

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020)**

OPERATING:

California

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

Tennessee

Rocketship Nashville Northeast Elementary
Rocketship United Academy

Wisconsin

Rocketship Southside Community Prep
Rocketship Transformation Prep

DC

Rocketship Rise Academy
Rocketship Legacy Prep
Rocketship Infinity Community Prep



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AUDIT, TAX, AND CONSULTING

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Rocketship Education, Inc. and its Affiliates (RSEA), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RSEA as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying supplementary schedules required by the required by the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel (Local Education Agency Organization Structure, Schedule of Instructional Time, Reconciliation of Annual Financial Report with Audited Financial Statements) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary schedules of the consolidating statements of financial position, activities and cash flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

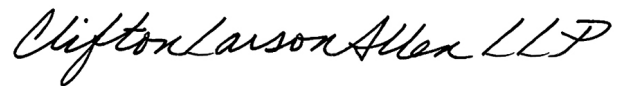
Report on Summarized Comparative Information

We have previously audited RSEA's 2020 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated December 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
Rocketship Education, Inc. and its Affiliates

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2021 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
December 11, 2021

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

ASSETS	<u>Rocketship Education</u>	<u>Rocketship Education Wisconsin Inc.</u>	<u>Rocketship Education DC Public Charter School, Inc.</u>	<u>Launchpad Development Company</u>	<u>Eliminations</u>	<u>2021 Total</u>	<u>2020 Total</u>
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 32,627,469	\$ 1,713,752	\$ 7,856,440	\$ 5,422,615	\$ -	\$ 47,620,276	\$ 36,215,753
Restricted Cash	-	-	-	14,098,510	-	14,098,510	12,547,596
Accounts Receivable	24,944,005	328,663	1,122,871	530,540	-	26,926,079	18,555,403
Deferred Rent Asset	-	-	-	526,821	(526,821)	-	-
Grants Receivable	-	17,000	-	-	-	17,000	900,000
Prepaid Expenses and Deposits	5,338,341	74,213	271,041	337,414	-	6,021,009	4,024,684
Total Current Assets	<u>62,909,815</u>	<u>2,133,628</u>	<u>9,250,352</u>	<u>20,915,900</u>	<u>(526,821)</u>	<u>94,682,874</u>	<u>72,243,436</u>
LONG-TERM ASSETS							
Intracompany Receivable	7,094,138	-	-	-	(7,094,138)	-	-
Security Deposits	449,709	-	-	-	(400,000)	49,709	28,330
Accounts Receivable	-	-	-	19,723	-	19,723	-
Deferred Rent Asset	-	-	-	6,634,707	(6,634,707)	-	-
Property, Plant, and Equipment, Net	4,417,820	24,511	23,869	157,332,385	-	161,798,585	137,529,685
Total Long-Term Assets	<u>11,961,667</u>	<u>24,511</u>	<u>23,869</u>	<u>163,986,815</u>	<u>(14,128,845)</u>	<u>161,868,017</u>	<u>137,558,015</u>
Total Assets	<u>\$ 74,871,482</u>	<u>\$ 2,158,139</u>	<u>\$ 9,274,221</u>	<u>\$ 184,902,715</u>	<u>\$ (14,655,666)</u>	<u>\$ 256,550,891</u>	<u>\$ 209,801,451</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ 10,109,854	\$ 265,469	\$ 1,716,407	\$ 287,957	\$ -	\$ 12,379,687	\$ 8,237,562
Accrued Interest	41,440	-	-	766,036	-	807,476	730,670
Deferred Rent Liability	-	-	-	-	-	-	35,276
Deferred Revenues	2,930,710	-	-	11,343	-	2,942,053	1,593,373
Current Portion of Loans Payable	2,890,204	-	-	5,408,669	-	8,298,873	4,006,297
Total Current Liabilities	<u>15,972,208</u>	<u>265,469</u>	<u>1,716,407</u>	<u>6,474,005</u>	<u>-</u>	<u>24,428,089</u>	<u>14,603,178</u>
LONG-TERM LIABILITIES							
Security Deposits	-	-	-	400,000	(400,000)	-	-
Accrued Interest	233,082	-	-	-	-	233,082	196,643
Deferred Rent Liability	4,010,089	111,100	2,366,804	6,214,765	(7,161,528)	5,541,230	5,689,509
Intracompany Payable	-	4,220,562	2,873,576	-	(7,094,138)	-	-
Loans Payable	3,677,638	-	-	184,439,534	-	188,117,172	164,694,827
Total Long-Term Liabilities	<u>7,920,809</u>	<u>4,331,662</u>	<u>5,240,380</u>	<u>191,054,299</u>	<u>(14,655,666)</u>	<u>193,891,484</u>	<u>170,580,979</u>
NET ASSETS (DEFICIT)							
Without Donor Restriction	50,978,465	(2,455,992)	2,317,434	(12,625,589)	-	38,214,318	23,717,294
With Donor Restriction	-	17,000	-	-	-	17,000	900,000
Total Net Assets (Deficit)	<u>50,978,465</u>	<u>(2,438,992)</u>	<u>2,317,434</u>	<u>(12,625,589)</u>	<u>-</u>	<u>38,231,318</u>	<u>24,617,294</u>
Total Liabilities And Net Assets	<u>\$ 74,871,482</u>	<u>\$ 2,158,139</u>	<u>\$ 9,274,221</u>	<u>\$ 184,902,715</u>	<u>\$ (14,655,666)</u>	<u>\$ 256,550,891</u>	<u>\$ 209,801,451</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2021 Total	2020 Total
NET ASSETS WITHOUT DONOR RESTRICTIONS							
REVENUES							
LCFF State Aid & Property Tax Revenue	\$ 68,946,084	\$ -	\$ -	\$ -	\$ -	\$ 68,946,084	\$ 66,915,020
Apportionment Revenue	13,187,808	6,168,045	22,387,847	-	-	41,743,700	35,399,299
Other State Revenue	14,788,771	192,533	8,399,305	-	-	23,380,609	20,884,624
Federal Revenue	13,904,581	1,462,844	4,119,769	-	-	19,487,194	11,965,795
Other Local Revenue	5,274,103	3,460	2,916,147	19,513,288	(25,066,881)	2,640,117	886,809
Contributions	4,580,388	358,002	860,053	-	-	5,798,443	6,323,553
Amounts Released from Restriction	900,000	-	-	-	-	900,000	187,450
Total Without Donor Restriction Revenues	121,581,735	8,184,884	38,683,121	19,513,288	(25,066,881)	162,896,147	142,562,550
EXPENSES							
Program Expenses:							
Educational programs	83,481,132	6,731,332	30,673,451	-	(19,483,728)	101,402,187	98,929,764
Program Supports	7,952,463	-	-	21,531,424	(475,000)	29,008,887	26,861,068
Supporting Services:							
Administration and General	16,459,966	1,227,377	4,466,701	501,298	(5,108,153)	17,547,189	16,606,399
Fundraising	440,860	-	-	-	-	440,860	345,147
Total Supporting Services	16,900,826	1,227,377	4,466,701	501,298	(5,108,153)	17,988,049	16,951,546
Total Expenses	108,334,421	7,958,709	35,140,152	22,032,722	(25,066,881)	148,399,123	142,742,378
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	13,247,314	226,175	3,542,969	(2,519,434)	-	14,497,024	(179,828)
NET ASSETS WITH DONOR RESTRICTION							
Amounts Released from Restriction	(900,000)	-	-	-	-	(900,000)	(187,450)
Contributions	-	17,000	-	-	-	17,000	900,000
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	(900,000)	17,000	-	-	-	(883,000)	712,550
INCREASE (DECREASE) IN NET ASSETS	12,347,314	243,175	3,542,969	(2,519,434)	-	13,614,024	532,722
Net Assets (Deficit) - Beginning of Year	38,731,151	(2,782,167)	(1,225,535)	(10,106,155)	-	24,617,294	24,084,572
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 51,078,465</u>	<u>\$ (2,538,992)</u>	<u>\$ 2,317,434</u>	<u>\$ (12,625,589)</u>	<u>\$ -</u>	<u>\$ 38,231,318</u>	<u>\$ 24,617,294</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	Programs			Management and General	Fundraising	Eliminations	Total 2021 Expenses	Total 2020 Expenses
	Educational Programs	Program Supports	Total					
Salaries	\$ 52,314,656	\$ 6,030,762	\$ 58,345,418	\$ 8,126,517	\$ 356,247	\$ -	\$ 66,828,182	\$ 62,373,909
Employee Benefits	8,536,974	551,624	9,088,598	583,897	58,238	-	9,730,733	7,562,911
Pension	4,858,524	455,219	5,313,743	198,040	-	-	5,511,783	4,545,283
Payroll Taxes	2,612,357	375,799	2,988,156	533,209	-	-	3,521,365	3,488,943
Management Fees	-	-	-	21,246,422	-	(21,246,422)	-	-
District Fee	-	-	-	1,183,610	-	-	1,183,610	955,533
Accounting Expenses	-	-	-	264,784	-	-	264,784	423,683
Legal Expenses	-	-	-	894,912	-	-	894,912	637,787
Instructional Materials	2,748,730	199,721	2,948,451	(10,255)	10,255	-	2,948,451	3,316,399
Other Fees For Services	14,296,044	946,773	15,242,817	1,917,939	4,222	-	17,164,978	17,967,479
Advertising	-	-	-	81,334	-	-	81,334	118,555
Office Expenses	1,912,452	-	1,912,452	309,430	8,088	-	2,229,970	2,906,902
Information Technology	6,441,254	21,885	6,463,139	798,189	1,850	-	7,263,178	3,413,075
Printing and Postage	169,848	-	169,848	80,624	-	-	250,472	395,094
Occupancy	22,300,972	5,658,295	27,959,267	466,066	-	(19,483,728)	8,941,605	7,597,805
Travel	649,298	-	649,298	135,727	-	-	785,025	1,954,354
Conferences and Meetings	-	-	-	21,273	-	-	21,273	16,520
Insurance	160,451	-	160,451	453,690	-	-	614,141	528,233
Bad Debt	-	-	-	-	-	-	-	47,124
Depreciation and Amortization	224,749	4,583,070	4,807,819	111,198	-	-	4,919,017	4,569,248
Interest Expense	-	9,841,459	9,841,459	319,813	-	-	10,161,272	9,568,359
Capital Expenses	12	35,517	35,529	2,884	-	-	38,413	218,054
Other Expenses	3,659,594	783,763	4,443,357	1,074,308	1,960	(475,000)	5,044,625	10,137,128
Subtotal	120,885,915	29,483,887	150,369,802	38,793,611	440,860	(41,205,150)	148,399,123	
Eliminations	(19,483,728)	(475,000)	(19,958,728)	(21,246,422)	-	41,205,150	-	
Total 2021	<u>\$ 101,402,187</u>	<u>\$ 29,008,887</u>	<u>\$ 130,411,074</u>	<u>\$ 17,547,189</u>	<u>\$ 440,860</u>	<u>\$ -</u>	<u>\$ 148,399,123</u>	
Total 2020	<u>\$ 98,929,764</u>	<u>\$ 26,861,068</u>	<u>\$ 125,790,832</u>	<u>\$ 16,606,399</u>	<u>\$ 345,147</u>			<u>\$ 142,742,378</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2021 Total	2020 Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets	\$ 12,247,314	\$ 343,175	\$ 3,542,969	\$ (2,519,434)	\$ -	\$ 13,614,024	\$ 532,722
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation Expense	322,610	7,012	6,325	4,224,391	-	4,560,338	4,205,615
Transfers and Losses on Disposal of Assets	-	-	-	62,490	-	62,490	41,744
Amortization Expense	-	-	-	238,597	-	238,597	363,633
Forgiveness of Debt	-	(537,473)	(1,150,162)	-	-	(1,687,635)	-
(Increase) Decrease in Operating Assets:							
Accounts Receivable	(7,316,639)	(238,655)	(713,990)	(121,115)	-	(8,390,399)	(5,313,437)
Grants Receivable	900,000	(17,000)	-	-	-	883,000	(725,000)
Prepaid Expenses and Deposits	(2,454,430)	27,343	67,266	342,115	-	(2,017,706)	(413,544)
Deferred Rent Asset	-	-	-	1,170,767	(1,170,767)	-	-
Increase (Decrease) in Operating Liabilities:							
Accounts Payable and Accrued Liabilities	4,084,985	120,559	408,489	(339,660)	-	4,274,373	(2,395,184)
Deferred Revenues	1,348,680	-	-	-	-	1,348,680	671,623
Deferred Rent Liability	(79,331)	58,297	(362,066)	(971,225)	1,170,767	(183,558)	1,017,932
Net Cash Provided (Used) by Operating Activities	9,053,189	(236,742)	1,798,831	2,086,926	-	12,702,204	(2,013,896)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property, Plant, and Equipment	-	-	(24,453)	(28,866,919)	-	(28,891,372)	(980,966)
Net Cash Used by Investing Activities	-	-	(24,453)	(28,866,919)	-	(28,891,372)	(980,966)
CASH FLOWS FROM FINANCING ACTIVITIES							
Intracompany Loans	137,859	107,652	(49,984)	(214,882)	-	(19,355)	-
Proceeds from Debt	1,645,000	-	-	31,066,734	-	32,711,734	8,387,635
Repayment of Debt	(1,039,656)	-	-	(2,508,118)	-	(3,547,774)	(3,646,908)
Net Cash Provided (Used) by Financing Activities	743,203	107,652	(49,984)	28,343,734	-	29,144,605	4,740,727
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH							
	9,796,392	(129,090)	1,724,394	1,563,741	-	12,955,437	1,745,865
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	22,831,077	1,842,842	6,132,046	17,957,384	-	48,763,349	47,017,484
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR							
	\$ 32,627,469	\$ 1,713,752	\$ 7,856,440	\$ 19,521,125	\$ -	\$ 61,718,786	\$ 48,763,349
CASH, CASH EQUIVALENTS AND RESTRICTED CASH							
Cash and Cash Equivalents	\$ 32,627,469	\$ 1,713,752	\$ 7,856,440	\$ 5,422,615	\$ -	\$ 47,620,276	\$ 36,215,753
Restricted Cash	-	-	-	14,098,510	-	14,098,510	12,547,596
Total	\$ 32,627,469	\$ 1,713,752	\$ 7,856,440	\$ 19,521,125	\$ -	\$ 61,718,786	\$ 48,763,349
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION							
Forgiveness of Debt	\$ -	\$ 537,473	\$ 1,150,162	\$ -	\$ -	\$ 1,687,635	\$ -
Cash Paid for Interest, Net	\$ 285,747	\$ 64,651	\$ -	\$ 9,286,401	\$ -	\$ 9,636,799	\$ 7,761,957

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

Rocketship Education Wisconsin Inc.

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

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

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

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 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 Milwaukee One LLC (MLLC1)*** – RSCP facilities
- ***Launchpad Development Milwaukee Two LLC (MLLC2)*** – RTP facilities development
- ***Launchpad Development One Nashville LLC (NLLC1)*** – RNNE facilities
- ***Launchpad Development Two Nashville LLC (NLLC2)*** – RUA facilities
- ***Launchpad Development Three Nashville LLC (NLLC3)*** – Facilities development
- ***Launchpad Development One DC LLC (DLLC1)*** – RISE facilities
- ***Launchpad Development Two DC LLC (DLLC2)*** – RLP facilities
- ***Launchpad Development Three DC LLC (DLLC3)*** – Facilities development
- ***Launchpad Development One TX LLC (TEX01)*** – Facilities development
- ***Launchpad Development Two TX LLC (TEX02)*** – Facilities development

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Basis of Presentation

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

Use of Estimates

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

Functional Allocation of Expenses

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

Cash and Cash Equivalents

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

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

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

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2021.

Property, Plant, and Equipment

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

Contributions

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

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when RSEA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, RSEA has conditional grants of \$26,079,462 that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2021, RSEA has received conditional grants of \$2,930,710 that are recognized as deferred revenue in the statement of financial position because conditions have not yet been met.

Revenue Recognition

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

Comparative Totals

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with RSEA's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Evaluation of Subsequent Events

RSEA has evaluated subsequent events through December 11, 2021, the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents, accounts receivable and grants receivable for the total amount of \$74,546,355. As part of RSEA's liquidity management plan, RSEA invests cash in excess of daily requirements in short-term investments and money market funds.

NOTE 3 CREDIT CONCENTRATION RISK

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 ACCOUNTS RECEIVABLE

Due from federal and state governments consists of funds due as of June 30, 2021. Management believes that these receivables are fully collectible, therefore no provision was recorded as of June 30, 2021.

NOTE 5 GRANTS RECEIVABLE

Grants receivable of \$17,000 consist of unconditional promises to give. Payments on promises to give are expected to be received during the year ended June 30, 2022. As of June 30, 2021 grant amounts connected with these promises to give have been recorded as grants receivable and have been classified as contributions with donor restriction due to implied time restriction. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded.

NOTE 6 PROPERTY, PLANT, AND EQUIPMENT

Property and equipment consisted of the following:

	<u>RSED</u>	<u>LDC</u>	<u>RSEA Total</u>
Land	\$ -	\$ 25,347,995	\$ 25,347,995
Furniture and Equipment	947,576	443,031	1,390,607
Buildings	5,953,488	154,407,597	160,361,085
Other	-	1,740,393	1,740,393
Less: Accumulated Depreciation	<u>(2,434,864)</u>	<u>(24,606,631)</u>	<u>(27,041,495)</u>
Total	<u>\$ 4,466,200</u>	<u>\$ 157,332,385</u>	<u>\$ 161,798,585</u>

Depreciation and amortization expense was \$4,560,338 for the year ended June 30, 2021.

NOTE 7 DEBT

Convertible Debt

RSN – Charter School Growth Fund

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

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 DEBT (CONTINUED)

Convertible Debt (Continued)

RSN – Charter School Growth Fund (Continued)

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

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

In February 2019, RSN and CSGF amended and restated the 2009 loan agreement (third amendment), modifying debt maturity dates. In June 2020, RSN and CSGF amended and restated the 2009 loan agreement (fourth amendment), modifying debt maturity dates. As of June 30, 2021, balance on this loan is \$950,000. This loan is on a repayment schedule that is fully paid by June 30, 2025.

During the 2014/15 school year, RFZ, RNNE, RRWC, and RUA each entered into \$100,000 Subordinated Loan Agreements with effective interest rates of 1.0%. In June 2020, RSN and CSGF amended and restated the 2015 loan agreement (first amendment), modifying debt maturity dates. As of June 30, 2021, the loans RFZ and RNNE have been paid off. The balances for RRWC and RUA are each at \$100,000 at June 30, 2021.

During the 2015/16 school year, RSN and CSGF entered into three \$100,000 Subordinated Loan Agreements with effective interest rates of 1.0 percent. The loans were made to support RRS, RFA, and RPP. In June 2020, RSN and CSGF amended and restated the 2015 loan agreement (first amendment), modifying debt maturity dates. As of June 30, 2021, balance on each of the three loans is \$100,000. The loans are scheduled to be repaid in full on June 30, 2022.

Loans Payable

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

As of June 30, 2021, one of Rocketship's California schools Delta Prep has a revolving loan payable to the California School Finance Authority (CSFA) with a balance of \$124,996. This loan has an effective interest rate of 2.41%. Principal is payable over a three-year period, with installment payments deducted from apportionment revenue each year. Final maturity is 2024.

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%.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 DEBT (CONTINUED)

Loans Payable (Continued)

LLC4 – ROMO Bonds Payable (Series 2011A and 2011B Bonds) (Continued)

The Series 2011 Bonds are divided into \$9.6 million Series 2011A Bonds and \$515,000 Series 2011B Bonds (taxable), maturing December 2041 and December 2018, respectively. Both Series 2011A and Series 2011B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in December 2018 and December 2013, respectively. In September 2021, we issued OG2-2021AB Series \$16.7M to refinance Series 2011 and Series 2012 bonds. This refinancing process will be completed on December 1, 2021 with the payoff the Series 2011 and Series 2012 bonds.

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

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

The Series 2012 Bonds are divided into \$9.105 million Series 2012A Bonds and \$355,000 million Series 2012B Bonds (taxable), maturing June 2043 and matured June 2016, respectively. Both Series 2012A and Series 2012B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2017 and June 2014, respectively. In September 2021, we issued OG2-2021AB Series \$16.7M to refinance Series 2011 and Series 2012 bonds. This refinancing process will be completed on December 1, 2021 with the payoff the Series 2011 and Series 2012 bonds.

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

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

The Series 2014 Bonds are divided into \$31.935 million Series 2014A Bonds and \$920,000 Series 2014B Bonds (taxable), maturing between June 2023 and 2043 (Series 2014A) and June 2018 (Series 2014B). Both Series 2014A and Series 2014B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2018, 2024 and 2035 (Series 2014A) and June 2016 (Series 2014B). In June 2021, Series 2014A Bond experienced a principal maturity of \$580K.

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%.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 DEBT (CONTINUED)

Loans Payable (Continued)

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

The Series 2015 Bonds are divided into \$6.135 million Series 2015A Bonds and \$250,000 Series 2015B Bonds (taxable), maturing between March 2028 (Series 2015A) and matured June 2016 (Series 2015B). The Series 2015B Bonds were repaid during the fiscal year 2015/16. Series 2015A Bonds are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2016. In June 2021, Series 2015A Bond experienced a principal maturity of \$480K.

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

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

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

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

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

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

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

In June 2021, Series 2017B Bond experienced a principal maturity of \$185K.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 DEBT (CONTINUED)

Loans Payable (Continued)

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

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

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

MKE2 LLC – IIF Acquisition Loan

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

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

NASH2 LLC – CIF Acquisition Loan

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

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

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

The Series 2019 Bonds are divided into \$27.14 million Series 2019A Bonds and \$935,000 Series 2019B Bonds (taxable). The Series 2019 Bonds mature between June 2029 and 2056 (Series 2019A) and between June 2020 and 2023 (Series 2019B). In June 2021, Series 2019B Bond experienced a principal maturity of \$285K.

LDC – Obligated Group Bonds (Series 2021A and 2021B)

In February 2021, LDC Completed bond financing in the amount of \$28.175 million (the Series 2021 Bonds), proceeds from which were used to fund project expenses and building financing for LLC TWO DC. Interest is paid semi-annually at coupon rates between 4.25% and 5.0%.

The Series 2021 Bonds are divided into \$27.14 million Series 2021A Bonds and \$1.04 million Series 2021B Bonds (taxable). The Series 2021 Bonds mature between June 2026 and 2061 (Series 2021A) and between June 2023 and 2026 (Series 2021B).

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 DEBT (CONTINUED)

Loans Payable (Continued)

Amortization expense for cost of issuance and discounts/premiums for all bond series was \$238,597 for the year ended June 30, 2021.

SBA PPP Loans

In May 2020, RSEA received two loans from the Paycheck Protection Program administered by SBA in conjunction with Heritage Bank of Commerce. Loan one was issued to Rocketship Education DC Public Charter School for \$1.15M with an effective interest rate of 1.0%. Loan two was issued to Rocketship Education Wisconsin for \$537K with an effective interest of 1.0%. As of June 30, 2021, both of these Paycheck Protection Program loans have been forgiven including all accrued interest.

Charter Asset Management Line of Credit

In June 2020, RSEA entered into a line of credit facility with Charter Asset Management for a \$5M revolving line of credit, subject to increase to \$10M if the State of California or the Department of Education deferred payment of any funds to be paid to RSEA. Upon execution of this credit facility, Rocketship Education initiated the first draw of \$4M with an initial effective interest rate of 6.0%. As of June 30, 2021, the balance outstanding on this line of credit is \$3,347,846.

TEXAS ONE LLC – Kleinheinz Family Foundation

In January 2021, Texas One LLC entered into a \$738,673 loan agreement with Kleinheinz Family Foundation to provide financing for Texas One LLC's project development in Fort Worth TX. The loan has an interest rate of 3.5% and matures on January 21, 2023.

Charter Asset Management – RFA Receivable Loan

In Q4 FY2021, Charter Asset Management provided a loan of \$1.645M against accounts receivable from Rocketship Futuro Academy of \$1.683M. The entire loan balance was outstanding at June 30, 2021. The RFA receivable and associated financing was fully repaid and resolved in September 2021.

Future maturities of debt in summary:

<u>Year Ended June 30,</u>	<u>RSED</u>	<u>LDC</u>	<u>Total</u>
2022	\$ 2,890,204	\$ 5,408,669	\$ 8,298,873
2023	1,548,026	4,028,136	5,576,162
2024	1,083,731	3,445,507	4,529,238
2025	884,892	3,746,812	4,631,704
2026	160,989	4,123,391	4,284,380
Thereafter	-	171,184,066	171,184,066
Subtotal	6,567,842	191,936,581	198,504,423
Cost of Issuance and Discounts/Premiums	-	(2,088,378)	(2,088,378)
Total	<u>\$ 6,567,842</u>	<u>\$ 189,848,203</u>	<u>\$ 196,416,045</u>

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 OPERATING LEASES

RSN Administrative Offices

In October 2012, RSN entered into a five-year lease for office facilities payable at \$10,612, plus common area maintenance, payable monthly. The lease includes a waiver of rent (\$10,611) contingent upon RSN's status as a nonprofit public benefit corporation. The lease was renewed on November 1, 2017. During the year ended June 30, 2021, net assets released from restriction from in-kind rent was \$181,468 (net of prior year discount) and lease expense totaled \$170,641.

RSN leases administrative offices in San Jose, California, Concord, California, under various operating leases. Lease expense for all regional administrative offices totaled \$284,537 for the year ended June 30, 2021.

LLC10-RSK Site Land Lease

20-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2021 was \$105,840.

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, 2021 was \$95,004.

LLC12-RFZ Site Land Lease

35-year land lease, \$26,400 payable monthly during the year ended June 30, 2021. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2021, total lease expense of \$387,177 has been recorded and lease payments totaled \$316,800.

RFZ Site Land Lease

34-year land lease for addition to RFZ site, payable between \$3,016 and \$3,062 monthly during the year ended June 30, 2021. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2021, total lease expense of \$38,237.

RRWC Facility Lease

Two-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2021 was \$25,105.

RFA Facility Lease

One-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2021 was \$481,381. A five-year lease was renewed in July 2021.

DLLC2-RLP Facility Lease

29-year facility lease signed in 2018 ended February 20, 2021. A new 40-year lease started February 11, 2021. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2021 total lease expense of \$1,683,037 has been recorded and lease payments totaled \$1,251,862 was paid.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 OPERATING LEASES (CONTINUED)

LLC DC3-RIC Facility Lease

29-year lease started September 2020. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2021 total lease expense of \$3,024,679 has been recorded and lease payments totaled \$1,675,404 was paid.

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

<u>Year Ending June 30,</u>	<u>RMS</u>	<u>RSSP</u>	<u>RLS</u>	<u>ROMO</u>	<u>RDP</u>	<u>RBM</u>
2022	\$ 1,005,223	\$ 1,036,436	\$ 750,535	\$ 947,569	\$ 655,931	\$ 1,127,060
2023	1,007,628	1,040,018	747,100	947,800	653,779	1,130,463
2024	1,007,990	1,037,237	741,820	946,756	653,878	1,130,577
2025	1,009,005	1,042,133	801,145	947,354	707,265	1,129,887
2026	1,010,771	1,040,124	898,359	948,513	655,931	1,133,469
Thereafter	15,969,898	17,775,006	22,952,268	14,830,392	20,071,501	19,431,873
Total	<u>\$ 21,010,515</u>	<u>\$ 22,970,954</u>	<u>\$ 26,891,227</u>	<u>\$ 19,568,384</u>	<u>\$ 23,398,285</u>	<u>\$ 25,083,329</u>

<u>Year Ending June 30,</u>	<u>RSA</u>	<u>RSK</u>	<u>RFZ</u>	<u>RRS</u>	<u>RDL</u>	<u>RNNE</u>
2022	\$ 723,929	\$ 1,013,542	\$ 1,379,039	\$ 1,003,542	\$ 1,020,688	\$ 575,000
2023	726,844	1,015,552	1,394,328	1,005,552	1,180,137	575,000
2024	724,678	1,015,458	1,414,378	1,005,458	1,176,719	575,000
2025	726,027	1,015,999	1,413,874	1,005,999	1,177,668	575,000
2026	722,295	1,017,283	1,417,644	1,007,283	1,178,826	575,000
Thereafter	12,235,398	16,118,900	25,494,188	15,918,899	31,683,569	14,949,998
Total	<u>\$ 15,859,171</u>	<u>\$ 21,196,734</u>	<u>\$ 32,513,451</u>	<u>\$ 20,946,733</u>	<u>\$ 37,417,607</u>	<u>\$ 17,824,998</u>

<u>Year Ending June 30,</u>	<u>RTP</u>	<u>RSCP</u>	<u>RISE</u>	<u>RLP</u>	<u>DC3</u>	<u>Total</u>
2022	\$ 168,425	\$ 425,000	\$ 1,880,888	\$ 1,316,522	\$ 2,349,929	\$ 9,701,977
2023	168,425	425,000	1,862,963	1,844,092	2,593,085	12,531,387
2024	168,425	425,000	1,861,300	1,839,021	2,825,659	14,443,125
2025	-	425,000	1,864,810	1,825,158	2,909,781	13,374,534
2026	-	425,000	1,861,840	1,828,736	3,017,288	47,251,858
Thereafter	-	11,049,998	55,918,110	63,898,620	89,282,687	236,127,666
Total	<u>\$ 505,275</u>	<u>\$ 13,174,998</u>	<u>\$ 65,249,911</u>	<u>\$ 72,552,149</u>	<u>\$ 102,978,429</u>	<u>\$ 333,430,547</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, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020 total STRS plan net assets are \$283 billion, the total actuarial present value of accumulated plan benefits is \$405 billion, contributions from all employers totaled \$6.1 billion, and the plan is 67.1% funded. The Schools did not contribute more than 5% of the total contributions to the plan.

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

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for the year ended June 30, 2021 was 19.1% 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
2019	\$ 3,158,678	100 %
2020	3,497,023	100 %
2021	4,105,830	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, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)

Tennessee Consolidated Retirement System – Legacy Pension Plan (Continued)

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. RSEA makes employer contributions at the rate set by the board of trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the schools if the required employer contributions are not remitted. Employer contributions by RSEA for the year ended June 30, 2021 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 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, 2021 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 financial report that can be obtained at www.treasury.tn.gov/tcrs.

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 5% of annual salary or \$2,500. During the year ended June 30, 2021 RSEA contributed \$909,782 to this plan.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 RELATED PARTY TRANSACTIONS

Facility Leases

In 2015, RMS amended and restated its existing lease with LLC1 into a 31-year facility lease through 2046. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$868,335 has been recorded. For school year 2010/21, lease payments under this agreement totaled \$1,076,044.

In 2014, RSSP amended and restated its existing lease with LLC2 into a 29-year facility lease agreement through 2043. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$1,032,223 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$1,108,390.

In 2017, RLS amended and restated its existing lease with LLC3 into a 35-year facility lease through 2052. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$859,654 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$808,468.

In 2011, ROMO entered into a 30-year lease with LLC4 through 2042. The lease was amended in July 2012. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$945,810 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$946,063.

In 2017, RDP amended and restated its existing lease with LLC5 into a 35-year facility lease through 2052. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$746,524 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$692,695.

In 2014, RBM entered into a 29-year facility lease agreement with LLC11 through 2043. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$1,103,935 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$1,212,784.

In 2012, RSA entered into a 15-year lease with LLC8 through 2027. The lease agreement was amended July 2012. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$721,536 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$724,543.

In 2016, RSK entered into a 30-year facility lease agreement with LLC10 through 2046. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$877,798 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$1,093,570.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Facility Leases (Continued)

In 2014, RFZ entered into a 29-year facility lease agreement with LLC12 through 2043. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$1,408,961 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$1,483,117.

In 2016, RRS entered into a 30-year facility lease agreement with LLC16 through 2046. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$845,520 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$1,083,570.

In 2017, RDL entered into a 25-year facility lease agreement with LLC18 through 2032. Lease commencement occurred in August 2018. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$1,143,274 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$947,583.

In 2017, RNNE entered into a 35-year facility lease agreement with NLLC1 through 2052. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$572,704 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$645,589.

In 2019, RUA entered into a 30-year facility lease agreement with NLLC2 through 2049. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$506,775 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$504,546.

In June 2019, RTP entered into a 5-year facility lease agreement with LDMKE2 through 2054. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$228,372 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$169,446.

In 2017, RSCP amended its original 10-year facility lease agreement with MLLC1. The new lease runs 35 years through 2052. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$423,312 has been recorded. For school year 2020/21, lease payments under this agreement totaled \$423,941.

In 2019, RISE entered into a 37-year facility lease agreement with DLLC1 through 2056. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2021, total lease expense of \$1,822,808 has been recorded and lease payments totaled \$1,876,071.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Facility Leases (Continued)

In February 2021 RLP entered into a new 40-year facility lease agreement with DLLC2. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. For the year ended June 30, 2021, total lease expense of \$719,868 has been recorded and lease payments totaled \$13,917.

Future estimated payments under these leases as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>RMS</u>	<u>RSSP</u>	<u>RLS</u>	<u>ROMO</u>	<u>RDP</u>	<u>RBM</u>
2022	\$ 1,005,223	\$ 1,036,436	\$ 750,535	\$ 947,569	\$ 655,931	\$ 1,127,060
2023	1,007,628	1,040,018	747,100	947,800	653,779	1,130,463
2024	1,007,990	1,037,237	741,820	946,756	653,878	1,130,577
2025	1,009,005	1,042,133	801,145	947,354	707,265	1,129,887
2026	1,010,771	1,040,124	898,359	948,513	655,931	1,133,469
Thereafter	15,969,898	17,775,006	22,952,268	14,830,392	20,071,501	19,431,873
Total	<u>\$ 21,010,515</u>	<u>\$ 22,970,954</u>	<u>\$ 26,891,227</u>	<u>\$ 19,568,384</u>	<u>\$ 23,398,285</u>	<u>\$ 25,083,329</u>

<u>Year Ending June 30,</u>	<u>RSA</u>	<u>RSK</u>	<u>RFZ</u>	<u>RRS</u>	<u>RDL</u>	<u>RNNE</u>
2022	\$ 723,929	\$ 1,013,542	\$ 1,379,039	\$ 1,003,542	\$ 1,020,688	\$ 575,000
2023	726,844	1,015,552	1,394,328	1,005,552	1,180,137	575,000
2024	724,678	1,015,458	1,414,378	1,005,458	1,176,719	575,000
2025	726,027	1,015,999	1,413,874	1,005,999	1,177,668	575,000
2026	722,295	1,017,283	1,417,644	1,007,283	1,178,826	575,000
Thereafter	12,235,398	16,118,900	25,494,188	15,918,899	31,683,569	14,949,998
Total	<u>\$ 15,859,171</u>	<u>\$ 21,196,734</u>	<u>\$ 32,513,451</u>	<u>\$ 20,946,733</u>	<u>\$ 37,417,607</u>	<u>\$ 17,824,998</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 2019/20 and 2020/21, RSCP paid RSN quarterly interest payments totaling \$60,000 per year.

Management Services

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Management Services (Continued)

For the year ended June 30, 2021, management fees were as follows:

Mateo Sheedy	\$ 1,039,078
Si Se Puede	845,758
Los Suenos	969,179
Mosaic	1,307,965
Discovery	974,695
Brilliant Minds	1,317,868
Alma	989,130
Spark	1,248,501
Rising Stars	1,275,088
Fuerza Community	1,343,567
Delta Legacy	1,064,224
Futuro	1,058,395
Redwood City	537,931
Nashville NE	1,015,377
United	1,151,513
Wisconsin Schools	1,070,881
D.C. Schools	4,037,272
Total	<u>\$ 21,246,422</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, 2021, the amount of donated services recorded from RSN to Launchpad was \$400,000.

All related party transactions have been eliminated for consolidation.

NOTE 11 FUNCTIONALIZED EXPENSES

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 COMMITMENTS AND CONTINGENCIES

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

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

During the year, the principal amount of \$1,687,635, along with accrued interest, was forgiven by the financial institution. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

SUPPLEMENTARY INFORMATION

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2021**

Rocketship Education, Inc. (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 2027

Rocketship Si Se Puede Academy (RSSP), chartered by the Santa Clara County Office of Education, Charter Number: 1061 – Established 2009, Expires 2024

Rocketship Los Suenos Academy (RLS), chartered by the Santa Clara County Office of Education, Charter Number: 1127 – Established 2009, Expires 2027

Rocketship Mosaic Elementary School (ROMO), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1192 – Established 2011, Expires 2026

Rocketship Discovery Prep (RDP), chartered by the Santa Clara County Office of Education, Charter Number: 1193 – Established 2010, Expires 2026

Rocketship Brilliant Minds (RBM), chartered by the Santa Clara County Office of Education, Charter Number: 1393 – Established 2012, Expires 2024

Rocketship Alma Academy (RSA), chartered by the Santa Clara County Office of Education, Charter Number: 1394 – Established 2012, Expires 2024

Rocketship Spark Academy (RSK), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1526 – Established 2013, Expires 2025

Rocketship Fuerza Community Prep (RFZ), chartered by the Santa Clara County Office of Education, Charter Number: 1687 – Established 2014, Expires 2026

Rocketship Redwood City Prep (RRWC), chartered by the Redwood City Elementary School District, Charter Number: 1736 – Established 2015, Expires 2026

Rocketship Rising Stars (RRS), chartered by the Santa Clara County Office of Education, Charter Number: 1778 – Established 2016, Expires 2026

Rocketship Futuro Academy (RFA), chartered by the State Board of Education, Charter Number: 1805 – Established 2016, Expires 2026

Rocketship Delta Prep (RDL), chartered by the Antioch Unified School District, Charter Number: 1965 – Established 2018, Expires 2025

Tennessee Charter Schools:

Rocketship Nashville Northeast Elementary (RNNE)

Rocketship United Academy (RUA)

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

Rocketship Southside Community Prep (RSCP)

Rocketship Transformation Prep (RTP)

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

Rocketship Rise Academy (RISE)

Rocketship Legacy Prep (RLP)

Rocketship Infinity Community Prep (RIC)

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2021**

BOARD OF DIRECTORS

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

ADMINISTRATION

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS
JUNE 30, 2021

	California							Total Page 1
	RSN	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 4,939,216	\$ 1,074,520	\$ 2,543,316	\$ 1,474,287	\$ 3,931,102	\$ 941,764	\$ 3,720,144	\$ 18,624,349
Accounts Receivable	165,546	1,471,678	1,238,556	1,272,714	1,642,907	1,530,666	1,458,459	8,780,526
Grants Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	2,150,933	649,253	31,570	272,187	30,918	293,469	41,075	3,469,405
Total Current Assets	<u>7,255,695</u>	<u>3,195,451</u>	<u>3,813,442</u>	<u>3,019,188</u>	<u>5,604,927</u>	<u>2,765,899</u>	<u>5,219,678</u>	<u>30,874,280</u>
LONG-TERM ASSETS								
Intracompany Receivable	12,223,252	-	696	3,000	-	-	-	12,226,948
Security Deposits	24,709	-	-	100,000	100,000	100,000	-	324,709
Property, Plant, and Equipment, Net	73,591	1,064,287	749,051	762,816	533,166	457,154	91,417	3,731,482
Total Long-Term Assets	<u>12,321,552</u>	<u>1,064,287</u>	<u>749,747</u>	<u>865,816</u>	<u>633,166</u>	<u>557,154</u>	<u>91,417</u>	<u>16,283,139</u>
Total Assets	<u>\$ 19,577,247</u>	<u>\$ 4,259,738</u>	<u>\$ 4,563,189</u>	<u>\$ 3,885,004</u>	<u>\$ 6,238,093</u>	<u>\$ 3,323,053</u>	<u>\$ 5,311,095</u>	<u>\$ 47,157,419</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 4,224,121	\$ 310,901	\$ 512,192	\$ 292,854	\$ 537,576	\$ 506,483	\$ 386,300	\$ 6,770,427
Accrued Interest	41,440	-	-	-	-	-	-	41,440
Deferred Revenue	-	215,997	208,496	239,188	254,708	175,670	299,462	1,393,521
Current Portion of Loans Payable	782,706	-	-	-	-	-	-	782,706
Total Current Liabilities	<u>5,048,267</u>	<u>526,898</u>	<u>720,688</u>	<u>532,042</u>	<u>792,284</u>	<u>682,153</u>	<u>685,762</u>	<u>8,988,094</u>
LONG-TERM LIABILITIES								
Accrued Interest	155,400	-	-	-	-	-	-	155,400
Deferred Rent Liability	-	-	185,561	-	571,937	-	712,131	1,469,629
Intracompany Payable	-	-	-	-	-	1,733,520	-	1,733,520
Loans Payable	3,515,140	-	-	-	-	-	-	3,515,140
Total Long-Term Liabilities	<u>3,670,540</u>	<u>-</u>	<u>185,561</u>	<u>-</u>	<u>571,937</u>	<u>1,733,520</u>	<u>712,131</u>	<u>6,873,689</u>
NET ASSETS (DEFICIT)								
Without Donor Restrictions	10,858,440	3,732,840	3,656,940	3,352,962	4,873,872	907,380	3,913,202	31,295,636
With Donor Restrictions	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>10,858,440</u>	<u>3,732,840</u>	<u>3,656,940</u>	<u>3,352,962</u>	<u>4,873,872</u>	<u>907,380</u>	<u>3,913,202</u>	<u>31,295,636</u>
Total Liabilities and Net Assets	<u>\$ 19,577,247</u>	<u>\$ 4,259,738</u>	<u>\$ 4,563,189</u>	<u>\$ 3,885,004</u>	<u>\$ 6,238,093</u>	<u>\$ 3,323,053</u>	<u>\$ 5,311,095</u>	<u>\$ 47,157,419</u>

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2021

	From Page 1	California						Total Page 2	
		Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta		Futuro
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 18,624,349	\$ 1,045,369	\$ 2,804,805	\$ 2,757,881	\$ 567,532	\$ 2,888,929	\$ 445,484	\$ 845,423	\$ 29,979,772
Accounts Receivable	8,780,526	2,331,513	2,199,286	2,541,127	590,618	2,241,072	2,591,540	2,761,262	24,036,944
Grants Receivable	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	3,469,405	35,151	816,009	39,478	54,762	657,359	67,081	40,073	5,179,318
Total Current Assets	<u>30,874,280</u>	<u>3,412,033</u>	<u>5,820,100</u>	<u>5,338,486</u>	<u>1,212,912</u>	<u>5,787,360</u>	<u>3,104,105</u>	<u>3,646,758</u>	<u>59,196,034</u>
LONG-TERM ASSETS									
Intracompany Receivable	12,226,948	-	-	-	-	-	-	-	12,226,948
Security Deposits	324,709	100,000	-	-	-	-	-	25,000	449,709
Property, Plant, and Equipment, Net	3,731,482	358,466	162,715	43,409	-	249	41,998	6,927	4,345,246
Total Long-Term Assets	<u>16,283,139</u>	<u>458,466</u>	<u>162,715</u>	<u>43,409</u>	<u>-</u>	<u>249</u>	<u>41,998</u>	<u>31,927</u>	<u>17,021,903</u>
Total Assets	<u>\$ 47,157,419</u>	<u>\$ 3,870,499</u>	<u>\$ 5,982,815</u>	<u>\$ 5,381,895</u>	<u>\$ 1,212,912</u>	<u>\$ 5,787,609</u>	<u>\$ 3,146,103</u>	<u>\$ 3,678,685</u>	<u>\$ 76,217,937</u>
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Accrued Liabilities	\$ 6,770,427	\$ 482,435	\$ 507,960	\$ 323,420	\$ 244,805	\$ 361,030	\$ 360,633	\$ 448,107	\$ 9,498,817
Accrued Interest	41,440	-	-	-	-	-	-	-	41,440
Deferred Revenue	1,393,521	168,823	256,180	299,884	105,250	295,093	195,719	216,240	2,930,710
Current Portion of Loans Payable	782,706	-	-	-	100,000	100,000	62,498	1,745,000	2,790,204
Total Current Liabilities	<u>8,988,094</u>	<u>651,258</u>	<u>764,140</u>	<u>623,304</u>	<u>450,055</u>	<u>756,123</u>	<u>618,850</u>	<u>2,409,347</u>	<u>15,261,171</u>
LONG-TERM LIABILITIES									
Accrued Interest	155,400	-	-	4,344	6,056	5,676	2,378	43,809	217,663
Deferred Rent Liability	1,469,629	148,627	-	1,438,808	-	-	948,216	-	4,005,280
Intracompany Payable	1,733,520	475,161	-	3,700	485,727	-	982,585	206,273	3,886,966
Loans Payable	3,515,140	-	-	-	-	-	62,498	-	3,577,638
Total Long-Term Liabilities	<u>6,873,689</u>	<u>623,788</u>	<u>-</u>	<u>1,446,852</u>	<u>491,783</u>	<u>5,676</u>	<u>1,995,677</u>	<u>250,082</u>	<u>11,687,547</u>
NET ASSETS (DEFICIT)									
Without Donor Restrictions	31,295,636	2,595,453	5,218,675	3,311,739	271,074	5,025,810	531,576	1,019,256	49,269,219
With Donor Restrictions	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>31,295,636</u>	<u>2,595,453</u>	<u>5,218,675</u>	<u>3,311,739</u>	<u>271,074</u>	<u>5,025,810</u>	<u>531,576</u>	<u>1,019,256</u>	<u>49,269,219</u>
Total Liabilities and Net Assets	<u>\$ 47,157,419</u>	<u>\$ 3,870,499</u>	<u>\$ 5,982,815</u>	<u>\$ 5,381,895</u>	<u>\$ 1,212,912</u>	<u>\$ 5,787,609</u>	<u>\$ 3,146,103</u>	<u>\$ 3,678,685</u>	<u>\$ 76,217,937</u>

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2021

	From Page 2	Tennessee			Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
		Nashville NE	United	Partners Community						
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 29,979,772	\$ 529,408	\$ 2,625,594	\$ (507,305)	\$ -	\$ 32,627,469	\$ 1,713,752	\$ 7,856,440	\$ -	\$ 42,197,661
Accounts Receivable	24,036,944	461,559	445,502	-	-	24,944,005	328,663	1,122,871	-	26,395,539
Grants Receivable	-	-	-	-	-	-	17,000	-	-	17,000
Prepaid Expenses and Deposits	5,179,318	92,635	66,388	-	-	5,338,341	74,213	271,041	-	5,683,595
Total Current Assets	59,196,034	1,083,602	3,137,484	(507,305)	-	62,909,815	2,133,628	9,250,352	-	74,293,795
LONG-TERM ASSETS										
Intracompany Receivable	12,226,948	-	-	-	(5,132,810)	7,094,138	-	-	(7,094,138)	-
Security Deposits	449,709	-	-	-	-	449,709	-	-	-	449,709
Property, Plant, and Equipment, Net	4,345,246	59,071	13,503	-	-	4,417,820	24,511	23,869	-	4,466,200
Total Long-Term Assets	17,021,903	59,071	13,503	-	(5,132,810)	11,961,667	24,511	23,869	(7,094,138)	4,915,909
Total Assets	<u>\$ 76,217,937</u>	<u>\$ 1,142,673</u>	<u>\$ 3,150,987</u>	<u>\$ (507,305)</u>	<u>\$ (5,132,810)</u>	<u>\$ 74,871,482</u>	<u>\$ 2,158,139</u>	<u>\$ 9,274,221</u>	<u>\$ (7,094,138)</u>	<u>\$ 79,209,704</u>
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable and Accrued Liabilities	\$ 9,498,817	\$ 402,991	\$ 208,046	\$ -	\$ -	\$ 10,109,854	\$ 265,469	\$ 1,716,407	\$ -	\$ 12,091,730
Accrued Interest	41,440	-	-	-	-	41,440	-	-	-	41,440
Deferred Revenue	2,930,710	-	-	-	-	2,930,710	-	-	-	2,930,710
Current Portion of Loans Payable	2,790,204	-	100,000	-	-	2,890,204	-	-	-	2,890,204
Total Current Liabilities	15,261,171	402,991	308,046	-	-	15,972,208	265,469	1,716,407	-	17,954,084
LONG-TERM LIABILITIES										
Accrued Interest	217,663	4,844	6,055	4,520	-	233,082	-	-	-	233,082
Deferred Rent Liability	4,005,280	-	4,809	-	-	4,010,089	111,100	2,366,804	-	6,487,993
Intracompany Payable	3,886,966	733,868	455,258	56,718	(5,132,810)	-	4,220,562	2,873,576	(7,094,138)	-
Loans Payable	3,577,638	-	-	100,000	-	3,677,638	-	-	-	3,677,638
Total Long-Term Liabilities	11,687,547	738,712	466,122	161,238	(5,132,810)	7,920,809	4,331,662	5,240,380	(7,094,138)	10,398,713
NET ASSETS (DEFICIT)										
Without Donor Restrictions	49,269,219	970	2,376,819	(668,543)	-	50,978,465	(2,455,992)	2,317,434	-	50,839,907
With Donor Restrictions	-	-	-	-	-	-	17,000	-	-	17,000
Total Net Assets (Deficit)	49,269,219	970	2,376,819	(668,543)	-	50,978,465	(2,438,992)	2,317,434	-	50,856,907
Total Liabilities and Net Assets	<u>\$ 76,217,937</u>	<u>\$ 1,142,673</u>	<u>\$ 3,150,987</u>	<u>\$ (507,305)</u>	<u>\$ (5,132,810)</u>	<u>\$ 74,871,482</u>	<u>\$ 2,158,139</u>	<u>\$ 9,274,221</u>	<u>\$ (7,094,138)</u>	<u>\$ 79,209,704</u>

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS
YEAR ENDED JUNE 30, 2021**

	California							Total Page 1
	National	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
WITHOUT DONOR RESTRICTION								
REVENUES								
LCFF State Aid & Property Tax Revenue	\$ -	\$ 4,942,077	\$ 4,100,977	\$ 4,612,265	\$ 6,368,159	\$ 4,732,703	\$ 6,442,200	\$ 31,198,381
Apportionment Revenue	-	-	-	-	-	-	-	-
Other State Revenue	-	1,269,071	939,403	1,129,714	1,400,613	1,161,768	1,410,715	7,311,284
Federal Revenue	159,545	910,512	777,453	835,808	1,200,204	851,934	1,114,943	5,850,399
Other Local Revenue	21,405,369	214	157	-	100	-	100	21,405,940
Contributions	4,336,947	-	-	-	985	5,192	-	4,343,124
Amounts Released from Restriction	900,000	-	-	-	-	-	-	900,000
Total Without Donor Restriction Revenues	26,801,861	7,121,874	5,817,990	6,577,787	8,970,061	6,751,597	8,967,958	71,009,128
EXPENSES								
Program Expenses:								
Educational Programs	-	5,334,602	4,704,018	5,216,198	6,563,098	5,396,356	6,645,805	33,860,077
Program Supports	7,952,463	-	-	-	-	-	-	7,952,463
Supporting Services:								
Administration and General	15,466,117	1,098,875	895,040	1,026,139	1,357,553	1,038,014	1,397,914	22,279,652
Fundraising	440,860	-	-	-	-	-	-	440,860
Total Supporting Services	15,906,977	1,098,875	895,040	1,026,139	1,357,553	1,038,014	1,397,914	22,720,512
Total Expenses	23,859,440	6,433,477	5,599,058	6,242,337	7,920,651	6,434,370	8,043,719	64,533,052
TRANSFERS	(475,000)	-	-	-	-	200,000	-	(275,000)
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION	2,467,421	688,397	218,932	335,450	1,049,410	517,227	924,239	6,201,076
NET ASSETS WITH DONOR RESTRICTION								
Amounts Released from Restriction	(900,000)	-	-	-	-	-	-	(900,000)
Contributions	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	(900,000)	-	-	-	-	-	-	(900,000)
INCREASE (DECREASE) IN NET ASSETS	1,567,421	688,397	218,932	335,450	1,049,410	517,227	924,239	5,301,076
Net Assets (Deficit) - Beginning of Year	9,291,019	3,044,443	3,438,008	3,017,512	3,824,462	390,153	2,988,963	25,994,560
NET ASSETS (DEFICIT) - END OF YEAR	\$ 10,858,440	\$ 3,732,840	\$ 3,656,940	\$ 3,352,962	\$ 4,873,872	\$ 907,380	\$ 3,913,202	\$ 31,295,636

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	California							Total Page 2	
	From Page 1	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta		Futuro
WITHOUT DONOR RESTRICTION									
REVENUES									
LCFF State Aid & Property Tax Revenue	\$ 31,198,381	\$ 4,714,427	\$ 6,148,565	\$ 6,562,283	\$ 2,776,649	\$ 6,474,727	\$ 5,375,113	\$ 5,695,939	\$ 68,946,084
Apportionment Revenue	-	-	-	-	-	-	-	-	-
Other State Revenue	7,311,284	1,107,308	1,264,702	1,451,283	577,815	1,286,943	938,755	723,477	14,661,567
Federal Revenue	5,850,399	1,033,933	1,028,532	1,389,689	542,641	945,109	807,378	1,013,989	12,611,670
Other Local Revenue	21,405,940	307	75	90	423	4,506	847	176	21,412,364
Contributions	4,343,124	44,235	-	1,000	5,000	42,930	100,000	42,930	4,579,219
Amounts Released from Restriction	900,000	-	-	-	-	-	-	-	900,000
Total Without Donor Restriction Revenues	71,009,128	6,900,210	8,441,874	9,404,345	3,902,528	8,754,215	7,222,093	7,476,511	123,110,904
EXPENSES									
Program Expenses:									
Educational Programs	33,860,077	5,574,701	6,173,717	6,438,965	3,394,796	5,888,488	6,053,084	5,931,265	73,315,093
Program Supports	7,952,463	-	-	-	-	-	-	-	7,952,463
Supporting Services:									
Administration and General	22,279,652	1,048,223	1,323,698	1,423,586	599,847	1,355,489	1,148,193	1,166,446	30,345,134
Fundraising	440,860	-	-	-	-	-	-	-	440,860
Total Supporting Services	22,720,512	1,048,223	1,323,698	1,423,586	599,847	1,355,489	1,148,193	1,166,446	30,785,994
Total Expenses	64,533,052	6,622,924	7,497,415	7,862,551	3,994,643	7,243,977	7,201,277	7,097,711	112,053,550
TRANSFERS	(275,000)	-	-	-	175,000	-	-	-	(100,000)
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION	6,201,076	277,286	944,459	1,541,794	82,885	1,510,238	20,816	378,800	10,957,354
NET ASSETS WITH DONOR RESTRICTION									
Amounts Released from Restriction	(900,000)	-	-	-	-	-	-	-	(900,000)
Contributions	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	(900,000)	-	-	-	-	-	-	-	(900,000)
INCREASE (DECREASE) IN NET ASSETS	5,301,076	277,286	944,459	1,541,794	82,885	1,510,238	20,816	378,800	10,057,354
Net Assets (Deficit) - Beginning of Year	25,994,560	2,318,167	4,274,216	1,769,945	188,189	3,515,572	510,760	640,456	39,211,865
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 31,295,636</u>	<u>\$ 2,595,453</u>	<u>\$ 5,218,675</u>	<u>\$ 3,311,739</u>	<u>\$ 271,074</u>	<u>\$ 5,025,810</u>	<u>\$ 531,576</u>	<u>\$ 1,019,256</u>	<u>\$ 49,269,219</u>

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Tennessee									
	From Page 2	Nashville NE	United	Partners Community	Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
WITHOUT DONOR RESTRICTION										
REVENUES										
LCFF State Aid & Property Tax Revenue	\$ 68,946,084	\$ -	\$ -	\$ -	\$ -	\$ 68,946,084	\$ -	\$ -	\$ -	\$ 68,946,084
Apportionment Revenue	-	6,042,177	7,145,631	-	-	13,187,808	6,168,045	22,387,847	-	41,743,700
Other State Revenue	14,661,567	75,148	52,056	-	-	14,788,771	192,533	8,399,305	-	23,380,609
Federal Revenue	12,611,670	755,694	537,217	-	-	13,904,581	1,462,844	4,119,769	-	19,487,194
Other Local Revenue	21,412,364	8	-	-	(16,138,269)	5,274,103	3,460	2,916,147	(5,108,153)	3,085,557
Contributions	4,579,219	514	655	-	-	4,580,388	358,002	860,053	-	5,798,443
Amounts Released from Restriction	900,000	-	-	-	-	900,000	-	-	-	900,000
Total Without Donor Restriction Revenues	123,110,904	6,873,541	7,735,559	-	(16,138,269)	121,581,735	8,184,884	38,683,121	(5,108,153)	163,341,587
EXPENSES										
Program Expenses:										
Educational Programs	73,315,093	5,070,350	5,095,689	-	-	83,481,132	6,731,332	30,673,451	-	120,885,915
Program Supports	7,952,463	-	-	-	-	7,952,463	-	-	-	7,952,463
Supporting Services:										
Administration and General	30,345,134	1,058,827	1,194,274	-	(16,138,269)	16,459,966	1,227,377	4,466,701	(5,108,153)	17,045,891
Fundraising	440,860	-	-	-	-	440,860	-	-	-	440,860
Total Supporting Services	30,785,994	1,058,827	1,194,274	-	(16,138,269)	16,900,826	1,227,377	4,466,701	(5,108,153)	17,486,751
Total Expenses	112,053,550	6,129,177	6,289,963	-	(16,138,269)	108,334,421	7,958,709	35,140,152	(5,108,153)	146,325,129
TRANSFERS	(100,000)	-	-	-	-	(100,000)	100,000	-	-	-
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION	10,957,354	744,364	1,445,596	-	-	13,147,314	326,175	3,542,969	-	17,016,458
NET ASSETS WITH DONOR RESTRICTION										
Amounts Released from Restriction	(900,000)	-	-	-	-	(900,000)	-	-	-	(900,000)
Contributions	-	-	-	-	-	-	17,000	-	-	17,000
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	(900,000)	-	-	-	-	(900,000)	17,000	-	-	(883,000)
INCREASE (DECREASE) IN NET ASSETS	10,057,354	744,364	1,445,596	-	-	12,247,314	343,175	3,542,969	-	16,133,458
Net Assets (Deficit) - Beginning of Year	39,211,865	(743,394)	931,223	(668,543)	-	38,731,151	(2,782,167)	(1,225,535)	-	34,723,449
NET ASSETS (DEFICIT) - END OF YEAR	\$ 49,269,219	\$ 970	\$ 2,376,819	\$ (668,543)	\$ -	\$ 50,978,465	\$ (2,438,992)	\$ 2,317,434	\$ -	\$ 50,856,907

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS
YEAR ENDED JUNE 30, 2021

	California							Total Page 1
	National	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 1,567,421	\$ 688,397	\$ 218,932	\$ 335,450	\$ 1,049,410	\$ 517,227	\$ 924,239	\$ 5,301,076
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	111,198	37,927	27,477	26,745	28,422	30,475	3,400	265,644
Forgiveness of Debt	-	-	-	-	-	-	-	-
(Increase) Decrease in Operating Assets:								
Accounts Receivable	132,416	(414,279)	(226,870)	27,122	(638,742)	615,226	(9,973)	(515,100)
Grants Receivable	900,000	-	-	-	-	-	-	900,000
Prepaid Expenses and Deposits	(1,624,975)	(236,116)	(18,877)	33,811	(18,140)	37,017	(28,283)	(1,855,563)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	1,955,289	189,834	373,743	147,374	223,082	303,447	197,036	3,389,805
Deferred Revenue	(606,639)	207,361	24,244	222,723	65,594	(50,709)	238,706	101,280
Deferred Rent Liability	-	-	(76,167)	-	(253)	-	(108,848)	(185,268)
Net Cash Provided (Used) by Operating Activities	<u>2,434,710</u>	<u>473,124</u>	<u>322,482</u>	<u>793,225</u>	<u>709,373</u>	<u>1,452,683</u>	<u>1,216,277</u>	<u>7,401,874</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	-	-	-	-	-	-	-	-
Net Cash Used by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	686,523	124,978	(728)	(3,000)	317	(1,002,292)	(24)	(194,226)
Proceeds from Debt	-	-	-	-	-	-	-	-
Repayment of Debt	(652,154)	-	-	-	-	-	-	(652,154)
Net Cash Provided (Used) by Financing Activities	<u>34,369</u>	<u>124,978</u>	<u>(728)</u>	<u>(3,000)</u>	<u>317</u>	<u>(1,002,292)</u>	<u>(24)</u>	<u>(846,380)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,469,079	598,102	321,754	790,225	709,690	450,391	1,216,253	6,555,494
Cash and Cash Equivalents - Beginning of Year	<u>2,470,137</u>	<u>476,418</u>	<u>2,221,562</u>	<u>684,062</u>	<u>3,221,412</u>	<u>491,373</u>	<u>2,503,891</u>	<u>12,068,855</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,939,216</u>	<u>\$ 1,074,520</u>	<u>\$ 2,543,316</u>	<u>\$ 1,474,287</u>	<u>\$ 3,931,102</u>	<u>\$ 941,764</u>	<u>\$ 3,720,144</u>	<u>\$ 18,624,349</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Forgiveness of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Paid for Interest	<u>\$ 277,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,360</u>

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	California							Total Page 2	
	From Page 1	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta		Futuro
CASH FLOWS FROM OPERATING ACTIVITIES									
Change in Net Assets	\$ 5,301,076	\$ 277,286	\$ 944,459	\$ 1,541,794	\$ 82,885	\$ 1,510,238	\$ 20,816	\$ 378,800	\$ 10,057,354
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation	265,644	15,390	6,298	1,515	653	2,980	19,500	4,552	316,532
Forgiveness of Debt	-	-	-	-	-	-	-	-	-
(Increase) Decrease in Operating Assets:									
Accounts Receivable	(515,100)	873,889	(1,210,385)	(1,108,126)	(362,407)	(1,214,831)	(1,826,845)	(1,769,593)	(7,133,398)
Grants Receivable	900,000	-	-	-	-	-	-	-	900,000
Prepaid Expenses and Deposits	(1,855,563)	(22,462)	(244,507)	(23,565)	15,628	(258,687)	(54,004)	(43,861)	(2,487,021)
Increase (Decrease) in Operating Liabilities:									
Accounts Payable and Accrued Liabilities	3,389,805	124,345	233,501	(105,696)	94,281	212,365	144,361	(37,129)	4,055,833
Deferred Revenue	101,280	(5,246)	177,501	289,514	105,250	284,741	188,135	207,505	1,348,680
Deferred Rent Liability	(185,268)	(3,007)	-	(74,156)	-	-	195,691	-	(66,740)
Net Cash Provided (Used) by Operating Activities	7,401,874	1,260,195	(93,133)	521,280	(63,710)	536,806	(1,312,346)	(1,259,726)	6,991,240
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Property, Plant, and Equipment	-	-	-	-	-	-	-	-	-
Net Cash Used by Investing Activities	-	-	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES									
Intracompany Loans	(194,226)	(1,193,796)	(6)	3,668	149,035	-	1,277,292	33,004	74,971
Proceeds from Debt	-	-	-	-	-	-	-	1,645,000	1,645,000
Repayment of Debt	(652,154)	-	-	(100,000)	-	(62,500)	(62,502)	(62,500)	(939,656)
Net Cash Provided (Used) by Financing Activities	(846,380)	(1,193,796)	(6)	(96,332)	149,035	(62,500)	1,214,790	1,615,504	780,315
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,555,494	66,399	(93,139)	424,948	85,325	474,306	(97,556)	355,778	7,771,555
Cash and Cash Equivalents - Beginning of Year	12,068,855	978,970	2,897,944	2,332,933	482,207	2,414,623	543,040	489,645	22,208,212
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 18,624,349</u>	<u>\$ 1,045,369</u>	<u>\$ 2,804,805</u>	<u>\$ 2,757,881</u>	<u>\$ 567,532</u>	<u>\$ 2,888,929</u>	<u>\$ 445,484</u>	<u>\$ 845,423</u>	<u>\$ 29,979,772</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION									
Forgiveness of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Paid for Interest	\$ 277,360	\$ -	\$ -	\$ 6,844	\$ -	\$ 303	\$ 947	\$ 293	\$ 285,747

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Tennessee				RSED Total	Wisconsin	DC	Total
	From Page 2	Nashville NE	United	Partners Community				
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 10,057,354	\$ 744,364	\$ 1,445,596	\$ -	\$ 12,247,314	\$ 343,175	\$ 3,542,969	\$ 16,133,458
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	316,532	3,779	2,299	-	322,610	7,012	6,325	335,947
Forgiveness of Debt	-	-	-	-	-	(537,473)	(1,150,162)	(1,687,635)
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(7,133,398)	(224,746)	41,505	-	(7,316,639)	(238,655)	(713,990)	(8,269,284)
Grants Receivable	900,000	-	-	-	900,000	(17,000)	-	883,000
Prepaid Expenses and Deposits	(2,487,021)	8,117	24,474	-	(2,454,430)	27,343	67,266	(2,359,821)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	4,055,833	(1,203)	30,355	-	4,084,985	120,559	408,489	4,614,033
Deferred Revenue	1,348,680	-	-	-	1,348,680	-	-	1,348,680
Deferred Rent Liability	(66,740)	(14,821)	2,230	-	(79,331)	58,297	(362,066)	(383,100)
Net Cash Provided (Used) by Operating Activities	6,991,240	515,490	1,546,459	-	9,053,189	(236,742)	1,798,831	10,615,278
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	-	-	-	-	-	-	(24,453)	(24,453)
Net Cash Used by Investing Activities	-	-	-	-	-	-	(24,453)	(24,453)
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	74,971	68,991	(6,103)	-	137,859	107,652	(49,984)	195,527
Proceeds from Debt	1,645,000	-	-	-	1,645,000	-	-	1,645,000
Repayment of Debt	(939,656)	(100,000)	-	-	(1,039,656)	-	-	(1,039,656)
Net Cash Provided (Used) by Financing Activities	780,315	(31,009)	(6,103)	-	743,203	107,652	(49,984)	800,871
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,771,555	484,481	1,540,356	-	9,796,392	(129,090)	1,724,394	11,391,696
Cash and Cash Equivalents - Beginning of Year	22,208,217	44,927	1,085,238	(507,305)	22,831,077	1,842,842	6,132,046	30,805,965
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 29,979,772</u>	<u>\$ 529,408</u>	<u>\$ 2,625,594</u>	<u>\$ (507,305)</u>	<u>\$ 32,627,469</u>	<u>\$ 1,713,752</u>	<u>\$ 7,856,440</u>	<u>\$ 42,197,661</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Forgiveness of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537,473	\$ 1,150,162	\$ 1,687,635
Cash Paid for Interest	\$ 285,747	\$ -	\$ -	\$ -	\$ 285,747	\$ 64,651	\$ -	\$ 350,398

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL MINUTES – CALIFORNIA
YEAR ENDED JUNE 30, 2021**

	Traditional Calendar Days	Status
K/TK:		
RMS	175	In Compliance
RSSP	175	In Compliance
RLS	175	In Compliance
ROMO	175	In Compliance
RDP	175	In Compliance
RBM	175	In Compliance
RSA	175	In Compliance
RSK	175	In Compliance
RFZ	175	In Compliance
RRWC	175	In Compliance
RFA	175	In Compliance
RRS	175	In Compliance
RDL	175	In Compliance
Grade 1:		
RMS	175	In Compliance
RSSP	175	In Compliance
RLS	175	In Compliance
ROMO	175	In Compliance
RDP	175	In Compliance
RBM	175	In Compliance
RSA	175	In Compliance
RSK	175	In Compliance
RFZ	175	In Compliance
RRWC	175	In Compliance
RFA	175	In Compliance
RRS	175	In Compliance
RDL	175	In Compliance
Grade 2:		
RMS	175	In Compliance
RSSP	175	In Compliance
RLS	175	In Compliance
ROMO	175	In Compliance
RDP	175	In Compliance
RBM	175	In Compliance
RSA	175	In Compliance
RSK	175	In Compliance
RFZ	175	In Compliance
RRWC	175	In Compliance
RFA	175	In Compliance
RRS	175	In Compliance
RDL	175	In Compliance

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL MINUTES – CALIFORNIA (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Traditional Calendar Days	Status
Grade 3:		
RMS	175	In Compliance
RSSP	175	In Compliance
RLS	175	In Compliance
ROMO	175	In Compliance
RDP	175	In Compliance
RBM	175	In Compliance
RSA	175	In Compliance
RSK	175	In Compliance
RFZ	175	In Compliance
RRWC	175	In Compliance
RFA	175	In Compliance
RRS	175	In Compliance
RDL	175	In Compliance
Grade 4:		
RMS	175	In Compliance
RSSP	175	In Compliance
RLS	175	In Compliance
ROMO	175	In Compliance
RDP	175	In Compliance
RBM	175	In Compliance
RSA	175	In Compliance
RSK	175	In Compliance
RFZ	175	In Compliance
RRWC	175	In Compliance
RFA	175	In Compliance
RRS	175	In Compliance
RDL	175	In Compliance
Grade 5:		
RMS	175	In Compliance
RSSP	175	In Compliance
RLS	175	In Compliance
ROMO	175	In Compliance
RDP	175	In Compliance
RBM	175	In Compliance
RSA	175	In Compliance
RSK	175	In Compliance
RFZ	175	In Compliance
RRWC	175	In Compliance
RFA	175	In Compliance
RRS	113	In Compliance

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 3,732,840	\$ 3,655,971	\$ 3,351,852	\$ 4,872,403	\$ 907,380	\$ 3,911,660	
Increase (Decrease) of Fund Balance (Net Assets):							
Accounts payable	(79,639)	(243,973)	(76,063)	(282,061)	-	(155,334)	
Deferred revenue	79,639	244,942	77,173	283,530	-	156,876	
Net Adjustments and Reclassifications	-	969	1,110	1,469	-	1,542	
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 3,732,840</u>	<u>\$ 3,656,940</u>	<u>\$ 3,352,962</u>	<u>\$ 4,873,872</u>	<u>\$ 907,380</u>	<u>\$ 3,913,202</u>	
	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 2,595,453	\$ 5,218,675	\$ 3,311,739	\$ 855,400	\$ 5,025,810	\$ 531,576	\$ 3,007,412
Increase (Decrease) of Fund Balance (Net Assets):							
Accounts receivable	-	-	-	(109,052)	-	-	-
Property, plant & equipment, net	-	-	-	-	-	-	6,927
Accounts payable	(244,272)	(169,434)	(107,546)	(45,932)	(106,061)	(87,699)	(93,484)
Deferred revenue	244,272	169,434	107,546	162,441	106,061	87,699	93,483
Current portion of loans payable	-	-	-	(100,000)	-	-	(1,745,000)
Accrued interest	-	-	-	(6,056)	-	-	(43,809)
Intracompany payable	-	-	-	(485,727)	-	-	(206,273)
Net Adjustments and Reclassifications	-	-	-	(584,326)	-	-	(1,988,156)
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,595,453</u>	<u>\$ 5,218,675</u>	<u>\$ 3,311,739</u>	<u>\$ 271,074</u>	<u>\$ 5,025,810</u>	<u>\$ 531,576</u>	<u>\$ 1,019,256</u>

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RDL	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	\$ -	\$ 212,716	\$ 188,782	\$ 193,195	\$ 193,516	\$ 179,428	\$ 209,164	\$ 125,056	\$ 196,886	\$ 1,498,743
Metro Nashville Public Schools												
Title I, Part A, Basic Grants												
Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	-	-	-	-
Low-Income and Neglected Totals			-	212,716	188,782	193,195	193,516	179,428	209,164	125,056	196,886	1,498,743
Pass Through Program From:												
California Department of Education												
Title II												
Metro Nashville Public Schools	84.367	14341	-	12,159	7,654	4,654	12,972	9,754	26,377	15,454	20,899	109,923
Title II	84.367	N/A	-	-	-	-	-	-	-	-	-	-
Title II Totals			-	12,159	7,654	4,654	12,972	9,754	26,377	15,454	20,899	109,923
Pass Through Program From:												
California Department of Education												
Title III - Immigrant Education Program												
Title III - Limited English Proficiency	84.365	15146	-	-	-	-	-	-	-	-	-	-
Title III Totals	84.365	14356	-	10,604	13,134	16,655	14,603	12,519	22,980	17,125	16,761	124,381
Pass Through Program From:												
California Department of Education												
Title IV												
Title IV Totals	84.027A	N/A	-	-	-	-	-	-	-	-	-	-
Pass Through Program From:												
California Department of Education												
Charter School Grant												
Charter School Program Cluster	84.282M	N/A	159,545	-	-	-	-	-	-	-	-	159,545
Pass Through Program From:												
California Department of Education												
Special Education IDEA												
Metro Nashville Public Schools	84.027	13379	-	70,363	52,905	59,782	77,241	66,925	83,986	62,692	67,321	541,215
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	-	-
Special IDEA Education Cluster			-	70,363	52,905	59,782	77,241	66,925	83,986	62,692	67,321	541,215

N/A – Not Available

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Federal Expenditures
U.S. Department of Education										
Pass Through Program From:										
California Department of Education										
Title I, Part A, Basic Grants										
Low-Income and Neglected										
	84.010	14329	\$ 1,498,743	\$ 170,244	\$ 209,338	\$ 98,337	\$ 182,775	\$ 159,264	\$ -	\$ 2,318,701
Metro Nashville Public Schools										
Title I, Part A, Basic Grants										
Low-Income and Neglected										
	84.010	N/A	-	-	-	-	-	-	675,214	675,214
Low-Income and Neglected Totals										
			1,498,743	170,244	209,338	98,337	182,775	159,264	675,214	2,993,915
Pass Through Program From:										
California Department of Education										
Title II										
	84.367	14341	109,923	13,254	7,654	12,303	21,160	21,780	-	186,074
Metro Nashville Public Schools										
Title II										
	84.367	N/A	-	-	-	-	-	-	6,953	6,953
Title II Totals										
			109,923	13,254	7,654	12,303	21,160	21,780	6,953	193,027
Pass Through Program From:										
California Department of Education										
Title III - Immigrant Education Program										
	84.365	15146	-	-	-	874	-	-	-	874
Title III - Limited English Proficiency										
	84.365	14356	124,381	17,685	17,796	10,526	7,663	27,149	-	205,200
Title III Totals										
			124,381	17,685	17,796	11,400	7,663	27,149	-	206,074
Pass Through Program From:										
California Department of Education										
Title IV										
	84.027A	N/A	-	3,232	-	-	-	-	-	3,232
Title IV Totals										
			-	3,232	-	-	-	-	-	3,232
Pass Through Program From:										
California Department of Education										
Charter School Grant										
	84.282M	N/A	159,545	-	-	-	-	-	-	159,545
Charter School Program Cluster										
			159,545	-	-	-	-	-	-	159,545
Pass Through Program From:										
California Department of Education										
Special Education IDEA										
	84.027	13379	541,215	81,738	82,399	37,827	83,325	70,496	-	897,000
Metro Nashville Public Schools										
Special Education IDEA										
	84.027	N/A	-	-	-	-	-	-	198,465	198,465
Special IDEA Education Cluster										
			541,215	81,738	82,399	37,827	83,325	70,496	198,465	1,095,465

N/A – Not Available

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RDL	RSA	Total Page
Pass Through Program From: Metro Nashville Public Schools NSH CSP National Dissemination Grants	84.282T	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pass Through Program From: California Department of Education ESSER II	84.425D	15547	-	30,064	-	-	50,528	59,279	-	45,307	65,027	250,205
Pass Through Program From: California Department of Education ESSER	84.425D	15536	-	186,931	54,573	67,899	167,571	148,814	84,313	99,675	166,145	975,921
Metro Nashville Public Schools ESSER	84.425D	N/A	-	-	-	-	-	-	-	-	-	-
ESSER Totals			-	216,995	54,573	67,899	218,099	208,093	84,313	144,982	231,172	1,226,126
Pass Through Program From: California Department of Education Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	-	22,081	18,400	22,541	24,841	20,701	27,141	30,361	20,701	186,767
Metro Nashville Public Schools Governor's Emergency Education Relief (GEER) Fund	84.425C	N/A	-	-	-	-	-	-	-	-	-	-
GEER Totals			-	22,081	18,400	22,541	24,841	20,701	27,141	30,361	20,701	186,767
Total U.S. Department of Education			159,545	544,918	335,448	364,726	541,272	497,420	453,961	395,670	553,740	3,846,700
U.S. Department of Agriculture:												
Pass Through Program From: California Department of Education National School Lunch Program	10.555	N/A	-	26,376	32,693	13,364	69,639	34,294	38,242	13,056	71,359	299,023
Metro Nashville Public Schools National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-	-
National School Lunch Program Totals			-	26,376	32,693	13,364	69,639	34,294	38,242	13,056	71,359	299,023
Pass Through Program From: California Department of Education School Breakfast Program	10.553	N/A	-	16,027	18,500	6,039	42,220	17,010	23,555	8,203	45,584	177,138
NSLP Commodities	10.553	N/A	-	2,245	2,782	1,137	5,926	2,918	3,255	1,111	6,073	25,447
COVID CARES Act Supplemental Meal Reimbursement	10.555	N/A	-	685	321	414	1,002	416	835	320	50,506	54,499
Metro Nashville Public Schools School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-	-
School Breakfast Program and Commodities Totals			-	18,957	21,603	7,590	49,148	20,344	27,645	9,634	102,163	257,084
Child Nutrition Cluster			-	45,333	54,296	20,954	118,787	54,638	65,887	22,690	173,522	556,107
Total U.S. Department of Agriculture			-	45,333	54,296	20,954	118,787	54,638	65,887	22,690	173,522	556,107
U.S. Department of Health and Human Services:												
Pass Through Program From: California Department of Education: Coronavirus Relief Fund (CRF)	21.019	25516	-	320,261	387,709	450,128	540,145	299,876	595,095	389,018	306,671	3,288,903
Total Federal Expenditures			<u>\$ 159,545</u>	<u>\$ 910,512</u>	<u>\$ 777,453</u>	<u>\$ 835,808</u>	<u>\$ 1,200,204</u>	<u>\$ 851,934</u>	<u>\$ 1,114,943</u>	<u>\$ 807,378</u>	<u>\$ 1,033,933</u>	<u>\$ 7,691,710</u>

N/A – Not Available

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Federal Expenditures
Pass Through Program From: Metro Nashville Public Schools NSH CSP National Dissemination Grants	84.282T	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,128	\$ 54,128
Pass Through Program From: California Department of Education ESSER II	84.425D	15547	250,205	16,421	-	33,361	-	43,892	-	343,879
Pass Through Program From: California Department of Education ESSER	84.425D	15536	975,921	143,679	139,219	78,507	13,828	104,637	-	1,455,791
Metro Nashville Public Schools ESSER	84.425D	N/A	-	-	-	-	-	-	149,067	149,067
ESSER Totals			<u>1,226,126</u>	<u>160,100</u>	<u>139,219</u>	<u>111,868</u>	<u>13,828</u>	<u>148,529</u>	<u>149,067</u>	<u>1,948,737</u>
Pass Through Program From: California Department of Education Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	186,767	20,701	22,081	15,640	22,081	22,081	-	289,351
Metro Nashville Public Schools Governor's Emergency Education Relief (GEER) Fund	84.425C	N/A	-	-	-	-	-	-	47,096	47,096
GEER Totals			<u>186,767</u>	<u>20,701</u>	<u>22,081</u>	<u>15,640</u>	<u>22,081</u>	<u>22,081</u>	<u>47,096</u>	<u>336,447</u>
Total U.S. Department of Education			<u>3,846,700</u>	<u>466,954</u>	<u>478,487</u>	<u>287,375</u>	<u>330,832</u>	<u>449,299</u>	<u>1,130,923</u>	<u>6,990,570</u>
U.S. Department of Agriculture:										
Pass Through Program From California Department of Education National School Lunch Program	10.555	N/A	299,023	52,096	129,378	32,701	34,380	109,596	-	657,174
Metro Nashville Public Schools National School Lunch Program	10.555	N/A	-	-	-	-	-	-	100,144	100,144
National School Lunch Program Totals			<u>299,023</u>	<u>52,096</u>	<u>129,378</u>	<u>32,701</u>	<u>34,380</u>	<u>109,596</u>	<u>100,144</u>	<u>757,318</u>
Pass Through Program From: California Department of Education School Breakfast Program	10.553	N/A	177,138	31,676	81,215	20,878	19,001	68,503	-	398,411
NSLP Commodities	10.553	N/A	25,447	4,434	11,010	2,783	2,926	9,327	-	55,927
COVID CARES Act Supplemental Meal Reimbursement	10.555	N/A	54,499	802	102,480	438	579	53,161	-	211,959
Metro Nashville Public Schools School Breakfast Program	10.553	N/A	-	-	-	-	-	-	61,844	61,844
School Breakfast Program and Commodities Totals			<u>257,084</u>	<u>36,912</u>	<u>194,705</u>	<u>24,099</u>	<u>22,506</u>	<u>130,991</u>	<u>61,844</u>	<u>728,141</u>
Child Nutrition Cluster			<u>556,107</u>	<u>89,008</u>	<u>324,083</u>	<u>56,800</u>	<u>56,886</u>	<u>240,587</u>	<u>161,988</u>	<u>1,485,459</u>
Total U.S. Department of Agriculture			<u>556,107</u>	<u>89,008</u>	<u>324,083</u>	<u>56,800</u>	<u>56,886</u>	<u>240,587</u>	<u>161,988</u>	<u>1,485,459</u>
U.S. Department of Health and Human Services:										
Pass Through Program From California Department of Education: Coronavirus Relief Fund (CRF)	21.019	25516	3,288,903	472,570	587,119	198,466	557,391	324,103	-	5,428,552
Total Federal Expenditures			<u>\$ 7,691,710</u>	<u>\$ 1,028,532</u>	<u>\$ 1,389,689</u>	<u>\$ 542,641</u>	<u>\$ 945,109</u>	<u>\$ 1,013,989</u>	<u>\$ 1,292,911</u>	<u>\$ 13,904,581</u>

N/A – Not Available

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021

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 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 4 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, 2021. 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). 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 for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles certain types of expenditures are not allowable or are limited as to reimbursement.

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.

NOTE 5 INDIRECT COST RATE

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



**INDEPENDENT AUDITORS' 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, Inc. 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, 2021, 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 December 11, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RSEA's internal control. Accordingly, we do not express an opinion on the effectiveness of RSEA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RSEA’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 11, 2021



INDEPENDENT AUDITORS' 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, Inc. and its Affiliates
Redwood City, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Rocketship Education, Inc. 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, 2021. RSEA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of RSEA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RSEA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of RSEA's compliance.

Opinion on Each Major Federal Program

In our opinion, RSEA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.


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
December 11, 2021



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE – CALIFORNIA

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

We have audited Rocketship Education and its Affiliates' (RSEA) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2021. RSEA's State compliance requirements are identified in the table below.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on RSEA's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the RSEA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of RSEA's compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies:	
Attendance and Distance Learning	Yes
Instructional Time	Yes
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study-Course Based	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Yes

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, 2021.

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 *2020-2021 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
December 11, 2021

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)

84.027
21.019
84.425D

Name of Federal Program or Cluster

Special Education IDEA
Coronavirus Relief Fund (CR)
Elementary and Secondary School Emergency Relief (ESSER) Fund

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, INC. AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results (Continued)

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

Section IV – Findings and Questioned Costs – State Compliance

Our audit did not disclose any matters required to be reported under *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

There were no findings in the prior year.

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