

Tuesday, August 18, 2020
Rocketship Public Schools Business Committee Meeting (2020-21 Q1)

Meeting Time: 10:30am to 12:30pm

Webinar link: <https://rocketshipschools.zoom.us/j/91488045626>

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

1. Opening Items (10:30am-10:35am)

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

2. Information Items

- A. Listing of checks in excess of \$100,000

3. Consent Items (10:35am-10:40am)

- A. Approve minutes from May 28, 2020 Business Committee Meeting

4. Agenda Items (10:40am-12:30pm)

- A. 2019-20 EOY financial review (10:40am-11:10am)
- B. 2020-21 annual plan and budget update (11:10am-12:10pm)
- C. Business updates (12:10-12:30pm)

5. Adjourn (12:30pm)

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

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

Minutes -- Rocketship Public Schools Business Committee Meeting (2019-20 Q4) (Thursday, May 28, 2020)

1. Opening Items

A. Call to Order

At 10:33am, Mr. Terman took roll call. With a Quorum of committee members present, Mr. Terman called the meeting to order.

Present: Alex Terman, Louis Jordan, Greg Stanger, Charmaine Detweiler

Advisors: Abby Spaulding, Emily Alwood

B. Public comment on off-agenda items

At 10:35am, Mr. Terman called for public comment on off-agenda items. While members of public were in attendance via Zoom, no comment was made.

2. Information Items

A. Listing of checks in excess of \$100,000

At 10:39am, the committee discussed and acknowledged the information items.

3. Consent Items

A. Approve minutes from February 18, 2020 Business Committee Meeting

B. Acknowledge Rocketship Transformation Prep lease amendment and lease schedule approved by Rocketship Wisconsin

C. Approve Fee Deferral Agreement between Rocketship Public Schools, Launchpad Development Milwaukee Two, Rocketship Education Wisconsin, and IFF, an Illinois not for profit organization.

At 10:41am, Mr. Terman called for a motion to approve the consent items. A motion was made by Mr. Stanger, seconded by Mr. Jordan, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Louis Jordan, Charmaine Detweiler

N: --

Abstain: --

4. Agenda Items

At 10:43am, Mr. Terman called for a motion to move the annual planning process overview out from item 4(B) and place it before the finance update on the agenda. A motion was made by Ms. Detweiler, seconded by Mr. Jordan, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Louis Jordan, Charmaine Detweiler

N: --

Abstain: --

The committee then discussed the annual planning process overview.

A. 2019-20 Finance Update and Forecast

At 10:55am, the committee discussed agenda item 4(A).

B. 2020-21 Annual Planning and Budget

At 11:20am, the committee discussed agenda item 4(B). At 12:13pm, Mr. Terman called for a motion to recommend approval of the 2020-21 Annual Budget to the Rocketship Board of Directors. A motion was made by Mr. Stanger, seconded by Mr. Jordan, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Louis Jordan, Charmaine Detweiler

N: --

Abstain: --

C. Recommend to the Rocketship Board of Directors approval of Line of Credit between Rocketship Education and Charter Asset Management Fund, L.P.

At 12:14am, the committee discussed agenda item 4(C). At 12:28pm, Mr. Terman called for a motion to recommend approval of Line of Credit between Rocketship Education and Charter Asset Management Fund, L.P. A motion was made by Ms. Detweiler, seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Louis Jordan, Charmaine Detweiler

N: --

Abstain: --

5. Adjourn

At 12:29pm, Mr. Terman called for a motion to adjourn the meeting. A motion was made by Mr. Jordan, seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Louis Jordan, Charmaine Detweiler

N: --

Abstain: --

Respectfully Submitted,

Apoorva Katikaneni
Senior Compliance Associate

Rocketship Education
Checks signed in excess of \$100,000
Apr 2020 - Jun 2020

Check Date	Check #	Vendor and Invoice #	Invoice Amount	Amount of check
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Reoccurring Monthly Budgeted Expenditures (Policy #138 August 2014)

Subtotal by category

Group health

5/5/2020	40751	Cigna 2628248	349,138.35	349,138.35
5/13/2020	40894	Cigna 2643199	353,472.73	353,472.73
6/9/2020	41136	Cigna 2658181	366,058.41	366,058.41

\$ 1,068,669.49

School food service

4/8/2020	40496	Revolution Foods, Inc. 442965	300,267.54	300,267.54
5/26/2020	40970	Revolution Foods, Inc. 444692	449,672.69	
		444694	31,605.11	
		FTIC-000519	(24,884.97)	
		FTIC-000556	(25,914.35)	
		FTIC-000515	(23,469.74)	407,008.74

\$ 707,276.28

RFA 2019-20 In-Lieu of Property Taxes

6/16/2020	41189	Mt. Diablo Unified School District AR342006	971,884.00	971,884.00
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\$ 971,884.00

Budgeted Expenditures - not recurring payments

Example	Jumpstart
	School startup online programs or furnitures.

Total - All checks signed in excess of \$100,000

\$ 2,747,829.77

RPS Business Committee Update August 2020

August 18, 2020

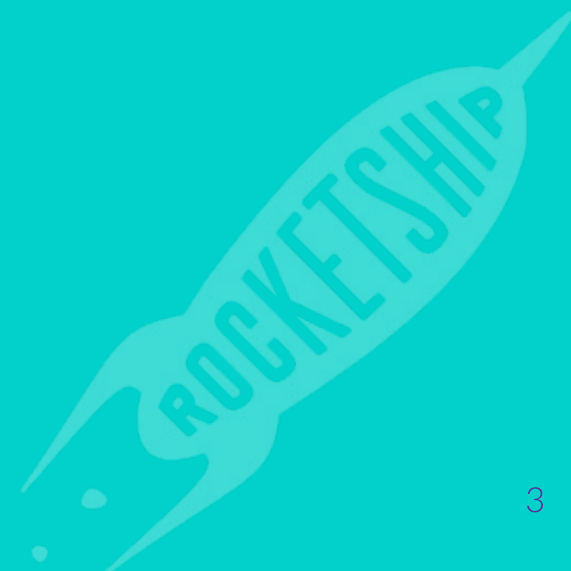


Discussion Overview

- FY19-20 Year End
- FY20-21 Annual Plan and Budget Update
 - Regional FY21 Plans
 - Sustainability and NeST
- Business Updates



FY19-20 Year End

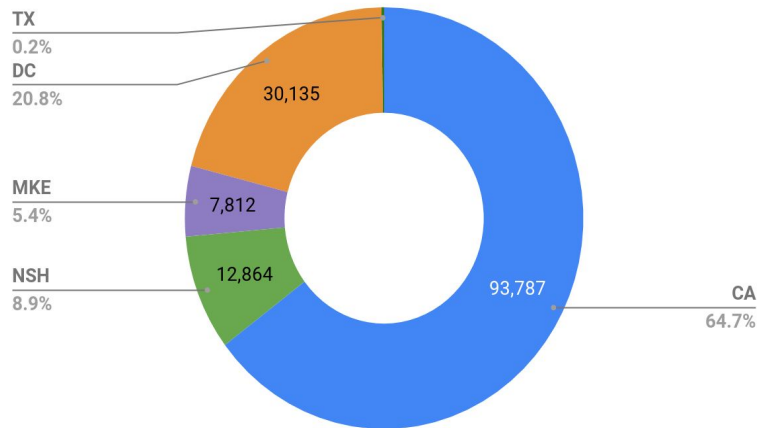


FY2019-20 Year End Financial Snapshot

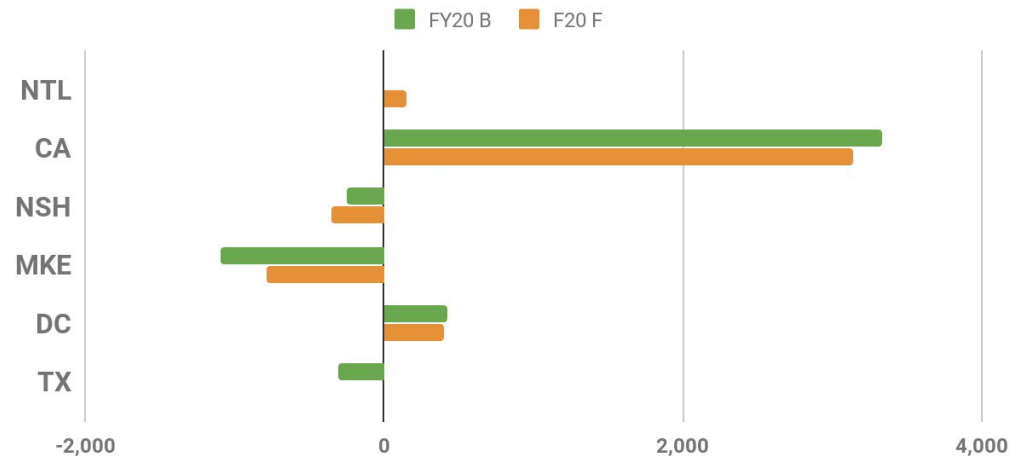
Consolidated (\$M)	Prelim YE FY20	Annual Budget	Variance
Revenue	162.5	153.9	8.6
Expense	159.9	151.8	-8.1
CINA	2.6	2.1	0.5
Cash	30.8		

- Higher revenue driven by actual overall enrollment/ADA ahead of more conservative budget
- Expense higher with largest contribution by
 - School compensation
 - Books/Materials
 - ISE Consultants

YE20 Revenue by Region (000s)



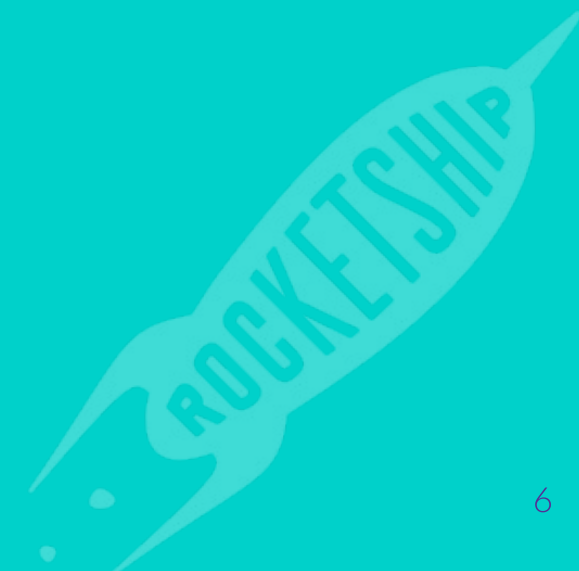
FY20 YE vs Budget CINA by Region (000s)



FY20 Forecast Budget to Actuals: All RPS

	FY20 YE Forecast							FY20 Budget
Revenue	CA	MKE	NSH	DC	TX	NTL	RSED Total	
Public Revenue	87,776	6,845	12,174	28,202	0	378	135,377	130,546
Philanthropy and In Kind	504	442	105	840	0	4,288	6,180	4,913
Internal Transfers	5,506	525	584	1,093	310	12,906	20,924	18,470
Revenue	93,786	7,812	12,863	30,135	310	17,572	162,481	153,929
Expense								
Compensation	45,357	4,370	7,050	10,593	179	10,493	78,043	76,814
Non-Compensation	21,677	2,751	3,334	11,485	130	6,760	46,137	39,963
Rent	11,295	505	1,080	4,386	0	169	17,435	17,463
Network Service Fee	12,314	974	1,752	3,268	0	0	18,309	17,600
Expense	90,643	8,600	13,216	29,732	309	17,422	159,924	151,840
Net Income/CINA	3,143	-788	-353	403	1	150	2,557	2,089

FY20-2021 Annual Plan and Budget Update



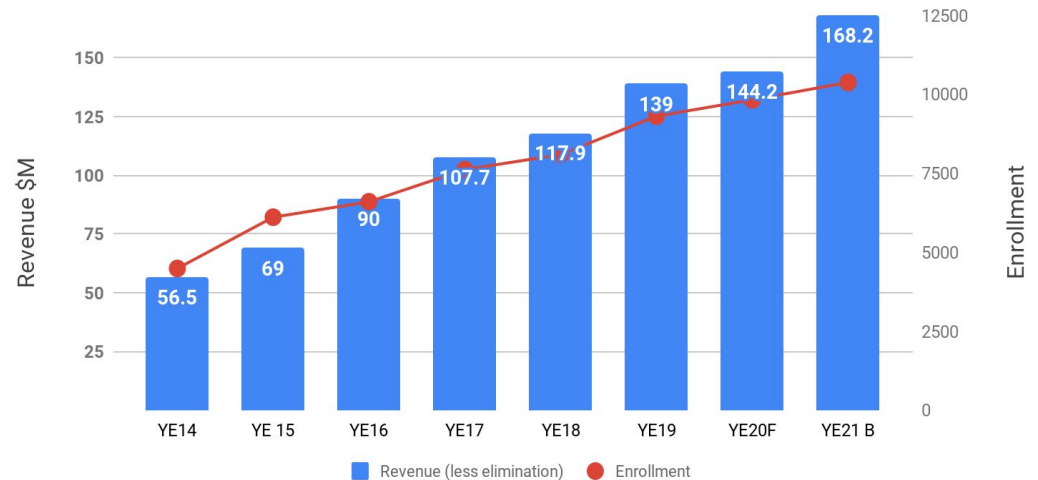
Financial plan responding to changing School and economic environment

		May/June	August Update
Revenue: Per pupil funding		<ul style="list-style-type: none"> States with differing levels of information Some awaiting July tax data and more health certainty 	<ul style="list-style-type: none"> States did not reduce per pupil funding; DC increased by 3%, NSH shows initial increase 2.5%, after YE decline CA announced significant cash deferrals Federal COVID assistance varying by state Concerns of mid year changes depending on general economic state, or push to FY22 reductions
Revenue: Enrollment		<ul style="list-style-type: none"> Strong re-enrollments Challenges for new recruitment (TK/K, DC3) 	<ul style="list-style-type: none"> CA has capped ADA at prior FY20 March levels- negative impacts; contested by Charter Associations RNNE closely watching
Expense: School Operations		<ul style="list-style-type: none"> Form of return to school - full, distance, hybrid uncertainties 	<ul style="list-style-type: none"> Operational return still in flux; distance anticipated to move to hybrid Contingencies and preparation investments underway
Financial Planning		<ul style="list-style-type: none"> More nimble scenario and condition responses Liquidity key focus 	<ul style="list-style-type: none"> Contingencies important Liquidity key focus Continuing change management

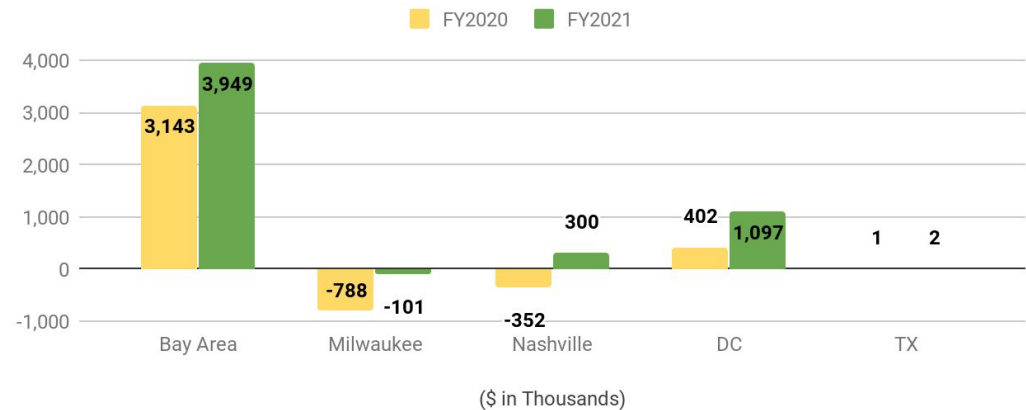
FY21 Budget Snapshot

- BET target enrollment at 10,363 in FY21 up 5.5% YoY
- Organizational revenue growth 16% to \$168M (less interco eliminations); Reflects state per pupil and COVID supports
- All regions benefiting from Federal COVID relief to help offset added investments and costs
- Nashville narrowing deficits, due to higher per pupil established at beginning of year
- DC positive includes Yr 1 of DC3 and non cash revenue events; MKE also includes positive non-cash events

RPS Network Revenue and Enrollment Trends (less eliminations)



CINA contribution by Region -FY20 v FY21



RPS CINA FY21 Projection: \$6.5M positive

FY21 Enrollment update by region

- Enrollment **growth primarily driven by East Bay and DC**
- However **CA currently has capped growth** (except for new schools) at prior March levels, reducing our East Bay creditable student level; issue being negotiated at State by education advocates
- Distance learning has changed recruiting planning and family outreach
- NSH as region at plan, but close monitoring of RNNE in early weeks

	Finance BET FY20	FY20 Sep	FY21 BET targets	Prelim FY21	CA ADA Cap Impact
South Bay	5,843	5,788	5,848	6,045	-110-130
East Bay	985	1,010	1,165	1,169	
MKE	652	666	719	716	
NSH	1,066	1,046	1,076	1,089	
DC	1,298	1,306	1,555	1,560	
Total	9,844	9,816	10,363	10,579	



Drivers of financial plan changes

Revenue	Expense	Other Notable
Per pupil funding <ul style="list-style-type: none"> • CA flat • MKE flat • DC +3% • NSH +2.7% • Positive impacts to plan • Monitor states ability to sustain 	People/Compensation <ul style="list-style-type: none"> • Staff retention and safety • Teacher merit increases implemented • Added staff planned for hybrid learning/in person success Review of previously reserved compensation <ul style="list-style-type: none"> • SL annual increases • 403b match (review Q3) • NeST merit (review Q3) 	Deferrals <ul style="list-style-type: none"> • CA deferrals are significant with commencement in Feb of ~ 2.5 mths into FY22 • Concerns that deferrals will continue in FY22 • Watching for mid year changes depending on economic state
COVID Specific funding <ul style="list-style-type: none"> • \$3M-9M with varying restrictions, varying levels by state 	Non comp - substantial COVID investments <ul style="list-style-type: none"> • Technology/Chromebook access • Protective equipment and sanitation • Training and planning investments Program investments <ul style="list-style-type: none"> • Diversity Equity and Inclusion consultants and training • Communications team 	Network supports <ul style="list-style-type: none"> • Deferrals/AR and school metrics require increased support of financials via deferred network service fees or grants
	Contingency <ul style="list-style-type: none"> • Including contingency by school and by region to buffer unknowns 	

FY21 August budgets: RSED Summary by Region

*Recommendation
Board approval*

	FY20-21 August Budget						
Revenue	CA	MKE	NSH	DC	TX	NTL	RSED Total
Public Revenue	97,630	8,166	13,117	37,911	561	72	157,458
Philanthropy and In Kind	650	265	250	500	0	5,370	7,035
Internal Transfers	5,899	578	619	1,652	1,350	15,536	25,634
Revenue	104,179	9,009	13,986	40,063	1,911	20,978	190,127
Expense							
Compensation	49,206	4,840	6,769	14,042	1,377	12,165	88,399
Non-Compensation	25,929	2,545	3,977	14,002	517	7,293	54,263
Rent	11,281	591	1,081	5,966	15	172	19,108
Network Service Fee	13,814	1,135	1,858	4,955	0	0	21,762
Expense	100,230	9,111	13,685	38,965	1,909	19,630	183,532
Net Income/CINA	3,949	-102	301	1,098	2	1,348	6,595

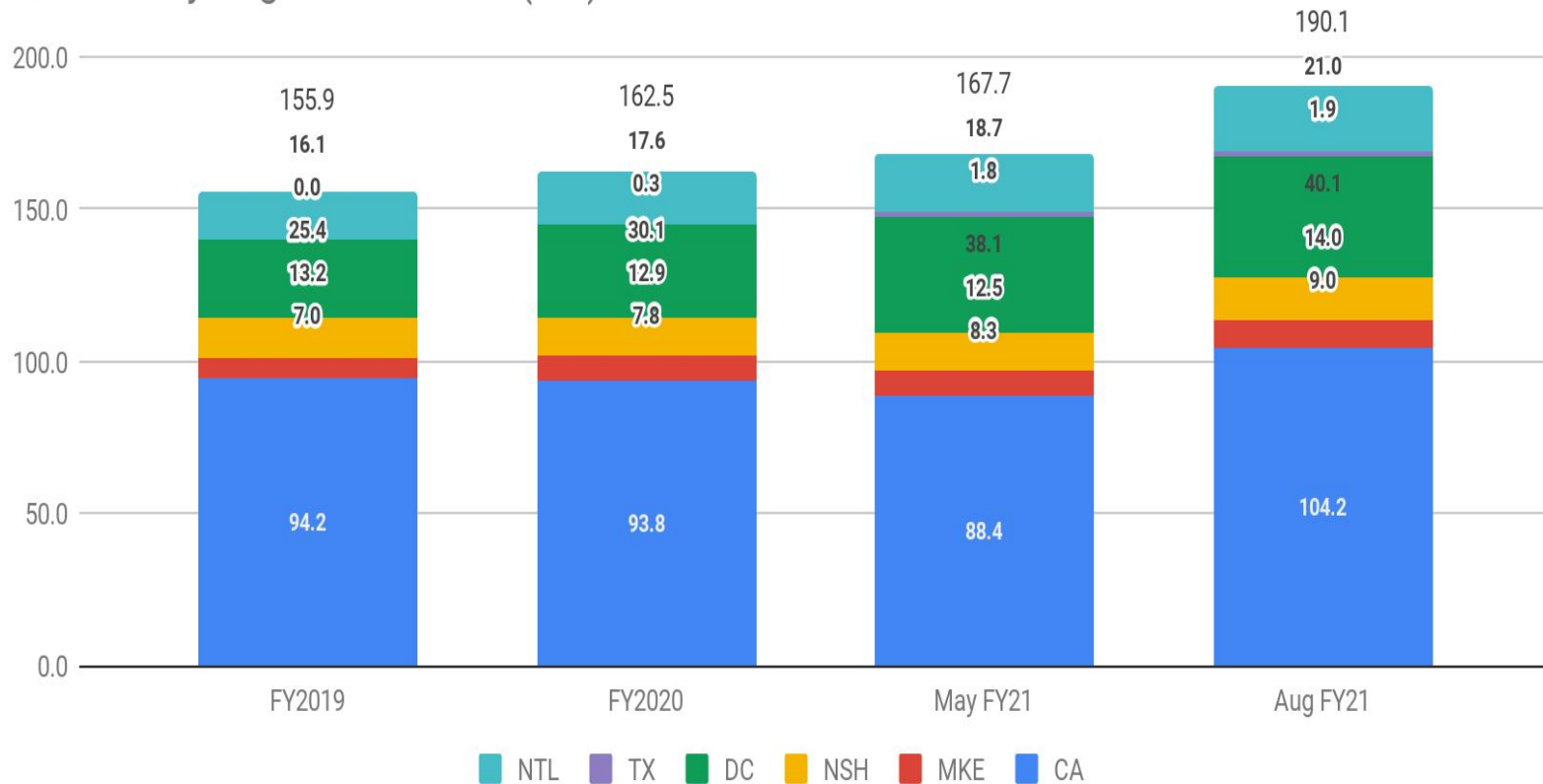
FY21 Consolidated Budget August: For Review

	FY20 Budget	FY20 Actuals	FY21 May Budget	FY21 August Budget
Revenue				
Public Revenue	130,546	135,377	138,929	157,458
Philanthropy and In Kind	4,913	6,180	6,858	7,035
Internal Transfers	18,470	20,924	21,941	25,634
Revenue	153,929	162,481	167,728	190,127
Expense				
Compensation	76,814	78,043	82,837	88,399
Non-Compensation	39,963	46,137	44,281	54,263
Rent	17,463	17,435	19,108	19,108
Network Service Fee	17,600	18,309	18,901	21,762
Expense	151,840	159,924	165,127	183,532
Net Income/CINA	2,089	2,557	2,601	6,595

*Recommendation for
Board review and
approval*

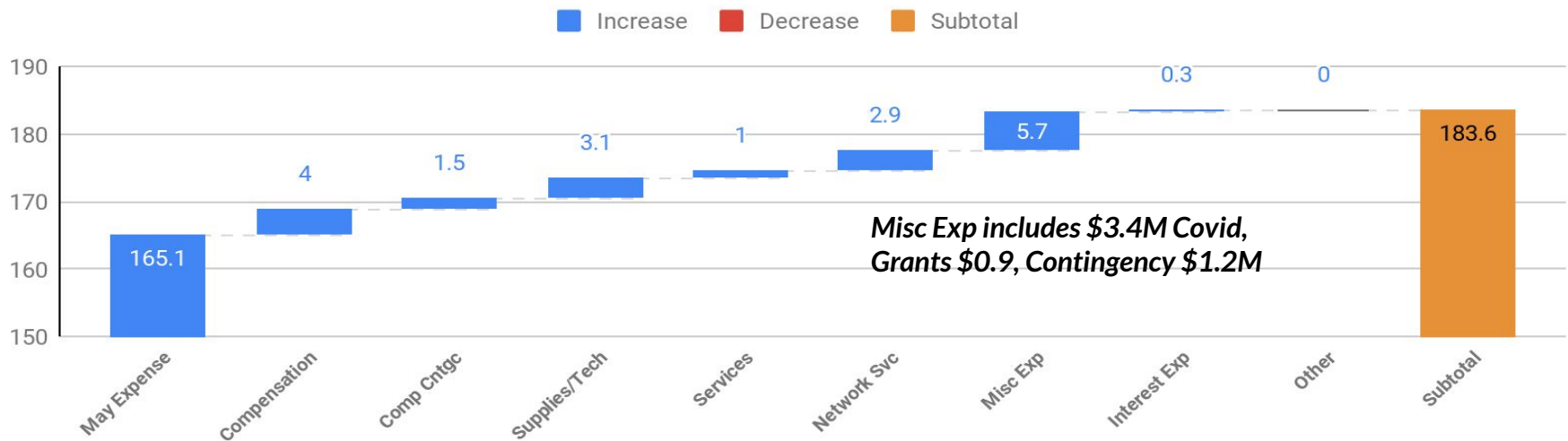
FY21 revenue growth driven by enrollment growth, state funding consistency and Federal COVID assistance

Revenue by Region over Time (\$M)

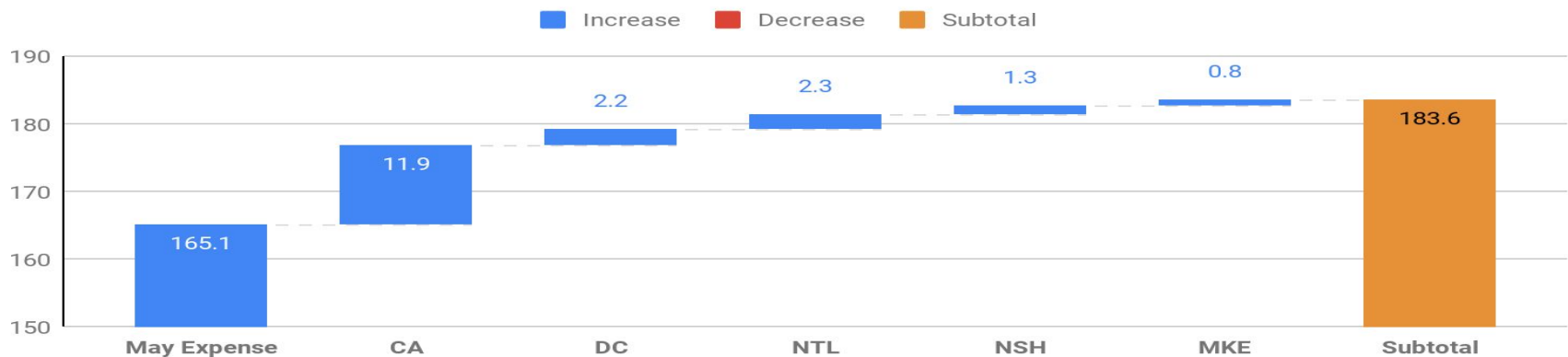


Expense drivers: August vs May FY21 Budget

RPS Expense May vs August Plan (000's)



RPS Expense Region May vs August Plan (000's)



We continue to monitor and prepare for liquidity needs

- Cash position is monitored weekly
- Covenant is 6/30 only; The full balance is available during year if needed
- CA deferrals commenced with **1 month in June @ \$4M; 2.5 months announced for FY21**
- Line of credit in place with **\$10M capacity; \$4M drawn at 6/30 at National level**
- YE includes **atypical accounts receivable of \$4M**
- Goal of maintaining healthy cash balances and reserves to support students and navigate volatile economic conditions

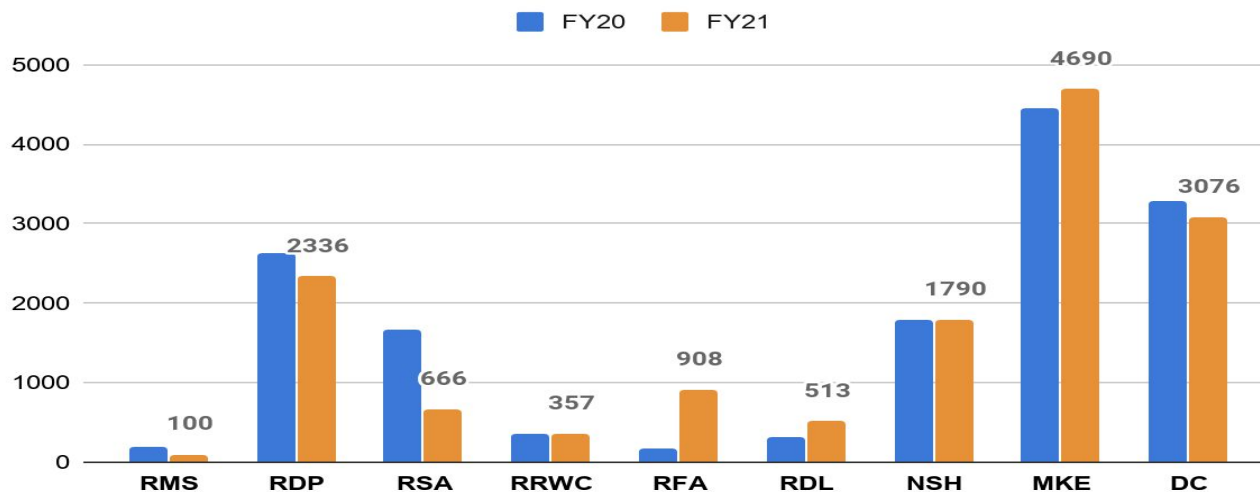
Summary	FY2019	FY2020
RPS Cash	30,059,704	30,785,309
RPS Cash less DC region w/o Nest (detail below)	26,093,596	25,785,309
Less: Covenants Oblig Group, CA bonds, RUA bond 45 day req.	10,611,481	10,677,701
Net RPS (w/o DC) after min covenant coverage	15,482,115	15,107,608
DC Cash Detail		
DC region w/o DC Nest	3,966,108	5,000,000
Less: DC RISE covenant at 45 days req	1,711,527	1,788,866
Net DC after RISE coverage w/o Nest	2,254,581	3,211,134
Net all RPS after covenant coverage	17,736,696	18,318,742

Continued monitoring of deferrals and grants

Grants to School National (000s)	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>
RRWC	670	350	350
RDL	1,000	1,052	750
RDP		0	100
RTP		0	200
Grants to Schools	1,670	1,402	1,400

FY21 Deferral Increases	
(000s)	
RFA	735
RDL	200
MKE	228
	1163

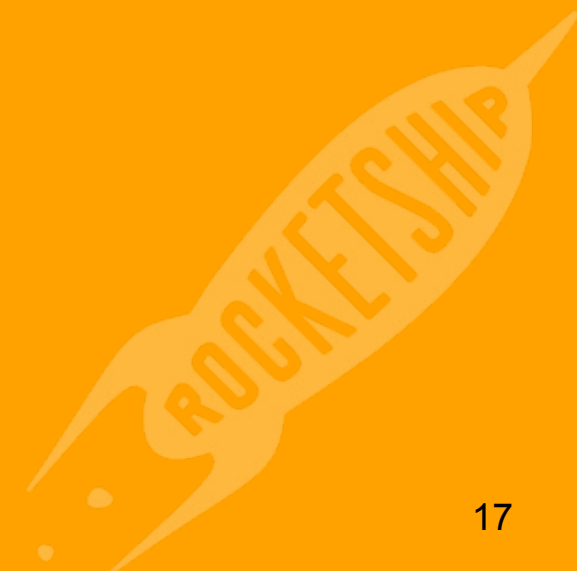
Deferral and Intercompany Balance (000s) By Location



Balance Sheet totals

- \$9M National
- \$3M CA NeST
- \$3M MKE/DC/NSH Nest
- **\$15M total**

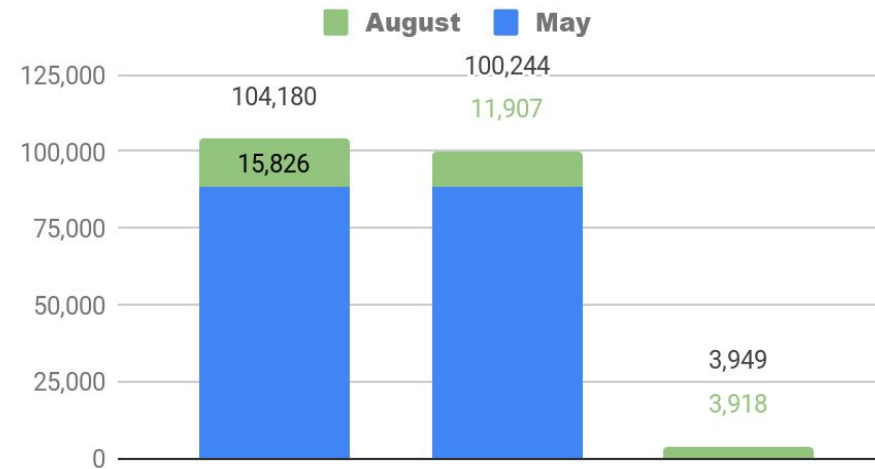
Regional Detail Updates



South Bay and East Bay - FY21 Budget Review

- Region wide revenue projection of \$104M , up from \$88M in May, with improved per pupil funding flat (vs. -10%)
 - Includes additional \$8.2M Federal funding for COVID-19 and distance learning support
 - Funding capped at FY20 P-2 ADA, which is 164 lower than May target, largest impact to East Bay schools
- CINA improved from breakeven to \$3.9M
 - Added COVID safety, program, staffing and technology costs
 - Specific schools with more challenging CINA are supported

CA May vs Aug Fy21 Budget



FY21 CA Regional Budget Summary

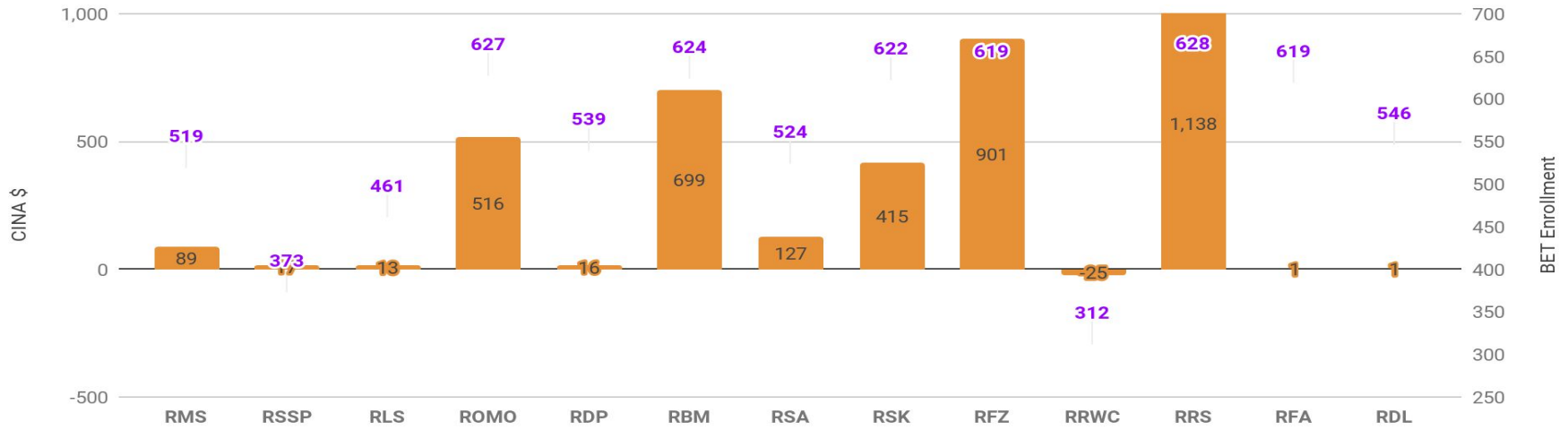
August 2020	CA Schools			CA	CA
FY20-21 Budget	Bay Area	East bay	Total Schools	Nest	Region
Public / Recurring Revenues	84,203	13,427	97,630	0	97,630
Philanthropy	550	100	650	0	650
Intl/Central Fee	450	750	1,200	4699	5,899
Total Revenue	85,203	14,277	99,480	4,699	104,179
Compensation	38,996	7,634	46,629	2577	49,206
Non Compensation Expense	20,766	3,408	24,174	1,755	25,929
Lease Expense	9,602	1,407	11,009	272	11,281
Central Office Allocation Fee	11,934	1,880	13,814	0	13,814
Total Expenses	81,298	14,329	95,626	4,604	100,230
Change in Net Assets	3,905	-52	3,854	95	3,949

CA Region		
YE	May Budget	August Budget
2019-20	2020-21	2020-21
87,789	83,028	97,630
504	488	650
5,506	4,837	5,899
93,799	88,353	104,179
45,357	45,936	49,206
21,691	19,494	25,929
11,295	11,281	11,281
12,314	11,626	13,814
90,657	88,337	100,230
3,142	16	3,949

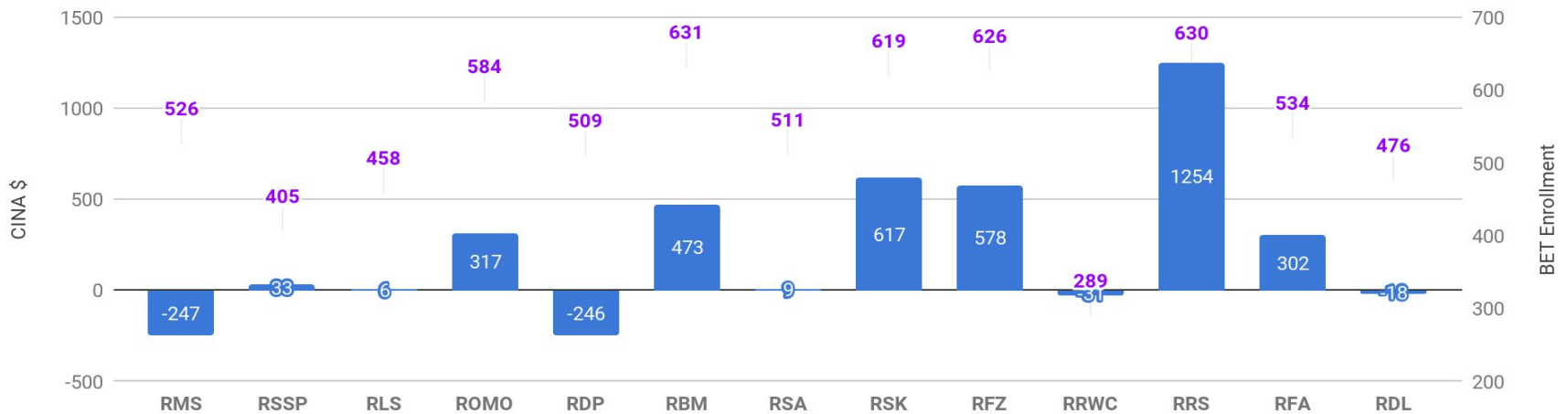
CA Schools: CINA and Enrollment

CA REGION

FY21 August CINA and BET



FY20 CINA and Sept Enrollment



FY21 August Update: CA School Budget Detail

	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA
Revenue							
Federal	1,274	1,173	1,308	1,555	1,172	1,623	1,210
State	5,990	4,996	5,715	7,384	5,762	7,869	5,793
Internal & Grants	47	47	48	85	185	47	47
Total Revenue	7,311	6,216	7,071	9,024	7,119	9,539	7,050
Expense							
Compensation	3,484	2,694	3,490	4,180	3,707	4,133	3,469
Non Comp	1,842	1,594	1,686	2,086	1,690	2,257	1,750
Rent	868	1,032	882	977	744	1,104	716
Network Svc Fee	1,029	879	999	1,264	962	1,348	988
Total Expense	7,223	6,199	7,057	8,508	7,103	8,841	6,922
	RSK	RFZ	RRWC	RRS	RFA	RDL	TOTAL CA
Revenue							
Federal	1,415	1,602	710	1,530	1,184	1,304	17,060
State	7,332	7,900	3,197	7,692	5,583	5,356	80,569
Internal & Grants	48	47	350	47	50	850	1,898
Total Revenue	8,795	9,549	4,257	9,269	6,817	7,510	99,527
Expense							
Compensation	4,026	3,722	2,459	3,632	3,875	3,758	46,629
Non Comp	2,222	2,122	1,191	2,326	1,733	1,673	24,172
Rent	878	1,452	84	865	264	1,143	11,009
Network Svc Fees	1,254	1,353	548	1,309	944	936	13,813
Total Expense	8,380	8,650	4,282	8,132	6,816	7,509	95,622
CINA	415	899	-25	1,137	1	1	3,905

DC Region budget reflects enrollment growth and moderate economic climate shift

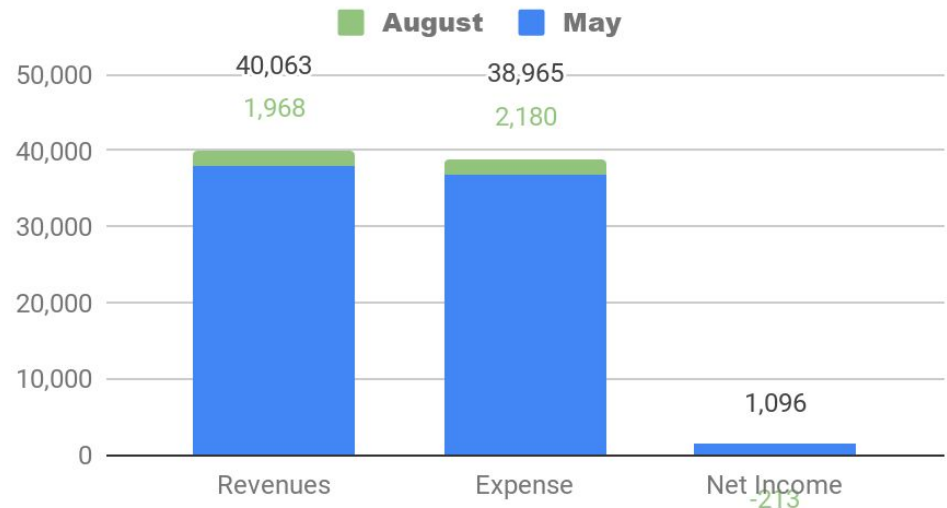
Revenue

- DC3 launching this year with yr 1 loss expected as per strategic plan of start-up and smaller, growing school
- Includes District announced 3% increase in funding level
- Includes recent added federal support including CARES funding \$600K

Expense

- Higher compensation and rents reflect growth at RLP and opening of DC3, as well as aftercare program internally operated
- Contingencies for hybrid model and distance learning included to buffer added program needs

DC May vs Aug Fy21 Budget



DC 2020-21 Proposed Budget

- Budget includes \$500K philanthropy

August 2020	DC Schools					DC	DC
FY20-21 Budget	RISE	RLP	DC3	PSCB0	Total Schools	Nest	Region
Public / Recurring Revenues	17,305	16,406	4,199	0	37,911	0	37,911
Philanthropy	0	0	0	500	500	0	500
Central Office Allocation Rev	0	0	0	0	0	1652	1,652
Total Revenue	17,305	16,406	4,199	500	38,411	1,652	40,063
Compensation	5,648	5,508	1,593	0	12,747	1296	14,043
Non Compensation Expense	5,754	5,404	2,611	0	13,772	230	14,002
Lease Expense	1,882	2,684	1,400	0	5,966	0	5,966
Central Office Allocation Fee	2,461	1,924	570	0	4,955	0	4,955
Total Expenses	15,745	15,520	6,174	0	37,440	1,526	38,966
Change in Net Assets	1,560	886	-1,975	500	971	126	1,097

DC Region			August Budget
YE	May Budget		
2019-20	2020-21		2020-21
28,202	36,037		37,911
840	500		500
1,093	1,558		1,652
30,135	38,095		40,063
10,592	13,398		14,043
11,486	12,748		14,002
4,387	5,966		5,966
3,268	4,674		4,955
29,733	36,786		38,966
402	1,309		1,097

Nashville: FY21 expense management will be important, NSH3 pausing

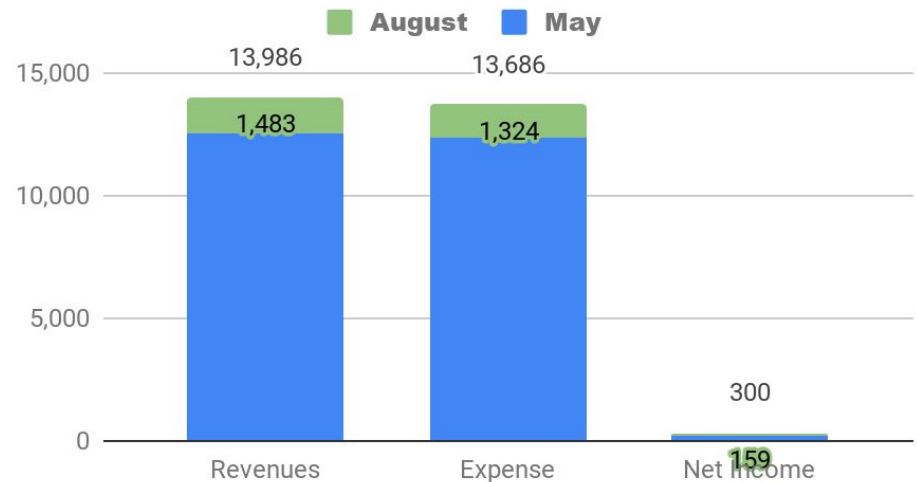
Revenue

- RUA strong enrollment; RNNE closely monitoring in early weeks
- NSH3 opening paused for one year to better navigate uncertainty as well as high fixed costs for initial facility
- NSH/MNPS reduced final FY20 payments; however has approved increase of FY21 per pupil from \$10,722 to \$11,016
- \$150K COVID funding support

Expense

- Hourly minimum increased, similar to increase at MNPS level
- Difficult staffing decisions made at FY20YE in region to more consistent model levels- most significant expense change
- Supporting launch of development campaign

NSH May vs Aug Fy21 Budget



Nashville 2020-21 Proposed Budget

August 2020	NSH Schools			NSH	NSH
FY20-21 Budget	RNNE	RUA	Total Schools	Nest	Region
Public / Recurring Revenues	5,900	7,217	13,117	0	13,117
Philanthropy	0	0	0	250	250
Central Office Allocation Rev	0	0	0	619	619
Total Revenue	5,900	7,217	13,117	869	13,986
Compensation	2,909	2,984	5,894	875	6,770
Non Compensation Expense	1,895	1,935	3,830	148	3,978
Lease Expense	573	509	1,081	0	1,081
Central Office Allocation Fee	836	1,022	1,858	0	1,858
Total Expenses	6,213	6,450	12,663	1,023	13,687
Change in Net Assets	-313	767	454	-154	299

NSH Region		
YE	May Budget	August Budget
2019-20	2020-21	2020-21
12,174	11,705	13,117
105	250	250
584	548	619
12,863	12,503	13,986
7,051	6,298	6,770
3,334	3,338	3,978
1,080	1,081	1,081
1,752	1,643	1,858
13,217	12,360	13,687
-354	143	299

MKE: FY21 expense management will be important, with revenue and learning environments changing

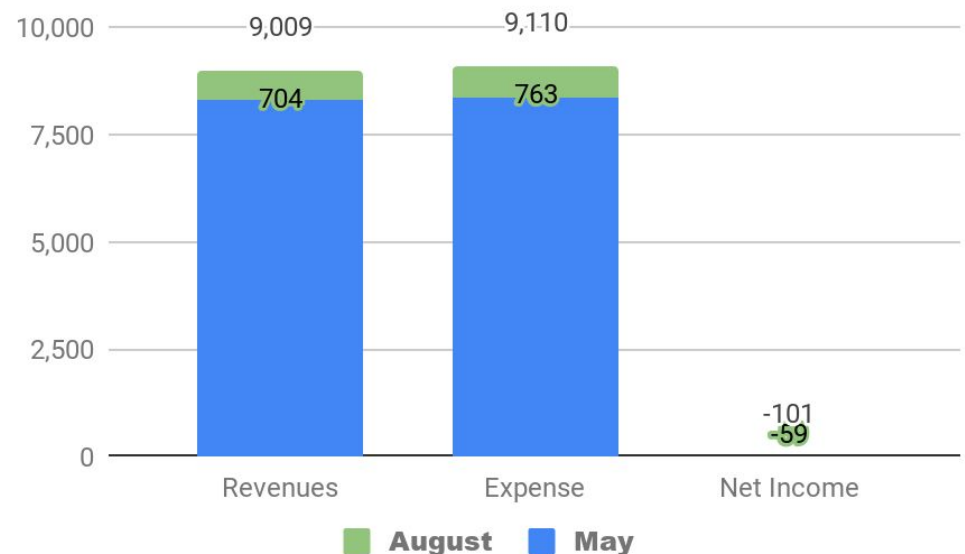
Revenue

- Positive of state revenue remaining flat at \$9,165
- Federal one time support of \$300K+ will assist region from CARES act
- RTP continuing growth; RSCP solid enrollment expected

Expense:

- Non compensation expenses will be more frugal in fiscal environment
- Plan includes \$42k for consulting to launch Development campaign

MKE May vs Aug Fy21 Budget



Milwaukee 2020-21 Proposed Budget

- Budget includes \$250K philanthropy

August 2020	MKE Schools			MKE	MKE
FY20-21 Budget	RSCP	RTP	Total Schools	Nest	Region
Public / Recurring Revenues	6,117	2,049	8,166	0	8,166
Philanthropy	0	265	265	0	265
Central Office Allocation Rev	0	200	200	378	578
Total Revenue	6,117	2,514	8,631	378	9,009
Compensation	2,991	1,273	4,265	575	4,840
Non Compensation Expense	1,583	832	2,414	120	2,544
Lease Expense	423	168	591	0	591
Central Office Allocation Fee	850	285	1,135	0	1,135
Total Expenses	5,847	2,558	8,405	695	9,110
Change in Net Assets	270	-44	226	-317	-101

MKE Region		
YE	May Budget	August Budget
2019-20	2020-21	2020-21
6,845	7,536	8,166
442	250	265
525	520	578
7,812	8,306	9,009
4,370	4,525	4,840
2,751	2,273	2,544
505	591	591
974	959	1,135
8,600	8,348	9,110
-788	-42	-101

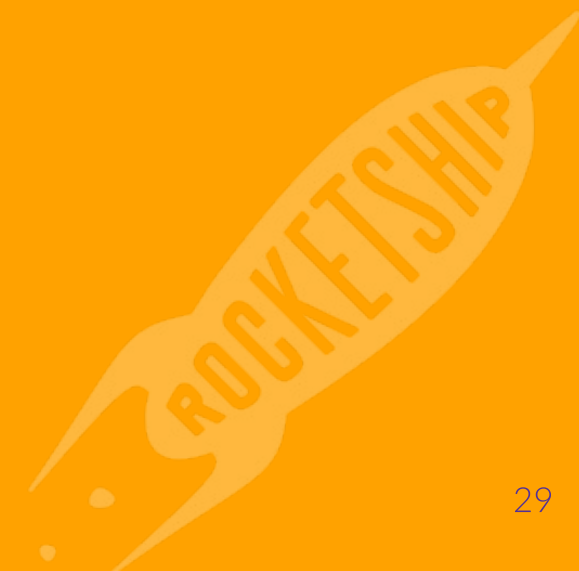
Fort Worth 2020-21 Proposed Budget

First Fort Worth Budget includes building new Nest regional team and preparing for first two schools launch in FY21-22

August 2020	TX Schools			TX	TX
FY20-21 Budget	TX1	TX2	Total Schools	Nest	Region
Public / Recurring Revenues	180	180	360	201	561
Philanthropy				1,350	1,350
Central Office Allocation Rev	0	0	0	0	0
Total Revenue	180	180	360	1,551	1,911
Compensation	218	188	405	972	1,378
Non Compensation Expense	23	22	46	471	517
Lease Expense	0	0	0	15	15
Central Office Allocation Fee	0	0	0	0	0
Total Expenses	241	210	451	1,458	1,910
Change in Net Assets	-61	-30	-91	93	1

TX Region	
May Budget	August Budget
551	561
1,250	1,350
0	0
1,801	1,911
1,342	1,378
516	517
15	15
0	0
1,873	1,910
-72	1

NeST and Sustainability



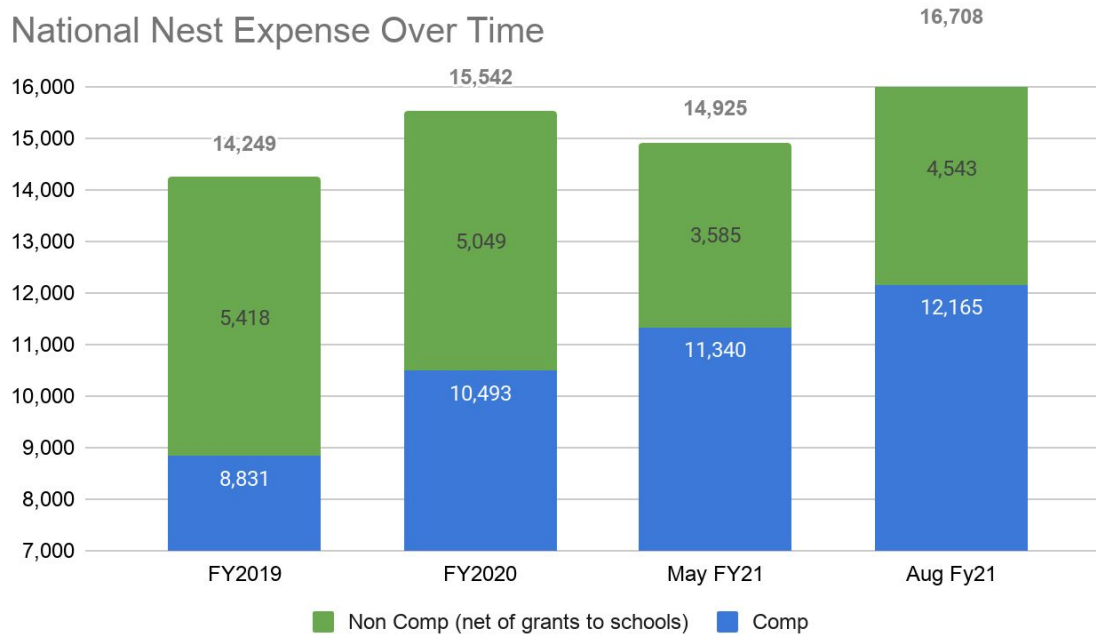
FY21 August Update - Nest Summary

		Regional Nests						FY2021
	<u>National</u>	<u>Bay Area</u>	<u>East Bay</u>	<u>MKE</u>	<u>NSH</u>	<u>DC</u>	<u>TX</u>	<u>Subtotal</u>
Internal Transfers								
Network Svc Fee Income	14,508	3,978	721	378	619	1,652	0	21,856
Grants /Intercompany/Other	1,028	0	0	0	0	0	1,350	2,378
Subtotal	15,536	3,978	721	378	619	1,652	1,350	24,234
Fundraising	5,370	0	0	0	250	0	0	5,620
Revenue	20,906	3,978	721	378	869	1,652	1,350	29,854
Expense								
Compensation	12,165	2,198	379	575	875	1,296	972	18,460
Non-Compensation	7,293	1,621	134	121	148	230	471	10,017
Rent	172	201	71	0	0	0	15	460
Expense	19,630	4,020	584	696	1,023	1,526	1,459	28,937
Net Income	1,348	-42	137	-317	-154	126	93	1,190

- National must also consider impact of deferrals/intercompany support on cash flow (not represented in P/L)
- Grants to schools included in expense base

National Nest Expense Year over Year change

National Nest Expense Over Time



- Compensation has risen YoY reflecting
 - Reflects new hires in FY20, now full year budget load
 - Conversion of contractors or cost neutral adds only in FY21
 - Consideration of merit increases at Q3
 - 403b continuation

Non Comp includes

- Key initiatives such as DEI
- Contingencies and legal

On our current path, we expect to reach National NeST sustainability in FY22-3

NeST sustainability has been defined by our ability to match National NeST costs to network service fee revenue

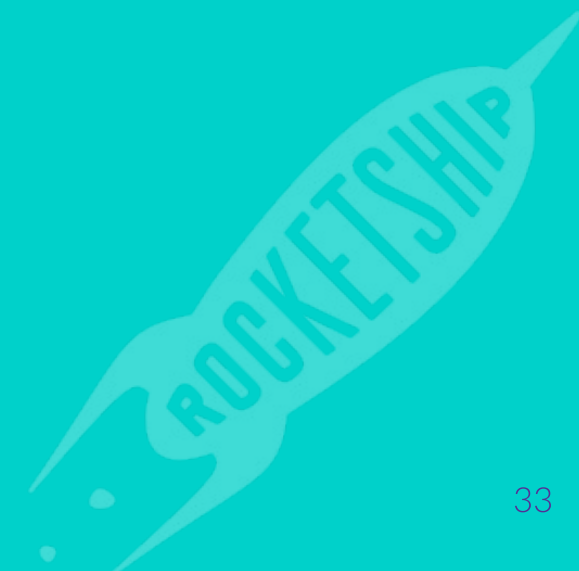
% National Gap and Service Fee (Billed)



	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>
Enrollment	7,166	8,303	9,816	10,282	11,260	12,582	13,420
National Service Revenue	10,547	11,935	12,906	15,536	14,207	17,123	18,179
National Op Expense	14,466	15,443	17,422	19,630	17,706	17,802	18,838
Network Svc Fee gap incl School Grants	-3,919	-3,508	-4,516	-4,094	-3,499	-679	-659
% gap plan	27.1%	22.7%	25.9%	20.9%	19.8%	3.8%	3.5%
- less schools grants/region fundraise transfer	-610	-1,030	-1,711	-2,750	-1,100	-350	-500
% gap excluding grants to schools	22.9%	16.0%	16.1%	6.8%	13.5%	1.8%	0.8%

- Fee deferrals are excluded in this measurement, and impact cash basis sustainability

Business Updates



Facility Updates: Active Projects

Project	Targeted Delivery	Current Status	Early Financial Risk / Total Project
DC3 Phase 1	Jul 2020	On-time Substantial Completion on 7/21; \$16.5 million budget; Phase 2 July 2021 (\$22M total)	Phase 1 complete, no additional soft costs anticipated. No budget concerns as this time.
TX 1 and 2	Jul 2021	Sites in escrow; design ongoing; charter vote in Sept 2020	\$1 million for predev on both prior to charter vote; \$11.7 million project ea
MKE2 – RTP Phase 2	TBD – 2022	Fundraise campaign launching; Phase 2 on hold; Phase 2 budget \$3.4 million	\$1.8 million expended by Launchpad; closed in June with full reimbursement.
TN3	Jul 2022	Delayed to Jul 2022 to permit region Fundraise campaign launching	\$450K for predev; ~\$12 million project

Financing Updates

- RTP Short Term Financing – Phase 1 Construction CLOSED
- ROMO/RSA Refinancing – Target close in Fall 2020
- RLP Take-Out of Turner – Pursue in early calendar year 2021

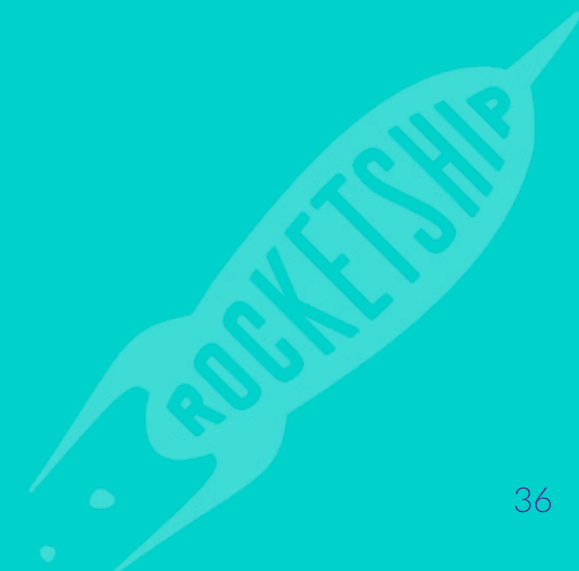
DC3: Rocketship Infinity Community Prep



Business Discussion items

- Ad Hoc Facilities Committee FY20 Update
- Audit Update
- Process Improvement and Progress

Appendices



Q4 Balance sheet update

Balance Sheet 6/30/20						6/30/20	6/30/19	6/30/18
\$ Millions	Bay Area	MKE	NSH	DC	National	RPS	RPS	RPS
Assets								
Cash and cash equivalents	20.3	1.0	0.9	3.9	4.8	30.8	30.1	24.2
Accounts Receivable	17.6	0.4	0.5	0.4	2.1	21.0	17.1	16.0
Prepaid	2.1	0.1	0.2	0.4	0.4	3.2	3.0	2.4
Security Deposits	0.4	0.0	0.0	0.0	0.0	0.4	0.4	0.4
Property, plant & equipment	4.5	0.0	0.1	0.0	0.1	4.8	5.0	5.2
Note receivable	3.1	0.9	0.2	1.5	7.2	12.9	7.7	7.3
Total Assets	48.0	2.5	1.9	6.2	14.6	73.2	63.2	55.6
Accounts Payable	2.5	0.1	0.2	1.1	-0.1	3.8	7.8	6.7
Accrued Liabilities	1.1	0.0	0.3	0.2	2.1	3.7	4.3	2.7
Deferred Revenue	1.7	0.0	0.0	0.0	0.6	2.3	0.9	1.3
Deferred Lease Liability	4.1	0.1	0.0	4.1	0.0	8.3	7.7	6.1
Deferred management fee	1.0	0.6	1.3	0.0	0.0	2.8	3.3	4.2
Intercompany Loan	3.3	1.9	0.3	0.7	0.8	6.8	3.5	3.1
Long-Term Loans (inc LT def fee)	1.6	2.9	1.1	3.8	3.5	12.9	5.8	5.5
Total Liabilities	15.3	5.5	3.1	9.8	6.9	40.6	33.3	29.6
Net Assets	32.7	-3.0	-1.2	-3.6	7.7	32.6	30.0	26.0
Total Liabilities and Net Assets	48.0	2.5	1.9	6.2	14.6	73.2	63.2	55.6

Enrollment detail - FY21 BET targets by school -May

Finance BET FY20			FY20 Sep	FY21 BET targets	Fy20 Sep vs BET Var
RMS	Mateo Sheedy	539	526	519	-7
RSSP	Si Se Puede	416	405	373	-32
RLS	Los Suenos	463	458	461	3
ROMO	Mosaic	604	584	627	43
RDP	Discovery Prep	518	509	539	30
RBM	Brilliant Minds	620	631	624	-7
RSA	Alma	527	511	524	13
RSK	Spark	606	619	622	3
RFZ	Fuerza	638	626	619	-7
RRWC	Redwood City	297	289	312	23
RRS	Rising Stars	615	630	628	-2
RFA	Futuro	534	534	619	85
RDL	Delta Prep	451	476	546	70
RSCP	Southside Comm Prep	500	519	519	0
RTP	Transformation Prep	152	147	200	53
RNNE	Nashville Northeast	510	495	512	17
RUA	United Academy	556	551	564	13
RISE	RISE	712	710	710	0
RLP	Legacy Prep	586	596	665	69
DC3	DC 3		0	180	180
9,844			9816	10363	547



FY21 May Update - Fundraise Planning

- Fundraise includes \$2.25M related to TX
- NSH and MKE will develop regional fundraise capabilities in FY21 to support NSH3 growth, RTP expansion and long term MKE sustainability

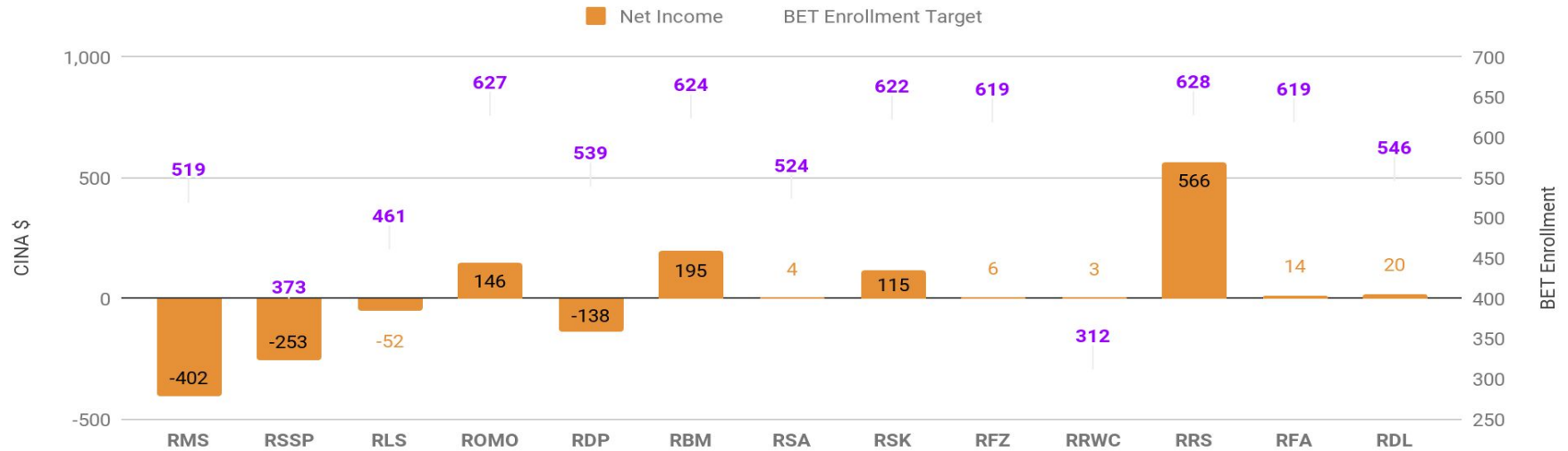
Fundraise Summary: Finance Assumptions			
Summary	FY20 B	FY20 F	FY21
National	3,788,000	3,474,907	5,250,000
CA	200,000	311,774	0
NSH	0	66,552	250,000
MKE	200,000	233,050	250,000
DC	350,000	735,645	500,000
Total	4,538,000	4,821,928	6,250,000

**\$2.25M TX, of which \$1M employed for NTL TX related supports only*

May 2020 CA Schools: CINA and Enrollment

CA REGION

FY21 CINA and BET



FY20 Fcst CINA and Sept Enrollment

