



Tuesday, August 15, 2023
Rocketship Public Schools Business Committee Meeting (2023-24 Q1)

Meeting Time: 10:30am

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. You will be recognized once the public comment time begins, and be permitted to make comment for a duration of up to 3 minutes.

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

Teleconference locations:

683 Sylvandale Ave, San Jose, CA 95111
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
175 Fox Hollow Rd, Woodside, CA 94062
1877 Camino A Los Cerros, Menlo Park, CA 94025
1080 North 7th Street, San Jose, CA 95112
3413 W. Pacific Ave, Burbank, CA 91505
1198 Crestmont Drive, Lafayette CA 94549
5 S Somerset Ave, Ventnor City NJ 08406

1. Opening Items

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

2. Informational Items

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

3. Consent Items

- A. Approve minutes from the May 31, 2023 Business Committee meeting

4. Agenda Items

- A. 2022-23 EOY Financial Review
- B. Review and recommend approval of the revised 2023-24 Budget to the Rocketship Board of Directors
- C. Review and recommend approval of financial policies to the Rocketship Board of Directors
- D. Scorecard Review

5. 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.

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 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 at least 24 hours before the start of the meeting.

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Rocketship Public Schools Business Committee (2022-23 Q4) (Wednesday, May 31, 2023)

Generated by Cristina Vasquez on Monday, June 5, 2023

1. Opening Items

A. Call to order

At 12:02pm, Mr. Terman took roll call. With a quorum of committee members present, Mr. Terman called the meeting to order.

Present: Greg Stanger, Mike Fox, Dan Sanchez, Alex Terman, *Louis Jordan (advisor)*, *Rob Elliott (advisor)*

Absent: -- Ray Raven, Charmaine Detweiler, *Ken Kumer (advisor)*

B. Public comment on off-agenda items

At 12:03pm, Mr. Terman called for public comment on off-agenda items. No members of the public provided comment.

2. Consent Items

A. Approve minutes from February 27, 2023 Business Committee meeting

At 12:04pm, Mr. Stanger made a motion to approve the consent items. This motion was seconded by Mr. Fox, and carried unanimously by roll call vote.

Y: Greg Stanger, Mike Fox, Dan Sanchez, Alex Terman

No: --

Abstain: --

3. Information Items

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

At 12:05pm, the committee reviewed agenda item 3(A). No action was taken.

4. Agenda Items

A. Q3 Development Update and Q4 Next Steps

At 12:05pm, the committee discussed agenda item 4(A). No action was taken.

B. Q3 Financial Review and Business Operations Update

At 12:19pm, the committee discussed agenda item 4(B). No action was taken.

C. Review and recommend approval of the 2023-24 Annual Plan and Budget to the Rocketship Board of Directors

At 12:43pm, the committee discussed agenda item 4(C).

At 1:45pm, Mr. Stanger made a motion to recommend approval of the 2023-24 Annual Plan and Budget to the Rocketship Board of Directors. This motion was seconded by Mr. Sanchez, and carried unanimously by roll call vote.

Y: Greg Stanger, Mike Fox, Dan Sanchez, Alex Terman

No: --

Abstain: --

D. Rocketship Transformation Prep Update

At 1:46pm, the committee discussed agenda item 4(D). No action was taken.

E. Review and recommend approval of IFF Loan Subordination Agreement to the Rocketship Board of Directors

At 1:54pm, the committee discussed agenda item 4(E).

At 1:57pm, Mr. Stanger made a motion to recommend approval of the IFF Loan Subordination Agreement to the Rocketship Board of Directors. This motion was seconded by Mr. Fox, and carried unanimously by roll call vote.

Y: Greg Stanger, Mike Fox, Dan Sanchez, Alex Terman

No: --

Abstain: --

F. Review and recommend approval of Resolution #2023-02 to approve a Payment Guaranty by Rocketship Education for the benefit of the Charter School Growth Fund to the Rocketship Board of Directors

At 1:57pm, the committee discussed agenda item 4(F).

At 1:58pm, Mr. Fox made a motion to recommend approval of Resolution #2023-02 to approve a Payment Guaranty by Rocketship Education for the benefit of the Charter School Growth Fund to the Rocketship Board of Directors. This motion was seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Greg Stanger, Mike Fox, Dan Sanchez, Alex Terman

No: --

Abstain: --

5. Adjourn

At 1:58pm, Mr. Stanger made a motion to adjourn the meeting. This motion was seconded by Mr. Sanchez, and carried unanimously by roll call vote.

Y: Greg Stanger, Mike Fox, Dan Sanchez, Alex Terman

No: --

Abstain: --

Rocketship Public Schools Business Committee

August 15, 2023



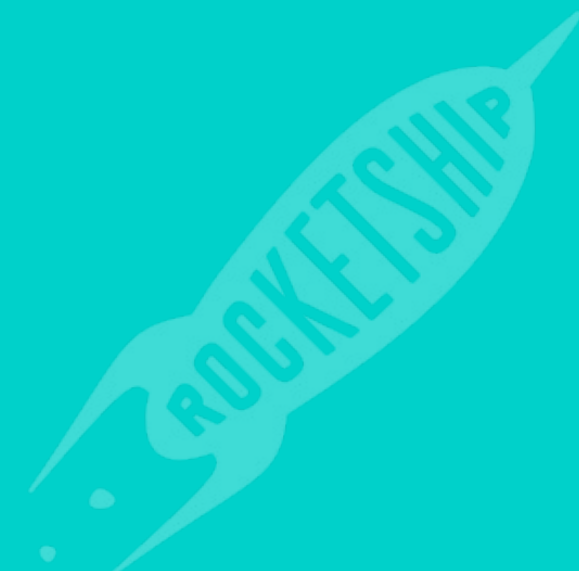


Agenda

	Agenda Item
I.	Administrative
II.	Informational Items
III..	2022-23 End of Year Financial Review
IV.	Review and recommend approval of the revised 2023-24 Budget to the Rocketship Board of Directors
V.	Review and recommend approval of financial policies to the Rocketship Board of Directors
VI.	Scorecard Review
VII.	Adjourn



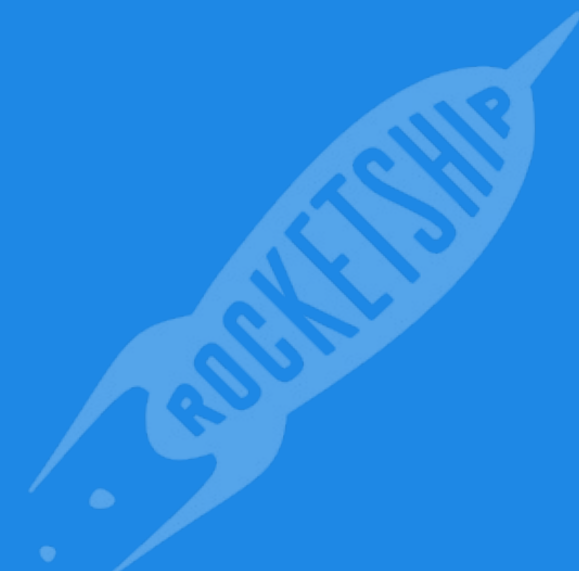
Informational Items



2022-23 End of Year Financial Review



2022-23 End of Year Financial Review: Fundraising Update



FY23 Year-end Fundraising Totals

Region	<u>FY22</u>	<u>FY22</u>	<u>FY23</u>	<u>FY23</u>
	<i>Fundraising Goal</i>	<i>Actual</i>	<i>Fundraising Goal</i>	<i>Actual</i>
National	\$3.7M	\$4.9M	\$3.2M	\$3.2M
Bay Area	-	-	\$100K	\$141K
Tennessee	\$400K	\$672K	\$400K	\$416K
Wisconsin	\$400K	\$399K	\$750K	\$470K
DC	\$500K	\$591K	\$500K	\$509K
Texas	\$1.2M	\$1.3M	\$3.5M*	\$5.2M
TOTAL	\$6.2M	\$7.8M	\$8.5M	\$10M

*This number reflects the beginning of school year approved fundraising goal. In December 2022, with an updated financial model, the fundraising goal increased to \$4.9M. While we worked toward the updated fundraising goal, we continued to report against the initial goal for consistent benchmark reporting.



Reminder: *FY24 Fundraising Goals*

000s

	FY23	FY24	FY24
Region	Fundraising Goal	Fundraising Goal	Difference
National	3,200	3,200	-
Bay Area	100	100 (pending)	-
TX	3,500	6,700	+ 3,200
NSH	400	400	-
MKE	750	800	+ 50
DC	500	1,000	+ 500
TOTAL	8,450	12,400	+ 3,950

TX: Consultant onboarding in August to support with prospecting and grant writing

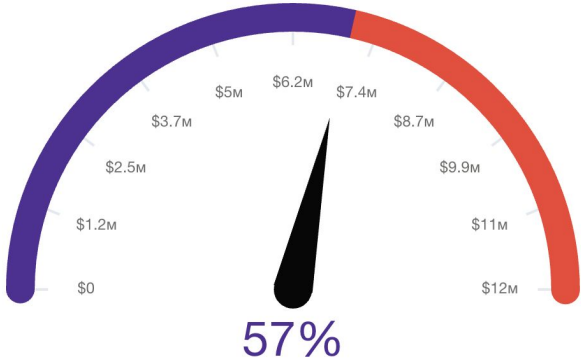
MKE: Exploring public grants and building relationships

DC: Director of Development started 8/7



FY24 Progress

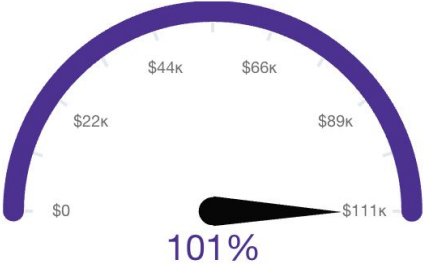
Progress to goal: Network
Progress toward fundraising goal: \$12.4M



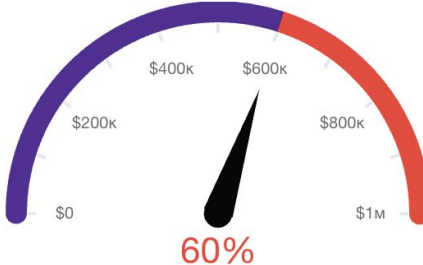
Progress to Goal: National
Progress toward fundraising goal: \$3.2M



Progress to Goal: Bay Area
Progress toward fundraising goal: \$100K



Progress to Goal: DC
Progress toward fundraising goal: \$1M



Progress to Goal: Wisconsin
Progress to fundraising goal: \$1M



Progress to Goal: Tennessee
Progress to fundraising goal: \$400K



Progress to Goal: Texas
Progress toward fundraising goal: \$6.7M



15-year fundraising campaign recap: THANK YOU!

\$138,080 total raised

Board donations: \$92,550

Corporate match: \$10,000

Staff donations: \$5,325

100% Board Giving

11 new donors

Leveraging collective networks: \$28,205



Encourage the Love of Reading \$100

Can go toward humanities curriculum, including diverse student libraries in all classrooms, to encourage the love of reading for all Rocketeers.

[DONATE](#)



Connect Families to Wraparound Services \$250

Can go to support our CareCorps programming and wraparound services to connect students and families to community resources.

[DONATE](#)



Support the Whole Child \$500

Can go to support our Social Emotional Learning programming to meet the needs of the whole student.

[DONATE](#)



Amplify Parent Power \$1,000

Can go toward unleashing the power of our families to champion their children's education, hold leaders accountable, and enable high-quality public schools to thrive.

[DONATE](#)

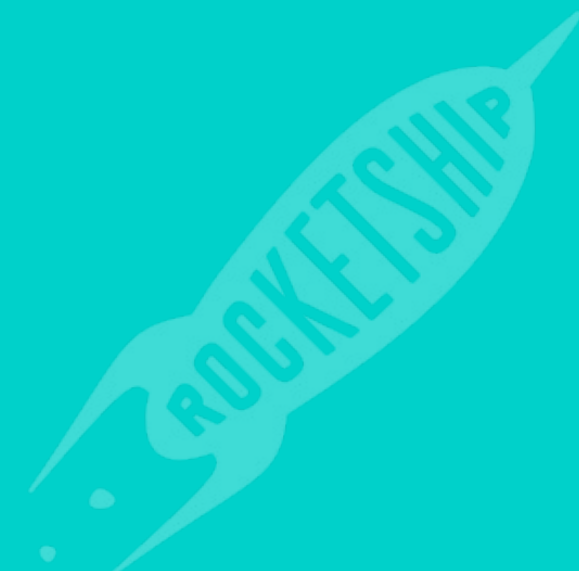


Additional updates and a preview of what's ahead

- **Federal grant opportunities:**
 - Recently applied to the U.S. Department of Education's Full-Service Community Schools grant for Milwaukee
 - 5-year, \$2.5M grant to replicate elements of the CareCorps model
- **CA site visits:**
 - Goal is to engage new stakeholders and introduce them to Rocketship. We'd love to engage the board to have them identify 1-3 people they could invite over the course of this year to come and see the work in action. We're hoping to codify our approach in CA and replicate best practices across network.
- **New pipeline dashboard in development**
- **Multi-year national pipeline development**



2022-23 End of Year Financial Review: 2022-23 Financial Statements



RPS Financial Scorecard

We are introducing a quarterly financial scorecard which is intended to provide a snapshot of RPS's financial health, fiscal management, and financial stewardship.

Financial Health

We are measuring financial health through a set of balance sheet metrics which are commonly used throughout our sector.

We analyze liquidity through:

- Cash position
- Days Cash on Hand
- Current Ratio

Together, these three metrics provide us with a clear understanding of RPS's ability to meet near term obligations and weather any near-term shocks.

We analyze our long-term health and stability through the Net Asset Margin and the Liabilities as a Percentage of Asset metrics. These provide insight into the overall strength of the RPS balance sheet.



RPS Financial Scorecard

Fiscal Management

A comparison of the projected year-end CINA to the budgeted CINA allows us to quickly understand how we are managing to our budgets.

In addition to the absolute numbers, we also look at the variance as a percent of budgeted revenue. This provides a standardized approach to the analysis as it takes the size of the total regional/national budget into account.

Financial Stewardship

This section of the scorecard is updated annually to indicate our performance against our bond covenants and the outcomes of our financial audits.



RPS FY23 Year-end Financial Scorecard

Financial Health

- The FY23 year-end financial scorecard shows that RPS is in a very strong financial position.
- We have excellent liquidity with 106DCOH and a current ratio above 3.0. A key driver of the cash balance is the more than \$13M we received from CA to be spent over the next five years. A significant portion of these funds are shown as a liability on our balance sheet as we have not yet earned them.
- Our net asset metrics demonstrate our long-term financial health.

Fiscal Management

- The CINA Forecast and Fiscal Management tables show that our year-end CINA projections are very close to the budgeted CINAs for RPS
- There is variation across our regions in CINA variance

Annual Measures

- The Annual Measures show that we met our bond covenants and had clean audits with no findings for FY22. This section will next be updated in December 2023.



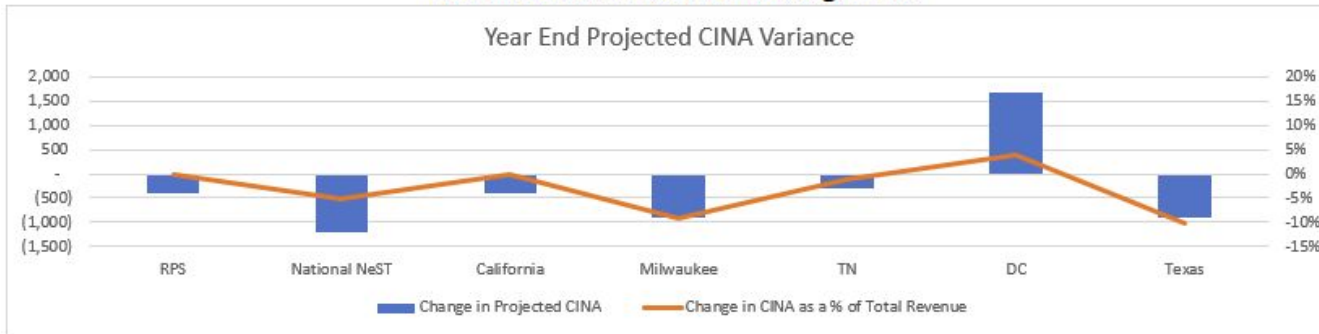
FY23 Q3 Scorecard

Rocketship Financial Scorecard as of June 30, 2023

Financial Health

	RPS March 23	Red	Yellow	Green	Formula
Cash Position	60,089,588				
DCOH	106.44	<30	30 < x < 60	>60	=unrestricted cash / (operating expenses/365)
Current Ratio	3.47	<1	1 < x < 1.2	>1.2	=current assets / current liabilities
Liabilities as a % of Assets	36%	>0.90	0.80 < x < 0.90	0.80 <	=liabilities / assets
Net Asset Margin	32%	<10%	10% < x < 20%	>20%	=net assets / operating expenses

CINA Forecast and Fiscal Management



	Budgeted CINA	Year-End Reforecast	Change in Projected CINA
RPS	15,018	14,610	(408)
National NeST	2,343	1,150	(1,193)
California	12,549	12,132	(417)
Milwaukee	44	(871)	(915)
TN	1,640	1,327	(313)
DC	(824)	872	1,696
Texas	863	(33)	(896)

Annual Measures

		FY22	
Bond Covenants		Met/Not Met	Met
Audit Rocketship	Opinion	Unqualified/Qualified	Unqualified
	Findings		None
Audits Regions	Opinion	Unqualified/Qualified	Unqualified
	Findings		None



FY23 Year-end Balance Sheet

FY23 Balance Sheet

- Rocketship ended FY23 with \$60M in cash and net assets of \$66M.
- There are two primary factors that are contributing to the increase in our cash position:
 - Receipt of \$10M in FY22 hold harmless funding that was not paid by the state until FY23.
 - Receipt of \$13.9M in funding that is intended to be spent over five years. This is one of the factors in the \$9M increase in deferred revenue.
- Rocketship realized a \$14.7M CINA which increased our net assets from \$51M to \$66M.
- Our strong cash position provides Rocketship with reserves that will allow us to weather a downturn in revenue, a delay in cash receipts, or a significant increase in expenditures.



FY23 Year-end Balance Sheet

Rocketship Public Schools Balance Sheet - Consolidated

	30-Jun-23	30-Jun-22	
	Actual	Actual	Change
Assets			
Cash and cash equivalents	60,089,588	41,447,840	18,641,749
Accounts Receivable	27,140,656	25,110,450	2,030,205
Prepaid expenses and deposits	7,929,700	6,283,914	1,645,786
Security Deposits	459,297	453,297	6,000
Property, plant & equipment	9,006,742	7,612,440	1,394,302
Less: Accumulated depreciation	(3,004,930)	(2,723,192)	(281,738)
Intercompany Due To/Due From	733,412	1,327,785	(594,373)
Total Assets	102,354,465	79,512,533	22,841,932
Liabilities			
Accounts payable	3,879,915	5,632,210	(1,752,295)
Accrued liabilities	8,371,273	6,964,135	1,407,138
Accrued lease payments S-T	(0)	(0)	-
Deferred Revenue	14,606,648	5,669,362	8,937,286
Deferred management fee S-T	-	(0)	0
Intercompany Loan	-	-	-
Current portion of loans payable	540,439	367,408	173,031
Total Current Liabilities	27,398,275	18,633,115	8,765,160
Accrued lease payments L-T	8,531,119	8,315,097	216,022
Accrued Interest	215,757	206,341	9,417
Loans payable L-T	250,000	1,082,888	(832,888)
Total Long-Term Liabilities	8,996,877	9,604,326	(607,449)
Total Liabilities	36,395,152	28,237,441	8,157,711
Net Assets	65,959,313	51,275,092	14,684,221
Total Liabilities and Net Assets	102,354,465	79,512,533	22,841,932

Rocketship's FY23 year-end balance sheet evidences our financial health.

We are in a strong cash and net asset position as we go into FY24.

We are well positioned to weather a downturn in revenue, a delay in cash receipts, or an unexpected and significant increase in expenditures.



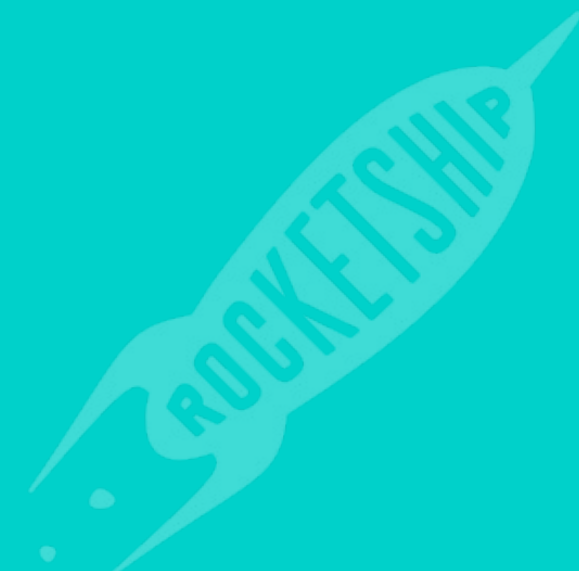
FY23 Statement of Activities

RPS realized a \$14.6M CINA in FY23.

Rocketship Public Schools	Year-End FY23 Statement of Activities						
(\$000)	CA	DC	MKE	TN	NTL	Eliminations	Total
Federal Revenue	16,804	9,520	2,984	5,160	248		34,715
State	115,556	34,727	6,477	20,557			177,316
Other Local Revenues	(22)	1,045	70	73	1,093		2,260
Int Transfers/Network Support Fee	6,218	1,777	667	1,191	20,083	(29,935)	
Grants and Fundraising	181	418	470	952	4,354		6,374
Total Revenues	138,736	47,487	10,667	27,932	25,778	(29,935)	220,665
Certificated Salaries	28,161	6,920	2,350	4,835	148		42,413
Classified Salaries	18,545	6,656	1,975	4,982	13,164		45,323
Employee Benefits	13,359	2,771	1,056	2,994	2,296		22,476
Books and Supplies	6,657	2,377	814	2,166	1,143		13,157
Food Services	4,682	1,204	529	1,079	25		7,518
Operating and Housekeeping	2,828	1,432	354	645	10		5,269
Professional Services	17,148	10,973	1,617	2,692	5,046		37,476
Other Operating Expenses	2,360	911	413	610	2,239		6,533
Facility Fee	10,369	7,105	572	2,424			20,471
Leases and Repairs	2,453	904	241	569	423		4,592
Network Support Fee	18,236	5,331	1,251	3,572		(28,390)	
Miscellaneous Expenses	1,806	30	367	37	134	(1,545)	828
Total Expenses	126,604	46,615	11,538	26,605	24,628		206,055
CINA	12,132	872	(871)	1,327	1,150		14,610



2022-23 End of Year Financial Review: 2022-23 Financial Analysis



FY23 Year-End Projections

Overview

- We project that RPS will realize a \$14.7M CINA.
- This is \$408K lower than budgeted, just a fraction of 1% of the total budget.
- The CINA is \$1.3M better than what we showed in the Q3 financial projections which the Business Committee reviewed in May.
- All regions (schools) and NeSTs are projected to operate with a positive CINA with the exception of Milwaukee. We made a conscious decision to invest in staff culture in Milwaukee and had significant and unanticipated unreimbursed ISE related expenses.

Presentation

- We are presenting the RPS budget for approval in a slightly different format. The consolidating budget shows the regions as schools only and all of the NeSTs together.
- This is how it is presented in our audited financial statements. While the Regional NeSTs are part of the regions, their finances are a component of the national organization.
- This presentation is intended to provide additional insight to the National Business Committee and Board to support them in meeting their fiduciary responsibility
- We have not changed the presentation for the regions, they include both the schools and the Regional NeSTs.



RPS FY23 Year-End Projections:
 FY23 shows a \$15M CINA driven in large measure by
 one-time funding in CA.

All schools and NeSTs show a positive CINA with the
 exception of Milwaukee.

Rocketship Public Schools (\$000)	FY23 Year-End Projection												
	CA Schools	DC Schools	MKE Schools	TN Schools	Schools Total	CA NeST	DC NeST	MKE NeST	TN NeST	National	NeST Total	Eliminations	Total
Federal Revenue	16,804	9,520	2,984	5,160	34,467					248	248		34,715
State	115,034	34,727	6,477	20,557	176,795	522					522		177,316
Other Local Revenues	(22)	1,045	20	73	1,116			50		1,093	1,143		2,260
Int Transfers/Network Support Fee	315		250		565	5,903	1,777	417	1,191	20,083	29,370	(29,935)	
Grants and Fundraising	178	2	28	455	663	3	416	442	497	4,354	5,711		6,374
Total Revenues	132,309	45,295	9,758	26,245	213,607	6,427	2,193	909	1,688	25,778	36,994	(29,935)	220,665
Certificated Salaries	27,886	6,685	2,343	4,817	41,731	276	235	6	17	148	682		42,413
Classified Salaries	16,396	5,858	1,431	4,296	27,981	2,149	798	544	686	13,164	17,342		45,323
Employee Benefits	12,641	2,601	953	2,883	19,078	718	170	103	111	2,296	3,398		22,476
Books and Supplies	6,371	2,205	785	2,056	11,418	285	172	29	109	1,143	1,739		13,157
Food Services	4,672	1,204	528	1,075	7,479	10			4	25	39		7,518
Operating and Housekeeping	2,820	1,429	354	645	5,248	8	2			10	21		5,269
Professional Services	16,301	10,610	1,234	2,370	30,515	847	363	382	323	5,046	6,961		37,476
Other Operating Expenses	1,775	598	293	369	3,035	585	313	120	241	2,239	3,498		6,533
Facility Fee	10,076	7,045	572	2,380	20,073	294	60	-	44		397		20,471
Leases and Repairs	2,349	830	240	508	3,928	104	74	1	61	423	664		4,592
Network Support Fee	18,236	5,331	1,251	3,572	28,390							(28,390)	
Miscellaneous Expenses	791	30	364	32	1,217	1,015		2	5	134	1,156	(1,545)	828
Total Expenses	120,313	44,427	10,349	25,003	200,093	6,291	2,188	1,189	1,602	24,628	35,898	(29,935)	206,055
CINA	11,996	867	(591)	1,242	13,514	136	5	(280)	86	1,150	1,096		14,610



RPS FY23 Year-End Budget to Actuals:
RPS has a negative CINA variance of \$408K. This represents less than 2 tenths of one percent of our total revenue.

Rocketship Public Schools (\$000)	FY23 Year-End Projection				FY23 August Board Approved Budget				Variance
	Schools Total	NeST Total	Eliminations	Total	Schools Total	NeST Total	Eliminations	Total	
Federal Revenue	34,467	248		34,715	30,591			30,591	4,124
State	176,795	522		177,316	177,329			177,329	(12)
Other Local Revenues	1,116	1,143		2,260	633	72		705	1,554
Int Transfers/Network Support Fee	565	29,370	(29,935)		500	29,894	(30,394)		
Grants and Fundraising	663	5,711		6,374		4,950		4,950	1,423
Total Revenues	213,607	36,994	(29,935)	220,665	209,053	34,916	(30,393)	213,576	7,089
Certificated Salaries	41,731	682		42,413	42,247	359		42,606	193
Classified Salaries	27,981	17,342		45,323	26,211	18,011		44,222	(1,101)
Employee Benefits	19,078	3,398		22,476	18,510	3,492		22,002	(474)
Books and Supplies	11,418	1,739		13,157	9,742	1,230		10,973	(2,184)
Food Services	7,479	39		7,518	6,980	108		7,088	(431)
Operating and Housekeeping	5,248	21		5,269	4,355	17		4,373	(896)
Professional Services	30,515	6,961		37,476	33,916	3,188		37,104	(372)
Other Operating Expenses	3,035	3,498		6,533	1,582	1,245		2,827	(3,706)
Facility Fee	20,073	397		20,471	20,350			20,350	(121)
Leases and Repairs	3,928	664		4,592	2,501	555		3,056	(1,536)
Network Support Fee	28,390		(28,390)		28,520		(28,520)		
Miscellaneous Expenses	1,217	1,156	(1,545)	828	3,157	2,672	(1,871)	3,958	3,130
Total Expenses	200,093	35,898	(29,935)	206,055	198,070	30,878	(30,391)	198,558	(7,497)
CINA	13,514	1,096		14,610	10,983	4,038		15,018	(408)

FY23 YE Projections - National

The National year-end CINA projection is materially the same as the Q3 projection presented at the May Business Committee meeting. National NeST is projected to end the year with a \$1.2M CINA. We are forecasting a negative expense variance of \$3.5M which is primarily driven by professional services expenses that are unique to FY23.

National NeST (\$000)	FY23 Year-End Projection Total	FY23 August Approved Budget Total	Variance
Federal Revenue	248		248
State			
Other Local Revenues	1,093	72	1,021
Int Transfers/Network Support Fee	20,083	20,228	(145)
Grants and Fundraising	4,354	3,200	1,153
Total Revenues	25,778	23,500	2,277
Certificated Salaries	148	100	(48)
Classified Salaries	13,164	12,851	(314)
Employee Benefits	2,296	2,223	(73)
Books and Supplies	1,143	954	(189)
Food Services	25	25	
Operating and Housekeeping	10	6	(5)
Professional Services	5,046	2,580	(2,466)
Other Operating Expenses	2,239	1,024	(1,215)
Leases and Repairs	423	201	(222)
Miscellaneous Expenses	134	1,194	1,060
Total Expenses	24,628	21,157	(3,470)
CINA	1,150	2,343	(1,193)



FY23 YE Projections - California Schools

- California is projected to operate with a \$12M CINA, \$415K lower than originally budgeted, a fraction of one percent of the total CA budget.
- There are many changes in the California budget related to special revenue streams that are driving both the shifts in revenue and expense. Most notably, we received approximately \$15M in funding from the State this year. These funds are meant to be spent over the next five years. We had previously been advised to recognize all of the revenue in FY23 however, the auditors shifted their position on revenue recognition a few weeks ago. We will now recognize the funds as we incur the expenses. This is a preferred and better overall financial approach.
- Likewise, we budgeted \$8M of hold harmless funding. While we received all of those funds a portion of the revenue had to be recognized in FY22.

CA Schools & Regional NeST (\$000)	FY23 Year-End Projection			FY23 August Approved Budget			Variance
	Total Schools	CA NeST	Total	Total Schools	CA NeST	Total	
Federal Revenue	16,804		16,804	17,292		17,292	(488)
State	115,034	522	115,556	117,146		117,146	(1,590)
Other Local Revenues	(22)		(22)	184		184	(206)
Int Transfers/Network Support Fee	315	5,903	6,218	500	6,499	6,999	(781)
Grants and Fundraising	178	3	181		100	100	81
Total Revenues	132,309	6,427	138,736	135,122	6,599	141,721	(2,985)
Certificated Salaries	27,886	276	28,161	28,416	259	28,676	514
Classified Salaries	16,396	2,149	18,545	15,716	2,095	17,811	(734)
Employee Benefits	12,641	718	13,359	12,582	679	13,261	(98)
Books and Supplies	6,371	285	6,657	5,501	113	5,614	(1,043)
Food Services	4,672	10	4,682	4,429	53	4,482	(200)
Operating and Housekeeping	2,820	8	2,828	2,301	12	2,313	(516)
Professional Services	16,301	847	17,148	21,194	231	21,425	4,276
Other Operating Expenses	1,775	585	2,360	1,050	238	1,288	(1,071)
Facility Fee	10,076	294	10,369	10,348	355	10,703	334
Leases and Repairs	2,349	104	2,453	1,538		1,538	(915)
Network Support Fee	18,236		18,236	19,022		19,022	786
Miscellaneous Expenses	791	1,015	1,806	1,588	1,453	3,041	1,235
Total Expenses	120,313	6,291	126,604	123,686	5,488	129,174	2,570
CINA	11,996	136	12,132	11,436	1,111	12,547	(415)



FY23 YE Projections - Milwaukee

The Milwaukee year-end CINA is negative \$871K which is \$915K lower than budgeted. There is a significant expense variance which is driven primarily by an investment in staff culture and unreimbursed ISE expenses.

MKE Schools & Regional NeST (\$000)	FY23 Year-End Projection			FY23 August Approved Budget			Variance
	Total Schools	MKE NeST	Total	Total Schools	MKE NeST	Total	
Federal Revenue	2,984		2,984	2,455		2,455	529
State	6,477		6,477	6,385		6,385	92
Other Local Revenues	20	50	70				70
Int Transfers/Network Support Fee	250	417	667		410	410	257
Grants and Fundraising	28	442	470	277	474	750	(280)
Total Revenues	9,758	909	10,667	9,116	883	9,999	668
Certificated Salaries	2,343	6	2,350	2,587		2,587	237
Classified Salaries	1,431	544	1,975	1,233	586	1,819	(157)
Employee Benefits	953	103	1,056	865	120	986	(70)
Books and Supplies	785	29	814	609	13	622	(192)
Food Services	528		529	594	4	598	69
Operating and Housekeeping	354		354	265		265	(88)
Professional Services	1,234	382	1,617	764	88	852	(765)
Other Operating Expenses	293	120	413	97	17	114	(299)
Facility Fee	572	-	572	643		643	71
Leases and Repairs	240	1	241	168		168	(73)
Network Support Fee	1,251		1,251	1,229		1,229	(22)
Miscellaneous Expenses	364	2	367	60	12	72	(295)
Total Expenses	10,349	1,189	11,538	9,116	839	9,955	(1,584)
CINA	(591)	(280)	(871)		44	44	(915)



FY23 YE Projections - Nashville

The Nashville region is projected to operate with a \$1.3M positive CINA and \$313K negative CINA variance or approximately 1%. This is slightly better than the Q3 budget forecast that we presented to the Business Committee in May. Additionally, the current actuals include approximately \$400K in deferred rent which is the result of our Turner lease. Once we purchase the building from Turner, this expense and liability will be significantly reduced. This was not budgeted and was not in the the Q3 financials. If we correct for this, the region would have a positive CINA variance.

NSH Schools & Regional NeST (\$000)	FY23 Year-End Projection			FY23 August Approved Budget			Variance
	Total Schools	TN NeST	Total	Total Schools	TN NeST	Total	
Federal Revenue	5,160		5,160	4,424		4,424	736
State	20,557		20,557	18,778		18,778	1,779
Other Local Revenues	73		73	1		1	72
Int Transfers/Network Support Fee		1,191	1,191		1,109	1,109	82
Grants and Fundraising	455	497	952		400	400	552
Total Revenues	26,245	1,688	27,932	23,203	1,509	24,712	3,220
Certificated Salaries	4,817	17	4,835	4,445		4,445	(389)
Classified Salaries	4,296	686	4,982	3,214	1,030	4,243	(739)
Employee Benefits	2,883	111	2,994	2,443	256	2,699	(295)
Books and Supplies	2,056	109	2,166	1,325	22	1,347	(819)
Food Services	1,075	4	1,079	984	15	999	(80)
Operating and Housekeeping	645		645	465		465	(179)
Professional Services	2,370	323	2,692	2,288	72	2,360	(332)
Other Operating Expenses	369	241	610	161	28	190	(421)
Facility Fee	2,380	44	2,424	1,989		1,989	(434)
Leases and Repairs	508	61	569	384	1	385	(185)
Network Support Fee	3,572		3,572	3,327		3,327	(246)
Miscellaneous Expenses	32	5	37	606	16	622	586
Total Expenses	25,003	1,602	26,605	21,631	1,441	23,072	(3,533)
CINA	1,242	86	1,327	1,572	68	1,640	(313)

FY23 YE Projections - DC

DC's year end CINA is projected to be \$872K which is \$1.7M better than budgeted. This is driven primarily by a \$1.8M increase in federal revenue. DC did not use all of its FY22 ESSER funds which were rolled forward into FY23.

DC Schools & Regional NeST (\$000)	FY23 Year-End Projection			FY23 August Approved Budget			Variance
	Total Schools	DC NeST	Total	Total Schools	DC NeST	Total	
Federal Revenue	9,520		9,520	6,420		6,420	3,100
State	34,727		34,727	34,960		34,960	(233)
Other Local Revenues	1,045		1,045	508		508	537
Int Transfers/Network Support Fee		1,777	1,777		1,648	1,648	129
Grants and Fundraising	2	416	418		500	500	(82)
Total Revenues	45,295	2,193	47,487	41,888	2,148	44,036	3,451
Certificated Salaries	6,685	235	6,920	6,799		6,799	(121)
Classified Salaries	5,858	798	6,656	6,048	1,450	7,498	842
Employee Benefits	2,601	170	2,771	2,619	214	2,834	63
Books and Supplies	2,205	172	2,377	2,308	128	2,436	59
Food Services	1,204		1,204	973	11	984	(220)
Operating and Housekeeping	1,429	2	1,432	1,323		1,323	(108)
Professional Services	10,610	363	10,973	9,670	217	9,887	(1,086)
Other Operating Expenses	598	313	911	274	66	340	(571)
Facility Fee	7,045	60	7,105	7,368		7,368	263
Leases and Repairs	830	74	904	411	21	432	(472)
Network Support Fee	5,331		5,331	4,942		4,942	(389)
Miscellaneous Expenses	30		30	15		15	(15)
Total Expenses	44,427	2,188	46,615	42,751	2,108	44,859	(1,756)
CINA	867	5	872	(864)	40	(824)	1,696



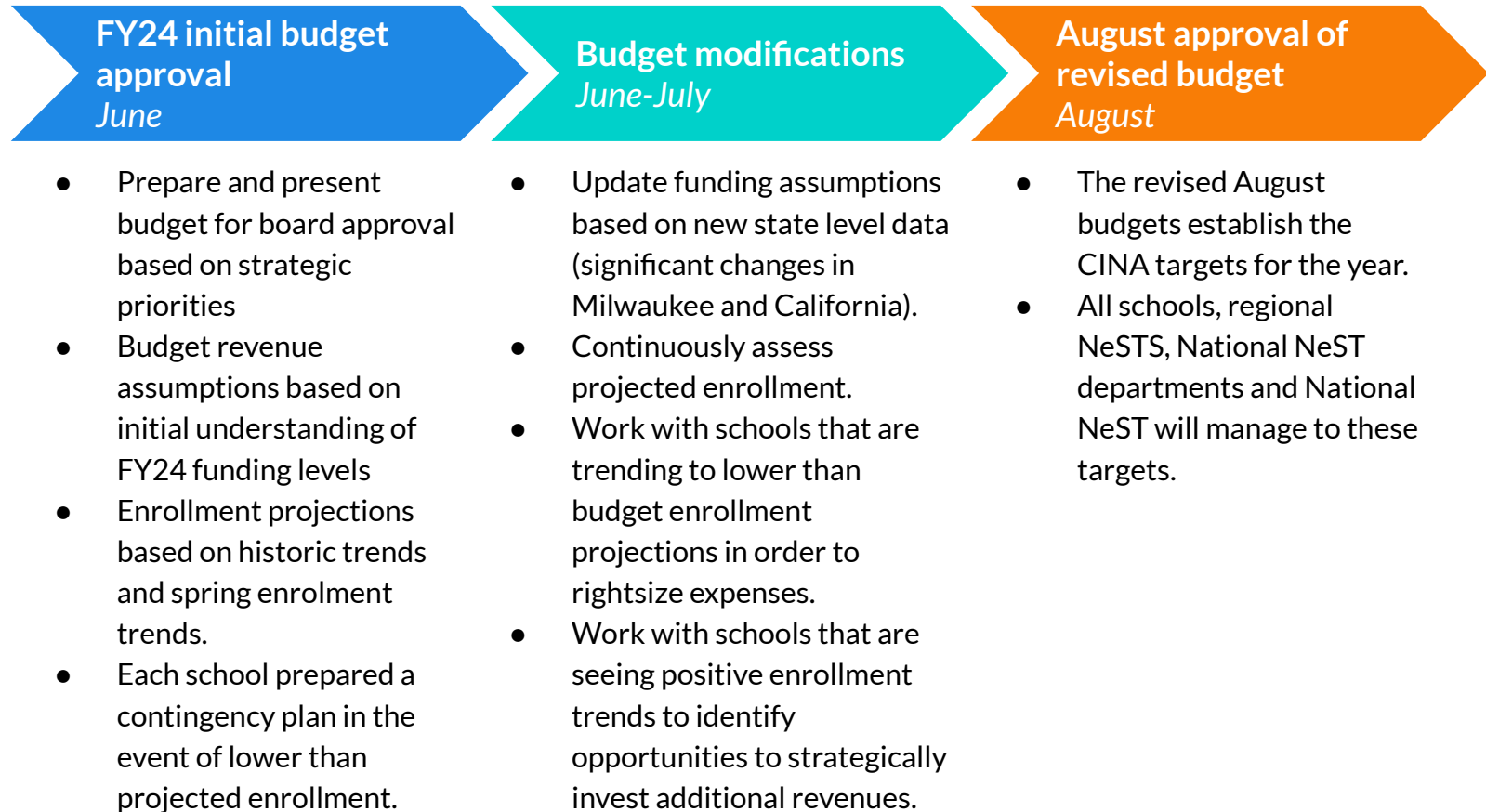
Review and recommend approval of the revised 2023-2024 Budget to the Rocketship Board of Directors



Revised 23-24 Budget



Our annual planning process continues through June and July. Major updates are driven by change to enrollment and funding levels.



FY24 Changes to BSP Enrollment

School/Region	August	June	Change	Percent
CA				
RMS	484	484	0	0%
RSSP	299	314	(15)	-5%
RLS	344	359	(15)	-4%
ROMO	551	556	(5)	-1%
RDP	406	406	0	0%
RBM	486	471	15	3%
RSA	520	514	6	1%
RSK	539	535	4	1%
RFZ	527	529	(2)	0%
RRS	612	585	27	5%
RRWC	316	307	9	3%
RFA	675	664	11	2%
RDL	607	576	31	5%
CA	6,366	6,300	66	1%
NSH				
RNNE	485	500	(15)	-3%
RUA	475	500	(25)	-5%
RDCP	396	375	21	6%
NSH	1,356	1,375	(19)	-1%
MKE				
RSCP	446	480	(34)	-7%
RTP	306	352	(46)	-13%
MKE	752	832	(80)	-10%
DC				
RISE	475	507	(32)	-6%
RLP	640	635	5	1%
RIC	367	355	12	3%
DC	1,482	1,497	(15)	-1%
TX				
RDDE	380	294	86	29%
TX2	306	0	306	0%
TX	686	294	392	133%
Total	10,642	2,872	272	9%

The revised BSP enrollment numbers reflect actual enrollment as of the beginning of August coupled with data driven analysis to project the number of students schools will have enrolled on the 30th day of school. In aggregate, our revised BSP enrollment projection is almost the same as it was in June. There is some variation from school to school and region to region.

We have adjusted school budgets to reflect updated enrollment assumptions with the exception of TX. We will update TX over the next two weeks as we prepare a revised budget for the TX board approval in September.

NeST budgets have also been updated as needed.

We have contingency plans that we can implement for each school in the event that enrollment is lower than updated BSP.



FY24 Budget for Approval - Overview

- The proposed FY24 budget has revenues of \$226M, expenses of \$220M and CINA of \$6M.
- As compared to the approved June budget, the proposed August budget CINA has increased by \$3.3M.
- There were increases in every region and National NeST
- Each region (schools), regional NeST and National NeST are budgeted to operate with a positive CINA
 - CINAs for the schools total \$4.4M
 - CINAs for all NeSTs total \$1.7M
- The most significant changes were in CA where revenues increased by \$9.8M and expenses increased by \$8.2M. These changes were driven primarily by:
 - Additional programmatic revenue with offsetting expense, for example, after school programs which increase both revenue and expense.
 - Additional per pupil revenue



FY24 Budget for Approval

Rocketship Public Schools													
FY24 Preliminary August Budget (board approval pending)													
(\$000)	CA Schools	DC Schools	MKE Schools	TN Schools	Schools Total	CA NeST	DC NeST	MKE NeST	TN NeST	National	NeST Total	Eliminations	Total
Enrollment	6,366	1,482	752	1,356	9,956								9,956
Federal Revenue	15,677	6,163	2,941	3,918	28,699								28,699
State	121,259	35,706	8,322	22,903	188,190								188,190
Other Local Revenues	26	1,265	80	71	1,441					1,443	1,443		2,884
Int Transfers/Network Support Fee						6,442	1,772	508	1,285	21,214	31,221	(30,721)	500
Grants and Fundraising		650		417	1,067		350	800	200	3,400	4,750		5,817
Total Revenues	136,961	43,783	11,343	27,309	219,396	6,442	2,122	1,308	1,485	26,057	37,414	(30,721)	226,090
Certificated Salaries	32,226	6,397	2,913	5,552	47,088								47,088
Classified Salaries	20,360	5,358	2,039	4,908	32,665	2,751	1,096	1,014	720	14,863	20,444		53,109
Employee Benefits	15,117	2,455	1,058	3,127	21,758	517	213	166	151	2,624	3,671		25,429
Books and Supplies	6,528	2,443	670	1,497	11,138	242	143	12	19	1,231	1,647		12,785
Food Services	4,665	937	629	1,121	7,352	39	10	4	12	6	70		7,422
Operating and Housekeeping	2,865	1,330	352	768	5,314	9				6	15		5,329
Professional Services	17,713	10,323	396	2,728	31,161	668	201	35	272	3,236	4,413		35,573
Other Operating Expenses	1,695	484	178	365	2,722	484	182	27	181	1,519	2,392		5,114
Facility Fee	10,077	7,118	723	1,974	19,893	298	72		44		414		20,307
Leases and Repairs	2,550	853	277	544	4,225	81	42		43	311	476		4,701
Network Support Fee	19,325	5,317	1,524	3,855	30,021							(30,021)	
Miscellaneous Expenses	1,068		414	163	1,644	700		40	9	1,425	2,174	(700)	3,119
Total Expenses	134,189	43,016	11,174	26,602	214,981	5,789	1,958	1,298	1,450	25,221	35,717	(30,721)	219,977
CINA	2,773	767	169	707	4,415	653	164	10	35	836	1,698		6,113

- The proposed budget shows \$226M in revenue, \$220M in expense and a \$6M CINA.
- Each region and each NeST is budgeted to have a positive CINA.
- Each region (schools) is able to operate without philanthropy for FY24.



RPS Proposed FY24 Budget - Comparison to June Budget

Rocketship Public Schools (\$000)	August				June				Variance
	Schools Total	NeST Total	Eliminations	Total	Schools Total	NeST Total	Eliminations	Total	
Enrollment	9,956			9,956	10,004			10,004	-48
Federal Revenue	28,699			28,699	28,182			28,182	516
State	188,190			188,190	178,272			178,272	9,918
Other Local Revenues	1,441	1,443		2,884	1,059	1,443		2,502	383
Int Transfers/Network Support Fee		31,221	(30,721)	500		29,334	(28,834)	500	
Grants and Fundraising	1,067	4,750		5,817	1,047	4,753		5,800	17
Total Revenues	219,396	37,414	(30,721)	226,090	208,560	35,530	(28,834)	215,256	10,834
Certificated Salaries	47,088			47,088	41,997	335		42,332	(4,756)
Classified Salaries	32,665	20,444		53,109	28,244	20,290		48,534	(4,574)
Employee Benefits	21,758	3,671		25,429	19,337	3,852		23,189	(2,239)
Books and Supplies	11,138	1,647		12,785	11,166	1,477		12,643	(143)
Food Services	7,352	70		7,422	7,635	64		7,700	278
Operating and Housekeeping	5,314	15		5,329	5,285	14		5,299	(31)
Professional Services	31,161	4,413		35,573	27,949	4,351		32,300	(3,274)
Other Operating Expenses	2,722	2,392		5,114	2,743	2,421		5,164	50
Facility Fee	19,893	414		20,307	19,893			19,893	(414)
Leases and Repairs	4,225	476		4,701	4,212	890		5,103	402
Network Support Fee	30,021		(30,021)		28,357		(28,357)		
Miscellaneous Expenses	1,644	2,174	(700)	3,119	8,975	1,758	(477)	10,256	7,137
Total Expenses	214,981	35,717	(30,721)	219,977	205,794	35,452	(28,834)	212,412	(7,565)
CINA	4,415	1,698		6,113	2,766	78		2,843	3,269

- The proposed budget has a CINA \$3.3M higher than the June budget.
- Revenues are increasing by \$10.8M while expenses are increasing by \$7.6M



Revised 23-24 Budget: National NeST and Regional Budgets



National NeST FY24 Budget

The National NeST FY24 proposed budget shows an \$836K CINA, \$830K higher than the budget that was approved in June.

There were two significant changes to the budget:

- Support fee revenue increased in direct relationship to the increase in school revenue.
- We added \$350K in depreciation expense that was omitted from the June budget. This represents the anticipated depreciation of the Workday implementation. It has no impact on cash.



National NeST FY24 Budget

National NeST (\$000)	FY24 August Budget Total	FY24 June Budget Total	Variance
Federal Revenue			
State			
Other Local Revenues	1,443	1,443	
Int Transfers/Network Support Fee	21,214	19,882	1,332
Grants and Fundraising	3,400	3,400	
Total Revenues	26,057	24,725	1,332
Certificated Salaries			
Classified Salaries	14,863	14,933	70
Employee Benefits	2,624	2,651	27
Books and Supplies	1,231	1,061	(171)
Food Services	6		(6)
Operating and Housekeeping	6	5	(1)
Professional Services	3,236	3,173	(62)
Other Operating Expenses	1,519	1,548	30
Leases and Repairs	311	311	
Miscellaneous Expenses	1,425	1,036	(389)
Total Expenses	25,221	24,718	(502)
CINA	836	6	830



California FY24 Budget Overview

Highlights

There are significant changes in both revenue and expense in the August budget.

- CINA is increasing by \$1.5M
- Enrollment is increasing by 66 students
- Revenue is increasing by \$9.8M
- Expenses are increasing by \$8.2M
- All but one school is projected to operate with positive CINA

Programmatic Shifts

The changes in California are unique as both the revenue and expense are growing significantly. These are the result of programmatic shifts associated with targeted funding that require us to have offsetting expenses when revenue increases. For example, the CA funded after school program, ELOP, provides RPS with up to \$15M in FY24. We had intended to use \$10M but were able to shift that to \$14M (funds that aren't used roll to the next year).

In addition, the state shifted our approach to TK. This led us to enroll a significant number of additional TK students generating both revenue and offsetting expense.



California FY24 Budget Overview (cont.)

Revenue

In addition to the increases in programmatic revenue, the per pupil funding increased. We had projected a 5.3% increase in May. The final state budget calls for an increase of approximately 8.2%.

Expense

Expenses both increased and shifted in the August budget:

- Our after school program increased both staffing and professional services expenses.
- Increased ISE needs emerged through the analysis of new student enrollment data creating a need for additional staff.
- Schools finalized their final ESSER spending plans for FY24. Once plans were solidified, \$6.7M of ESSER expenses were shifted from from miscellaneous expenses to comp expense in the August budget.



CA FY24 Regional Summary

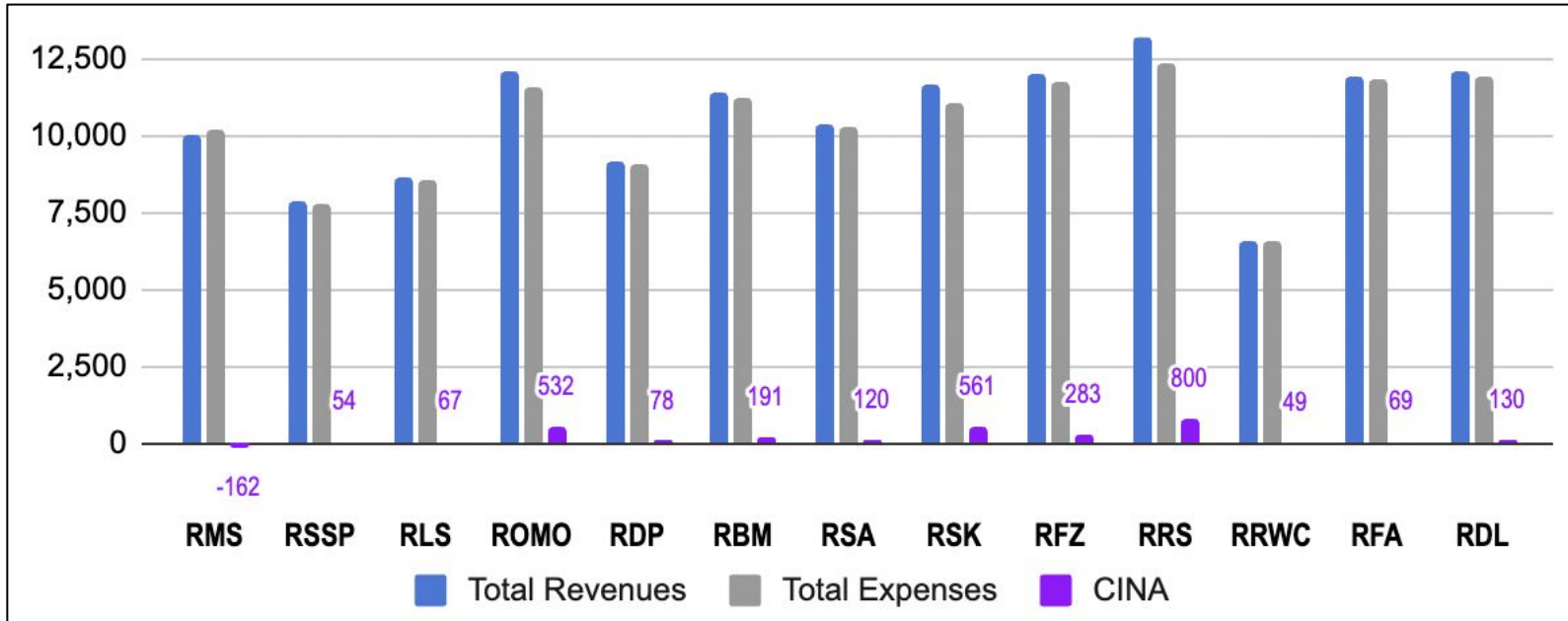
CA Schools & Regional NeST (\$000)	August			June			Variance
	Total Schools	CA NeST	Total	Total Schools	CA NeST	Total	
Enrollment	6366		6366	6300		6300	66
Attendance Rate	90%		90%	90%		90%	
ADA	5740		5740	5670		5670	71
Federal Revenue	15,677		15,677	15,459		15,459	218
State	121,259		121,259	112,089		112,089	9,170
Other Local Revenues	26		26	131		131	(105)
Int Transfers/Network Support Fee Grants and Fundraising		6,442	6,442		5,971	5,971	471
Total Revenues	136,961	6,442	143,403	127,678	5,971	133,649	9,754
Certificated Salaries	32,226		32,226	27,289	335	27,624	(4,602)
Classified Salaries	20,360	2,751	23,111	16,482	2,371	18,853	(4,258)
Employee Benefits	15,117	517	15,633	12,854	685	13,539	(2,094)
Books and Supplies	6,528	242	6,770	6,552	242	6,794	24
Food Services	4,665	39	4,703	4,901	39	4,940	236
Operating and Housekeeping	2,865	9	2,874	2,850	9	2,859	(15)
Professional Services	17,713	668	18,381	13,910	668	14,578	(3,803)
Other Operating Expenses	1,695	484	2,179	1,706	484	2,190	11
Facility Fee	10,077	298	10,375	10,077		10,077	(298)
Leases and Repairs	2,550	81	2,632	2,538	379	2,917	286
Network Support Fee	19,325		19,325	17,913		17,913	(1,412)
Miscellaneous Expenses	1,068	700	1,768	8,749	700	9,449	7,681
Total Expenses	134,189	5,789	139,977	125,819	5,913	131,732	(8,246)
CINA	2,773	653	3,425	1,859	58	1,918	1,508



FY24 YE Projections - California Schools:

All but one school is budgeted to operate with a positive CINA

California Schools FY24 Projected Year End CINA



CA Schools	CINA Projections						
	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA
Total Revenues	10,018	7,839	8,620	12,119	9,162	11,379	10,402
Total Expenses	10,180	7,785	8,553	11,588	9,084	11,188	10,281
CINA	-162	54	67	532	78	191	120
	RSK	RFZ	RRS	RRWC	RFA	RDL	Total Schools
Total Revenues	11,635	12,006	13,187	6,587	11,934	12,074	136,961
Total Expenses	11,074	11,723	12,386	6,537	11,865	11,944	134,189
CINA	561	283	800	49	69	130	2,773



FY24 Budget - CA Schools

CA Schools & Regional NeST (\$000)	FY24 August Budget													Total Schools
	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	RSK	RFZ	RRS	RRWC	RFA	RDL	
Enrollment	484	299	344	551	406	486	520	539	527	612	316	675	607	6366
Attendance Rate	90%	90%	90%	92%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
ADA	436	269	310	507	365	437	468	485	474	551	284	608	546	5740
Federal Revenue	1,226	1,343	1,428	1,277	1,244	1,521	1,097	1,236	1,339	1,258	847	1,083	778	15,677
State	8,789	6,495	7,190	10,842	7,916	9,855	9,304	10,396	10,667	11,926	5,738	10,848	11,293	121,259
Other Local Revenues	2	2	2		3	2	1	3	1	2	2	3	3	26
Int Transfers/Network Support Fee Grants and Fundraising														
Total Revenues	10,018	7,839	8,620	12,119	9,162	11,379	10,402	11,635	12,006	13,187	6,587	11,934	12,074	136,961
Certificated Salaries	2,412	1,928	2,272	2,701	2,288	2,802	2,609	2,545	2,527	2,649	1,795	2,977	2,722	32,226
Classified Salaries	1,761	1,222	1,200	1,820	1,490	1,689	1,353	1,822	1,499	1,808	1,219	1,891	1,587	20,360
Employee Benefits	1,198	891	995	1,301	1,080	1,290	1,145	1,257	1,180	1,278	855	1,395	1,253	15,117
Books and Supplies	545	342	383	534	426	501	539	558	522	578	345	663	592	6,528
Food Services	333	256	245	478	332	459	409	479	404	386	204	372	307	4,665
Operating and Housekeeping	242	244	171	181	160	265	232	190	266	243	177	266	227	2,865
Professional Services	968	915	821	1,432	907	1,312	1,437	1,311	2,125	2,283	686	1,627	1,889	17,713
Other Operating Expenses	173	92	106	142	110	129	127	139	119	134	104	165	155	1,695
Facility Fee	868	619	872	946	747	850	722	878	1,149	865	27	391	1,143	10,077
Leases and Repairs	179	129	145	244	166	224	213	215	194	240	134	242	224	2,550
Network Support Fee	1,415	1,103	1,223	1,701	1,271	1,593	1,457	1,643	1,700	1,879	916	1,695	1,729	19,325
Miscellaneous Expenses	86	43	119	107	106	76	40	38	37	44	76	180	116	1,068
Total Expenses	10,180	7,785	8,553	11,588	9,084	11,188	10,281	11,074	11,723	12,386	6,537	11,865	11,944	134,189
CINA	(162)	54	67	532	78	191	120	561	283	800	49	69	130	2,773

In aggregate, the CA schools will generate \$2.8M in positive CINA.

All schools with the exception of RMS will operate with positive CINA in FY24.

The RMS negative CINA is relatively small, less than 2% of its total budget. We will work to identify opportunities to close the negative CINA gap for the this school. However, if RMS does operate with a slightly negative CINA, the school will be able to draw on its strong cash reserve which is currently in excess of \$2.6M.



MKE FY24 Budget Overview

Highlights

There are significant changes in the August budget.

- CINA is increasing by \$544K
- Enrollment is decreasing by 80 students from 832 to 752
- Revenue is increasing by \$219K
- Expenses are decreasing by \$325K in line with the decrease in enrollment.

CINA

- The revised CINA projection is \$179K. \$10K at NeST and \$169K at the schools.

Revenue

- We had a significant legislative win; per pupil revenue for K-5 is increasing by \$1,853 or 19%, from \$9,532 to \$11,385.
- Final year of ESSER funding totaling \$932K.
- Fundraising target of \$800K, a decrease of \$200K from the June budget.

Expenses

- Expenses decreased from the June budget to offset the decrease in enrollment
- The budget was built with a detailed and intentional staffing plan
- Assumes a projected FY24 ISE population that mirrors FY23 (twice as large as FY22)
- Includes critical shifts in compensation to ensure that pay is competitive
- Invests in HUM curriculum, as well as Tier 2 and 3 interventions



MKE FY24 Regional Summary: CINA improves by \$544K

MKE Schools & Regional NeST (\$000)	August			June			Variance
	Total Schools	MKE NeST	Total	Total Schools	MKE NeST	Total	
Enrollment	752		752	832		832	-80
Federal Revenue	2,941		2,941	2,664		2,664	277
State	8,322		8,322	8,187		8,187	135
Other Local Revenues	80		80	80		80	
Int Transfers/Network Support Fee		508	508		501	501	7
Grants and Fundraising		800	800	197	803	1,000	(200)
Total Revenues	11,343	1,308	12,651	11,128	1,304	12,432	219
Certificated Salaries	2,913		2,913	3,085		3,085	171
Classified Salaries	2,039	1,014	3,052	2,318	1,031	3,349	296
Employee Benefits	1,058	166	1,225	1,182	181	1,363	138
Books and Supplies	670	12	683	676	12	688	5
Food Services	629	4	633	693	4	697	64
Operating and Housekeeping	352		352	352		352	
Professional Services	396	35	432	392	37	429	(3)
Other Operating Expenses	178	27	205	228	27	255	50
Facility Fee	723		723	723		723	
Leases and Repairs	277		277	277		277	
Network Support Fee	1,524		1,524	1,503		1,503	(20)
Miscellaneous Expenses	414	40	454	64	12	77	(378)
Total Expenses	11,174	1,298	12,473	11,494	1,304	12,797	325
CINA	169	10	179	(366)		(365)	544



FY24 Budget - MKE Schools & NeST:

MKE schools operate without philanthropy as a result of increased funding levels

MKE Schools & Regional NeST (\$000)	Proposed FY24 August Budget				
	RSCP	RTP	Total Schools	MKE NeST	Total
Enrollment	446	306	752		752
Federal Revenue	1,859	1,082	2,941		2,941
State	4,904	3,418	8,322		8,322
Other Local Revenues	10	70	80		80
Int Transfers/Network Support Fee				508	508
Grants and Fundraising				800	800
Total Revenues	6,774	4,569	11,343	1,308	12,651
Certificated Salaries	1,826	1,087	2,913		2,913
Classified Salaries	1,219	820	2,039	1,014	3,052
Employee Benefits	646	413	1,058	166	1,225
Books and Supplies	400	270	670	12	683
Food Services	362	267	629	4	633
Operating and Housekeeping	206	146	352		352
Professional Services	219	177	396	35	432
Other Operating Expenses	104	74	178	27	205
Facility Fee	423	300	723		723
Leases and Repairs	134	143	277		277
Network Support Fee	921	602	1,524		1,524
Miscellaneous Expenses	236	178	414	40	454
Total Expenses	6,696	4,478	11,174	1,298	12,473
CINA	78	91	169	10	179



NSH FY24 Budget Overview

Highlights

The changes to the NSH budget from June to August are not significant.

- CINA increased by approximately 1% of total revenue or \$280K.
- Revenues increased by \$443K
- Expenses increased by \$164K
- We are projecting a decrease of 19 students.

CINA

- The revised CINA projection is \$742K; \$37K at NeST and \$707K at the schools.

Revenue

- The NSH FY24 budget is based on an enrollment of 1,356 students.
- Final year of ESSER funding totaling \$1.3M.
- Fundraising total of \$617K includes summer school grant revenue to help offset the cost of summer school.
- We anticipate that NSH revenue may improve by as much as 4% per pupil but we are awaiting final state and authorizer confirmation before incorporating that change into the budget.

Expenses

- NSH schools are making strategic investments in classroom assistants, EL Specialists, and special education staff to provide increased academic support at schools.



NSH FY24 Regional Summary:

Minimal changes to CINA from June to August

NSH Schools & Regional NeST (\$000)	August			June			Variance
	Total Schools	TN NeST	Total	Total Schools	TN NeST	Total	
Enrollment	1356		1356	1375		1375	-19
Federal Revenue	3,918		3,918	3,883		3,883	35
State	22,903		22,903	22,703		22,703	200
Other Local Revenues	71		71	71		71	
Int Transfers/Network Support Fee		1,285	1,285		1,243	1,243	42
Grants and Fundraising	417	200	617	250	200	450	167
Total Revenues	27,309	1,485	28,794	26,907	1,443	28,351	443
Certificated Salaries	5,552		5,552	5,403		5,403	(148)
Classified Salaries	4,908	720	5,628	5,236	720	5,956	328
Employee Benefits	3,127	151	3,279	3,007	141	3,148	(131)
Books and Supplies	1,497	19	1,515	1,498	19	1,516	1
Food Services	1,121	12	1,133	1,118	12	1,130	(3)
Operating and Housekeeping	768		768	753		753	(14)
Professional Services	2,728	272	3,000	2,699	272	2,970	(30)
Other Operating Expenses	365	181	546	325	181	506	(40)
Facility Fee	1,974	44	2,019	1,974		1,974	(44)
Leases and Repairs	544	43	586	543	87	630	44
Network Support Fee	3,855		3,855	3,730		3,730	(125)
Miscellaneous Expenses	163	9	171	163	9	171	()
Total Expenses	26,602	1,450	28,052	26,450	1,439	27,889	(164)
CINA	707	35	742	458	4	462	280



FY24 Budget - NSH Schools & NeST

NSH Schools & Regional NeST (\$000)	FY24 August Budget Total					
	RNNE	RUA	RDCP	Total Schools	TN NeST	Total
Enrollment	485	475	396	1356		1356
Federal Revenue	1,688	1,622	607	3,918		3,918
State	8,186	8,291	6,426	22,903		22,903
Other Local Revenues	9	15	47	71		71
Int Transfers/Network Support Fee					1,285	1,285
Grants and Fundraising	78	76	263	417	200	617
Total Revenues	9,961	10,004	7,343	27,309	1,485	28,794
Certificated Salaries	2,154	1,907	1,490	5,552		5,552
Classified Salaries	1,776	1,739	1,393	4,908	720	5,628
Employee Benefits	1,142	1,101	885	3,127	151	3,279
Books and Supplies	507	558	431	1,497	19	1,515
Food Services	425	418	279	1,121	12	1,133
Operating and Housekeeping	242	271	255	768		768
Professional Services	900	902	925	2,728	272	3,000
Other Operating Expenses	131	163	72	365	181	546
Facility Fee	573	507	895	1,974	44	2,019
Leases and Repairs	172	233	139	544	43	586
Network Support Fee	1,418	1,428	1,009	3,855		3,855
Miscellaneous Expenses	60	53	50	163	9	171
Total Expenses	9,500	9,279	7,824	26,602	1,450	28,052
CINA	461	726	(480)	707	35	742



DC FY24 Budget Overview

Highlights

The changes to the DC budget from June to August are show a significant increase to both revenue and expense but CINA stays materially constant

- CINA increased by \$58K
- Revenues increased by \$922K
- Expenses increased by \$864K
- We are projecting a decrease of 15 students.

CINA

- The revised CINA projection is \$931K, \$164K at NeST and \$767K at the schools.

Revenue

- The DC FY24 budget is based on an enrollment of 1,482 students.
- Final year of ESSER funding totaling \$2.7M.
- Fundraising total of \$1M.
- Per pupil increase of 5%

Expenses

- In anticipation of the elimination of ESSER funding, the DC region has made staffing shifts to ensure long-term sustainability.
- Strong investments in HUM curriculum and science program.
- Retention dollars for teachers funded by a DC region-wide compensation allocation.



DC FY24 Regional Summary:

CINA remains flat with significant increases in revenue and offsetting increase in expenses.

DC Schools & Regional NeST (\$000)	FY24 August Budget Total			FY24 June Approved Budget			Variance
	Total Schools	DC NeST	Total	Total Schools	DC NeST	Total	
Enrollment	1482		1482	1497		1497	-15
Federal Revenue	6,163		6,163	6,177		6,177	(14)
State	35,706		35,706	35,293		35,293	413
Other Local Revenues	1,265		1,265	777		777	488
Int Transfers/Network Support Fee		1,772	1,772		1,737	1,737	35
Grants and Fundraising	650	350	1,000	650	350	1,000	
Total Revenues	43,783	2,122	45,906	42,896	2,087	44,983	922
Certificated Salaries	6,397		6,397	6,220		6,220	(177)
Classified Salaries	5,358	1,096	6,454	4,209	1,235	5,444	(1,010)
Employee Benefits	2,455	213	2,668	2,295	194	2,488	(179)
Books and Supplies	2,443	143	2,586	2,441	143	2,583	(2)
Food Services	937	10	947	924	10	934	(14)
Operating and Housekeeping	1,330		1,330	1,330		1,330	
Professional Services	10,323	201	10,525	10,948	201	11,149	625
Other Operating Expenses	484	182	666	484	182	666	
Facility Fee	7,118	72	7,190	7,118		7,118	(72)
Leases and Repairs	853	42	895	853	114	967	72
Network Support Fee	5,317		5,317	5,211		5,211	(106)
Miscellaneous Expenses							
Total Expenses	43,016	1,958	44,974	42,031	2,079	44,110	(864)
CINA	767	164	931	865	8	873	58



FY24 Budget - DC Schools & NeST

DC Schools & Regional NeST (\$000)	FY24 August Budget Total					
	RISE	RLP	RIC	Total Schools	DC NeST	Total
Enrollment	475	640	367	1482		1482
Federal Revenue	2,234	2,763	1,165	6,163		6,163
State	11,667	15,265	8,773	35,706		35,706
Other Local Revenues	151	268	845	1,265		1,265
Int Transfers/Network Support Fee					1,772	1,772
Grants and Fundraising	200	200	250	650	350	1,000
Total Revenues	14,253	18,497	11,034	43,783	2,122	45,906
Certificated Salaries	1,916	2,759	1,722	6,397		6,397
Classified Salaries	1,888	2,071	1,400	5,358	1,096	6,454
Employee Benefits	805	988	662	2,455	213	2,668
Books and Supplies	863	840	739	2,443	143	2,586
Food Services	310	350	277	937	10	947
Operating and Housekeeping	446	406	478	1,330		1,330
Professional Services	3,691	4,215	2,417	10,323	201	10,525
Other Operating Expenses	189	170	125	484	182	666
Facility Fee	1,865	1,795	3,458	7,118	72	7,190
Leases and Repairs	350	311	192	853	42	895
Network Support Fee	1,961	2,167	1,189	5,317		5,317
Miscellaneous Expenses						
Total Expenses	14,284	16,073	12,659	43,016	1,958	44,974
CINA	(31)	2,424	(1,625)	767	164	931



Texas FY24 Budget:

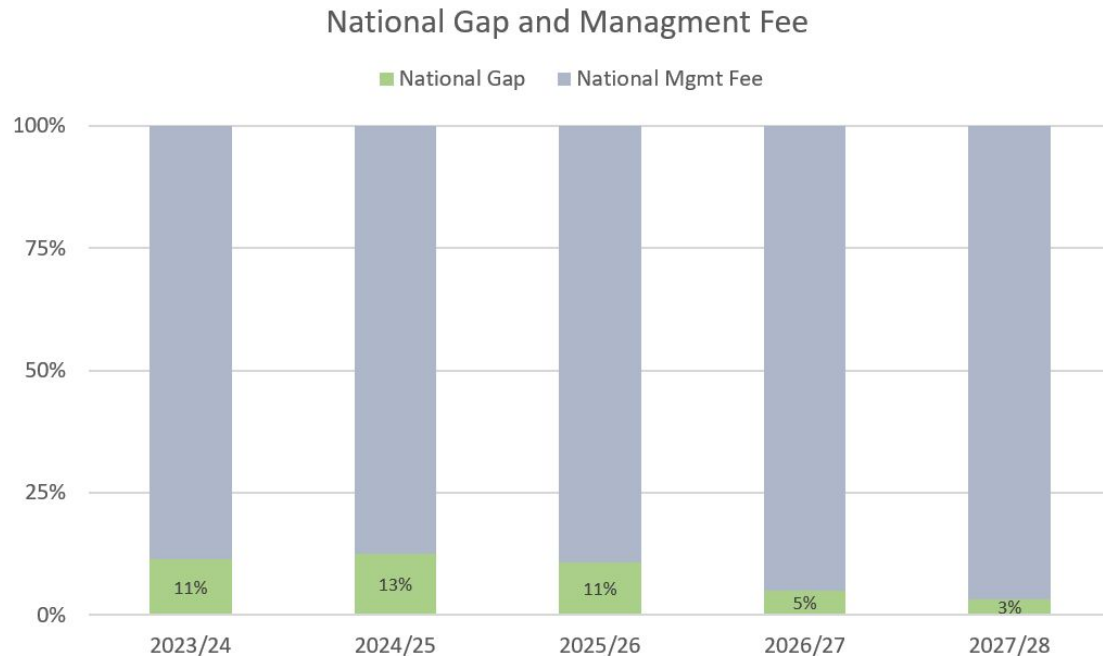
Texas budget will be updated for Texas board approval

TX Region	FY24 Proposed Budget	FY23 Board Approved Budget	
(\$000)	Total	Total	Variance
Enrollment	686	300	386
Federal Revenue	970	1,092	(122)
State	7,002	2,633	4,369
Other Local Revenues			
Int Transfers/Network Support Fee	350		350
Grants and Fundraising	6,700	4,923	1,777
Total Revenues	15,022	8,649	6,374
Certificated Salaries	3,576	2,035	(1,541)
Classified Salaries	1,772	1,205	(567)
Employee Benefits	1,075	651	(424)
Books and Supplies	1,044	961	(83)
Food Services	464	207	(257)
Services and Other Operating Expense	2,417	1,422	(995)
Travel and Conferences	325	55	(270)
Dues and Insurance	282	17	(265)
Rental, Leases and Repairs	234	85	(149)
Management Fee - National	717	263	(454)
Depreciation	159		(159)
Facility Fee	1,226	883	(343)
Total Expenses	13,292	7,785	(5,506)
CINA	1,730	863	867



National NeST Path to Sustainability

We are committed to operating our regions and NeSTs without philanthropy for core functions. As shown in the FY24 proposed budget presentation, each region except for Texas (schools) is budgeted to be able to operate without philanthropy in FY24. Texas is on a path to sustainability.



Over the next five years, we are projecting a significant decrease in National NeSTs philanthropic need. Assuming that we hold expenses constant, we project that National NeST will need less than \$800K in philanthropy by FY28, representing 3% of total expenses. National NeST is projected to be fully sustainable by FY30.



Review and recommend approval of the revised 2023-2024 Budget to the Rocketship Board of Directors



FY24 Budget for Approval

Rocketship Public Schools	FY24 Preliminary August Budget (board approval pending)													
	(\$000)	CA Schools	DC Schools	MKE Schools	TN Schools	Schools Total	CA NeST	DC NeST	MKE NeST	TN NeST	National	NeST Total	Eliminations	Total
Enrollment	6,366	1,482	752	1,356	9,956									9,956
Federal Revenue	15,677	6,163	2,941	3,918	28,699									28,699
State	121,259	35,706	8,322	22,903	188,190									188,190
Other Local Revenues	26	1,265	80	71	1,441					1,443	1,443			2,884
Int Transfers/Network Support Fee						6,442	1,772	508	1,285	21,214	31,221		(30,721)	500
Grants and Fundraising		650		417	1,067		350	800	200	3,400	4,750			5,817
Total Revenues	136,961	43,783	11,343	27,309	219,396	6,442	2,122	1,308	1,485	26,057	37,414	(30,721)	226,090	
Certificated Salaries	32,226	6,397	2,913	5,552	47,088									47,088
Classified Salaries	20,360	5,358	2,039	4,908	32,665	2,751	1,096	1,014	720	14,863	20,444			53,109
Employee Benefits	15,117	2,455	1,058	3,127	21,758	517	213	166	151	2,624	3,671			25,429
Books and Supplies	6,528	2,443	670	1,497	11,138	242	143	12	19	1,231	1,647			12,785
Food Services	4,665	937	629	1,121	7,352	39	10	4	12	6	70			7,422
Operating and Housekeeping	2,865	1,330	352	768	5,314	9				6	15			5,329
Professional Services	17,713	10,323	396	2,728	31,161	668	201	35	272	3,236	4,413			35,573
Other Operating Expenses	1,695	484	178	365	2,722	484	182	27	181	1,519	2,392			5,114
Facility Fee	10,077	7,118	723	1,974	19,893	298	72		44		414			20,307
Leases and Repairs	2,550	853	277	544	4,225	81	42		43	311	476			4,701
Network Support Fee	19,325	5,317	1,524	3,855	30,021								(30,021)	
Miscellaneous Expenses	1,068		414	163	1,644	700		40	9	1,425	2,174		(700)	3,119
Total Expenses	134,189	43,016	11,174	26,602	214,981	5,789	1,958	1,298	1,450	25,221	35,717	(30,721)	219,977	
CINA	2,773	767	169	707	4,415	653	164	10	35	836	1,698		6,113	

- The proposed budget shows \$226M in revenue, \$220M in expense and \$6M in CINA.
- Each region and each NeST is budgeted to have a positive CINA.
- Each region (schools) is able to operate without philanthropy for FY24.



Review and Recommend Approval of Financial Policies to the Rocketship Board of Directors



Fiscal Policies

Over the last six months, we have developed a comprehensive set of fiscal policies. In preparing the policies, we reviewed those of several other high performing, large charter networks. Additionally, they have been reviewed internally by legal, Julie Miller and Alex Terman. They have also been reviewed by outside counsel and our auditors. We are seeking approval of the policies at the upcoming board meeting and are asking both the Business and Audit Committees to recommend them to the full board. These policies:

- Codify current practices
- Create documented controls. Our current practices, while strong, are not all found in existing RPS documents
- Add a few key elements that we do not currently have in place such as records retention and federal procurement.
- Establish roles and accountability for the board and management.
- Meet authorizer requirements

These policies can be added to or amended over time. They will serve as the framework over which our internal procedures sit.



Scorecard Review



Scorecard Feedback

We introduced the full scorecard at the last Business Committee meeting. The scorecard draws from pieces of others used within our sector and was tailored to meet the unique needs of our complex organization.

We would like to finalize it to ensure that we have a consistent approach to providing critical information in an easily digestible format. First and foremost it is important that the presentation as it stands is useful and meaningful to this committee.

Additionally, we have received suggestions to include and enrollment analysis and to embed fundraising information into this dashboard. Other information that we may want to consider include:

- School level data or Regional NeST data
- Revenue and expense level data instead of simply CINA data
- Financial reporting data
- Additional metrics

As we consider whether or not to add any additional information, we should weigh that against simplicity and length of the scorecard (1 page or more).



Rocketship Public Schools

Fiscal Policies

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Introduction

The Governing Board of Rocketship Public Schools (the “RPS Board”) has reviewed and adopted the following fiscal policies to ensure the most effective use of the funds of RPS to support its mission and to ensure that the funds are budgeted, accounted for, expended and maintained appropriately.

Purpose of the Policies

As stewards of funds, both public and private, intended to further students’ education and achievement, all RPS personnel are responsible for adhering to and abiding by the outlined fiscal policies.

The fiscal policies shall document the financial operations of the Organization. Its primary purpose is to ensure that assets are safeguarded, that financial statements are in conformity with Generally Accepted Accounting Principles (GAAP), and that finances are managed with responsible stewardship.

Amending the Policies

This document contains the essential fiscal policies of RPS. From time to time, as additional matters require, or as changes to the policies are appropriate, management of RPS will propose amendments to the policies for review and approval by the RPS Board. The Board must approve any changes to the fiscal policies.

1.0 Accounting Standards

1.1 Basis of Accounting

Generally Accepted Accounting Principles (GAAP)

The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

Basis of Accounting

The organization will maintain financial reports throughout the fiscal year on an accrual-basis of accounting.

Fiscal Year

The RPS fiscal year is July 1-June 30.

1.2 Accounting Processes

1.21 Bank Reconciliations

Bank reconciliation and approval will occur on a monthly basis.

1.22 Stale Check Policy

Outstanding checks not cashed within 180 days are written off and a notice letter is sent to the payee.

Payees are encouraged to deposit or cash checks within 90 days of the issuance date. Payees will be contacted for any checks that have not yet been cashed after 90 days after the issuance date. Checks will be voided on or before 180 days after the issuance date.

1.23 Monthly Close

The Accounting team seeks to close all RPS books no later than 15 days after the end of the month.

1.24 Financial Reporting

The Finance and Accounting teams prepare financial reports for the purpose of monitoring RPS's financial health, performance against budget, and adherence to fiscal policies. Financial statements and performance against budget reports will be reviewed by the CFO and/or CEO on a monthly basis. They will be reviewed by the Business Committee of the Board of Directors on a quarterly basis.

1.25 Audit

The RPS Board will contract with a qualified independent certified public accounting firm to conduct an audit of the organization's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and, if applicable, the *U.S Office of Management and Budget's Circular A-133*. The selected audit firm must be familiar with these standards, related State of California and Charter School regulations, and the *Standards and Procedures for Audits of California K-12 Local Education Agencies Audit Guide* (which can be found at <http://eaap.ca.gov/audit-guide/current-audit-guide-booklet/>), in order to properly conduct the audit engagement. Further, the auditor must be selected from the State Controller's list of approved auditors for Local Education Agencies.

The RPS Board will approve and appoint the independent auditor. RPS Board reviews auditing firms every three (3) years but is not required to make any changes. After six consecutive fiscal years, the organization will contract with a new audit firm or require a change/rotation in audit partners in the seventh year, unless a waiver is obtained from the Educational Audit Appeals Panel. (Education Code 41020).

Audit Committee

The RPS Board will appoint an Audit Committee of one or more persons. The Audit Committee may not include any members of the staff of the corporation, including the president or CEO or the treasurer or CFO. In addition, any person with expenditure authorization or recording responsibilities within the organization may not serve on the committee.

The Audit Committee will be responsible for reviewing the results of the annual audit and developing a corrective action plan to address all relevant weaknesses noted by the auditor. Further, the Audit Committee will evaluate the auditor relationship and make recommendations to the Board regarding auditor selection or renewal.

The RPS Board will review and approve the audit no later than December 15.

1.26 Tax Compliance

Exempt Organization Returns

The RPS Board will contract with an external party to conduct the annual financial audit will prepare the annual Federal Form 990 and the California Form 199. The tax forms are to be filed no later than May 15 of each year unless otherwise extended. Note that there are, at times, special circumstances which may extend the filing date past May 15.

2.0 Internal Controls

The Finance and Accounting teams safeguard RPS's assets, implement management's internal policies, comply with applicable state and federal laws and regulations, and produce timely and accurate financial information. Further, as a publicly supported entity, RPS has additional responsibilities to ensure the public's confidence in and the integrity of our schools' activities.

2.1 Conflict of Interest

RPS has implemented a Conflict of Interest Policy to protect RPS’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

2.2 Lines of Authority

Board of Directors Authority

The board of directors shall have the sole authority to:

- Approve the fiscal policies and delegate administration of the policies to the Chief Executive Officer (CEO).
- Approve the opening and closing of bank accounts and the list of authorized signers and the organization address on record.
- Approve all third-party loans.
- Approve the annual budget.
- Review annual and quarterly financial statements, and budget-to-actual variance analysis.
- Conduct a review of the CEO's performance annually and establish their salary.
- Commission the annual financial audit by an independent third party auditor approved by the State of California.
- Approve the annual financial audit by December 15.
- Designate another officer to perform the duties of the CEO in the case of absence.

Financial Responsibilities and Accountability Summary:

Role	Responsibilities	Accountability
Governing Board	<ul style="list-style-type: none"> ● Approve annual budget submitted by CFO ● Review financials on a quarterly basis ● Contract for audit annually 	<ul style="list-style-type: none"> ● Hold CEO/CFO accountable for financial management and for staying within budget ● Review CEO performance and set compensation
CEO/CFO	<ul style="list-style-type: none"> ● Create annual organizational budget ● Monitor to stay within approved budget ● Fiscal management, training and oversight 	<ul style="list-style-type: none"> ● Hold budget owners accountable for staying within budget and for execution of fiscal policies

Role	Responsibilities	Accountability
CFO	<ul style="list-style-type: none"> Responsible for all oversight of RPS's financial management and planning for its ongoing sustainability Develop the annual budget Oversee the Business Team and responsibility for all functions that fall within the department. Ensure adequate internal control and segregation of duties Cash flow management Structure and negotiate loans/bonds 	<ul style="list-style-type: none"> Oversees the adherence to all internal controls.
National Leadership Team	<ul style="list-style-type: none"> Create departmental budgets Monitor to stay within approved budget 	<ul style="list-style-type: none"> Hold team accountable for staying within budget, and for execution of fiscal policies
EDs	<ul style="list-style-type: none"> Create regional budgets 	<ul style="list-style-type: none"> Hold principals accountable for staying within budget, and for execution of fiscal policies
Principals	<ul style="list-style-type: none"> Create school budget Monitor to stay within approved campus budget Fiscal management and oversight at a school level 	<ul style="list-style-type: none"> Hold team accountable for staying within budget, and for execution of fiscal policies

2.2 Segregation of Duties

The organization's financial duties shall be distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

To properly segregate duties, invoice approval, payment, check signing, and contracting authority is subject to the following thresholds:

Contracting Authority requirement	Value	Regional Contracts * (entered into by regional entities)	National Contracts
<i>Contract's price or reasonable value</i>	up to 5K	Associate Director	Associate Director
	up to 10K	Director, Schools or AD/Director of Operations	Director
	10K < 25K	Senior Director/VP	Senior Director/VP
	25K < 50K	Executive Director	Chief-level Officer (e.g. Chief People Officer) Launchpad Executive Director
	50K < 100K	CEO or CFO	CEO or CFO
	100K < 500K	CEO and CFO	CEO and CFO
	>\$500	Board of Directors or Business Committee	Board of Directors or Business Committee or Executive Committee
<i>All Real Estate Leases 3+ years</i>	<i>Regardless of value</i>	CEO or CFO with board approval	CEO or CFO with board approval

*Regional boards grant authority to the CEO and CFO for approvals.

Invoice/Payment Approval	Value	Regional Invoices/Payments (entered into by regional entities)*	National Invoice/Payments
	up to 5K	Principal or AD	AD
	5K < 10K	Director, Schools or AD/Director of Operations	Director
	10K < 20K	ED	Senior Director/VP
	20K < 50K	ED	Chief or General Counsel Launchpad Executive Director
	50K < 100K	CEO or CFO	CEO or CFO
	100K < \$500K	CEO <u>and</u> CFO	CEO <u>and</u> CFO
	>\$500	Board of Directors or Business Committee	Board of Directors, Executive Committee or Business Committee

*Regional boards grant authority to the CEO and CFO for approvals.

Approval authority can be delegated to another member of the RPS Leadership Team in the event that one of the approvers is out of the office. In the event that the CEO or CFO is not available, the Board Chair or Chair of the Business Committee may approve in their place.

2.3 Record Keeping

Financial records will be retained for a minimum of seven years or as outlined in tables below. This policy is designed to ensure compliance with federal and state laws and regulations, to eliminate inadvertent destruction of records and to facilitate RPS's operations.

Document Retention Schedule

The following types of documents will be retained for the following periods of time. At least one copy of each document will be retained according to the following schedule. Electronic copies suffice unless a hard copy is required by law.

Corporate Records

Article of Incorporation to apply for corporate status	Permanent
IRS Form 1023 (in the USA) to file for tax-exempt and/or charitable status:	Permanent
Bylaws	Permanent
State Application for Tax Exempt Status (Form 3500)	Permanent
Letter of Determination (for example, from the IRS in the USA or the state) granting tax exempt and/or charitable status	Permanent
Board Policies	Permanent
Resolutions	Permanent
Board and Committee Meeting agendas and minutes	Permanent
Sales Tax Exemption Documents	Permanent
Tax or employee ID Number Designation	Permanent
Annual Corporate Filings	Permanent

Financial Records

Chart of Accounts	Permanent
Fiscal Policies	Permanent
Audits	Permanent
Financial Statements	Permanent
General Ledger	Permanent
Check Registers/Books	7 years

Business Expenses Docs	7 years
Bank Deposit Slips (or equivalent retained by financial institutions)	7 years
Cancelled Checks (or equivalent retained by financial institutions)	7 years
Invoices	7 years
Investment Records (deposit, earning, withdrawals)	7 years
Property/asset inventories	7 years
Petty cash receipts /documents	7 years
Credit card receipts	7 years

Tax Records

Annual Tax Filing for the organization (IRS Form 990 in the USA)	Permanent
FTB Annual Form 199	Permanent
Payroll Registers	Permanent
Filings of fees paid to professionals (IRS Form 1099 in the USA)	7 years
Payroll tax withholdings	7 years
Earnings records	7 years
Payroll tax returns	7 years
W-2 statements	7 years

Personnel Records

Document	Time Period
Recruitment, Hiring and Job Placement Records <ul style="list-style-type: none"> • Job applications • Resumes • Letters of recommendation • Other job inquiries sent to the Charter School • Job advertisements/postings • Results of non-medical pre-employment tests • Offers of employment • Employment agreements • Signed pre-employment disclosures (employee handbook acknowledgment, complaint procedures, etc.) • Employee training (harassment prevention, mandated 	3 years after separation, or for the duration of any claim or litigation regarding hiring practices

<ul style="list-style-type: none"> reporting, etc.) Employee certificates, credentials, licenses, and other evidence of qualifications Evidence of criminal background check 	
<p>Employee Performance and Other Personnel Records</p> <ul style="list-style-type: none"> Job descriptions Training and testing Performance goals Performance evaluations Written feedback and commendations Promotions and demotions Letters of reprimand and discipline Performance Improvement Plans Termination, resignation, lay-offs, etc. Notices and letters 	3 years after separation
<p>Employee Medical Leave Records (PDL, FMLA, CFRA, etc.) *</p> <ul style="list-style-type: none"> Requests for leave Health care provider notes Leave calculations Records of disputes regarding leave Employee benefits related to leave Leave policies 	<p>3 years after separation</p> <p>* Records that contain employee confidential medical information should be retained in a separate, secure file.</p>
<p>Employee Wage Records</p> <ul style="list-style-type: none"> Employment agreements Wage rates and calculations Shift schedules (hours and days) Time cards Individual calculations for absences, sick days, vacation days, etc. Itemized wage statements/pay stubs 	<p>3 years after separation</p> <p>Note: If a record is both a wage record and a payroll record, follow the longer retention period.</p>
<p>Employee Payroll Records</p> <ul style="list-style-type: none"> Employee name, address, age, and occupation Individual wage records Regularly hourly rate Hours worked (daily/weekly) Weekly overtime earnings Daily and weekly straight time earnings Deductions from or additions to wages Wages paid each pay period Pay dates and pay periods Unemployment Insurance Records 	4 years, generally
Employment Eligibility (I-9 Forms)	The later of (a) 1 year after

	separation, or (b) 3 years from date of hire.
<p>Employee Health Records*</p> <ul style="list-style-type: none"> • First-aid records • Job injuries (causing loss of work time) • Drug and alcohol test records 	<p>5 years after separation</p> <p>* Records that contain employee confidential medical information should be retained in a separate, secure file.</p>
<p>Employee Workers' Compensation Records</p> <ul style="list-style-type: none"> • Copies of claim forms • Reports of occupational injury or illness • Letters of denial of benefits • Reports to the Division of Workers' Compensation • Benefits paid • Estimates of future benefits • Applications to the Workers' Compensation Appeals Board • Orders and Awards of the Workers' Compensation Appeals Board 	<p>5 years after date of injury and 2 years after claim has been closed.</p> <p>* Records that contain employee confidential medical information should be retained in a separate, secure file.</p>
<p>Employee Benefit Records</p> <ul style="list-style-type: none"> • Benefits elections • Beneficiary designations • Eligibility determinations • COBRA notices • Summary plan descriptions • Other welfare benefit plan information (life, health, disability, long-term care, post-retirement medical) 	<p>6 years after separation, but not less than 1 year following a plan termination.</p> <p>* Records required to determine retirement benefits, including 401(k) and similar plans, must be kept indefinitely.</p>
<p>Note: For simplicity, RPS may choose to keep the majority of an employee's personnel file and other records for the duration of employment plus seven (7) years. This time period covers nearly every law, with the exception of three (3) types of records, as outlined above, that must be removed from a file before it is disposed of and retained for a longer duration:</p> <p>Pension and welfare plan information (6 years)</p> <p>First aid records of job injuries causing loss of work time (5 years)</p> <p>Safety and toxic or chemical exposure records, including safety data sheets (30 years)</p>	

Insurance Records

Property Insurance Policy	Permanent
Directors and Officers Insurance Policy	Permanent
Workers' Compensation Insurance Policy	Permanent
General Liability Insurance Policy	Permanent

Insurance Claims Applications	Permanent
Insurance Disbursements/ Denials	Permanent

Contracts

All insurance Contracts	Permanent
Employee Contracts	7 years after termination
Construction Contracts	Permanent
Legal Correspondence	Permanent
Loan/mortgage and Real Estate Documents	Permanent
Leases/Deeds	Permanent
Vendor Contracts	7 years from completion or conclusion of service
General and all other Contracts	7 years from completion or conclusion of service

Donations / Funder Records

Grant Dispersal Contract and any related documents	Permanent
Donor Lists	7 years
Grant Applications	7 years
Donor Tax Letters	7 years

Management Plans and Procedures

Strategic Plan	7 years
Staffing, programs, marketing, finance, fundraising and evaluation plans	7 years
Vendor Contracts	7 years
Disaster Recovery Plan	7 years

2.4 Gift Acceptance

Purpose

As a not-for-profit organization exempt as a public charity under Section 501(c)(3) of the Internal Revenue Code, Rocketship Public Schools encourages the solicitation and acceptance of gifts for purposes that will assist Rocketship Public Schools to further and fulfill its mission.

The purpose of this Policy is to govern the acceptance of gifts by Rocketship Public Schools and to provide guidance to the Board, the CEO, and prospective donors when making gifts to Rocketship Public Schools. The provisions of this Policy shall apply to all gifts received by Rocketship Public Schools for any of its schools, programs or services, and to the acceptance of gifts made to Rocketship Public Schools or for the benefit of any of its schools or programs.

Restrictions on Gifts

Rocketship Public Schools will accept unrestricted gifts, and gifts for specific schools, programs and purposes, provided that such gifts are consistent with Rocketship Public Schools' mission, purposes, and priorities. Rocketship Public Schools will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the charitable and educational trust of Rocketship Public Schools, or that are accompanied by an improper economic benefit to the donor or vest the donor with inappropriate control or influence. When practicable, restricted monetary or other gifts should be accepted with formal caveat acknowledged by donor that it may be converted to unrestricted if the donor's intended restriction cannot be met or is no longer in best interest of RPS.

Use of Legal Counsel and Other Professional Assistance

Rocketship Public Schools shall seek the advice of legal counsel or other professional advisors (such as an accountant, financial advisor or professional money manager) when appropriate and as recommended in this Policy relating to the acceptance of certain types of gifts. Generally, Rocketship Public Schools shall seek the advice of legal counsel in all matters pertaining to the acceptance of any gift which may have adverse legal, ethical (including a potential conflict of interest), or other consequence of concern to Rocketship Public Schools.

All prospective donors shall be urged and encouraged by Rocketship Public Schools to seek and secure the assistance of independent legal, tax and financial advisors in matters relating to their gifts and the resulting tax and estate planning implications. Rocketship Public Schools shall not pay the legal fees or any professional fees of the donor in connection with a gift to Rocketship Public Schools. Rocketship Public Schools shall not provide any opinion, statement or recommendation to the donor as to the tax deductibility of the gift or as to any tax consequences or tax implications of the gift that may affect the donor.

It shall be the responsibility of the donor to secure an appraisal of property where required by RPS. The donor shall pay any fees associated with securing such appraisal.

Types of Gifts

The following types of gifts are generally acceptable:

1. Cash Donations
2. Testamentary Bequests

3. Charitable Remainder Trusts
4. Charitable Lead Trusts
5. Tangible Personal Property
6. Life Insurance/Life Insurance Beneficiary Designations
7. Retirement Plan Beneficiary Designations
8. Securities
9. Real Estate

The following types of gifts are generally not acceptable:

1. Charitable gift annuities
2. Pooled income funds

Valuation of Gifts

Rocketship Public Schools shall record a gift received by Rocketship Public Schools at its valuation for gift purposes on the date of gift and in accordance with Generally Accepted Accounting Principles (“GAAP”).

IRS Filing Upon Sale of Gift

Rocketship Public Schools is responsible for filing IRS Form 8282 upon the sale or disposition of any non-cash donated property sold by Rocketship Public Schools within three years of receipt where the charitable deduction value of the item was \$5,000.00 or greater. Rocketship Public Schools must file such form within IRS-required timelines. The Chief Financial Officer shall be responsible for the recordation and filing of this form to the IRS.

Written Acknowledgment of Gifts and Contributions

Rocketship Public Schools will provide written acknowledgement of all gifts in compliance with the current IRS requirements. The Chief Financial Officer shall be responsible for ensuring compliance with IRS requirements regarding acknowledgments. Under no circumstance shall RPS accept a donation of any real property interest without advice of legal counsel and RPS Board approval. The RPS Board recognizes the risks associated with acceptance of real estate.

3.0 Financial Management

3.1 Budgeting Process

The CFO will prepare an annual budget each year for presentation to the board of directors. The budget is to be approved by the RPS Board prior to the start of each fiscal year.

The CFO will work together with national and regional leadership to ensure that the annual budget is an accurate reflection of RPS’s strategic priorities, programmatic and infrastructure goals for the coming year.

As part of the budget, the CFO will propose a target change in net assets (“CINA”) for the national office and each region to meet strategic goals and/or comply with existing loan covenants.

The RPS Board will review and approve the budget no later than its last meeting prior to the start of the fiscal year.

3.2 Borrowing Funds

The assumption of debt, including lines of credit or loans from banks and other financial lenders, shall be approved by the Board of Directors. Board authorization for a line of credit provides management with the discretion to draw on the line as needed. Management may establish lines of credit with suppliers as needed, without board approval, within the purchasing and contract approval thresholds detailed above.

3.3 Operating Cash Reserves

The organization will ensure adequate cash balances to meet annual cash flow needs. The CFO will monitor the organization's cash balance and will report the cash balance to the CEO on a monthly basis and to the Business Committee of the Board on a quarterly basis.

It is the responsibility of the CEO and the Governing Board to understand the organization's cash situation and it is the responsibility of the CFO to prioritize payments as necessary to manage cash flow.

The RPS Board may restrict a portion of the operating cash reserve fund for strategic goals.

The RPS Board may develop an additional Operating Cash Reserve Policy to specify use of the Operating Cash Reserves.

3.4 Insurance

The organization will maintain adequate insurance with high quality insurers at all times for:

- General Liability
- Property
- Workers' Compensation
- Employment Practices
- Professional Liability
- Directors' and Officers' Coverage
- Other coverages required by charter authorizers
- Umbrella and student accident policies are considered prudent add-ons.

4.0 Revenue & Accounts Receivable

RPS receives funding from numerous state and federal sources. Some of these funding sources have specific limitations on how the funds can be spent, as well as how these expenditures must be recorded and reported to the granting authority. Restricted funds are awarded to RPS on the basis of a unique award from the respective state or federal agency. RPS staff should always consult the requirements for a particular grant or award before expending restricted funds.

4.1 Cash Receipts

Cash receipts (including check or cash payments received via mail or in person and deposits received via Electronic Fund Transfer) shall be recorded completely and accurately to prevent the misappropriation of assets. Further, cash collection, reconciliation, and deposit duties should be segregated to provide proper financial controls. No one person will participate in all actions associated with cash receipts.

RPS schools regularly collect cash for meal bills, fundraisers, field trips, uniforms, and other purposes.

Cash collected at the school site is considered school revenue and must be accounted for accordingly. Cash may not be used as “petty cash” or otherwise spent before being reconciled and deposited.

Reconciliations and deposits must be completed per the instructions provided by the RPS Finance & Accounting Department.

Only Rocketship staff are permitted to handle cash and checks collected at a school site. Cash and checks must be kept at all times in a designated, secure, locked cabinet or safe. Only authorized school staff should have access to the locked cabinet or safe.

Schools must deposit cash and checks weekly. If no cash or checks have been collected that week, the school should submit a deposit form indicating that no cash/checks were collected. If for some reason a school cannot submit a weekly deposit, the school must inform the Regional Director of Operations.

Under no circumstances should cash remain at a school site for more than 10 school days. In TN, cash cannot remain at the school for more than 3 days.

5.0 Expense & Accounts Payable

5.1 Purchases & Procurement

RPS shall procure only those goods and services that are required to perform the mission and/or fill a bona fide need. Guiding the purchase of all goods and services will be: (a) price, (b) quality and (c) dependability. Particular vendors may be chosen for any one or any combination of these factors. In addition, RPS will take affirmative steps to assure that minority businesses and women's business enterprises, are used when possible. However, at all times, the selection of a particular good, service or vendor shall be with the intention of maintaining a top-quality school. When engaging in procurement activity, RPS staff shall aim to:

- Remain impartial in the selection process, focusing only on the merits of the supplier/contractor proposals and applicable related considerations such as delivery, quantity, etc.

- Make all purchases in the best interests of RPS and its funding sources.
- Obtain quality supplies and services needed for delivery at the time and place required.
- Buy from responsible, reputable, and dependable sources of supply.
- Obtain best value for all expenditures.
- Deal fairly and impartially with all vendors.
- Be above appearance of unethical behavior at all times; avoid any conflict of interest, related parties, or the appearance of a conflict of interest in school/supplier relationships.
- Follow the guiding principles of internal controls to minimize the risk of fraud, including appropriate segregation of duties and adherence to the school's policies covering authorization to enter into financial commitments.

Related Parties

All employees participating in the making of a contract and Board members must disclose relationships with known proposed or current vendors to determine whether the relationship should be considered a related party transaction. RPS applies the definition of "related party" used by the IRS regulation section 267(b), which includes immediate family members of and legal entities owned or controlled by the employee or board member. The CEO must review any potential related party transactions and has the right to request additional information (e.g., fair market value assessments) to determine whether the transaction is in the best interest of RPS. The CEO must disclose any related party transaction over \$10,000 to the Board of Directors for review. If the related party transaction involves the CEO, the Board shall perform all pertinent due diligence procedures related to the transaction, including identification of alternatives to the transaction. The CEO should not participate in the Board's deliberation or action.

Contract Goods and Services

When and where possible, RPS will enter contracts for goods and services that specify in detail what is included and excluded from the scope of the contract, the agreed delivery, payment terms, and other standard contractual terms and legal protections. To the extent possible, contracts should provide for monthly payment, with at least 30 days from the date of the invoice to make payment. Contracts can be negotiated by a member of the Network Executive Team or their designee with the contracting amount thresholds described herein.

RPS requires completion of Form W-9 for all new vendors (except local, state or federal government entities) before payment can be initiated for the vendor. Information collected from the W-9 should include the vendor social security number or federal tax identification number, address and other pertinent contact information.

Competitive Contract Selection

When a product or service is to be purchased that is valued or priced at, or reasonably estimated to be more than \$25,000, the authorized decision maker shall make every reasonable effort to secure quotes and product specifications from at least two providers of the service or product or similar product or make other acceptable efforts to ensure that RPS is receiving the best value for the purchase. The authorized decision maker shall select from among these quotes and maintain evidence of the quotes and/or other information that informed the purchasing decision. Professional service contracts such as special education contracts are excluded from the requirement to seek multiple bids or proposals; however, nothing shall

preclude RPS from seeking such multiple bids or proposals for these contracts. Additionally, furniture purchases may be excluded from the requirement to seek multiple bids when it is determined that a particular vendor offers a unique product that meets the quality and design specifications of RPS and the product price is judged to be reasonable based on comparisons of similar furniture from other vendors. In the event that bids are not obtained, the purchaser must provide a sole source justification. Notwithstanding the foregoing, adherence to local agency “piggyback” contract prices and procedures for goods contracts meets these requirements.

All procurement involving federal funds will be conducted in accordance with the Code of Federal Regulations, Title 34 (Education), Section 74, which states in part: “All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition”, or other law applicable to the funding source. RPS shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. For federally funded purchases, in order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids or requests for proposals shall be excluded from competing for procurements. Awards must be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is the best value to RPS, price, quality and other factors considered. Solicitations shall clearly establish all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by RPS. Any and all bids or offers may be rejected when it is in RPS interest to do so.

Furthermore, RPS shall:

- Avoid purchasing unnecessary items
- Where appropriate, analyze lease and purchase alternatives to determine which would be the most economical and practical procurement; or
- Solicit for goods and services providing for all of the following, where applicable:
 - A clear and accurate description of the technical requirements for the material, product, or service to be procured. In competitive procurements, a description shall not contain features which unduly restrict competition
 - Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals
 - A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards
 - The specific features of brand name or equal descriptions that bidders are required to meet when these items are included in the solicitation
 - Make positive efforts to utilize small businesses, minority-owned firms, and women’s business enterprises, whenever possible.

Purchases Using Federal Funds

Purchases made using federal grants will follow procurement methods stated in Uniform Guidance 2 CFR 200.320, where applicable, unless RPS’s Policy is more restrictive. When using federal funds in this regard, RPS will to the extent applicable to the particular purchase:

- Maintain oversight to ensure contractors perform in accordance with terms/conditions/specifications of contracts
- Avoid acquisition of unnecessary or duplicative items
- Award contracts only to responsible contractors
- Maintain records to sufficiently detail the history of procurement
- Conduct transactions in a manner providing full and open competition
- Not preclude potential bidders from qualifying during the solicitation period
- Conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences, except in cases where federal statutes mandate or encourage it
- Prepare solicitations that incorporate a clear and accurate description of technical requirements for the material, product, or service, and identify all requirements which the offerors must fulfill, and all other factors used in evaluating bids or proposals
- Ensure that all prequalified lists of persons, firms, or products which are used are current and include enough qualified sources to ensure maximum open and free competition
- Take necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible
- Perform cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold, including contract modifications

Further, when using qualifying federal funds, RPS will use one of the five allowable methods of procurement:

Methodology & Threshold	Requirement
Micro-purchase \$0-\$10,000	<ul style="list-style-type: none"> ● No bid or quote required if price is considered to be reasonable. Reasonableness could be determined by comparing the price to past purchases or other published prices and/or requesting prices from more than one vendor. ● Distributed equitably among a range of qualified vendors when practical
Small Purchase \$10,001-\$250,000	<ul style="list-style-type: none"> ● Price or rate quotes must be obtained from adequate number of sources (at least two) ● Can be informal, e.g., phone call or web search ● All quotes, including phone calls, web searches, etc., must be documented and kept on file ● Price does not need to be deciding factor, but all quotes need to be kept in procurement records
Sealed Bid \$250,000 and greater <i>Price is principal basis for selection</i>	<ul style="list-style-type: none"> ● Bids must be solicited from an adequate number of known suppliers, providing sufficient response time ● Local and tribal governments must publicly advertise bids ● Invitation for bids must define the items or services in order for bidders to properly respond ● All bids will be opened at time and place prescribed in invitation. Local and tribal governments must be opened publicly. ● Firm fixed price contract made in writing to the lowest responsive and responsible bidder ● Any or all bids may be rejected if there is a sound documented reason

<p>Competitive Proposal \$250,000 and greater <i>Selection is based on what is most advantageous with price and other factors considered</i></p>	<ul style="list-style-type: none"> • Must be publicized and identify all evaluation factors and their relative importance • Must be solicited from an adequate number of qualified sources • Must have a written method for conducting technical evaluations of the proposals and selecting recipients • Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered
<p>Noncompetitive Proposal (sole source)</p>	<ul style="list-style-type: none"> • May be used only when the item is available only from a single source, the public exigency or emergency will not permit a delay resulting from competitive solicitation, federal awarding agency or pass-through entity expressly authorizes its use in response to a written request, or after solicitation of a number of sources competition is determined inadequate by the CEO • Justification of the use of noncompetitive proposal must be documented • Any research on availability from multiple sources must be documented • Documentation of authorization must be retained • Any initial solicitations from multiple sources which are concluded to be inadequate, and such reasoning, must be documented

Note, the federal procurement policies do not supersede the Rocketship approval authorities established in this document.

Purchase and Contract Approval Authority

The table in Section 2.2 outlines approval for contracts and payments. Once a contract is approved, further approval for recurring charges or project expenses are not required. For example, when the Board approves a construction budget, each individual expenses covered by that budget is approved with no further action required.

Approval authority can be delegated to another member of the RPS Leadership Team in the event that one of the approvers is out of the office.

Invoice Payment

All invoices will be paid in a timely manner to avoid any late fees.

5.2 Employee and Volunteer Expense Reimbursements

Rocketship Public Schools (“RSPS”) employees are periodically required to incur business expenses on behalf of Rocketship in furtherance of its mission.

Eligibility

All Rocketship employees are eligible for expense reimbursement, provided that the expenses are consistent with this policy, documented with receipts, approved by his/her manager and represent a reasonable and appropriate use of Rocketship Public Schools funds.

Expenses must also be in compliance with IRS, state, and/or granting/ funding agency regulations.

This policy applies only to employees and may differ from those expenses that consultants may charge Rocketship. In the case of consultants, expense reimbursement will be dictated by the consulting agreement.

Please see the sections below for policy guidelines related to specific expenses. This list is not all-inclusive and is provided for guidance only.

Reimbursement for Expenses

The employee is responsible for requesting reimbursement in a timely fashion by submitting a completed expense report to the Rocketship Finance Department. Employees should make every effort to submit expense reports within 30 days of incurring such expenses. All expense reports for the previous quarter must be submitted within 30 days of the quarter's end.

All receipts, with the exception of mileage, must be attached to the expense reimbursement submission in order for the report to be approved. If a receipt is lost, a copy of the credit card bill or other documentation should be attached instead on an exception basis only. Credit card bills are not an alternative to retention of receipts.

Approval of Expenses

An employee's manager is required to review and approve every expense report request and receipt submitted by the employee. The manager will be able to approve expenses up to his/her limit.

While it is the employee's responsibility to represent accurate information in the reimbursement claim (including account code), manager approval of an expense report implies that the manager agrees that all expenses listed are:

- reasonable in amount
- appropriate based on employees responsibilities
- supported by a receipt
- coded to correct expense accounts
- consistent with Rocketship expense policy

Guidelines for Reimbursable Expenses

Cell Phone

Full time employees may be eligible for up to \$50 per month in cell phone reimbursement if their job requires the use of a cell phone to perform the duties of their role.

Air Travel

Each employee is responsible for securing his/her own flight arrangements. Reasonable effort should be made to take the lowest fare available unless a flight imposes an unreasonable

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inconvenience in terms of stops or layovers. Employees may purchase a regular economy fare in lieu of a basic economy fare. Employees are strongly encouraged to consider travel on airlines that may not be their preferred airline if that cost is less than their preferred airline's cost for a similar flight.

Employees should make reasonable efforts to book airline tickets as far in advance as possible in order to reduce cost. All airline travel will be in coach class unless prior approval is received in writing from the CFO for a different class of air travel.

All mileage earned through frequent traveler programs or airline incentive programs is the property of the employee. As such, no reimbursement will be made for upgrades or free flights redeemed by employees applied to business travel from these programs.

Bag Check fees may be reimbursed if traveler is staying overnight three or more nights. Additional fees for seat upgrades or preferred seats are not reimbursable.

Dues and/or initiation fees for airline clubs are not reimbursable by Rocketship Public Schools.

Hotels

Reasonable lodging costs incurred during business travel are reimbursable whenever a day trip is not appropriate. Rocketship employees are expected to stay in standard business class lodgings that charge a reasonable rate (for instance, a Marriott). Individuals will not be reimbursed for stays longer than is legitimately necessary for the intended business requirement. The actual hotel bill with the form of payment must be submitted with the expense form as documentation. A charge slip alone is not acceptable.

When work commitments require Friday and Monday trips to the same city, the traveler is ordinarily expected to return home for the weekend. However, if such travel would be more costly or time consuming than remaining at the distant location for the weekend, lodging and reasonable meal costs for the traveler are reimbursable. In order for these lodging and meal costs to be reimbursable, the total cost of the extended lodging and meal costs must not exceed what would have been the additional cost of the flight home and return trip.

Car Rentals

Car rentals should be used when needed in situations where alternate forms of road transportation (taxis, public transit, and personal vehicles) are not more feasible.

Rocketship staff should limit their car rental to small or economy models unless there is a compelling reason to do otherwise. Additional insurance should be declined, as Rocketship

carries rental car insurance as part of its business policy.

Car rentals over a weekend or holiday period are generally not reimbursable, unless necessary and approved (in advance) by the Finance Department.

Whenever possible, employees should refuel at a gas station prior to returning the vehicle at the end of the rental period, instead of purchasing the refill directly from the car rental company. Mileage will not be reimbursed for rentals cars, but gas may be reimbursed.

Private Vehicle/Mileage

Employees must have a valid driver's license and current personal automobile insurance coverage to use his or her own vehicle for Rocketship business. Rocketship will reimburse employees for mileage incurred while using their personal vehicle on behalf of Rocketship at the standard IRS mileage rate established annually. Currently, that rate is 65.5 cents per mile.

Mileage from an employee's home to the employee's regular place of work (see below for examples) is considered commuting mileage and will not be reimbursed. "Regular place of work" can change daily depending on the employees' responsibilities. Regular place of work may also change over time. Mileage from the regular place of work to other locations, including Rocketship schools or offices, is reimbursable. Mileage for "home visits" to a student's home is also reimbursable. School based employees' regular place of work is always their school.

Examples of Reimbursable Mileage for Network Support Employees

- If an employee's regular place of work is Redwood City (RWC) and the employee starts the day in the RWC office, then drives to a school, then returns to the RWC office, the mileage between the RWC office and back to the RWC office is considered reimbursable.
- If an employee's regular place of work is Redwood City (RWC) and the employee starts the day in the RWC office, then goes to a school, and then drives directly home without returning to Redwood City, the reimbursable mileage is the lesser of these two calculations: (A) the round trip mileage from the RWC office to the school and back, or (B) the mileage from RWC to the school and back to the employee's home.
- If an employee regularly visits schools every day or is asked to work from multiple RSPS locations, then his/her regular place of work may change on a daily basis. For the purposes of expense reimbursement, the employee's regular place of work may be determined on a daily basis to reflect the first school(or other RSPS location) visited on that day. For example, if an employee who regularly works at the school begins his/her day at RSPS, then drives to the San Jose Regional Office, then to RMS, and then home, the reimbursable mileage would be the mileage between RSPS and the San Jose Regional Office and the mileage between the San Jose Regional Office and RMS. The final mileage (from RMS to the employee's home) would be considered commuting

mileage.

Other Transportation

Reimbursement will be made for reasonable expenditures for transportation including, but not limited to, taxi/Ride App or shuttle fares between office/home and airport, as well as between airport and hotel or other destinations. Public transportation should be considered when it is less expensive and not significantly more inconvenient. Travelers should also please consider their own personal safety and familiarity with local transportation routes when choosing the public transportation option.

Meals

Meals made necessary by travel are reimbursable. Every effort must be made to ensure that the cost of such meals is reasonable. Rocketship has set guidelines for reimbursement for Employee Meals. These amounts will vary by city, but are generally recommended not to exceed a per diem of \$60.

Occasionally business travel will require incurring the cost of meals for business associates and those occasions may justify a more expensive meal than the recommended amounts above. Employees should consult their manager ahead of time if such situations for additional clarification on appropriate spending guidelines.

Per IRS regulations, documentation is required for all deductible meals and Rocketship applies the same requirements for meals submitted for reimbursement. Receipts submitted for meal reimbursement must include the following information:

- Meal expenses must be listed separately on the expense report (including those that were paid as part of a hotel bill).
- The description must include the names of all persons attending, their titles and business relationship, if applicable, and business purpose of the meal.
- Tear-away stubs are not acceptable as receipts; the employee must submit a receipt or form of payment such as a credit card slip or cash register receipt.
- Rocketship does not reimburse for alcohol.

Parking & Tolls

Parking and tolls for travel are reimbursable, including parking related to summer PD and all staff events.

Entertainment

Entertainment expenses include the cost of amusement or recreational facilities, as well as attendance at the theater, sporting events, etc. Entertainment expenditures require pre-approval from an employee's manager.

Non-reimbursable Expense

Other items related to travel that are not reimbursable are as follows:

- Movies
- Items of clothing purchased while traveling. This includes replacement of lost or stolen items as well as clothing purchased as a result of an unanticipated extended stay.
- Hotel laundry or valet charges are reimbursable only in the case of an unanticipated extension of a previously planned trip.
- Parking tickets, fines or penalties

Travel Advance

For specific circumstances in which a staff member has limited funds available to initiate his/her own travel arrangements, Rocketship may issue a travel advance in an amount approximate to the necessary expenses. Any authorized advance must be reconciled with actual trip expenses on a completed, approved expense report form within two weeks of the employee's return. Please contact the Finance Department to request a travel advance.

5.3 Governing Board Expenses

- The individual incurring authorized expenses while carrying out the duties of the RPS will complete and sign an expense report and attach original receipts.
- The CEO and/or another board member will approve and sign the expense report.

6.0 Asset Management

6.1 Fixed Assets Capitalization

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and will be recorded in the fixed asset records. Any asset that does not meet these criteria will be expensed in the current period.

The cost basis of furniture and equipment assets will include all charges relating to the purchase of the assets including the purchase price, freight charges, and installation if applicable.

Leasehold improvements are to be capitalized if they relate to the renovation or improvement of an existing building. Expenditures incurred in connection with maintaining the existing building in good working order shall be expensed as a repair.

Depreciation

Depreciation methods/lives for assets shall be selected for consistent financial reporting purposes. The following depreciation methods and useful lives shall be used for the

following asset classifications for financial reporting purposes.

Asset Class	Useful Life	Method
Computers	Three Years	Straight Line
Furniture and Equipment	Seven Years	Straight Line
Leasehold Improvements	Remaining Life of Lease	Straight Line

6.2 Inventory

RPS will maintain a detailed listing of each capital asset item with purchase price greater than \$5,000 along with depreciation records which will include the description, date acquired, vendor, cost basis, assigned department or location, depreciation method/life, accumulated depreciation, and net book value. A physical inventory of property and equipment will be performed annually and compared to the detailed fixed asset listing. Any variances will be investigated and corrected or adjusted in financial statements as necessary. Rocketship has security cameras at its schools to safeguard its assets. Rocketship also hires a security company to help monitor some of its higher-risk areas.

Computer equipment, office equipment and furniture are tagged and logged into our tracking system. This tracking system categorizes by school, type of equipment and whether Federal Funds were used. Any disposition of equipment with remaining useful life will require approval from director of operations and best effort to obtain market value of the asset is required.

Assets purchased with federal grants will follow the Office of Management and Budget's Uniform Guidance, Title 2, Code of Federal Regulations ("2 CFR") §200.310 to §200.316.