



**Monday, November 21, 2022**  
**Rocketship Public Schools Audit Committee (2022-23 Q2)**

**Meeting Time: 11:00am**

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

**Meeting Location: 2001 Gateway Place, Suite 230E San Jose, CA 95110**

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**Teleconference locations:**

**950 Owsley Ave, San Jose, CA 95122**

**1700 Cavallo Rd, Antioch, CA 94509**

**2351 Olivera Rd, Concord, CA 94520**

**909 Roosevelt Ave, Redwood City, CA 94061**

**311 Plus Park Blvd Suite 130, Nashville, TN 37217**

**2215 Ewell Rd, Belmont, CA 94002**

**1877 Camino A Los Cerros, Menlo Park, CA 94025**

**222 N Wolfe Rd, Sunnyvale, CA 94085**

**185 Spur Ridge Court, Healdsburg CA 95448**

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**1. Opening Items**

A. Call to order

B. Public comment on off-agenda items

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**2. Consent Items**

A. Approve minutes from August 16, 2022 Audit Committee meeting

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**3. Agenda Items**

A. Review Rocketship FY21-22 Audit

B. Discussion with Independent Auditor

C. Recommend Approval of Rocketship FY21-22 Audit to Board of Directors

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**4. Adjourn**

THE ORDER OF BUSINESS AND TIMINGS MAY BE CHANGED WITHOUT NOTICE: Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice, provided that the Board takes action to effectuate such change.

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

SPANISH & VIETNAMESE TRANSLATION: If you need Spanish or Vietnamese audio translation in order to access the Rocketship Board meeting, please send a request to [compliance@rsed.org](mailto:compliance@rsed.org) at least 24 hours before the start of the meeting.

If you would like to make a public comment in Spanish or Vietnamese and would like us to translate to English for the Board, please send a request to [compliance@rsed.org](mailto:compliance@rsed.org) at least 24 hours before the start of the meeting.

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# RPS Audit Committee Update

November 2022

November 21, 2022



# Agenda

- FY2022 Audit Calendar
- FY2022 Audit Status
- FY2022 Audit Final Draft Review



- Audit Calendar Timeline

- Key FY2022 dates: Committee and Audit Process



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# FY2022 Audit Update

We have completed our four annual audits. **All** financial audits and single audits were **clean** and **no audit findings**.

There was a minor compliance finding in Milwaukee as well as a compliance audit finding in California. We are working with the local teams to ensure that we do not have repeat findings for FY23.

This year's process operated smoothly and was completed in a timely manner.

Upon approval from the Board, the audits will be shared with authorizers, CDE, TN, lenders/bondholders and funders. It will also be posted on our website.

There are a few items still in process, to be completed by year-end:

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



# FY2022 Audit Final Draft Review

- Review of Consolidated RSEA Final Draft
  - Financial statements
  - Single program audits
  - Summary of Auditors' Results



**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021)**

**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  
Rocketship Dream Community Prep

**Wisconsin**

Rocketship Southside Community Prep  
Rocketship Transformation Prep

**DC**

Rocketship Rise Academy  
Rocketship Legacy Prep  
Rocketship Infinity Community Prep

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DRAFT  
For discussion purposes only  
Subject to revision

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Rocketship Education Inc. and its Affiliates (RSEA), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2022, 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.

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, 2022, 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RSEA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RSEA's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 RSEA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RSEA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited RSEA's 2021 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated December 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on RSEA's consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, which is the responsibility of management, 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel (Local Education Agency Organization Structure, Schedule of Instructional Time, Schedule of Average Daily Attendance, Reconciliation of Annual Financial Report with Audited Financial Statements), which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Rocketship Education, Rocketship Education Wisconsin Inc., Rocketship Education DC Public Charter School Inc, Launchpad Development Company, and Eliminations columns in the consolidated statements of financial position, activities, and cash flows, as well as the accompanying supplementary schedules of the consolidating statements of financial position, activities and cash flows, which are also the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the portion marked "unaudited", 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. The Local Education Agency Organization Structure, which is marked "unaudited", has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated REPORT DATE on our consideration of RSEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on RSEA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RSEA's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Glendora, California  
REPORT DATE

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2022 Total	2021 Total
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 34,975,504	\$ 806,694	\$ 5,665,639	\$ 7,084,173	\$ -	\$ 48,532,010	\$ 47,620,276
Restricted Cash	-	-	-	9,720,654	-	9,720,654	14,098,510
Accounts Receivable	18,921,957	1,392,454	4,753,153	849,116	-	25,916,680	26,926,079
Deferred Rent Asset	-	-	-	690,978	(690,978)	-	-
Grants Receivable	-	15,000	-	-	-	15,000	17,000
Prepaid Expenses and Deposits	6,134,827	24,659	73,978	314,000	-	6,547,464	6,021,009
Total Current Assets	60,032,288	2,238,807	10,492,770	18,658,921	(690,978)	90,731,808	94,682,874
<b>LONG-TERM ASSETS</b>							
Intracompany Receivable	9,733,322	-	-	-	(9,733,322)	-	-
Security Deposits	453,297	-	-	-	(400,000)	53,297	49,709
Accounts Receivable	-	-	-	8,475	-	8,475	19,723
Deferred Rent Asset	-	-	-	8,842,041	(8,842,041)	-	-
Property, Plant, and Equipment, Net	4,777,866	88,809	22,574	152,071,180	-	156,960,429	161,798,585
Total Long-Term Assets	14,964,485	88,809	22,574	160,921,696	(18,975,363)	157,022,201	161,868,017
Total Assets	<u>\$ 74,996,773</u>	<u>\$ 2,327,616</u>	<u>\$ 10,515,344</u>	<u>\$ 179,580,617</u>	<u>\$ (19,666,341)</u>	<u>\$ 247,754,009</u>	<u>\$ 256,550,891</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ 10,164,608	\$ 297,273	\$ 1,991,224	\$ 2,126,916	\$ -	\$ 14,580,021	\$ 12,379,687
Accrued Interest	45,537	-	-	570,224	-	615,761	807,476
Deferred Revenues	5,669,362	-	-	11,343	-	5,680,705	2,942,053
Current Portion of Loans Payable	367,408	-	-	4,179,462	-	4,546,870	8,298,873
Total Current Liabilities	16,246,915	297,273	1,991,224	6,887,945	-	25,423,357	24,428,089
<b>LONG-TERM LIABILITIES</b>							
Security Deposits	-	-	-	400,000	(400,000)	-	-
Accrued Interest	172,481	-	-	-	-	172,481	233,082
Deferred Rent Liability	4,535,105	90,344	3,742,872	7,876,528	(9,533,019)	6,711,830	5,541,230
Intracompany Payable	-	4,220,562	4,184,973	1,327,787	(9,733,322)	-	-
Loans Payable	1,082,888	-	-	180,920,808	-	182,003,696	188,117,172
Total Long-Term Liabilities	5,790,474	4,310,906	7,927,845	190,525,123	(19,666,341)	188,888,007	193,891,484
Total Liabilities	22,037,389	4,608,179	9,919,069	197,413,068	(19,666,341)	214,311,364	218,319,573
<b>NET ASSETS (DEFICIT)</b>							
Without Donor Restriction	52,609,384	(2,364,421)	596,275	(17,832,451)	-	33,008,787	38,214,318
With Donor Restriction	350,000	83,858	-	-	-	433,858	17,000
Total Net Assets (Deficit)	52,959,384	(2,280,563)	596,275	(17,832,451)	-	33,442,645	38,231,318
Total Liabilities And Net Assets	<u>\$ 74,996,773</u>	<u>\$ 2,327,616</u>	<u>\$ 10,515,344</u>	<u>\$ 179,580,617</u>	<u>\$ (19,666,341)</u>	<u>\$ 247,754,009</u>	<u>\$ 256,550,891</u>

See accompanying Notes to Consolidated Financial Statements.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2022 Total	2021 Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>							
<b>REVENUES</b>							
LCFF State Aid & Property Tax Revenue	\$ 68,623,477	\$ -	\$ -	\$ -	\$ -	\$ 68,623,477	\$ 68,946,084
Apportionment Revenue	14,567,771	6,330,288	23,802,459	-	-	44,700,518	41,743,700
Other State Revenue	20,245,265	286,778	9,245,541	-	-	29,777,584	23,380,609
Federal Revenue	22,951,343	2,754,099	6,802,121	-	-	32,507,563	19,487,194
Other Local Revenue	6,269,300	34,997	669,106	19,460,080	(25,028,379)	1,405,104	2,640,117
Contributions	5,918,952	509,385	646,880	199,965	(200,000)	7,075,182	5,798,443
Amounts Released from Restriction	-	17,000	-	-	-	17,000	900,000
Total Without Donor Restriction Revenues	138,576,108	9,932,547	41,166,107	19,660,045	(25,228,379)	184,106,428	162,896,147
<b>EXPENSES</b>							
Program Expenses:							
Educational programs	105,856,646	8,448,728	37,111,475	-	(18,975,187)	132,441,662	101,402,187
Program Supports	9,309,939	-	-	24,373,761	(200,000)	33,483,700	29,008,887
Supporting Services:							
Administration and General	21,271,457	1,392,248	5,775,791	493,146	(6,053,192)	22,879,450	17,547,189
Fundraising	507,147	-	-	-	-	507,147	440,860
Total Supporting Services	21,778,604	1,392,248	5,775,791	493,146	(6,053,192)	23,386,597	17,988,049
Total Expenses	136,945,189	9,840,976	42,887,266	24,866,907	(25,228,379)	189,311,959	148,399,123
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	1,630,919	91,571	(1,721,159)	(5,206,862)	-	(5,205,531)	14,497,024
<b>NET ASSETS WITH DONOR RESTRICTION</b>							
Amounts Released from Restriction	-	(17,000)	-	-	-	(17,000)	(900,000)
Contributions	350,000	83,858	-	-	-	433,858	17,000
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION</b>	350,000	66,858	-	-	-	416,858	(883,000)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,980,919	158,429	(1,721,159)	(5,206,862)	-	(4,788,673)	13,614,024
Net Assets (Deficit) - Beginning of Year	50,978,465	(2,438,992)	2,317,434	(12,625,589)	-	38,231,318	24,617,294
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ 52,959,384</u>	<u>\$ (2,280,563)</u>	<u>\$ 596,275</u>	<u>\$ (17,832,451)</u>	<u>\$ -</u>	<u>\$ 33,442,645</u>	<u>\$ 38,231,318</u>

See accompanying Notes to Consolidated Financial Statements.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	Programs			Management and General	Fundraising	Eliminations	Total 2022 Expenses	Total 2021 Expenses
	Educational Programs	Program Supports	Total					
Salaries	\$ 64,930,678	\$ 6,854,484	\$ 71,785,162	\$ 8,901,879	\$ 355,519	\$ -	\$ 81,042,560	\$ 66,828,182
Employee Benefits	8,490,189	446,607	8,936,796	481,983	45,949	-	9,464,728	9,730,733
Pension	5,734,413	498,531	6,232,944	183,511	-	-	6,416,455	5,511,783
Payroll Taxes	3,030,208	482,499	3,512,707	710,755	-	-	4,223,462	3,521,365
Management Fees	-	-	-	23,462,124	-	(23,462,124)	-	-
District Fee	70,866	-	70,866	1,571,637	-	-	1,642,503	1,183,610
Accounting Expenses	-	-	-	848,221	-	-	848,221	264,784
Legal Expenses	-	-	-	809,606	-	-	809,606	894,912
Instructional Materials	4,525,185	270,785	4,795,970	(1,998)	1,998	-	4,795,970	2,948,451
Other Fees For Services	21,317,996	683,556	22,001,552	2,842,016	65,922	-	24,909,490	17,164,978
Advertising	-	-	-	210,761	-	-	210,761	81,334
Office Expenses	3,138,460	47,828	3,186,288	506,652	12,741	-	3,705,681	2,229,970
Information Technology	4,977,881	15,890	4,993,771	965,082	1,237	-	5,960,090	7,263,178
Printing and Postage	288,747	-	288,747	118,389	-	-	407,136	250,472
Occupancy	23,252,105	6,120,999	29,373,104	760,079	7,628	(18,975,187)	11,165,624	8,941,605
Travel	1,395,064	510	1,395,574	1,228,126	11,311	-	2,635,011	785,025
Conferences and Meetings	4,755	-	4,755	20,899	-	-	25,654	21,273
Insurance	184,816	-	184,816	785,723	-	-	970,539	614,141
Depreciation and Amortization	236,107	6,513,180	6,749,287	52,222	-	-	6,801,509	4,919,017
Interest Expense	-	10,781,602	10,781,602	222,330	-	(60,000)	10,943,932	10,161,272
Capital Expenses	3,201	148,721	151,922	-	-	-	151,922	38,413
Grants to School	-	200,000	200,000	-	-	(200,000)	-	-
Other Expenses	9,836,178	618,508	10,454,686	1,721,577	4,842	-	12,181,105	5,044,625
Subtotal	151,416,849	33,683,700	185,100,549	46,401,574	507,147	(42,697,311)	189,311,959	
Eliminations	(18,975,187)	(200,000)	(19,175,187)	(23,522,124)	-	42,697,311	-	
Total 2022	<u>\$ 132,441,662</u>	<u>\$ 33,483,700</u>	<u>\$ 165,925,362</u>	<u>\$ 22,879,450</u>	<u>\$ 507,147</u>	<u>\$ -</u>	<u>\$ 189,311,959</u>	
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>\$ 148,399,123</u>

See accompanying Notes to Consolidated Financial Statements.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2022 Total	2021 Total
<b>CASH FLOWS FROM OPERATING</b>							
<b>ACTIVITIES</b>							
Change in Net Assets	\$ 1,980,919	\$ 158,429	\$ (1,721,159)	\$ (5,206,862)	\$ -	\$ (4,788,673)	\$ 13,614,024
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation Expense	273,988	7,456	6,885	4,583,893	-	4,872,222	4,560,338
Transfers and Losses on Disposal of Assets	-	-	-	-	-	-	62,490
Amortization Expense	-	-	-	2,179,712	-	2,179,712	238,597
Loss/(Gain) on Disposal of Assets	-	-	-	(77,251)	-	(77,251)	-
Forgiveness of Debt	-	-	-	-	-	-	(1,687,635)
(Increase) Decrease in Operating Assets:							
Accounts Receivable	6,022,048	(1,063,791)	(3,630,282)	(307,328)	-	1,020,647	(8,390,399)
Grants Receivable	-	2,000	-	-	-	2,000	883,000
Prepaid Expenses and Deposits	(800,074)	49,554	197,063	23,414	-	(530,043)	(2,017,706)
Deferred Rent Asset	-	-	-	(2,405,184)	2,405,184	-	-
Increase (Decrease) in Operating Liabilities:							
Accounts Payable and Accrued Liabilities	2,770	31,804	274,817	1,643,147	-	1,952,538	4,274,373
Deferred Revenues	2,738,652	-	-	-	-	2,738,652	1,348,680
Deferred Rent Liability	520,496	(20,756)	1,376,068	1,695,456	(2,405,184)	1,166,080	(183,558)
Net Cash Provided (Used) by Operating Activities	10,738,799	(835,304)	(3,496,608)	2,128,997	-	8,535,884	12,702,204
<b>CASH FLOWS FROM INVESTING</b>							
<b>ACTIVITIES</b>							
Proceeds from Sale of Property, Plant and Equipment	-	-	-	1,079,193	-	1,079,193	-
Purchases of Property, Plant, and Equipment	(634,034)	(71,754)	(5,590)	(324,630)	-	(1,036,008)	(28,891,372)
Net Cash Used by Investing Activities	(634,034)	(71,754)	(5,590)	754,563	-	43,185	(28,891,372)
<b>CASH FLOWS FROM FINANCING</b>							
<b>ACTIVITIES</b>							
Intracompany Loans	(2,639,184)	-	1,311,397	1,327,787	-	-	(19,355)
Proceeds from Debt	200,000	-	-	43,504,197	-	43,704,197	32,711,734
Repayment of Debt	(5,317,546)	-	-	(50,431,842)	-	(55,749,388)	(3,547,774)
Net Cash Provided (Used) by Financing Activities	(7,756,730)	-	1,311,397	(5,599,858)	-	(12,045,191)	29,144,605
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	2,348,035	(907,058)	(2,190,801)	(2,716,298)	-	(3,466,122)	12,955,437
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	32,627,469	1,713,752	7,856,440	19,521,125	-	61,718,786	48,763,349
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 34,975,504</u>	<u>\$ 806,694</u>	<u>\$ 5,665,639</u>	<u>\$ 16,804,827</u>	<u>\$ -</u>	<u>\$ 58,252,664</u>	<u>\$ 61,718,786</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>							
Cash and Cash Equivalents	\$ 34,975,504	\$ 806,694	\$ 5,665,639	\$ 7,084,173	\$ -	\$ 48,532,010	\$ 47,620,276
Restricted Cash	-	-	-	9,720,654	-	9,720,654	14,098,510
Total	<u>\$ 34,975,504</u>	<u>\$ 806,694</u>	<u>\$ 5,665,639</u>	<u>\$ 16,804,827</u>	<u>\$ -</u>	<u>\$ 58,252,664</u>	<u>\$ 61,718,786</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>							
Forgiveness of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,687,635
Cash Paid for Interest, Net	\$ 214,314	\$ 60,000	\$ -	\$ 10,826,851	\$ (60,000)	\$ 11,041,165	\$ 9,636,799

See accompanying Notes to Consolidated Financial Statements.



**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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 Dream Community Prep (NASH3)*** – Tennessee charter school

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Principles of Consolidation (Continued)**

**Rocketship Education Wisconsin Inc.**

RSED incorporated Rocketship Education Wisconsin Inc. (REW), 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 and REW entered into a Network Services Agreement to provide services for the Wisconsin region.

**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, 2022**

**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, 2022**

**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, 2022.

**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, 2022, RSEA has conditional grants of \$28,893,119 of which \$5,669,362 is recognized as deferred revenue in the statement of financial position.

**Revenue Recognition**

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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. RSEA file exempt organization returns in the U.S. federal jurisdiction and with the California Franchise Tax Board.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as a liability of RSEA. Full-time school staff accrue between 10-15 days of paid vacation per 12-month period based on the employee's years of service and the paid time off (PTO) is paid out in full at the end of the school year. Full-time Network staff accrue between 10-25 days of vacation per 12-month period based on years of service. A maximum of 1.5 times their annual PTO accrual rate may be carried as an accrual balance at any time before an employee reaches their accrual limit.

**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, 2021, from which the summarized information was derived.

**Evaluation of Subsequent Events**

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

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures were comprised of the following as of June 30, 2022:

Cash and Cash Equivalents	\$ 48,532,010
Accounts Receivable	25,916,680
Grants Receivable	15,000
Less: Net Assets With Donor Restrictions	(433,858)
Financial Assets Available for General Expenditure	<u>\$ 74,029,832</u>

As part of RSEA's liquidity management plan, RSEA invests cash in excess of daily requirements in short-term investments and money market funds.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 CREDIT CONCENTRATION RISK**

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

**NOTE 4 ACCOUNTS RECEIVABLE**

Due from federal and state governments consists of funds due as of June 30, 2022. Management believes that these receivables are fully collectible, therefore no provision was recorded as of June 30, 2022.

**NOTE 5 GRANTS RECEIVABLE**

Grants receivable of \$15,000 consist of unconditional promises to give. Payments on promises to give are expected to be received during the year ended June 30, 2023. As of June 30, 2022 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:

	RSED	LDC	RSEA Total
Land	\$ -	\$ 24,367,995	\$ 24,367,995
Furniture and Equipment	997,789	457,532	1,455,321
Buildings	6,071,715	154,650,008	160,721,723
Software	477,845	-	477,845
Other	65,094	1,784,111	1,849,205
Less: Accumulated Depreciation	(2,723,194)	(29,188,466)	(31,911,660)
Total	<u>\$ 4,889,249</u>	<u>\$ 152,071,180</u>	<u>\$ 156,960,429</u>

Depreciation and amortization expense was \$4,872,222 for the year ended June 30, 2022.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 DEBT**

**Convertible Debt**

**RSN – Charter School Growth Fund**

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

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

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

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

In February 2019, RSN and CSGF amended and restated the 2009 loan agreement (third amendment), modifying debt maturity dates. In June 2020, RSN and CSGF amended and restated the 2009 loan agreement (fourth amendment), modifying debt maturity dates. As of June 30, 2022, 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, 2022.

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, 2022, the balance on each of the three loans have been paid off.

**Loans Payable**

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

As of June 30, 2022, one of Rocketship's California schools Delta Prep has a revolving loan payable to the California School Finance Authority (CSFA) with a balance of \$80,879. 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.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 DEBT (CONTINUED)**

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

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

The Series 2011 Bonds are divided into \$9.6 million Series 2011A Bonds and \$515,000 Series 2011B Bonds (taxable), maturing December 2041 and December 2018, respectively. Both Series 2011A and Series 2011B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in December 2018 and December 2013, respectively. In September 2021, OG2-2021AB Series bonds were issued in the amount of \$16.7M to refinance Series 2011 and Series 2012 bonds. This refinancing process was 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, OG2-2021AB Series bonds were issued in the amount of \$16.7M to refinance Series 2011 and Series 2012 bonds. This refinancing process was 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 March 2022, 2022AB Series bonds were issued in the amount of \$27.99 million to refinance Series 2014A and B bonds. This refinancing process was completed on June 1, 2022 with the payoff of the Series A and B bonds.



**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 DEBT (CONTINUED)**

**Loans Payable (Continued)**

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

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

The Series 2015 Bonds are divided into \$6.135 million Series 2015A Bonds and \$250,000 Series 2015B Bonds (taxable), maturing between March 2028 (Series 2015A) and matured June 2016 (Series 2015B). The Series 2015B Bonds were repaid during the fiscal year 2015/16. Series 2015A Bonds are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2016. In June 2022, Series 2015A Bond experienced a principal maturity of \$500K.

**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 2022, Series 2016A Bond experienced a principal maturity of \$550K.

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

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

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 DEBT (CONTINUED)**

**Loans Payable (Continued)**

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

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

In June 2022, Series 2017B Bond experienced a principal maturity of \$195K.

**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). In June 2022, Series 2017H Bond experienced a principal maturity of \$60K.

**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. In June 2022, this \$2.7M loan was amended to extend the maturity date to July 2023.

**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 2022, Series 2019B Bond experienced a principal maturity of \$305K.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 DEBT (CONTINUED)**

**Loans Payable (Continued)**

**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).

**LDC – Obligated Group Bonds (Series OG2021A and 2021B) - Refinance**

In September 2021, LDC completed bond financing in the amount of \$15.245 million (the Series OG2021 Bonds), proceeds from which were used to pay off Series 2011A and B and Series 2012A and B bonds. This refinancing process was completed on December 1, 2021 with the payoff of the Series 2011 and 2012 bonds.

The Series OG2021 Bonds are divided into \$14.78 million Series OG2021A Bonds and \$465,000 Series OG2021B Bonds (taxable). The Series OG2021 Bonds mature between June 2022 and 2035 (Series 2021A) and in June 2022 (Series 2021B). Interest is paid semi-annually at a coupon rate of 4.00%. In June 2022, Series OG2021 Bonds experienced a principal maturity of \$700K.

**LDC – Obligated Group Bonds (Series 2022A and OG2022B) - Refinance**

In March 2022, LDC completed bond financing in the amount of \$27.990 million (the Series 2022A and OG2022B Bonds), proceeds from which were used to pay off Series 2014A and B bonds. This refinancing process was completed on June 1, 2022 with the payoff of the Series 2014A and B bonds.

The Series OG2021 Bonds are divided into \$27.195 million Series 2022A Bonds and \$795,000 Series OG2022B Bonds (taxable). The Series 2022A and OG2022B Bonds mature between June 2022 and 2042 (Series 2021A) and between June 2023 and 2024 (Series OG2022B). Interest is paid semi-annually at a coupon rates between 4.00% and 4.375%.

Amortization expense for cost of issuance and discounts/premiums for all bond series was \$1,963,212 for the year ended June 30, 2022. Of this amount, \$1,464,847 was related to the write off of Series 2011, 2012, and 2014 bonds that were refinanced during the year ended June 30, 2022.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
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**NOTE 7 DEBT (CONTINUED)**

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, 2022, the balance outstanding on this line of credit is \$419,417.

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 an initial maturity of January 21, 2023. In September 2021, the Texas One LLC project was sold and this loan was paid off.

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, 2022. 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>
2023	\$ 367,408	\$ 4,179,462	\$ 4,546,870
2024	675,198	7,055,507	7,730,705
2025	393,029	4,656,812	5,049,841
2026	14,661	5,033,392	5,048,053
2027	-	5,235,256	5,235,256
Thereafter	-	158,463,810	158,463,810
Subtotal	1,450,296	184,624,239	186,074,535
Cost of Issuance and Discounts/Premiums	-	476,031	476,031
Total	<u>\$ 1,450,296</u>	<u>\$ 185,100,270</u>	<u>\$ 186,550,566</u>

**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 \$308,166 and lease expense totaled \$329,821.

RSN leases administrative offices in San Jose, California, Concord, California, under various operating leases. Lease expense for all regional administrative offices totaled \$302,208 for the year ended June 30, 2022.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 OPERATING LEASES (CONTINUED)**

**LLC10-RSK Site Land Lease**

20-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2022 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, 2022 was \$95,000.

**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, 2022, 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, 2022. 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, 2022, total lease expense of \$38,799.

**RRWC Facility Lease**

Two-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2022 was \$25,105.

**RFA Facility Lease**

One-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2022 was \$380,000. A five-year lease was renewed in July 2021.

**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, 2022 total lease expense of \$3,500,885 has been recorded.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
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**NOTE 8 OPERATING LEASES (CONTINUED)**

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

<u>Year Ending June 30,</u>	<u>RSN</u>	<u>RFZ</u>	<u>RPS</u>	<u>LLC10</u>	
2023	\$ 95,030	\$ 37,945	\$ 76,017	\$ 110,691	
2024	-	38,514	-	111,132	
2025	-	39,092	-	111,132	
2026	-	39,678	-	116,225	
2027	-	40,273	-	116,689	
Thereafter	-	990,998	-	906,994	
Total	<u>\$ 95,030</u>	<u>\$ 1,186,500</u>	<u>\$ 76,017</u>	<u>\$ 1,472,863</u>	

  

<u>Year Ending June 30,</u>	<u>LLC11</u>	<u>LLC12</u>	<u>LLC DC3</u>	<u>NASH3</u>	<u>RSEA Total</u>
2023	\$ 95,000	\$ 332,640	\$ 2,469,289	\$ 895,000	\$ 4,111,612
2024	97,850	348,480	2,693,883	895,000	4,184,859
2025	97,850	348,480	2,778,005	895,000	4,269,559
2026	97,850	348,480	2,875,382	1,073,357	4,550,972
2027	97,850	348,480	2,934,646	1,097,507	4,635,445
Thereafter	1,655,440	9,080,166	82,038,730	35,200,536	129,872,864
Total	<u>\$ 2,141,840</u>	<u>\$ 10,806,726</u>	<u>\$ 95,789,935</u>	<u>\$ 40,056,400</u>	<u>\$ 151,625,311</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.

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, 2021 total STRS plan net assets are \$310 billion, the total actuarial present value of accumulated plan benefits is \$414 billion, contributions from all employers totaled \$5.744 billion, and the plan is 73% funded. The Schools did not contribute more than 5% of the total contributions to the plan.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)**

**State Teachers' Retirement System (STRS) (Continued)**

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826 and [www.calstrs.com](http://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 10.21% 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, 2022 was 16.92% 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	
	<u>Required Contribution</u>	<u>Percent Contributed</u>
2020	\$ 3,497,023	100 %
2021	\$ 4,105,830	100 %
2022	\$ 4,876,240	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.

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, 2022 to the Teacher Legacy Pension Plan was 10.27% 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](http://www.treasury.tn.gov/tcrs).

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**NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)**

**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, 2022 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](http://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, 2022 RSEA contributed \$981,833 to this plan.

**NOTE 10 RELATED PARTY TRANSACTIONS**

**Facility Leases**

In 2015, RMS amended and restated its existing lease with LLC1 into a 31-year facility lease through 2046. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$868,335 has been recorded. For the year ended June 30, 2022, lease payments under this agreement totaled \$950,929.

In 2022, RSSP entered into a 21-year facility lease agreement with LLC2 through 2042. 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 \$929,021 has been recorded. For the year ended June 30, 2022, lease payments under this agreement totaled \$840,185.



**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)**

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 the year ended June 30, 2022, lease payments under this agreement totaled \$755,297.

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 the year ended June 30, 2022, lease payments under this agreement totaled \$1,048,817.

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 the year ended June 30, 2022, lease payments under this agreement totaled \$556,253.

In 2022, RBM entered into a 21-year facility lease agreement with LLC11 through 2042. 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 \$1,040,352 has been recorded. For the year ended June 30, 2022, lease payments under this agreement totaled \$922,938.

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 the year ended June 30, 2022, lease payments under this agreement totaled \$857,791.

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 the year ended June 30, 2022, lease payments under this agreement totaled \$969,645.

In 2022, RFZ entered into a 20-year facility lease agreement with LLC12 through 2042. 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 \$1,333,956 has been recorded. For the year ended June 30, 2022, lease payments under this agreement totaled \$1,113,265.

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 the year ended June 30, 2022, lease payments under this agreement totaled \$960,786.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)**

**Facility Leases (Continued)**

In 2017, RDL entered into a 35-year facility lease agreement with LLC18 through 2052. 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 the year ended June 30, 2022, lease payments under this agreement totaled \$1,007,934.

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 the year ended June 30, 2022, lease payments under this agreement totaled \$574,514.

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 the year ended June 30, 2022, lease payments under this agreement totaled \$504,697.

In June 2021, RTP amended and restated its existing 5-year facility lease agreement with LDMKE2 through 2024. 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 \$148,783 has been recorded. For the year ended June 30, 2022, lease payments under this agreement totaled \$168,425.

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 the year ended June 30, 2022, lease payments under this agreement totaled \$424,427.

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, 2022, total lease expense of \$1,822,808 has been recorded and lease payments totaled \$1,880,888.

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, 2022, total lease expense of \$1,767,220 has been recorded and lease payments totaled \$1,316,522.

In August 2019, RIC entered into a new 29-year lease agreement with LLC-DC3. In November 2021, this agreement entered into a Fourth Amendment. 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, 2022, total lease expense of \$3,351,314 has been recorded and lease payments totaled \$2,234,851.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)**

**Facility Leases (Continued)**

Future estimated payments under these leases as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>RMS</u>	<u>RSSP</u>	<u>RLS</u>	<u>ROMO</u>	<u>RDP</u>
2023	\$ 1,007,628	\$ 647,386	\$ 747,100	\$ 947,800	\$ 653,779
2024	1,007,990	647,259	741,820	946,756	653,878
2025	1,009,005	647,260	801,145	947,354	707,265
2026	1,010,770	647,258	898,359	948,513	782,845
2027	1,012,071	647,261	889,962	950,888	776,383
Thereafter	14,957,826	9,438,231	22,062,304	13,879,505	19,168,204
Total	<u>\$ 20,005,290</u>	<u>\$ 12,674,655</u>	<u>\$ 26,140,690</u>	<u>\$ 18,620,816</u>	<u>\$ 22,742,354</u>

<u>Year Ending June 30,</u>	<u>RBM</u>	<u>RSA</u>	<u>RSK</u>	<u>RFZ</u>	<u>RRS</u>
2023	\$ 907,526	\$ 727,055	\$ 1,015,552	\$ 1,145,166	\$ 1,005,552
2024	909,772	724,525	1,015,458	1,160,402	1,005,458
2025	908,820	726,368	1,015,999	1,159,450	1,005,999
2026	910,333	722,271	1,017,283	1,160,963	1,007,283
2027	908,171	722,548	1,018,096	1,158,801	1,008,096
Thereafter	13,276,624	11,583,593	15,100,803	18,014,513	14,910,803
Total	<u>\$ 17,821,246</u>	<u>\$ 15,206,360</u>	<u>\$ 20,183,191</u>	<u>\$ 23,799,295</u>	<u>\$ 19,943,191</u>

<u>Year Ending June 30,</u>	<u>RDL</u>	<u>RNNE</u>	<u>RUA</u>	<u>RTP</u>	<u>RSCP</u>
2023	\$ 1,180,455	\$ 575,000	\$ 504,850	\$ 168,425	\$ 425,000
2024	1,176,641	575,000	505,005	168,425	425,000
2025	1,177,576	575,000	505,161	-	425,000
2026	1,178,672	575,000	505,319	-	425,000
2027	1,180,521	575,000	505,478	-	425,000
Thereafter	30,601,426	14,374,998	11,121,779	-	10,624,998
Total	<u>\$ 36,495,291</u>	<u>\$ 17,249,998</u>	<u>\$ 13,647,592</u>	<u>\$ 336,850</u>	<u>\$ 12,749,998</u>

<u>Year Ending June 30,</u>	<u>RISE</u>	<u>RLP</u>	<u>DC3</u>	<u>NASH3</u>	<u>Total</u>
2023	\$ 1,862,963	\$ 1,844,093	\$ 2,469,289	\$ 895,000	\$ 18,729,619
2024	1,861,300	1,839,022	2,693,883	895,000	18,952,594
2025	1,864,810	1,825,158	2,778,005	895,000	18,974,375
2026	1,861,840	1,828,735	2,875,382	1,073,357	19,429,183
2027	1,863,460	1,825,860	2,934,646	1,097,507	19,499,749
Thereafter	54,054,650	62,072,760	82,038,730	35,200,536	452,482,283
Total	<u>\$ 63,369,023</u>	<u>\$ 71,235,628</u>	<u>\$ 95,789,935</u>	<u>\$ 40,056,400</u>	<u>\$ 548,067,803</u>

**Rocketship Education Wisconsin Inc. Line of Credit from RSN**

Rocketship Education Wisconsin Inc. entered into an unsecured line of credit agreement with RSN that requires quarterly interest payment at LIBOR +250 bps not to exceed 4% with a maturity date of June 20, 2022. As of June 30, 2022, the total amount of related party long-term liabilities related to this line of credit was \$1,500,000. For the year ended June 30, 2022, total interest expense was \$60,000. Subsequent to year-end, the maturity date was extended to June 30, 2025.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)**

**Management Services**

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

For the year ended June 30, 2022, management fees were as follows:

Mateo Sheedy	\$ 1,074,442
Si Se Puede	803,151
Los Suenos	949,362
Mosaic	1,368,563
Discovery	981,338
Brilliant Minds	1,277,133
Alma	1,187,748
Spark	1,268,246
Rising Stars	1,352,905
Fuerza Community	1,382,156
Delta Legacy	1,330,412
Futuro	1,238,378
Redwood City	628,405
Nashville NE	1,210,350
United	1,416,343
Wisconsin Schools	1,294,085
D.C. Schools	4,699,107
Total	<u><u>\$ 23,462,124</u></u>

**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, 2022**

**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to Specific Purpose:

JetPackEd Innovation	\$ 350,000
Comprehensive School Mental Health Systems	18,858
Recruitment and Retention	50,000

Time Restrictions:

Grants Receivable	15,000
Total Net Assets With Donor Restrictions	<u>\$ 433,858</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows for the year ended June 30:

Release of Restrictions

Time Restrictions	\$ 17,000
Total Release of Restrictions	<u>\$ 17,000</u>

**NOTE 13 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.

**SUPPLEMENTARY INFORMATION**

For discussion purposes only  
DRAFT  
Subject to revision

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**YEAR ENDED JUNE 30, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**  
**UNAUDITED**

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)

Rocketship Dream Community Prep (RDCP)

**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, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**  
**UNAUDITED**

**BOARD OF DIRECTORS**

<u>Name</u>	<u>Office</u>	<u>Term Expires (2-Year Term)</u>
Louis Jordan	Board Chair	2023
Alex Terman	Treasurer	2023
Greg Stanger	Secretary	2023
Deborah McGriff	Member	2023
Raymond Raven	Member	2023
Ralph Weber	Member	2023
Jolene Slotter	Member	2023
Michael Fox	Member	2023
June Nwabara	Member	2024
Charmaine Detweiler	Member	2023
Daniel Velasco	Member	2023
Yolanda Bernal Samano	Member	2024
Malka Borrego	Member	2023
Julie Miller	Member	2023

**ADMINISTRATION**

Preston Smith	Co-Founder, CEO and President
Matthew Shaw	Chief Financial Officer
Lynn Liao	Chief Talent Officer
Carolyn Davies Lynch	Chief Operating Officer
Christopher Murphy	Chief Communications Officer
Lamar Wade	Chief People Officer



**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS**  
**JUNE 30, 2022**

		California						
	RSN	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	Total Page 1
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 60,746	\$ 1,130,842	\$ 2,225,857	\$ 2,255,484	\$ 4,818,277	\$ 853,884	\$ 5,352,030	\$ 16,697,120
Accounts Receivable	697,869	1,340,390	516,511	206,933	886,932	865,113	411,436	4,925,184
Grants Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	2,019,304	810,945	71,261	258,072	51,805	259,636	54,176	3,525,199
Total Current Assets	2,777,919	3,282,177	2,813,629	2,720,489	5,757,014	1,978,633	5,817,642	25,147,503
LONG-TERM ASSETS								
Intracompany Receivable	12,554,104	-	36,018	-	37,203	-	62,389	12,689,714
Security Deposits	28,297	-	-	100,000	100,000	100,000	-	328,297
Property, Plant, and Equipment, Net	505,503	1,034,451	730,994	736,071	520,615	426,679	88,017	4,042,330
Total Long-Term Assets	13,087,904	1,034,451	767,012	836,071	657,818	526,679	150,406	17,060,341
Total Assets	\$ 15,865,823	\$ 4,316,628	\$ 3,580,641	\$ 3,556,560	\$ 6,414,832	\$ 2,505,312	\$ 5,968,048	\$ 42,207,844
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 2,899,219	\$ 487,319	\$ 427,972	\$ 576,990	\$ 502,202	\$ 862,956	\$ 844,825	\$ 6,601,483
Accrued Interest	45,537	-	-	-	-	-	-	45,537
Deferred Revenue	-	478,784	273,323	382,721	501,473	448,766	562,014	2,647,081
Current Portion of Loans Payable	326,968	-	-	-	-	-	-	326,968
Total Current Liabilities	3,271,724	966,103	701,295	959,711	1,003,675	1,311,722	1,406,839	9,621,069
LONG-TERM LIABILITIES								
Accrued Interest	162,900	-	-	-	-	-	-	162,900
Deferred Rent Liability	-	-	274,397	52,331	468,930	147,589	829,544	1,772,791
Intracompany Payable	-	-	-	-	-	333,521	-	333,521
Loans Payable	1,042,449	-	-	-	-	-	-	1,042,449
Total Long-Term Liabilities	1,205,349	-	274,397	52,331	468,930	481,110	829,544	3,311,661
Total Liabilities	4,477,073	966,103	975,692	1,012,042	1,472,605	1,792,832	2,236,383	12,932,730
NET ASSETS (DEFICIT)								
Without Donor Restrictions	11,038,750	3,350,525	2,604,949	2,544,518	4,942,227	712,480	3,731,665	28,925,114
With Donor Restrictions	350,000	-	-	-	-	-	-	350,000
Total Net Assets (Deficit)	11,388,750	3,350,525	2,604,949	2,544,518	4,942,227	712,480	3,731,665	29,275,114
Total Liabilities and Net Assets	\$ 15,865,823	\$ 4,316,628	\$ 3,580,641	\$ 3,556,560	\$ 6,414,832	\$ 2,505,312	\$ 5,968,048	\$ 42,207,844

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, 2022**

		California							
	From Page 1	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro	Total Page 2
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash and Cash Equivalents	\$ 16,697,120	\$ 1,037,130	\$ 3,805,808	\$ 4,973,157	\$ 289,137	\$ 4,571,687	\$ 439,204	\$ 486,155	\$ 32,299,398
Accounts Receivable	4,925,184	2,479,125	1,260,429	1,250,880	699,985	1,145,889	2,972,887	1,570,733	16,305,112
Grants Receivable	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	3,525,199	84,672	937,049	54,120	52,903	810,945	62,473	118,134	5,645,495
Total Current Assets	25,147,503	3,600,927	6,003,286	6,278,157	1,042,025	6,528,521	3,474,564	2,175,022	54,250,005
<b>LONG-TERM ASSETS</b>									
Intracompany Receivable	12,689,714	37,539	-	113,479	-	-	-	-	12,840,732
Security Deposits	328,297	100,000	-	-	-	-	-	25,000	453,297
Property, Plant, and Equipment, Net	4,042,330	342,598	156,418	51,151	-	-	22,498	83,720	4,698,715
Total Long-Term Assets	17,060,341	480,137	156,418	164,630	-	-	22,498	108,720	17,992,744
Total Assets	\$ 42,207,844	\$ 4,081,064	\$ 6,159,704	\$ 6,442,787	\$ 1,042,025	\$ 6,528,521	\$ 3,497,062	\$ 2,283,742	\$ 72,242,749
<b>LIABILITIES AND NET ASSETS</b>									
<b>CURRENT LIABILITIES</b>									
Accounts Payable and Accrued Liabilities	\$ 6,601,483	\$ 867,618	\$ 484,609	\$ 234,477	\$ (43,139)	\$ 252,708	\$ 366,008	\$ 461,230	\$ 9,224,994
Accrued Interest	45,537	-	-	-	-	-	-	-	45,537
Deferred Revenue	2,647,081	456,339	349,705	555,852	258,432	500,922	305,385	595,646	5,669,362
Current Portion of Loans Payable	326,968	-	-	-	-	-	40,440	-	367,408
Total Current Liabilities	9,621,069	1,323,957	834,314	790,329	215,293	753,630	711,833	1,056,876	15,307,301
<b>LONG-TERM LIABILITIES</b>									
Accrued Interest	162,900	-	-	4,344	-	157	106	130	167,637
Deferred Rent Liability	1,772,791	12,372	-	1,659,499	-	-	1,083,556	-	4,528,218
Intracompany Payable	333,521	-	-	-	542,338	-	1,085,706	-	1,961,565
Loans Payable	1,042,449	-	-	-	-	-	40,439	-	1,082,888
Total Long-Term Liabilities	3,311,661	12,372	-	1,663,843	542,338	157	2,209,807	130	7,740,308
Total Liabilities	12,932,730	1,336,329	834,314	2,454,172	757,631	753,787	2,921,640	1,057,006	23,047,609
<b>NET ASSETS (DEFICIT)</b>									
Without Donor Restrictions	28,925,114	2,744,735	5,325,390	3,988,615	284,394	5,774,734	575,422	1,226,736	48,845,140
With Donor Restrictions	350,000	-	-	-	-	-	-	-	350,000
Total Net Assets (Deficit)	29,275,114	2,744,735	5,325,390	3,988,615	284,394	5,774,734	575,422	1,226,736	49,195,140
Total Liabilities and Net Assets	\$ 42,207,844	\$ 4,081,064	\$ 6,159,704	\$ 6,442,787	\$ 1,042,025	\$ 6,528,521	\$ 3,497,062	\$ 2,283,742	\$ 72,242,749

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, 2022**

	Tennessee										
	From Page 2	Nashville NE	United	Partners Community	Dream Community	Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 32,299,398	\$ 649,787	\$ 3,016,229	\$ (611,825)	\$ (378,085)	\$ -	\$ 34,975,504	\$ 806,694	\$ 5,665,639	\$ -	\$ 41,447,837
Accounts Receivable	16,305,112	1,266,633	1,350,212	-	-	-	18,921,957	1,392,454	4,753,153	-	25,067,564
Grants Receivable	-	-	-	-	-	-	-	15,000	-	-	15,000
Prepaid Expenses and Deposits	5,645,495	170,194	113,038	-	206,100	-	6,134,827	24,659	73,978	-	6,233,464
Total Current Assets	54,250,005	2,086,614	4,479,479	(611,825)	(171,985)	-	60,032,288	2,238,807	10,492,770	-	72,763,865
LONG-TERM ASSETS											
Intracompany Receivable	12,840,732	-	-	-	-	(3,107,410)	9,733,322	-	-	(8,405,535)	1,327,787
Security Deposits	453,297	-	-	-	-	-	453,297	-	-	-	453,297
Property, Plant, and Equipment, Net	4,698,715	60,892	18,259	-	-	-	4,777,866	88,809	22,574	-	4,889,249
Total Long-Term Assets	17,992,744	60,892	18,259	-	-	(3,107,410)	14,964,485	88,809	22,574	(8,405,535)	6,670,333
Total Assets	\$ 72,242,749	\$ 2,147,506	\$ 4,497,738	\$ (611,825)	\$ (171,985)	\$ (3,107,410)	\$ 74,996,773	\$ 2,327,616	\$ 10,515,344	\$ (8,405,535)	\$ 79,434,198
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Accounts Payable and Accrued Liabilities	\$ 9,224,994	\$ 477,860	\$ 396,346	\$ -	\$ 65,408	\$ -	\$ 10,164,608	\$ 297,273	\$ 1,991,224	\$ -	\$ 12,453,105
Accrued Interest	45,537	-	-	-	-	-	45,537	-	-	-	45,537
Deferred Revenue	5,669,362	-	-	-	-	-	5,669,362	-	-	-	5,669,362
Current Portion of Loans Payable	367,408	-	-	-	-	-	367,408	-	-	-	367,408
Total Current Liabilities	15,307,301	477,860	396,346	-	65,408	-	16,246,915	297,273	1,991,224	-	18,535,412
LONG-TERM LIABILITIES											
Accrued Interest	167,637	4,844	-	-	-	-	172,481	-	-	-	172,481
Deferred Rent Liability	4,528,218	-	6,887	-	-	-	4,535,105	90,344	3,742,872	-	8,368,321
Intracompany Payable	1,961,565	683,868	405,259	56,718	-	(3,107,410)	-	4,220,562	4,184,973	(8,405,535)	-
Loans Payable	1,082,888	-	-	-	-	-	1,082,888	-	-	-	1,082,888
Total Long-Term Liabilities	7,740,308	688,712	412,146	56,718	-	(3,107,410)	5,790,474	4,310,906	7,927,845	(8,405,535)	9,623,690
Total Liabilities	23,047,609	1,166,572	808,492	56,718	65,408	(3,107,410)	22,037,389	4,608,179	9,919,069	(8,405,535)	28,159,102
NET ASSETS (DEFICIT)											
Without Donor Restrictions	48,845,140	980,934	3,689,246	(668,543)	(237,393)	-	52,609,384	(2,364,421)	596,275	-	50,841,238
With Donor Restrictions	350,000	-	-	-	-	-	350,000	83,858	-	-	433,858
Total Net Assets (Deficit)	49,195,140	980,934	3,689,246	(668,543)	(237,393)	-	52,959,384	(2,280,563)	596,275	-	51,275,096
Total Liabilities and Net Assets	\$ 72,242,749	\$ 2,147,506	\$ 4,497,738	\$ (611,825)	\$ (171,985)	\$ (3,107,410)	\$ 74,996,773	\$ 2,327,616	\$ 10,515,344	\$ (8,405,535)	\$ 79,434,198

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, 2022**

	California							
	National	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	Total Page 1
WITHOUT DONOR RESTRICTION								
REVENUES								
LCFF State Aid & Property Tax Revenue	\$ -	\$ 4,645,237	\$ 3,498,787	\$ 4,484,280	\$ 6,298,483	\$ 4,371,037	\$ 5,698,978	\$ 28,996,802
Apportionment Revenue	-	-	-	-	-	-	-	-
Other State Revenue	931,377	1,616,816	1,210,193	1,419,921	1,641,331	1,434,290	1,879,461	10,133,389
Federal Revenue	92,734	1,452,547	1,136,754	1,022,843	1,802,897	1,385,089	1,744,343	8,637,207
Other Local Revenue	23,659,099	2,144	12,308	-	8,953	-	8,068	23,690,572
Contributions	5,692,093	-	7,940	-	6,714	50,000	57,025	5,813,772
Amounts Released from Restriction	-	-	-	-	-	-	-	-
Total Without Donor Restriction Revenues	30,375,303	7,716,744	5,865,982	6,927,044	9,758,378	7,240,416	9,387,875	77,271,742
EXPENSES								
Program Expenses:								
Educational Programs	-	6,940,779	6,049,943	6,707,206	8,219,830	6,367,238	8,194,539	42,479,535
Program Supports	9,309,939	-	-	-	-	-	-	9,309,939
Supporting Services:								
Administration and General	19,777,907	1,158,280	868,030	1,028,282	1,470,193	1,068,078	1,374,873	26,745,643
Fundraising	507,147	-	-	-	-	-	-	507,147
Total Supporting Services	20,285,054	1,158,280	868,030	1,028,282	1,470,193	1,068,078	1,374,873	27,252,790
Total Expenses	29,594,993	8,099,059	6,917,973	7,735,488	9,690,023	7,435,316	9,569,412	79,042,264
TRANSFERS	(600,000)	-	-	-	-	-	-	(600,000)
INCREASE (DECREASE) IN NET ASSETS								
WITHOUT DONOR RESTRICTION	180,310	(382,315)	(1,051,991)	(808,444)	68,355	(194,900)	(181,537)	(2,370,522)
NET ASSETS								
WITH DONOR RESTRICTION								
Amounts Released from Restriction	-	-	-	-	-	-	-	-
Contributions	350,000	-	-	-	-	-	-	350,000
INCREASE (DECREASE) IN NET ASSETS								
WITH DONOR RESTRICTION	350,000	-	-	-	-	-	-	350,000
INCREASE (DECREASE) IN NET ASSETS	530,310	(382,315)	(1,051,991)	(808,444)	68,355	(194,900)	(181,537)	(2,020,522)
Net Assets (Deficit) - Beginning 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
NET ASSETS (DEFICIT) - END OF YEAR	\$ 11,388,750	\$ 3,350,525	\$ 2,604,949	\$ 2,544,518	\$ 4,942,227	\$ 712,480	\$ 3,731,665	\$ 29,275,114

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, 2022**

		California							
	From Page 1	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro	Total Page 2
<b>WITHOUT DONOR RESTRICTION</b>									
<b>REVENUES</b>									
LCFF State Aid & Property Tax Revenue	\$ 28,996,802	\$ 5,009,743	\$ 6,142,669	\$ 6,472,072	\$ 2,956,542	\$ 6,765,472	\$ 5,958,651	\$ 6,321,526	\$ 68,623,477
Apportionment Revenue	-	-	-	-	-	-	-	-	-
Other State Revenue	10,133,389	1,677,342	1,543,783	1,987,033	856,441	1,593,080	1,378,015	1,076,182	20,245,265
Federal Revenue	8,637,207	1,981,055	1,421,157	1,512,901	896,651	1,302,108	1,921,639	1,531,388	19,204,106
Other Local Revenue	23,690,572	-	240	236	31,368	5,488	554	540	23,728,998
Contributions	5,813,772	25,165	-	-	-	-	34,020	22,743	5,895,700
Amounts Released from Restriction	-	-	-	-	-	-	-	-	-
Total Without Donor Restriction Revenues	77,271,742	8,693,305	9,107,849	9,972,242	4,741,002	9,666,148	9,292,879	8,952,379	137,697,546
<b>EXPENSES</b>									
Program Expenses:									
Educational Programs	42,479,535	7,257,429	7,632,739	7,806,068	4,342,538	7,456,124	8,114,265	7,302,339	92,391,037
Program Supports	9,309,939	-	-	-	-	-	-	-	9,309,939
Supporting Services:									
Administration and General	26,745,643	1,286,594	1,368,395	1,489,298	685,144	1,461,100	1,434,768	1,442,560	35,913,502
Fundraising	507,147	-	-	-	-	-	-	-	507,147
Total Supporting Services	27,252,790	1,286,594	1,368,395	1,489,298	685,144	1,461,100	1,434,768	1,442,560	36,420,649
Total Expenses	79,042,264	8,544,023	9,001,134	9,295,366	5,027,682	8,917,224	9,549,033	8,744,899	138,121,625
<b>TRANSFERS</b>	(600,000)	-	-	-	300,000	-	300,000	-	-
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	(2,370,522)	149,282	106,715	676,876	13,320	748,924	43,846	207,480	(424,079)
<b>NET ASSETS WITH DONOR RESTRICTION</b>									
Amounts Released from Restriction	-	-	-	-	-	-	-	-	-
Contributions	350,000	-	-	-	-	-	-	-	350,000
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION</b>	350,000	-	-	-	-	-	-	-	350,000
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(2,020,522)	149,282	106,715	676,876	13,320	748,924	43,846	207,480	(74,079)
Net Assets (Deficit) - Beginning of Year	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
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ 29,275,114</u>	<u>\$ 2,744,735</u>	<u>\$ 5,325,390</u>	<u>\$ 3,988,615</u>	<u>\$ 284,394</u>	<u>\$ 5,774,734</u>	<u>\$ 575,422</u>	<u>\$ 1,226,736</u>	<u>\$ 49,195,140</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, 2022**

		Tennessee									
	From Page 2	Nashville NE	United	Partners Community	Dream Community	Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
<b>WITHOUT DONOR RESTRICTION</b>											
<b>REVENUES</b>											
LCFF State Aid & Property Tax Revenue	\$ 68,623,477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,623,477	\$ -	\$ -	\$ -	\$ 68,623,477
Apportionment Revenue	-	6,619,336	7,948,435	-	-	-	14,567,771	6,330,288	23,802,459	-	44,700,518
Other State Revenue	20,245,265	-	-	-	-	-	20,245,265	286,778	9,245,541	-	29,777,584
Federal Revenue	19,204,106	1,872,365	1,874,872	-	-	-	22,951,343	2,754,099	6,802,121	-	32,507,563
Other Local Revenue	23,728,998	1,686	7,548	-	-	(17,468,932)	6,269,300	34,997	669,106	(6,053,192)	920,211
Contributions	5,895,700	17,828	5,424	-	-	-	5,918,952	509,385	646,880	-	7,075,217
Amounts Released from Restriction	-	-	-	-	-	-	-	17,000	-	-	17,000
Total Without Donor Restriction Revenues	137,697,546	8,511,215	9,836,279	-	-	(17,468,932)	138,576,108	9,932,547	41,166,107	(6,053,192)	183,621,570
<b>EXPENSES</b>											
Program Expenses:											
Educational Programs	92,391,037	6,226,838	7,001,378	-	237,393	-	105,856,646	8,448,728	37,111,475	-	151,416,849
Program Supports	9,309,939	-	-	-	-	-	9,309,939	-	-	-	9,309,939
Supporting Services:											
Administration and General	35,913,502	1,304,413	1,522,474	-	-	(17,468,932)	21,271,457	1,392,248	5,775,791	(6,053,192)	22,386,304
Fundraising	507,147	-	-	-	-	-	507,147	-	-	-	507,147
Total Supporting Services	36,420,649	1,304,413	1,522,474	-	-	(17,468,932)	21,778,604	1,392,248	5,775,791	(6,053,192)	22,893,451
Total Expenses	138,121,625	7,531,251	8,523,852	-	237,393	(17,468,932)	136,945,189	9,840,976	42,887,266	(6,053,192)	183,620,239
<b>TRANSFERS</b>	-	-	-	-	-	-	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	(424,079)	979,964	1,312,427	-	(237,393)	-	1,630,919	91,571	(1,721,159)	-	1,331
<b>NET ASSETS WITH DONOR RESTRICTION</b>											
Amounts Released from Restriction	-	-	-	-	-	-	-	(17,000)	-	-	(17,000)
Contributions	350,000	-	-	-	-	-	350,000	83,858	-	-	433,858
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION</b>	350,000	-	-	-	-	-	350,000	66,858	-	-	416,858
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(74,079)	979,964	1,312,427	-	(237,393)	-	1,980,919	158,429	(1,721,159)	-	418,189
Net Assets (Deficit) - Beginning of Year	49,269,219	970	2,376,819	(668,543)	-	-	50,978,465	(2,438,992)	2,317,434	-	50,856,907
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ 49,195,140</u>	<u>\$ 980,934</u>	<u>\$ 3,689,246</u>	<u>\$ (668,543)</u>	<u>\$ (237,393)</u>	<u>\$ -</u>	<u>\$ 52,959,384</u>	<u>\$ (2,280,563)</u>	<u>\$ 596,275</u>	<u>\$ -</u>	<u>\$ 51,275,096</u>

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, 2022**

	California							Total Page 1
	National	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Change in Net Assets	\$ 530,310	\$ (382,315)	\$ (1,051,991)	\$ (808,444)	\$ 68,355	\$ (194,900)	\$ (181,537)	\$ (2,020,522)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	45,933	37,927	27,007	26,745	28,422	30,475	3,400	199,909
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(532,323)	131,288	722,045	1,065,781	755,975	665,553	1,047,023	3,855,342
Grants Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	128,041	(161,692)	(39,691)	14,115	(20,887)	33,833	(13,101)	(59,382)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	(1,313,305)	176,418	(84,220)	284,136	(35,374)	356,473	458,525	(157,347)
Deferred Revenue	-	262,787	64,827	143,533	246,765	273,096	262,552	1,253,560
Deferred Rent Liability	-	-	88,836	52,331	(103,007)	147,589	117,413	303,162
Net Cash Provided (Used) by Operating Activities	(1,141,344)	64,413	(273,187)	778,197	940,249	1,312,119	1,694,275	3,374,722
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchase of Property, Plant, and Equipment	(477,845)	(8,091)	(8,950)	-	(15,871)	-	-	(510,757)
Net Cash Used by Investing Activities	(477,845)	(8,091)	(8,950)	-	(15,871)	-	-	(510,757)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Intracompany Loans	(330,852)	-	(35,322)	3,000	(37,203)	(1,399,999)	(62,389)	(1,862,765)
Proceeds from Debt	200,000	-	-	-	-	-	-	200,000
Repayment of Debt	(3,128,429)	-	-	-	-	-	-	(3,128,429)
Net Cash Provided (Used) by Financing Activities	(3,259,281)	-	(35,322)	3,000	(37,203)	(1,399,999)	(62,389)	(4,791,194)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,878,470)	56,322	(317,459)	781,197	887,175	(87,880)	1,631,886	(1,927,229)
Cash and Cash Equivalents - Beginning of Year	4,939,216	1,074,520	2,543,316	1,474,287	3,931,102	941,764	3,720,144	18,624,349
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 60,746</u>	<u>\$ 1,130,842</u>	<u>\$ 2,225,857</u>	<u>\$ 2,255,484</u>	<u>\$ 4,818,277</u>	<u>\$ 853,884</u>	<u>\$ 5,352,030</u>	<u>\$ 16,697,120</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>								
Cash Paid for Interest	<u>\$ 138,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,011</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, 2022**

		California							
	From Page 1	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro	Total Page 2
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Change in Net Assets	\$ (2,020,522)	\$ 149,282	\$ 106,715	\$ 676,876	\$ 13,320	\$ 748,924	\$ 43,846	\$ 207,480	\$ (74,079)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation	199,909	15,869	6,297	1,535	-	248	19,500	23,207	266,565
(Increase) Decrease in Operating Assets:									
Accounts Receivable	3,855,342	(147,612)	938,857	1,290,247	(109,367)	1,095,183	(381,347)	1,190,529	7,731,832
Grants Receivable	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	(59,382)	(49,521)	(121,040)	(14,642)	1,859	(153,586)	4,608	(78,061)	(469,765)
Increase (Decrease) in Operating Liabilities:									
Accounts Payable and Accrued Liabilities	(157,347)	385,182	(23,351)	(88,943)	(294,000)	(113,840)	3,103	(30,556)	(319,752)
Deferred Revenue	1,253,560	287,516	93,525	255,968	153,182	205,829	109,666	379,406	2,738,652
Deferred Rent Liability	303,162	(136,255)	-	220,691	-	-	135,340	-	522,938
Net Cash Provided (Used) by Operating Activities	3,374,722	504,461	1,001,003	2,341,732	(235,006)	1,782,758	(65,284)	1,692,005	10,396,391
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Purchase of Property, Plant, and Equipment	(510,757)	-	-	(9,277)	-	-	-	(100,000)	(620,034)
Net Cash Used by Investing Activities	(510,757)	-	-	(9,277)	-	-	-	(100,000)	(620,034)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Intracompany Loans	(1,862,765)	(512,700)	-	(117,179)	56,611	-	103,121	(206,273)	(2,539,185)
Proceeds from Debt	200,000	-	-	-	-	-	-	-	200,000
Repayment of Debt	(3,128,429)	-	-	-	(100,000)	(100,000)	(44,117)	(1,745,000)	(5,117,546)
Net Cash Provided (Used) by Financing Activities	(4,791,194)	(512,700)	-	(117,179)	(43,389)	(100,000)	59,004	(1,951,273)	(7,456,731)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,927,229)	(8,239)	1,001,003	2,215,276	(278,395)	1,682,758	(6,280)	(359,268)	2,319,626
Cash and Cash Equivalents - Beginning of Year	18,624,349	1,045,369	2,804,805	2,757,881	567,532	2,888,929	445,484	845,423	29,979,772
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 16,697,120</u>	<u>\$ 1,037,130</u>	<u>\$ 3,805,808</u>	<u>\$ 4,973,157</u>	<u>\$ 289,137</u>	<u>\$ 4,571,687</u>	<u>\$ 439,204</u>	<u>\$ 486,155</u>	<u>\$ 32,299,398</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>									
Cash Paid for Interest	<u>\$ 138,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,056</u>	<u>\$ 6,519</u>	<u>\$ 4,972</u>	<u>\$ 50,678</u>	<u>\$ 207,236</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, 2022**

	From Page 2	Tennessee				RSED Total	Wisconsin	DC	Total
		Nashville NE	United	Partners Community	Dream Community				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Change in Net Assets	\$ (74,079)	\$ 979,964	\$ 1,312,427	\$ -	\$ (237,393)	\$ 1,980,919	\$ 158,429	\$ (1,721,159)	\$ 418,189
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation	266,565	3,779	3,644	-	-	273,988	7,456	6,885	288,329
(Increase) Decrease in Operating Assets:									
Accounts Receivable	7,731,832	(805,074)	(904,710)	-	-	6,022,048	(1,063,791)	(3,630,282)	1,327,975
Grants Receivable	-	-	-	-	-	-	2,000	-	2,000
Prepaid Expenses and Deposits	(469,765)	(77,559)	(46,650)	-	(206,100)	(800,074)	49,554	197,063	(553,457)
Increase (Decrease) in Operating Liabilities:									
Accounts Payable and Accrued Liabilities	(319,752)	74,869	182,245	-	65,408	2,770	31,804	274,817	309,391
Deferred Revenue	2,738,652	-	-	-	-	2,738,652	-	-	2,738,652
Deferred Rent Liability	522,938	-	2,078	(4,520)	-	520,496	(20,756)	1,376,068	1,875,808
Net Cash Provided (Used) by Operating Activities	10,396,391	175,979	549,034	(4,520)	(378,085)	10,738,799	(835,304)	(3,496,608)	6,406,887
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Purchase of Property, Plant, and Equipment	(620,034)	(5,600)	(8,400)	-	-	(634,034)	(71,754)	(5,590)	(711,378)
Net Cash Used by Investing Activities	(620,034)	(5,600)	(8,400)	-	-	(634,034)	(71,754)	(5,590)	(711,378)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Intracompany Loans	(2,539,185)	(50,000)	(49,999)	-	-	(2,639,184)	-	1,311,397	(1,327,787)
Proceeds from Debt	200,000	-	-	-	-	200,000	-	-	200,000
Repayment of Debt	(5,117,546)	-	(100,000)	(100,000)	-	(5,317,546)	-	-	(5,317,546)
Net Cash Provided (Used) by Financing Activities	(7,456,731)	(50,000)	(149,999)	(100,000)	-	(7,756,730)	-	1,311,397	(6,445,333)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,319,626	120,379	390,635	(104,520)	(378,085)	2,348,035	(907,058)	(2,190,801)	(749,824)
Cash and Cash Equivalents - Beginning of Year	29,979,772	529,408	2,625,594	(507,305)	-	32,627,469	1,713,752	7,856,440	42,197,661
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 32,299,398</u>	<u>\$ 649,787</u>	<u>\$ 3,016,229</u>	<u>\$ (611,825)</u>	<u>\$ (378,085)</u>	<u>\$ 34,975,504</u>	<u>\$ 806,694</u>	<u>\$ 5,665,639</u>	<u>\$ 41,447,837</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>									
Cash Paid for Interest	\$ 207,236	\$ 23	\$ 7,055	\$ -	\$ -	\$ 214,314	\$ 60,000	\$ -	\$ 274,314

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**SCHEDULE OF INSTRUCTIONAL TIME – CALIFORNIA**  
**YEAR ENDED JUNE 30, 2022**

	Instructional Minutes		Credited Minutes	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days	Total Actual Plus Credited Days	Status
	Requirement	Actual	Per Approved J13A Form*			Per Approved J13A Form*		
K/TK								
RMS	36,000	61,280	-	61,280	178	-	178	In compliance
RSSP	36,000	60,520	-	60,520	178	-	178	In compliance
RLS	36,000	59,815	-	59,815	178	-	178	In compliance
ROMO	36,000	61,360	-	61,360	178	-	178	In compliance
RDP	36,000	66,755	390	67,145	177	1	178	In compliance
RBM	36,000	55,220	-	55,220	178	-	178	In compliance
RSA	36,000	56,410	-	56,410	178	-	178	In compliance
RSK	36,000	57,850	-	57,850	178	-	178	In compliance
RFZ	36,000	58,020	-	58,020	178	-	178	In compliance
RRWC	36,000	58,740	-	58,740	178	-	178	In compliance
RFA	36,000	55,900	-	55,900	178	-	178	In compliance
RRS	36,000	68,270	-	68,270	178	-	178	In compliance
RDL	36,000	57,680	-	57,680	178	-	178	In compliance
Grade 1:								
RMS	50,400	67,250	-	67,250	178	-	178	In compliance
RSSP	50,400	65,600	-	65,600	178	-	178	In compliance
RLS	50,400	64,380	-	64,380	178	-	178	In compliance
ROMO	50,400	64,920	-	64,920	178	-	178	In compliance
RDP	50,400	66,045	385	66,430	177	1	178	In compliance
RBM	50,400	62,380	-	62,380	178	-	178	In compliance
RSA	50,400	64,710	-	64,710	178	-	178	In compliance
RSK	50,400	64,710	-	64,710	178	-	178	In compliance
RFZ	50,400	64,880	-	64,880	178	-	178	In compliance
RRWC	50,400	70,090	-	70,090	178	-	178	In compliance
RFA	50,400	62,930	-	62,930	178	-	178	In compliance
RRS	50,400	65,600	-	65,600	178	-	178	In compliance
RDL	50,400	65,050	-	65,050	178	-	178	In compliance
Grade 2:								
RMS	50,400	69,370	-	69,370	178	-	178	In compliance
RSSP	50,400	65,940	-	65,940	178	-	178	In compliance
RLS	50,400	66,495	-	66,495	178	-	178	In compliance
ROMO	50,400	64,920	-	64,920	178	-	178	In compliance
RDP	50,400	65,870	385	66,255	177	1	178	In compliance
RBM	50,400	66,320	-	66,320	178	-	178	In compliance
RSA	50,400	66,320	-	66,320	178	-	178	In compliance
RSK	50,400	66,490	-	66,490	178	-	178	In compliance
RFZ	50,400	66,150	-	66,150	178	-	178	In compliance
RRWC	50,400	70,090	-	70,090	178	-	178	In compliance
RFA	50,400	66,870	-	66,870	178	-	178	In compliance
RRS	50,400	68,270	-	68,270	178	-	178	In compliance
RDL	50,400	67,760	-	67,760	178	-	178	In compliance

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**SCHEDULE OF INSTRUCTIONAL TIME – CALIFORNIA (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

	Instructional Minutes		Credited Minutes	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days	Total Actual Plus Credited Days	Status
	Requirement	Actual	Per Approved J13A Form*			Per Approved J13A Form*		
Grade 3:								
RMS	50,400	69,370	-	69,370	178	-	178	In compliance
RSSP	50,400	67,930	-	67,930	178	-	178	In compliance
RLS	50,400	66,865	-	66,865	178	-	178	In compliance
ROMO	50,400	64,920	-	64,920	178	-	178	In compliance
RDP	50,400	65,870	385	66,255	177	1	178	In compliance
RBM	50,400	66,320	-	66,320	178	-	178	In compliance
RSA	50,400	66,320	-	66,320	178	-	178	In compliance
RSK	50,400	66,490	-	66,490	178	-	178	In compliance
RFZ	50,400	66,320	-	66,320	178	-	178	In compliance
RRWC	50,400	70,090	-	70,090	178	-	178	In compliance
RFA	50,400	66,870	-	66,870	178	-	178	In compliance
RRS	50,400	69,160	-	69,160	178	-	178	In compliance
RDL	50,400	67,760	-	67,760	178	-	178	In compliance
Grade 4:								
RMS	54,000	69,370	-	69,370	178	-	178	In compliance
RSSP	54,000	69,160	-	69,160	178	-	178	In compliance
RLS	54,000	68,275	-	68,275	178	-	178	In compliance
ROMO	54,000	64,920	-	64,920	178	-	178	In compliance
RDP	54,000	65,870	385	66,255	177	1	178	In compliance
RBM	54,000	66,320	-	66,320	178	-	178	In compliance
RSA	54,000	66,320	-	66,320	178	-	178	In compliance
RSK	54,000	68,270	-	68,270	178	-	178	In compliance
RFZ	54,000	66,320	-	66,320	178	-	178	In compliance
RRWC	54,000	70,090	-	70,090	178	-	178	In compliance
RFA	54,000	66,870	-	66,870	178	-	178	In compliance
RRS	54,000	69,160	-	69,160	178	-	178	In compliance
RDL	54,000	67,760	-	67,760	178	-	178	In compliance
Grade 5:								
RMS	54,000	69,200	-	69,200	178	-	178	In compliance
RSSP	54,000	69,160	-	69,160	178	-	178	In compliance
RLS	54,000	68,275	-	68,275	178	-	178	In compliance
ROMO	54,000	64,920	-	64,920	178	-	178	In compliance
RDP	54,000	65,870	385	66,255	177	1	178	In compliance
RBM	54,000	66,320	-	66,320	178	-	178	In compliance
RSA	54,000	66,320	-	66,320	178	-	178	In compliance
RSK	54,000	68,270	-	68,270	178	-	178	In compliance
RFZ	54,000	66,320	-	66,320	178	-	178	In compliance
RRWC	54,000	74,410	-	74,410	178	-	178	In compliance
RFA	54,000	66,870	-	66,870	178	-	178	In compliance
RDL	54,000	67,760	-	67,760	178	-	178	In compliance

\* The charter school(s) received an approved J-13A identifying the number of days and minutes approved.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA) - CALIFORNIA**  
**YEAR ENDED JUNE 30, 2022**

	Second		Annual Report	
	Period Report			
	Classroom Based	Total	Classroom Based	Total
Grades TK/K-3:				
RMS	283.90	290.69	289.61	295.87
RSSP	184.27	185.08	193.38	193.95
RLS	245.26	254.66	248.85	257.44
ROMO	375.70	386.08	380.42	389.39
RDP	266.14	271.14	269.75	274.30
RBM	318.63	325.74	322.02	328.26
RDL	376.68	390.23	370.38	386.18
RSA	338.28	340.00	335.22	337.38
RSK	394.17	402.26	391.78	399.57
RFZ	364.48	373.96	369.78	378.53
RRWC	178.65	181.42	179.30	182.15
RRS	444.51	445.49	448.63	449.58
RFA	403.64	411.77	403.53	411.38
Subtotal	4,174.31	4,258.52	4,202.65	4,283.98
Grades 4-6:				
RMS	131.33	133.12	131.84	133.38
RSSP	91.29	92.06	93.82	94.36
RLS	83.17	88.15	83.71	88.37
ROMO	121.87	122.45	123.49	123.93
RDP	116.32	118.71	117.15	119.65
RBM	127.78	134.59	127.89	134.18
RDL	105.11	105.78	101.36	104.75
RSA	125.95	126.67	125.76	126.83
RSK	113.83	113.83	113.85	113.85
RFZ	135.25	136.17	135.89	136.85
RRWC	83.56	83.56	83.37	83.37
RRS	101.63	102.62	102.38	103.33
RFA	169.04	171.37	168.79	170.87
Subtotal	1,506.13	1,529.08	1,509.30	1,533.72
Grand Total	5,680.44	5,787.60	5,711.95	5,817.70

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, 2022**

	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds
June 30, 2022 Annual Financial Report Fund Balances (Net Assets)	\$ 3,350,525	\$ 2,604,949	\$ 2,544,518	\$ 4,942,227	\$ 712,480	\$ 3,731,665
Increase (Decrease) of Fund Balance (Net Assets):						
Cash and cash equivalents	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Prepaid expenses and deposits	-	-	-	-	-	-
Property, plant & equipment, net	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Intracompany payable	-	-	-	-	-	-
Net Adjustments and Reclassifications	-	-	-	-	-	-
June 30, 2022 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 3,350,525</u>	<u>\$ 2,604,949</u>	<u>\$ 2,544,518</u>	<u>\$ 4,942,227</u>	<u>\$ 712,480</u>	<u>\$ 3,731,665</u>

	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro
June 30, 2022 Annual Financial Report Fund Balances (Net Assets)	\$ 2,744,735	\$ 5,325,390	\$ 3,988,615	\$ 826,732	\$ 5,774,734	\$ 575,422	\$ 1,143,016
Increase (Decrease) of Fund Balance (Net Assets):							
Cash and cash equivalents	-	-	-	-	-	-	1
Accounts receivable	-	-	-	(382,624)	-	-	-
Prepaid expenses and deposits	-	-	-	(34,595)	-	-	(1)
Property, plant & equipment, net	-	-	-	-	-	-	83,720
Accounts payable	-	-	-	417,219	-	-	130
Accrued interest	-	-	-	-	-	-	(130)
Intracompany payable	-	-	-	(542,338)	-	-	-
Net Adjustments and Reclassifications	-	-	-	(542,338)	-	-	83,720
June 30, 2022 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,744,735</u>	<u>\$ 5,325,390</u>	<u>\$ 3,988,615</u>	<u>\$ 284,394</u>	<u>\$ 5,774,734</u>	<u>\$ 575,422</u>	<u>\$ 1,226,736</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, 2022**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RDL	RSA	Total Page
<b>U.S. Department of Education</b>												
Pass Through Program From:												
California Department of Education												
Title I, Part A, Basic Grants												
Low-Income and Neglected	84.010	14329	\$ -	\$ 184,616	\$ 153,536	\$ 173,906	\$ 174,194	\$ 163,256	\$ 196,669	\$ 167,370	\$ 177,228	\$ 1,390,775
ESSA: School Improvement Funding for LEAs	84.010	15438	-	-	-	-	-	-	-	62,052	-	62,052
Metro Nashville Public Schools												
Title I, Part A, Basic Grants												
Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	-	-	-	-
Title I Totals			-	184,616	153,536	173,906	174,194	163,256	196,669	229,422	177,228	1,452,827
Pass Through Program From:												
California Department of Education												
Title II	84.367	14341	-	9,982	8,882	5,243	11,612	12,175	13,195	4,776	16,484	82,349
Metro Nashville Public Schools												
Title II	84.367	N/A	-	-	-	-	-	-	-	-	-	-
Title II Totals			-	9,982	8,882	5,243	11,612	12,175	13,195	4,776	16,484	82,349
Pass Through Program From:												
California Department of Education												
Title III - Immigrant Education Program	84.365	15146	-	15,874	12,935	12,472	21,120	13,874	15,571	11,837	13,874	117,557
Title III Totals			-	15,874	12,935	12,472	21,120	13,874	15,571	11,837	13,874	117,557
Pass Through Program From:												
California Department of Education												
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A	-	8,458	30,377	15,030	21,141	23,209	20,329	17,809	28,439	164,792
Title IV Totals			-	8,458	30,377	15,030	21,141	23,209	20,329	17,809	28,439	164,792
Pass Through Program From:												
California Department of Education												
Charter School Grant	84.282M	N/A	92,734	-	-	-	-	-	-	-	-	92,734
Charter School Program Cluster			92,734	-	-	-	-	-	-	-	-	92,734
Pass Through Program From:												
California Department of Education												
Special Education IDEA	84.027	13379	-	96,096	71,427	84,709	115,123	97,646	113,387	102,737	96,375	777,500
Metro Nashville Public Schools												
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	-	-
Special IDEA Education Cluster			-	96,096	71,427	84,709	115,123	97,646	113,387	102,737	96,375	777,500
Pass Through Program From:												
California Department of Education												
ESSER	84.425D	15536	-	16	111,339	99,335	15	14	82,688	10	15	293,432
ESSER II	84.425D	15547	-	642,507	283,403	99,052	561,336	438,233	553,177	350,098	622,519	3,550,325
ESSER III	84.425U	15559	-	77,876	73,232	25,595	242,212	113,241	142,943	665,827	419,649	1,760,575
Expanded Learning Opportunities (ELO) Grant ESSER II												
State Reserve	84.425D	15618	-	52,748	43,816	52,568	70,677	51,886	68,929	58,213	49,868	448,705
Expanded Learning Opportunities (ELO) Grant ESSER III												
State Reserve, Emergency Needs	84.425U	15620	-	20,572	28,563	34,268	46,073	33,823	15,144	37,948	32,508	248,899
Expanded Learning Opportunities (ELO) Grant ESSER IIII												
State Reserve, Learning Loss	84.425U	15621	-	-	49,237	59,072	79,422	58,306	-	65,416	56,039	367,492
Metro Nashville Public Schools												
ESSER II	84.425D	N/A	-	-	-	-	-	-	-	-	-	-
ESSER Totals			-	793,719	589,590	369,890	999,735	695,503	862,881	1,177,512	1,180,598	6,669,428

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, 2022**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Federal Expenditures
<b>U.S. Department of Education</b>										
Pass Through Program From:										
California Department of Education										
Title I, Part A, Basic Grants										
Low-Income and Neglected	84.010	14329	\$ 1,390,775	\$ 150,762	\$ 188,435	\$ 105,147	\$ 170,684	\$ 207,394	\$ -	\$ 2,213,197
ESSA: School Improvement Funding for LEAs	84.010	15438	62,052	-	-	-	-	-	-	62,052
Metro Nashville Public Schools										
Title I, Part A, Basic Grants										
Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	1,038,483	1,038,483
Low-Income and Neglected Totals			1,452,827	150,762	188,435	105,147	170,684	207,394	1,038,483	3,313,732
Pass Through Program From:										
California Department of Education										
Title II	84.367	14341	82,349	2,792	8,435	1,568	8,994	3,022	-	107,160
Metro Nashville Public Schools										
Title II	84.367	N/A	-	-	-	-	-	-	(6,953)	(6,953)
Title II Totals			82,349	2,792	8,435	1,568	8,994	3,022	(6,953)	100,207
Pass Through Program From:										
California Department of Education										
Title III - Immigrant Education Program	84.365	15146	117,557	10,095	11,837	5,914	10,444	11,837	-	167,684
Title III Totals			117,557	10,095	11,837	5,914	10,444	11,837	-	167,684
Pass Through Program From:										
California Department of Education										
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A	164,792	29,632	23,265	11,549	29,327	25,346	-	283,911
Title IV Totals			164,792	29,632	23,265	11,549	29,327	25,346	-	283,911
Pass Through Program From:										
California Department of Education										
Charter School Grant	84.282M	N/A	92,734	-	-	-	-	-	-	92,734
Charter School Program Cluster			92,734	-	-	-	-	-	-	92,734
Pass Through Program From:										
California Department of Education										
Special Education IDEA	84.027	13379	777,500	116,972	118,209	55,759	115,543	113,511	-	1,297,494
Metro Nashville Public Schools										
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	231,383	231,383
Special IDEA Education Cluster			777,500	116,972	118,209	55,759	115,543	113,511	231,383	1,528,877
Pass Through Program From:										
California Department of Education										
ESSER	84.425D	15536	293,432	12	27,920	7	135,986	9	-	457,366
ESSER II	84.425D	15547	3,550,325	363,404	412,820	245,639	151,098	401,686	-	5,124,972
ESSER III	84.425U	15559	1,760,575	-	106,674	63,474	-	103,797	-	2,034,520
Expanded Learning Opportunities (ELO) Grant ESSER II										
State Reserve	84.425D	15618	448,705	64,619	68,743	31,077	69,573	62,928	-	745,645
Expanded Learning Opportunities (ELO) Grant ESSER III										
State Reserve, Emergency Needs	84.425U	15620	248,899	42,124	44,813	20,258	45,353	41,022	-	442,469
Expanded Learning Opportunities (ELO) Grant ESSER III										
State Reserve, Learning Loss	84.425U	15621	367,492	72,615	41,376	34,922	78,181	70,715	-	665,301
Metro Nashville Public Schools										
ESSER II	84.425D	N/A	-	-	-	-	-	-	1,584,484	1,584,484
ESSER Totals			6,669,428	542,774	702,346	395,377	480,191	680,157	1,584,484	11,054,757

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, 2022**

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:												
California Department of Education												
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619		12,106	10,056	12,065	16,221	11,908	15,820	13,360	11,445	102,981
Metro Nashville Public Schools												
COVID-19 GEER-WI	84.425C	N/A	-	-	-	-	-	-	-	-	-	-
GEER Totals			-	12,106	10,056	12,065	16,221	11,908	15,820	13,360	11,445	102,981
Total U.S. Department of Education			92,734	1,120,851	876,803	673,315	1,359,146	1,017,571	1,237,852	1,557,453	1,524,443	9,460,168
<b>U.S. Department of Agriculture:</b>												
Pass Through Program From:												
California Department of Education												
National School Lunch Program	10.555	N/A	-	206,348	162,012	209,747	252,923	230,599	275,937	225,362	258,357	1,821,285
Emergency Operational Costs Reimbursement Program	10.555	N/A	-	14,770	12,967	8,772	29,667	12,975	17,880	4,354	13,868	115,253
Metro Nashville Public Schools												
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-	-
Emergency Operational Costs Reimbursement Program	10.555	N/A	-	-	-	-	-	-	-	-	-	-
National School Lunch Program Totals			-	221,118	174,979	218,519	282,590	243,574	293,817	229,716	272,225	1,936,538
Pass Through Program From:												
California Department of Education												
School Breakfast Program	10.553	N/A	-	106,277	81,463	76,778	156,027	119,209	207,129	129,829	179,156	1,055,868
NSLP Commodities	10.553	N/A	-	3,687	2,895	3,748	4,520	4,121	4,931	4,027	4,617	32,546
Metro Nashville Public Schools												
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-	-
School Breakfast Program and												
Commodities Totals			-	109,964	84,358	80,526	160,547	123,330	212,060	133,856	183,773	1,088,414
Child Nutrition Cluster			-	331,082	259,337	299,045	443,137	366,904	505,877	363,572	455,998	3,024,952
Pass Through Program From:												
California Department of Education												
Pandemic Electronic Benefit Transfer (P-EBT)												
Administrative Costs Grant	10.649	15644	-	614	614	614	614	614	614	614	614	4,912
Metro Nashville Public Schools												
Pandemic Electronic Benefit Transfer (P-EBT)												
Administrative Costs Grant	10.649	N/A	-	-	-	-	-	-	-	-	-	-
P-EBT Totals			-	614	614	614	614	614	614	614	614	4,912
Total U.S. Department of Agriculture			-	331,696	259,951	299,659	443,751	367,518	506,491	364,186	456,612	3,029,864
<b>U.S. Department of Health and Human Services:</b>												
Pass Through Program From:												
California Department of Education:												
Medicaid Cluster	93.778	N/A	-	-	-	49,869	-	-	-	-	-	49,869
Total U.S. Department of Health and			-	-	-	49,869	-	-	-	-	-	49,869
Human Services			-	-	-	49,869	-	-	-	-	-	49,869
Total Federal Expenditures			\$ 92,734	\$ 1,452,547	\$ 1,136,754	\$ 1,022,843	\$ 1,802,897	\$ 1,385,089	\$ 1,744,343	\$ 1,921,639	\$ 1,981,055	\$ 12,539,901

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, 2022**

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:										
California Department of Education										
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15517	102,981	14,831	15,777	7,132	15,968	14,443	-	171,132
Metro Nashville Public Schools										
COVID-19 GEER-WI	84.425C	N/A	-	-	-	-	-	-	93,054	93,054
GEER Totals			<u>102,981</u>	<u>14,831</u>	<u>15,777</u>	<u>7,132</u>	<u>15,968</u>	<u>14,443</u>	<u>93,054</u>	<u>264,186</u>
Total U.S Department of Education			<u>9,460,168</u>	<u>867,858</u>	<u>1,068,304</u>	<u>582,446</u>	<u>831,151</u>	<u>1,055,710</u>	<u>2,940,451</u>	<u>16,806,088</u>
<b>U.S. Department of Agriculture:</b>										
Pass Through Program From										
California Department of Education										
National School Lunch Program	10.555	N/A	1,821,285	299,257	288,236	171,589	295,611	267,669	-	3,143,647
Emergency Operational Costs Reimbursement Program	10.555	N/A	115,253	36,670	30,408	16,636	16,500	29,778	-	245,245
Metro Nashville Public Schools										
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	442,522	442,522
Emergency Operational Costs Reimbursement Program	10.555	N/A	-	-	-	-	-	-	104,921	104,921
National School Lunch Program Totals			<u>1,936,538</u>	<u>335,927</u>	<u>318,644</u>	<u>188,225</u>	<u>312,111</u>	<u>297,447</u>	<u>547,443</u>	<u>3,936,335</u>
Pass Through Program From:										
California Department of Education										
School Breakfast Program	10.553	N/A	1,055,868	211,410	120,188	122,300	152,949	173,448	-	1,836,163
NSLP Commodities	10.553	N/A	32,546	5,348	5,151	3,066	5,283	4,783	-	56,177
Metro Nashville Public Schools										
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	256,280	256,280
School Breakfast Program and Commodities Totals			<u>1,088,414</u>	<u>216,758</u>	<u>125,339</u>	<u>125,366</u>	<u>158,232</u>	<u>178,231</u>	<u>256,280</u>	<u>2,148,620</u>
Child Nutrition Cluster			<u>3,024,952</u>	<u>552,685</u>	<u>443,983</u>	<u>313,591</u>	<u>470,343</u>	<u>475,678</u>	<u>803,723</u>	<u>6,084,955</u>
Pass Through Program From										
California Department of Education										
Pandemic Electronic Benefit Transfer (P-EBT)										
Administrative Costs Grant	10.649	15644	4,912	614	614	614	614	-	-	7,368
Metro Nashville Public Schools										
Pandemic Electronic Benefit Transfer (P-EBT)										
Administrative Costs Grant	10.649	N/A	-	-	-	-	-	-	3,063	3,063
P-EBT Totals			<u>4,912</u>	<u>614</u>	<u>614</u>	<u>614</u>	<u>614</u>	<u>-</u>	<u>3,063</u>	<u>10,431</u>
Total U.S. Department of Agriculture			<u>3,029,864</u>	<u>553,299</u>	<u>444,597</u>	<u>314,205</u>	<u>470,957</u>	<u>475,678</u>	<u>806,786</u>	<u>6,095,386</u>
<b>U.S. Department of Health and Human Services:</b>										
Pass Through Program From										
California Department of Education:										
Medicaid Cluster	93.778	25516	49,869	-	-	-	-	-	-	49,869
Total U.S. Department of Health and Human Services			<u>49,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,869</u>
Total Federal Expenditures			<u>\$ 12,539,901</u>	<u>\$ 1,421,157</u>	<u>\$ 1,512,901</u>	<u>\$ 896,651</u>	<u>\$ 1,302,108</u>	<u>\$ 1,531,388</u>	<u>\$ 3,747,237</u>	<u>\$ 22,951,343</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, 2022**

**PURPOSE OF SCHEDULES**

**NOTE 1 CONSOLIDATING STATEMENTS**

These statements provide detailed financial information of each charter school.

**NOTE 2 SCHEDULE OF INSTRUCTIONAL TIME – CALIFORNIA**

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

**NOTE 3 SCHEDULE OF AVERAGE DAILY ATTENDANCE – CALIFORNIA**

Average daily attendance is a measurement of the number of pupils attending classes of the California schools. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

**NOTE 4 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**

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

**NOTE 5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of RSEA under programs of the federal government for the year ended June 30, 2022. 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. 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 6 INDIRECT COST RATE**

RSEA did not use the 10-percent de minimis 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, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

**Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on 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  
REPORT DATE

**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**

***Opinion on Each Major Federal Program***

We have audited Rocketship Education, Inc. and its Affiliates' (RSEA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of RSEA's major federal programs for the year ended June 30, 2022. RSEA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, RSEA complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of RSEA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of RSEA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to RSEA's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on RSEA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RSEA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RSEA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of RSEA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 RSEA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

**CliftonLarsonAllen LLP**

Glendora, California  
REPORT DATE

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE – CALIFORNIA

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

### Opinion on State Compliance

We have audited Rocketship Education and its Affiliates' (RSEA) compliance with the types of compliance requirements described in the *2021-2022 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, 2022. The RSEA's State compliance requirements are identified in the table below.

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, 2022.

### Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of RSEA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of RSEA's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

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



### **Auditors' Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to below occurred, whether due to fraud or error, and express an opinion on RSEA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RSEA's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to below and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each state program is not modified with respect to this matter.

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

### Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

### 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

### CliftonLarsonAllen LLP

Glendora, California  
REPORT DATE

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of Auditors' Results**

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**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)**

84.425D

84.425U

84.425C

**Name of Federal Program or Cluster**

Elementary and Secondary School Emergency Relief (ESSER) Fund (ESSER I, II)  
ESSER III  
Governor's Emergency Education Relief (GEER) Fund (GEER II)

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

\$       \$750,000      

Auditee qualified as low-risk auditee?

      X       yes                      no

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section I – Summary of Auditors’ Results (Continued)***

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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

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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

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***Section IV – Findings and Questioned Costs – State Compliance***

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**2022-001     Immunizations 40000**

**Rocketship Si Se Puede Academy (RSSP) #1061  
Rocketship Los Suenos Academy (RLS) #1127  
Rocketship Discovery Prep (RDP) #1193**

**Criteria:** Title 17, California Code of Regulations section 6025 requires that pupils enrolled in K, TK or 1<sup>st</sup> Grade for the year audited received two doses of a varicella vaccine and two doses of a measles vaccine prior to admission, or have a current medical exemption from varicella and measles immunization on file. For students with only one dose of either vaccine received prior to admission, the second dose is required within four calendar months otherwise, the pupil should be excluded from attendance.

**Condition:** During immunizations testing, one student at RSSP was found that did not receive the second dose of the varicella and measles vaccine within four calendar months and was included in attendance.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**2022-001    Immunizations (Continued)**

**40000**

**Condition (continued):** For RLS and RDP, one student at each charter school did not have either vaccination or exemption on file and the pupils were included in attendance.

**Effect:** RSSP, RLS and RDP are not in compliance with Title 17, California Code of Regulations section 6025 and over reported attendance as follows:

RSSP – 0.75 in Kindergarten  
RLS – 0.87 ADA in 1<sup>st</sup> grade  
RDP – 0.87 ADA in Kindergarten

**Cause:** Return to in-person instruction from COVID complicated efforts to obtain vaccination records from all students

**Questioned costs:** Based on the disallowed ADA indicated above, the dollar amount of the decrease in apportionment entitled is calculated as follows:

RSSP - \$9,136  
RLS - \$10,603  
RDP - \$9,143

**Repeat Finding:** This is not a repeat finding.

**Corrective Action Plan:** Starting the 2022-2023 year Rocketship Education has implemented a “holding area” within the student information system that will keep students out of the digital systems accessible to the school staff. This will act as a clear flag to school-based staff that a student should not be attending school or claiming attendance if required vaccinations are not received.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2022**

There were no findings in the prior year.

DRAFT  
For discussion purposes only  
Subject to revision