171,365	1,223,095
Child Nutrition Cluster			-	394,736	307,272	361,220	401,496	342,952	348,820	371,347	2,527,843
Total U.S. Department of Agriculture:			-	394,736	307,272	361,220	401,496	342,952	348,820	371,347	2,527,843
U.S. Department of Health and Human Services:											
Pass Through Program From											
California Department of Education: Medicaid	93.778	N/A	-	2,741	2,741	2,741	2,741	2,741	2,741	2,741	19,187
Pass Through Program From											
Wisconsin Department of Health Services: Medical Assistance Program	93.778	N/A	-	-	-	-	-	-	-	-	-
Total U.S. Department of Health and Human Services			-	2,741	2,741	2,741	2,741	2,741	2,741	2,741	19,187
Total Federal Expenditures			\$ 293,775	\$ 782,749	\$ 579,999	\$ 701,705	\$ 758,962	\$ 657,475	\$ 724,720	\$ 751,507	\$ 5,250,892

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, 2018**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Wisconsin	DC	Federal Expenditures
U.S. Department of Agriculture:												
Pass Through Program From												
California Department of Education												
National School Lunch Program	10.555	N/A	\$ 1,304,748	\$ 192,679	\$ 207,202	\$ 74,856	\$ 199,433	\$ 99,280	\$ -	\$ -	\$ -	\$ 2,078,198
Metro Nashville Public Schools												
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	412,637	-	-	412,637
Wisconsin Department of Public Instruction												
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	276,173	-	276,173
DC State Board of Education												
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	201,541	201,541
National School Lunch Program Totals			<u>1,304,748</u>	<u>192,679</u>	<u>207,202</u>	<u>74,856</u>	<u>199,433</u>	<u>99,280</u>	<u>412,637</u>	<u>276,173</u>	<u>201,541</u>	<u>2,968,549</u>
California Department of Education												
School Breakfast Program	10.553	N/A	1,041,269	152,283	153,955	75,425	107,020	56,633	-	-	-	1,586,585
NSLP Commodities	10.553	N/A	181,826	30,696	28,559	12,392	21,722	5,626	-	-	-	280,821
Metro Nashville Public Schools												
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	298,679	-	-	298,679
Wisconsin Department of Public Instruction												
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	173,978	-	173,978
Donated Commodities - Noncash	10.553	N/A	-	-	-	-	-	-	-	21,647	-	21,647
DC State Board of Education												
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	110,007	110,007
School Breakfast Program and Commodities Totals			<u>1,223,095</u>	<u>182,979</u>	<u>182,514</u>	<u>87,817</u>	<u>128,742</u>	<u>62,259</u>	<u>298,679</u>	<u>195,625</u>	<u>110,007</u>	<u>2,471,717</u>
Child Nutrition Cluster			<u>2,527,843</u>	<u>375,658</u>	<u>389,716</u>	<u>162,673</u>	<u>328,175</u>	<u>161,539</u>	<u>711,316</u>	<u>471,798</u>	<u>311,548</u>	<u>5,440,266</u>
Total U.S. Department of Agriculture:			<u>2,527,843</u>	<u>375,658</u>	<u>389,716</u>	<u>162,673</u>	<u>328,175</u>	<u>161,539</u>	<u>711,316</u>	<u>471,798</u>	<u>311,548</u>	<u>5,440,266</u>
U.S. Department of Health and Human Services:												
Pass Through Program From												
California Department of Education:												
Medicaid	93.778	N/A	19,187	2,741	2,741	1,396	2,741	1,396	-	-	-	30,202
Pass Through Program From												
Wisconsin Department of Health Services:												
Medical Assistance Program	93.778	N/A	-	-	-	-	-	-	-	6,500	-	6,500
Total U.S. Department of Health and Human Services			<u>19,187</u>	<u>2,741</u>	<u>2,741</u>	<u>1,396</u>	<u>2,741</u>	<u>1,396</u>	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>36,702</u>
Total Federal Expenditures			<u>\$ 5,250,892</u>	<u>\$ 699,514</u>	<u>\$ 719,830</u>	<u>\$ 329,625</u>	<u>\$ 689,565</u>	<u>\$ 476,348</u>	<u>\$ 1,904,434</u>	<u>\$ 1,065,681</u>	<u>\$ 1,815,858</u>	<u>\$ 12,951,747</u>

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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, 2018

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.

**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, 2018, 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 January 30, 2019.

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. However, as described in the accompanying schedule of findings and questioned costs (see Finding 2018-001), we identified certain deficiencies in internal control that we consider to be a material weakness as well as (see Finding 2018-003) certain deficiencies in internal control that we consider to be a significant deficiency.

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*.

The School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 30, 2019

**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, 2018. 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.

Auditor's 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, 2018.

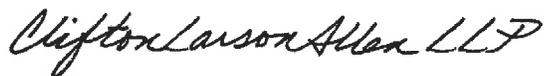
Report on Internal Control Over Compliance

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
January 30, 2019

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 *2017-2018 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, 2018. 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.

Auditor’s 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 *2017-2018 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:	
Educator Effectiveness	Yes
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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-004. Our opinion on each state program is not modified with respect to these matters.

The Organization's Response to Findings

The Organization's response to the noncompliance finding is identified in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2017-2018 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
January 30, 2019

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

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? X yes no
 - Significant deficiency(ies) identified? X yes 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)	Name of Federal Program or Cluster
84.027 10.553, 10.555	Special Education IDEA 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, 2018**

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
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

Finding 2018-001 – Internal Control Relating to Closing Process **30000**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Criteria: Internal control processes should be followed throughout the year to ensure accurate financial information in accordance with Generally Accepted Accounting Principles.

Condition: Throughout the audit process, revisions to the trial balance were made by management to correct balances and transactions after the audit process began. The number of journal entries required indicates that internal control processes were not operating effectively throughout the fiscal year and that the closing process was not completed in a timely manner.

Effect: Potential errors in reporting account balances and risk that material errors may not be prevented or detected and corrected on a timely basis.

Cause: Month-end closing procedures were not sufficient to ensure correct balances at the time of the audit. The issue was caused by a change in accounting personnel.

Questioned Costs and Units: None.

Recommendation: We recommend RSED review its current internal control procedures related to month-end closings and to ensure it has adequate capacity to perform all functions of its internal control processes.

Corrective Action Plan: RSED has employed external consultants since May 2018 to improve and clarify its monthly close and to improve all accounting processes and controls. This has included additional resourcing, implementation and review of new closing checklists, and additional accounting system investments to support process. In addition, RSED has employed new senior accounting personnel to review activity and controls.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

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

2018-002 – Teaching Credential 10000

Rocketship Redwood City Prep	#1736
Rocketship Spark Academy	#1526
Rocketship Alma Academy	#1394

Criteria: Education Code Section 47605(l) states that all teachers who are either providing classroom instruction, or who are authorized to provide classroom instruction, must possess a valid teaching credential issued from the California Commission on Teaching Credential (CCTC).

Condition: It was noted during testing that four teachers did not have valid credentials for the full period under review that resulting in an instructional minute deficiency.

Effect: Four teachers who provided classroom instruction were not credentialed for the entire period they were providing instruction.

Cause: Internal controls for tracking teacher credentials were insufficient to ensure compliance.

Questioned Costs and Units: Due to disallowed instructional time from non-credentialed teachers, RSED had an instructional minutes finding at 2018-004. See this finding for questioned costs.

Recommendation: It is recommended that RSED review its process for verifying teacher credentials and modify it accordingly to avoid any lapse in teaching credential periods.

Corrective Action Plan: As of May 2018, RSED has implemented a plan with several elements to ensure all teachers have required credentials. This includes the addition of specific Credential Analyst staff with responsibility for monitoring and testing for credential accuracy. Other steps include: utilizing human resources software to track teacher credential status and needs; monitoring compliance and upcoming renewals on a weekly basis; increasing communication and support to teachers with upcoming renewals and implementing of mandatory summer credentialing professional development sessions. As a result, per RSED's corrective actions all required teachers in 2018/19 have credentials in place. RSED management has also requested that the auditors perform a full review of all California teacher's credentialing for the audit year ending 06/30/2019.

2018-003 – Teaching Credential – Wisconsin Charter Schools 10000

Criteria: Under §118.40 (2r)(d), Wisconsin Statutes, a charter school shall ensure all instructional staff hold a valid license or permit to teach issued by the department.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Condition: RSED employed a special education individual who taught outside the license grade range issued by the department. The individual is licensed to teach students in K5 – 5th grade; however, the individual supported a K4 student.

Cause: RSED did not follow up to verify the employee had the proper license.

Effect: RSED is not in compliance with Wisconsin state statutes.

Identification of a Repeat Finding: This is a repeat finding. See 2017-001.

Recommendation: We recommend RSCP verify that all staff have an appropriate license within the grade range they are teaching.

Corrective Action Plan: The Organization will ensure that all instructional staff hold a valid license or permit within the grade range they are teaching. A new staff member has been hired for FY18-19 to specifically focus on monthly review of licensing and credentialing.

2018-004 – Instructional Minutes

40000

Rocketship Redwood City Prep	#1736
Rocketship Spark Academy	#1526
Rocketship Alma Academy	#1394

Criteria: Pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, minimum instructional minutes required by grade are as follows: 36,000 for grades TK-K, 50,400 for grades 1-3, and 54,000 for grades 4-5.

Condition: Due to finding 2018-002, some instructional minutes were disallowed that led to the three sites listed at the beginning of this section offering insufficient instructional time.

Effect: After disallowing core instruction minutes for the teachers in question, the total instructional minutes to the amounts shown in the Schedule of Instructional Minutes – California. This resulted in non-compliance with the instructional minute minimum requirement.

Cause: Instructional time under non-credentialed teachers were subtracted from the total instructional minutes, which resulted in the shortage of instructional minutes.

Questioned Costs and Units: The questioned cost generated from not meeting the annual minutes per site is as follows, determined using the penalty calculation worksheet from the California Department of Education:

- Rocketship Redwood City Prep - \$117,626
- Rocketship Spark Academy - \$238,295
- Rocketship Alma Academy - \$46,169

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

2018-004 – Instructional Minutes (continued)

40000

Recommendation: It is recommended that a process for annually verifying teaching credentials for all teachers be established along with a method to keep track of credentials to avoid instructional minutes being affected.

Corrective Action Plan: See corrective action plan for finding 2018-002.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS—STATE COMPLIANCE

2017-001 – Special Education Ineligible Staff

Condition: RSCP employed a special education individual that taught outside the license grade range issued by the department.

Status: See current year finding 2018-003.

Reason for finding's recurrence: See current year finding 2018-003.

Corrective Action: See current year finding 2018-003.

DRAFT

ENCLOSURE NO. 10

DRAFT



Human Resources Department

**Jessica Romeo
Chief Human Resources Officer**

**Essence Phillips
Director, Certificated Human Resources**

Preparing Students for Success in College, Career, and Life

September 18, 2018

Ms. Marie Gill
Executive Director
Rocketship Delta Prep
1700 Cavallo Road
Antioch, CA 94509

Re: Teacher Credentialing

Dear Ms. Gill:

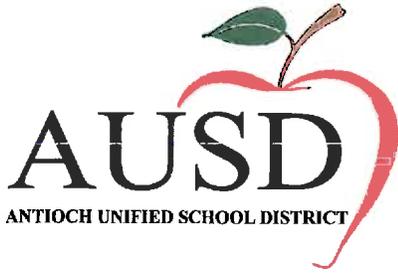
Education Code Section 47605 states:

“(1) Teachers in charter schools shall hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. These documents shall be maintained on file at the charter school and are subject to period inspection by the chartering authority.”

In accordance with Education Code 47605, please provide the District with the names, grade level and subjects taught, and relevant credentialing document for each teacher at Rocketship for the 2018-2019 school year.

Sincerely,

Jessica Romeo
Chief Human Resources Officer



Human Resources Department

**Jessica Romeo
Chief Human Resources Officer**

**Essence Phillips
Director, Certificated Human Resources**

Preparing Students for Success in College, Career, and Life

October 29, 2018

SECOND NOTICE

Ms. Marie Gill
Executive Director
Rocketship Delta Prep
1700 Cavallo Road
Antioch, CA 94509

Re: Teacher Credentialing

Dear Ms. Gill:

On September 18 2018, I sent a letter requesting that you comply with Education Code 47605 which states:

“(I) Teachers in charter schools shall hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. These documents shall be maintained on file at the charter school and are subject to period inspection by the chartering authority.”

To date, I have not received a response to my request. In accordance with Education Code 47605, please provide the District with the names, grade level and subjects taught, and relevant credentialing document for each teacher at Rocketship for the 2018-2019 school year within the next 10 business days.

Sincerely,


Jessica Romeo
Chief Human Resources Officer