



**Thursday, December 4, 2025**  
**Rocketship Tennessee Board of Trustees Meeting (2025-26 Q2)**

**Meeting Time: 9:30am CT**  
**Meeting Location: 311 Plus Park Blvd Suite 130, Nashville, TN 37217**  
**Webinar Link: <https://rocketshipschools.zoom.us/j/83910316959>**  
**Webinar ID: 839 1031 6959**

**1. Opening Items**

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- A. Call to order
- B. Public Comment

**2. Consent Items**

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- A. Approve minutes from the September 23, 2025 Special Meeting of the Rocketship Tennessee Board of Trustees
- B. Approve Revised Tennessee Retention and Acceleration Policy
- C. Approve Revised 2025-26 Rocketship Tennessee Employee Handbook

**3. Information Items**

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- A. Executive Director and Board Updates

**4. Action Items: Applications & Resolutions - Review and Approval**

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- A. Approve Resolution #2025-05 Appointing the Officers of Rocketship Education Tennessee

**5. Action Items: Finance - Review and Approval**

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- A. Approve Revised Rocketship Fiscal Policies
- B. Approve Rocketship Tennessee Audit

**6. Information Items**

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- A. Board Recruitment
- B. Development Update
- C. Achievement Update
- D. Annual Board Governance Training
- E. Network Service Agreement Update
- F. Growth Update

**7. Closed Session**

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- A. Closed Executive Session - Real Estate Negotiations

**8. Report Out**

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- A. Public report on actions taken in closed session

**9. Adjourn**

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- A. Adjourn Meeting

Pursuant to TN Code § 8-44-108(c)(3)(a) this meeting will include members of the governing body who are participating by electronic means of communication.

Pursuant to TCA 8-44-112, a period is reserved for members of the public to give public comment on agenda items. Comments are limited to one

minute in duration. Members of the public joining in person can sign up to give comment using the public comment sign up sheet. Members of the public joining virtually can indicate they would like to make a comment using the webinar's "raised hand" feature during the public comment period.

## **Special Meeting of the Rocketship Tennessee Board of Trustees (2025-26 Q1) (Tuesday, September 23, 2025)**

*Generated by Cristina Vasquez on Tuesday, September 23, 2025*

### **1. Opening Items**

#### **A. Call to order**

At 3:41pm, Mr. Elliott took roll call. With a quorum of board members present, Mr. Elliott called the meeting to order.

Present: Abby Spaulding, John Eason, June Nwabara, Kanika Covert, Lindsey Margraf Rudd, Malick Gaye, Phil Elbert, Rob Elliott

Absent: Anderson Green, April Taylor, Henderson Majors, Jeff Brown

### **2. Consent Items**

#### **A. Approve minutes from the August 25, 2025 meeting of the Tennessee Board of Trustees**

At 3:41pm, Ms. Spaulding made a motion to approve the consent items. This motion was seconded by Mr. Gaye, and carried unanimously by roll call vote.

Y: Abby Spaulding, John Eason, June Nwabara, Kanika Covert, Lindsey Margraf Rudd, Malick Gaye, Phil Elbert, Rob Elliott

N: --

Abstain: --

### **3. Action Items: Agreements - Review and Approval**

#### **A. Approve Resolution #2025-03 Network Services Agreement**

At 3:42pm, the board discussed action item 3(A).

At 4:09pm, Mr. Elbert made a motion to approve the action item 3(A), the network services agreement as proposed, and subject to mutually agreed upon changes prior to October 23, 2025. This motion was seconded by Ms. Spaulding, and carried unanimously by roll call vote.

Y: Abby Spaulding, John Eason, June Nwabara, Kanika Covert, Lindsey Margraf Rudd, Malick Gaye, Phil Elbert, Rob Elliott

N: --

Abstain: --

### **4. Action Items: Applications & Resolutions - Review and Approval**

#### **A. Approve Resolution #2025-04 Rocketship Dream Community Prep Real Estate Transaction**

At 4:10pm, the board discussed action item 4(A).

At 4:37pm, Mr. Gaye made a motion to approve the action item 4(A). This motion was seconded by Ms. Nwabara, and carried unanimously by roll call vote.

Y: Abby Spaulding, John Eason, June Nwabara, Kanika Covert, Lindsey Margraf Rudd, Malick Gaye, Phil Elbert, Rob Elliott

N: --

Abstain: --

### **5. Adjourn**

At 4:38pm, Ms. Covert made a motion to adjourn the meeting. This motion was seconded by Mr. Eason, and carried unanimously by roll call vote.

Y: Abby Spaulding, John Eason, June Nwabara, Kanika Covert, Lindsey Margraf Rudd, Malick Gaye, Phil Elbert, Rob Elliott

N: --

Abstain: --

**Executive Summary**  
**Rocketship Education Tennessee**  
**Board of Trustees**  
**December 4, 2025**

<b>Agenda Item:</b> 2(B)		<b>OPEN/ACTION</b>
		<b>INFORMATION</b>
	X	<b>CONSENT</b>
<b>Subject:</b> Approve Revised Tennessee Retention and Acceleration Policy		

**Recommendation:**

Staff members recommend that the Rocketship Education Tennessee (“**RSED-TN**”) Board of Trustees (“**RSED-TN Board**”) approve the revised Retention and Acceleration Policy.

**Background:**

The Tennessee Retention and Acceleration Policy has been updated to clarify procedures for 3rd grade retention and intervention, with a focus on reading proficiency. The revised policy provides clear criteria for assessing student progress and outlines a team-based process for making promotion decisions that includes families.

It emphasizes early intervention, targeted reading support, and continued assistance for students promoted without meeting benchmarks. Retention is treated as a last resort, with the goal of supporting long-term academic growth through consistent, student-centered practices.

These updates are designed to ensure that promotion and acceleration decisions are equitable, transparent, and aligned with the goal of improving long-term student outcomes.

**Summary of Previous Board Action by Board:**

On March 2, 2018 the Rocketship Education (“**RSED**”) Board of Directors (“**RSED-Board**”) approved the Retention and Acceleration Policy for all regions. On June 9, 2022 the RSED-Board approved a revised Retention and Acceleration Policy for Rocketship Tennessee schools. This is the first time the RSED-TN Board is taking action on the policy.

**Fiscal Impact:**

None

**Submitted by:**

Abigail Gifford, Senior Legal Counsel



## **Retention and Acceleration Policy**

Region(s): TN

Last Revised:

Rocketship's instructional model is organized so that each student's learning plan is individualized in order to account for individual differences and promote academic and social growth. As such, we believe that retention should only be used in rare and exceptional circumstances when the student's family is given notice well in advance and is fully in support of the retention decision. Rocketship's retention and acceleration policy is deliberately flexible so that teams can consider each student as an individual and make recommendations based on data and identified student need.

The purpose of this policy is to provide school teams with a framework for considering retention, promotion, or acceleration that is consistent with our philosophy of education.

Additionally, the procedures are designed to ensure that retained students receive the supplemental, targeted instruction and support that they require in order to make adequate academic gains in subsequent years. This policy addresses guiding principles that will inform retention and acceleration decisions; considerations that Rocketship will use when promoting and accelerating students, and considerations for retention, including timelines for identification, factors that could lead to retention, retention procedures and appeals (including for students with IEPs), retention plans, and documentation requirements.

### **Guiding Principles for Retention, and Acceleration**

All Rocketship schools are expected to adhere to the guidelines below when making decisions on retention and acceleration.

- Students vary considerably in their rate of development. Factors that affect development include chronological age, communication skills, academic ability, social, physical, and emotional maturity, attendance, cognitive ability, etc.
- Some children may benefit from more time in a given grade level, if the curriculum is suited to their needs and they continue to be socially well-adjusted to their peer group.

# ROCKETSHIP

## PUBLIC SCHOOLS

- Children who perform at exceptionally high levels in relation to their grade-level peers and are developmentally (physically and mentally) on-level may benefit from acceleration to the next grade level.
- School teams must use great care when making recommendations regarding retention and acceleration in order to ensure the greatest likelihood that it is an effective intervention. Emotional maturity and social adjustment concerns should be evaluated when considering whether or not to retain or accelerate a student.
- Educators must consider the academic needs of a child when determining acceleration as well as emotional maturity, physical maturity, and social adjustment. School leaders will consider myriad factors including both absolute performance and growth/progress made on assessments when ascertaining whether or not students are academically prepared to move on to the next grade level.
- As described in Rocketship's Admissions Policy, schools typically should not make decisions regarding retention or acceleration during the enrollment process. Schools are expected to enroll all students in the next consecutive grade level and then assess students as needed.

Student promotion is based on the student demonstrating satisfactory performance in core academic subjects (reading/language arts, mathematics, science, and social studies) as determined by network criteria, including grades, teacher assessments, and/or standardized test results.

A student enrolled in the third (3rd) grade shall not be promoted without meeting the requirements or exemptions outlined in this policy.

### **Considerations for Retention**

#### Indicators to Review When Considering Retention

Factors used to identify students who are at risk for retention include but are not limited to:

- The student's ability to perform at the expectations of the current grade level standards;
- The results of local assessments, screening, or monitoring tools;



- State assessments, as applicable;
- Home Literacy Reports;
- The overall academic achievement of the student;
- The student's likelihood of success with more difficult material if promoted to the next grade;
- The student's attendance record; and
- The student's maturity.

The following indicators of academic achievement should also be considered when making retention decisions:

- Consistent scores in the bottom quartile of assessments (i.e. state assessments, NWEA, math or ELA benchmarks).
- Failure to make adequate academic progress when compared to peers (i.e. data shows that rate of improvement is considerably less accelerated than class average).
- Failure to make adequate progress towards individual goals after receiving evidence-based interventions, implemented with treatment integrity.
- Severe social or emotional immaturity when compared to peers that causes harm to the student's academic, behavioral, and/or social-emotional development.
- Recommendation of student's teachers that retention is or is not an appropriate option, with supporting rationale.
- Parent buy-in in regards to retention or not.

These indicators must be evident despite having received interventions before retention should be considered.

### **Parent/Guardian Elected Retention (grades K-2)**

Parents or guardians of students in kindergarten through second grade may request to retain their child in the current grade if there is a documented academic or behavioral delay and they believe retention is in the child's best interest. To do so, written notification must be submitted to the school within 30 calendar days after the end of the school year.

- A documented academic delay is defined as:
  - Receiving Tier III academic intervention(s) through the Tennessee's



- Response to Instruction and Intervention (RTI2) Framework; and
- Having a current student intervention plan in the area(s) of reading or math or an Individual Learning Plan - Characteristics of Dyslexia (ILP-D) in accordance with State Board Rule 0520-01-22.
- A documented behavioral delay is defined as:
  - Receiving Tier III behavior intervention(s) through the Tennessee's Response to Instruction and Intervention (RTI2) Framework; and
  - Having a current student intervention plan for behavior.

If a parent or guardian submits a timely written request and the student is determined by Rocketship to have a qualifying academic or behavioral delay, the student will be retained in their current grade for the upcoming school year. Rocketship will notify the parent or guardian in writing of the decision. If the student does not meet the criteria, Rocketship will provide written notice that the student does not qualify for retention.

#### **Procedures for Retention and Intervention (all grades except 3rd)**

Retention will only be considered when it is in the best interest of the student or is required under the law. A student shall not be retained more than once in any grade and retention shall not be used without an academic remediation plan with strategies and enhancements different from the previous year or used as a punitive or disciplinary measure or based solely on a student's social and emotional maturity.

A student will not be retained under this policy due to limited English proficiency or due to an identified disability that impacts reading or a suspected disability that impacts literacy development.

Retention decisions affecting a student receiving special education services shall be made in consultation with the student's Individualized Education Program (IEP) or 504 team and in accordance with the provisions of the IEP or 504 plan.

Students will be identified as at-risk for retention as early in the school year as is practicably feasible. Rocketship Education will identify students who will be recommended for retention no later than February 1. However, a student may be





identified for retention after February 1 if the delay is due to:

- Date of enrollment; or
- Additional information acquired after results of local assessment, screening, or monitoring are released; or
- Significant changes to student attendance or participation in the education program.

If retention is being considered,

- The student's parent/guardian shall be notified within fifteen (15) calendar days of identification,
- A Student Study Team (SST) shall be convened consisting of at least the School Leader, the student's classroom teacher, and an Individualized Learning Specialist.
- The SST will develop an individualized promotion plan to help the student avoid retention.
  - All individualized promotion plans will be developed in coordination with the student's teachers, IEP or 504 team, if applicable.
  - Each plan will include evidence-based promotion strategies, expectations and measurements that can be used to verify that a student has made sufficient progress to be promoted to the next grade level, and shall be tailored to the student's learning needs.
  - For students in grades three (3) and four (4) shall include the additional requirements for promotions outlined in this policy.
- The parent/guardian will be provided with a copy of the individualized promotion plan and will be invited to participate in all SST Meetings.
- The SST will convene to review the student's progress on their individualized promotion plan, and in combination with the guiding principles described above the SST will arrive at a retention recommendation. The School Leader will make all final retention decisions.
  - If a student is not making progress on their promotion plan, then the promotion strategies shall be modified to support the student in the goal of promotion to the next grade level.
  - At the end of the school year a student:
    - Will be promoted to the next school year if they have demonstrated sufficient academic progress with the strategies included in their promotion plan during the school year.



- Will be retained in the same grade if they have not demonstrated sufficient academic progress as defined in their promotion plan by the end of the school year.
- All students who have not demonstrated sufficient academic progress as defined in their promotion plan will be eligible to enroll in a summer reading or learning program if such is available.
  - If the student is enrolled in a summer reading or learning program, Rocketship will notify the parent or guardian of the final retention decision in writing at least ten (10) calendar days before the start of the next school year.
  - If the student is not enrolled in such a program, the decision will be communicated in writing as soon as it is made at least 30 days prior to the start of the next school year.
- Parents and guardians will be notified of their right to appeal a retention decision to the regional Executive Director.

Kindergarten students who have completed one year of kindergarten shall be admitted to first grade unless the parent/guardian and Rocketship agree that the student shall continue in kindergarten for not more than one additional school year. Whenever a student continues in kindergarten for an additional year, the Regional Executive Director or their designee shall secure an agreement, signed by the parent/guardian, stating that the student shall continue in kindergarten for two more than one additional school year.

#### English Language Learners

For the multilingual learner, retention decisions shall be based on the student's rate of English acquisition rather than on lack of grade-level English language proficiency or mastery of core academic content standards. The retention of multilingual learner students shall not be based solely on English language proficiency.

#### **Procedures for Retention and Intervention (Grades 3)**

Any third-grade student of an authorized charter school shall not be promoted to the next grade level unless the student is determined to be proficient in English language arts (ELA) based on the student's achieving a performance level rating of "on track" or "mastered" (otherwise known as "met expectations" or "exceeded expectations") on the ELA of the



student's most recent Tennessee comprehensive assessment program (TCAP) test.

Third Grade Promotion Based on a Performance Level of "Approaching" on the ELA portion of the TCAP Test

A student in grade three (3) who is not proficient in ELA, as determined by the student's achieving a performance level rating of "approaching" on the ELA portion of the student's most recent TCAP test may be promoted to fourth (4th) grade via one of the following pathways:

1. The student is an English language learner and has received less than two (2) full school years of ELA instruction;
2. The student was previously retained in any of the grades kindergarten through three (K-3);
3. The student is retested before the beginning the next school year and scores proficient in ELA;
4. The student attends a learning loss bridge camp before the beginning of the upcoming school year, maintains a ninety percent (90%) attendance rate at the camp, and the performance on the post-test administered at the end of the learning loss bridge camp demonstrates adequate growth, as determined by the Department of Education; or
5. The student is assigned a high-dosage, low-ratio tutor through the Tennessee accelerating literacy and learning corps (TN All Corps) for the entirety of the upcoming year; or
6. The student demonstrates proficiency in ELA standards based on scoring within the fiftieth percentile on the most recently administered state-provided benchmark assessment (the Tennessee Universal Reading Screener provided by the Department of Education), if administered in a test environment and the public charter school agrees to provide high-dosage, low-ratio tutoring services to the students for the entirety of the student's fourth grade year based on requirements established by the Department of Education.
  - Promotion to the fourth grade pursuant to this option may occur after the student's parent and/or guardian is notified in writing of the benefits of enrolling the student in the learning loss bridge camp and encouraged the parent or guardian to do so.
  - "State-provided benchmark assessment" for purposes of this option means



the Tennessee Universal Reading Screener provided by the Department of Education.

- Tutoring services provided pursuant to this option must be high-dosage, low-ratio tutoring, as defined in TN SBOE Rule 0520-01-03-.16

A student who is promoted to the fourth grade via Approaching Pathway 5 must show adequate growth on the fourth grade ELA portion of the TCAP test, as defined in State Board of Education Policy 3.300, before the student may be promoted to the fifth grade. A student shall not be retained in the fourth grade more than once.

#### Promotion Based on a Performance Level of "Below" on the ELA portion of the TCAP Test

A student who is not proficient in ELA, as determined by the student's achieving a performance level rating of "below" on the ELA portion of the student's most recent TCAP test may be promoted via one of the following pathways:

1. The student is an English language learner and has received less than two (2) full school years of ELA instruction;
2. The student was previously retained in any of the grades kindergarten through three (K-3);
3. The student retested before the beginning the next school year and scores proficient in ELA; or
4. The student attends a learning loss bridge camp before the beginning of the upcoming school year and maintains a ninety percent (90%) attendance rate at the camp, and receives high-dosage, low-ratio tutoring for the entirety of the upcoming school year from a Tennessee accelerating literacy and learning corps (TN ALL Corps) tutor. Tutoring services provided pursuant to this option must be high-dosage, low-ratio tutoring, as defined in TN SBOE Rule 0520-01-03-.16.

A student who is promoted to the fourth grade via Below Pathway 4 must show adequate growth on the fourth grade ELA portion of the TCAP test, as defined in State Board of Education Policy 3.300, before the student may be promoted to the fifth grade.<sup>5</sup> A student shall not be retained in the fourth grade more than once.

#### **Procedures for All Retained Students**

For students who are retained, the SST will develop an individualized Retention



Intervention Plan for the retained student within thirty (30) calendar days after the beginning of the next school year. The academic remediation plan shall be developed in coordination with the student's teachers, IEP or 504 team, if applicable, and may also include input from the student's parents, school counselor, or other appropriate school personnel. The plan will detail the supplemental interventions and supports that will be made available to the student using Rocketship's "Retention Intervention Plan" template.

The Retention Intervention Plan shall include at least one of the following strategies:

1. Adjustment to the current instructional strategies or high quality instructional materials;
2. Additional instructional time;
3. Individual tutoring for the entirety of the upcoming school year;
4. Modification to the student's classroom assignment to ensure the student receives instruction from a teacher with a level of overall effectiveness of above expectations (level 4) or significantly above expectations (level 5); or
5. Attendance or truancy interventions.

A copy of the plan shall be provided to the student's parent/guardian within ten (10) calendar days of its development.

The progress of a retained student shall be closely monitored and reported to the student's parent or legal guardian a minimum of three (3) times during the school year in which the student is retained.

During the subsequent school year, school leaders are responsible for continuing to monitor the academic progress of all retained students and reconvening the SST to make changes to the intervention plan when necessary.

At the end of the school year, the Principal is responsible for maintaining documentation of the following information.

- The student's name;
- The underlying reason for the retention decision;
- Whether the principal identified the student as at risk of retention
- Whether the principal provided written notice to the student's parents within 60 calendar days of the last day of school.



### **Considerations for Acceleration**

Acceleration is the process of advancing students at a more rapid rate than experienced by most, and may be considered when students are performing significantly above grade level.

#### Procedures for Acceleration

A student may be recommended for acceleration by a teacher, counselor, or the parent/guardian if the student is exceeding grade level standards in reading and/or math. A student recommended for acceleration will take the NWEA MAP or other state assessments at the grade level for which he/she is recommended.

If acceleration is being considered, a Student Study Team (SST) shall be convened consisting of at least a The School Leader, the student's classroom teacher, an Individualized Learning Specialist, and the student's parent/guardian. The SST will consult to review the student's performance in accordance with the guiding principles described above and will arrive at a mutually agreed-upon decision. The SST Team should consider the following indicators when determining whether a student should be accelerated to another grade level.

- Exceeding grade-level standards on school work, such as classwork, quizzes, tests, and Projects.
- Scoring in the 99th percentile on state testing. Scores in the 75th percentile on standardized assessments in the grade level to which the student is being recommended for acceleration (i.e. NWEA MAP, math or ELA benchmarks).
- Academic, behavioral, and/or social-emotional development.

The School Leader will make the final acceleration decision based on the SST's recommendation. The parent of the student who is being considered for acceleration will be provided with objective evidence supporting the acceleration recommendation. Parents must confirm their agreement with the recommendation for acceleration before the end of the school year in writing.

### **Appealing Retention or Acceleration Decisions**

The School Leader must notify parents/guardians in writing of their right to appeal a



retention or acceleration decision.

Parents/guardians of third grade students who scored in the “Approaching” category may appeal the retention decision to the Tennessee State Board of Education. Detailed information on how to file an appeal can be found on the Tennessee Department of Education (TDOE) website.

For all other retention or acceleration decisions, parents must submit an appeal in writing to the regional Executive Director within ten (10) days of the decision. Appeals shall be reviewed by the regional Executive Director or their designee, who will consider information provided by Parent/Guardian, the SST recommendation, and any other information shared by the Principal. The regional Executive Director or their designee's decision shall be final.



**Executive Summary**  
**Rocketship Education Tennessee**  
**Board of Trustees**  
**December 4, 2025**

<b>Agenda Item:</b> 4(A)  <b>Subject:</b> Approve Resolution #2025-05 Appointing the Officers of Rocketship Education Tennessee	X	OPEN/ACTION
		INFORMATION
		CONSENT

**Recommendation(s):**

Staff members recommend that the Rocketship Education Tennessee ("RSED-TN") Board of Trustees ("RSED-TN Board") approve Resolution #2025-05 Appointing the Officers of RSED-TN.

**Background:**

In accordance with the Bylaws of RSED-TN, Article V, the principal officers of the corporation shall be appointed by the RSED-TN Board. This resolution puts forth the following individuals for approval as officers of RSED-TN, subject to the RSED-TN Board's ultimate direction and control:

April Taylor - President/Board Chair

Rob Elliott - Vice President/Vice Chair

Abby Spaulding - Board Secretary

Rob Elliot - Board Treasurer

Eric Dailey - Executive Director, Tennessee

**Summary of Previous Board Action by Board:**

The RSED-TN Board annually appoints the Officers of the Board. The RSED-TN Board last appointed officers at the RSED-TN Board meeting held on December 11, 2024.

**Fiscal Impact:**

None

**Submitted by:**

Justin White, Senior Director, Governance & Compliance



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**RESOLUTION #2025-05 OF THE BOARD OF TRUSTEES  
OF ROCKETSHIP EDUCATION TENNESSEE**

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**APPOINTING THE OFFICERS  
OF ROCKETSHIP EDUCATION TENNESSEE**

**WHEREAS**, the Bylaws of Rocketship Education Tennessee, a Tennessee nonprofit public benefit corporation (the “Corporation”), provide for the appointment of officers of the Corporation by the Board of Trustees of the Corporation (the “Board”); and

**WHEREAS**, the Board has considered certain individuals to serve as officers of the Corporation and desires to elect officers of the Corporation;

**RESOLVED**, that the Board hereby appoints the following individuals to serve in the respective positions set forth opposite their names with all of the rights and responsibilities attendant to such positions subject to the Board’s ultimate direction and control:

April Taylor	President
Rob Elliott	Vice President
Abby Spaulding	Secretary
Rob Elliot	Treasurer

**BANKING AND CHECK SIGNING AUTHORITY**

**WHEREAS**, the Board desires to designate and authorize the individuals who have banking and check signing authority on behalf of the Corporation;

**RESOLVED**, that the following individuals are authorized to designate as depositories of the Corporation’s funds one or more other banks, trust companies, or other financial institutions, and to open, keep, and close general and special accounts in such depositories;

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April Taylor	President
Rob Elliott	Vice President
Abby Spaulding	Secretary
Rob Elliot	Treasurer
Preston Smith	Chief Executive Officer, RSED
Benjamin Carson	Chief Financial Officer, RSED
Eric Dailey	Executive Director, RSED Tennessee

**RESOLVED FURTHER**, that any of the above referenced individuals are authorized to endorse checks, drafts, or other evidence of indebtedness made payable to the Corporation, but only for the purpose of deposit;

**RESOLVED FURTHER**, that all checks, drafts, and other instruments obligating the Corporation to pay money, including instruments payable to officers or other persons authorized to sign them, shall be signed on the Corporation's behalf by any one of the: President of the Board, Vice President of the Board, Secretary, Treasurer, Chief Financial Officer, and the Chief Executive Officer, as listed above;

**RESOLVED FURTHER**, that the authority hereby conferred shall remain in force until revoked by the Board and until written notice of such revocation shall have been received by any of the financial institutions where the Corporation holds accounts; and

**RESOLVED FURTHER**, that the Secretary is authorized to certify as to the continuing authority of these resolutions, the persons authorized to sign on behalf of the Corporation, and the adoption of the above financial institutions' standard form of resolutions, provided that said form does not vary materially from the terms of the foregoing resolutions.

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**GENERAL AUTHORIZATION**

**RESOLVED FURTHER**, that any of the Rocketship Education Tennessee officers may execute, verify, and file any and all documents, and may take any and all such actions, as are proper and necessary to effectuate the purposes of these resolutions.

**SECRETARY'S CERTIFICATE**

The undersigned hereby certifies that the foregoing is a true and correct copy of *Resolution #2025-05 Appointing the Officers of Rocketship Education Tennessee* that was duly adopted by the Board of Trustees of Rocketship Education Tennessee at a meeting thereof duly called, noticed and held on December 4, 2025 and at which meeting a quorum of the Board was present, and that these resolutions were adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

WITNESS my hand this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Abby Spaulding, Secretary of the Board  
Rocketship Education Tennessee

**Executive Summary**  
**Rocketship Education Tennessee**  
**Board of Trustees**  
**December 4, 2025**

<b>Agenda Item:</b> 5(A)  <b>Subject:</b> Approve Revised Rocketship Fiscal Policies	X	OPEN/ACTION
		INFORMATION
		CONSENT

**Recommendation(s):**

Staff members recommend that the Rocketship Education Tennessee (“**RSED-TN**”) Board of Trustees (“**RSED-TN Board**”) approve the revised Rocketship Public Schools Fiscal Policies (“**Fiscal Policies**”). This updated fiscal policy was presented to and reviewed by the RSED-TN Business Committee and was recommended for approval to the RSED-TN Board.

**Background:**

As part of our annual cycle of policy revisions, staff members are recommending a number of smaller technical revisions to the Fiscal Policies, as well as several more substantive changes. The changes include:

1. Enhanced Conflict of Interest, Procurement, and Payroll policy language.
2. Updates throughout the policies to reflect regions outside California.
3. Clarifications and enhancements around purchasing thresholds and rules to capture Ramp capabilities.

**Summary of Previous Board Action by Board:**

The RSED-TN Board last approved the Fiscal Policies at the June 5, 2025 meeting of the Board.

**Fiscal Impact:**

None

**Submitted by:**

Ben Carson, Chief Financial Officer

# **Rocketship Public Schools**

**Fiscal Policies  
Revised and Approved  
September 2025**

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## Introduction

The Governing Board of Rocketship Education (also referred to as Rocketship Public Schools and hereinafter the “RPS Board”) has formally reviewed and adopted the following fiscal policies to promote the effective stewardship of RPS resources in support of its mission. These policies are intended to ensure that all funds are responsibly budgeted, accurately accounted for, prudently expended, and properly safeguarded in accordance with applicable laws, regulations, and best practices.

## Purpose of the Policies

As stewards of both public and private funds dedicated to advancing students’ education and achievement, all RPS personnel are expected to fully comply with and uphold the fiscal policies set forth in this document.

These fiscal policies serve as the formal framework for the Organization’s financial operations. Their primary purpose is to ensure that assets are properly safeguarded, financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP), and all financial activities are conducted with the highest standards of accountability, integrity, and 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**

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 canceled and payees are notified in compliance with state law.

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 Payroll Access & Management

Rocketship Public Schools (RPS) is committed to maintaining accurate, timely, and secure payroll processing and access controls. This policy applies to all RPS employees, managers, payroll staff, and any third-party service providers with authorized access to RPS payroll and timekeeping systems.

### **Audit Reports**

RPS shall utilize Workday's audit reporting features to generate routine reports that monitor and flag any changes to employee data, including pay rates, job classifications, direct deposit details, and tax elections. These audit reports are part of the Payroll period checklist and shall be reviewed regularly by the Payroll Department to detect and resolve discrepancies promptly.

### **New Hire and Termination Notifications**

The Payroll Department shall receive automated notifications for all new hires, terminations, and employee status changes entered into Workday. This ensures timely updates to payroll records and prevents inaccurate or unauthorized payments.

### **Standardized Timekeeping**

RPS shall require all hourly employees to use a standardized timekeeping system for accurate recording and approval of hours worked. Managers are responsible for reviewing and certifying time entries each pay period to confirm that hours worked are complete, accurate, and compliant with applicable labor laws and organizational policies.

## 1.24 Monthly Close

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

## 1.25 Retirement Savings Plan Policy

Rocketship Education Inc is the plan administrator for a 403(b) retirement account. The purpose of this plan is to provide all eligible employees with a compliant, secure, and transparent retirement savings plan. All contribution reconciliations, supporting documentation, and true-up reports shall be retained in compliance with RPS's Records Retention Policy and applicable ERISA requirements.

## 1.26 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 CEO on a monthly basis. They will be reviewed by the Business Committee of the Board of Directors on a quarterly basis.

## 1.27 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 audit scope will be expanded to include items and processes specified in the applicable sections of the Uniform Guidance (2 CFR Part 200) and related OMB requirements. The selected audit firm must be familiar with these standards and the state charter school audit requirements where RPS operates schools 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 each year and from time to time will solicit proposals from interested firms prior to appointing an audit firm.

### **Audit Committee**

The RPS Board shall appoint an Audit Committee composed of one or more individuals. Members of the Audit Committee shall not include any employees of the organization, including the President or CEO, Treasurer, or CFO. Additionally, no individual with expenditure authorization or responsibility for recording financial transactions within the organization may serve on the Committee.

The Audit Committee shall be responsible for reviewing the results of the annual independent audit and for developing a corrective action plan to address any material weaknesses or deficiencies identified by the auditor. The Committee shall also evaluate the performance of the external auditor and make recommendations to the Board regarding the selection, retention, or replacement of the auditor as appropriate.

The RPS Board shall review and approve the final audited financial statements no later than December 15 of each year.

## **1.28 Tax Compliance**

### **Exempt Organization Returns**

The RPS Board shall engage an independent external firm to conduct the annual financial audit and to prepare the annual Federal Form 990 and required state tax returns. These tax filings shall be submitted no later than May 15 of each year, unless an extension has been formally obtained. The Board acknowledges that, under certain circumstances, the filing deadline may be extended beyond May 15 in accordance with applicable regulations.

## **2.0 Internal Controls**

The Finance and Accounting teams are entrusted with safeguarding RPS's assets, implementing and upholding management's internal policies, and ensuring full compliance with all applicable local, state, and federal laws and regulations. All financial activities are conducted in strict accordance with Generally Accepted Accounting Principles (US GAAP) to ensure the production of timely, accurate, and reliable financial information. Furthermore, as a publicly supported organization, RPS recognizes its heightened responsibility to maintain the public's trust and to

uphold the highest standards of transparency and integrity in all financial operations, thereby reinforcing confidence in the mission and activities of our schools.

## 2.1 Conflict of Interest

The Rocketship Conflict-of-Interest Policy (COI) is intended to safeguard the organization's interests when considering any transaction or arrangement that could result in a personal benefit to any officer or Director of the Corporation. This policy is designed to supplement, and not supersede, any applicable state or federal laws governing conflicts of interest for nonprofit and charitable organizations. It is intended to promote transparency, accountability, reputation, and adherence to the highest ethical standards in all decision-making processes.

### **Central Registry of Flagged Vendors/Personnel**

RPS shall establish and maintain a centralized registry of any vendors, contractors, or personnel flagged for actual or potential conflicts of interest, ethical concerns, or policy violations.

### **Strengthened COI Clauses in Vendor Agreements**

All RPS vendor contracts and procurement agreements shall include robust COI clauses requiring full disclosure of any actual or potential conflicts. These agreements shall outline RPS's right to terminate the contract if undisclosed conflicts are discovered. Vendors must comply with this policy and fully cooperate with any related review or investigation.

### **Disclosure and Review Process**

Any RPS director, officer, employee, or vendor must promptly disclose any potential conflict of interest in writing to the Executive Director or Compliance Officer. The Board of Directors or its designated committee shall review all disclosures and determine appropriate steps to mitigate or eliminate any conflict, including but not limited to recusal from decision-making, reassignment of responsibilities, or discontinuation of vendor relationships.

### **Compliance and Enforcement**

Failure to disclose a conflict of interest or violation of this policy may result in disciplinary action up to and including termination of employment or contracts. RPS reserves the right to take any action necessary to protect the organization's integrity and to ensure full compliance with this policy and applicable laws.

## 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 in Rocketship's operating locations.
- 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"> <li>• Approve annual budget submitted by CFO</li> <li>• Review financials on a quarterly basis</li> <li>• Contract for audit annually</li> <li>• Approves intercompany and intracompany grants and loans, including management fee deferrals</li> </ul>	<ul style="list-style-type: none"> <li>• Hold CEO/CFO accountable for financial management and for staying within budget</li> <li>• Review CEO performance and set compensation</li> </ul>
CEO/CFO	<ul style="list-style-type: none"> <li>• Create annual organizational budget</li> <li>• Monitor to stay within approved budget</li> <li>• Fiscal management, training and oversight</li> </ul>	<ul style="list-style-type: none"> <li>• Hold budget owners accountable for staying within budget and for execution of fiscal policies</li> </ul>
CFO	<ul style="list-style-type: none"> <li>• Responsible for all oversight of RPS's financial management and planning for its ongoing sustainability</li> <li>• Develop the annual budget</li> <li>• Oversee the Business Team and responsibility for all functions that fall within the department.</li> <li>• Ensure adequate internal control and segregation of duties</li> <li>• Cash flow management</li> <li>• Structure and negotiate loans/bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Oversees the adherence to all internal controls.</li> </ul>
National Leadership Team	<ul style="list-style-type: none"> <li>• Create departmental budgets</li> <li>• Monitor to stay within approved budget</li> </ul>	<ul style="list-style-type: none"> <li>• Hold team accountable for staying within budget, and for execution of fiscal policies</li> </ul>

Role	Responsibilities	Accountability
EDs	<ul style="list-style-type: none"> <li>Create regional budgets</li> </ul>	<ul style="list-style-type: none"> <li>Hold principals accountable for staying within budget, and for execution of fiscal policies</li> </ul>
Principals	<ul style="list-style-type: none"> <li>Create school budget</li> <li>Monitor to stay within approved campus budget</li> <li>Fiscal management and oversight at a school level</li> </ul>	<ul style="list-style-type: none"> <li>Hold team accountable for staying within budget, and for execution of fiscal policies</li> </ul>

## 2.2 Segregation of Duties

To safeguard the organization's financial assets and uphold the highest standards of integrity, financial responsibilities shall be systematically and appropriately segregated among multiple individuals. This segregation of duties is a critical internal control designed to mitigate the risks of fraud, misappropriation, and errors while ensuring operational efficiency and accountability.

### Key Principles

- No single individual shall have control over all critical stages of any financial transaction.
- Responsibilities related to authorization, processing, recording, and reconciliation shall be distributed to prevent conflicts of interest and reduce risk.
- The segregation of duties shall be reviewed periodically to adapt to organizational changes and evolving risk profiles.

### Invoice Processing and Approval

- Invoice receipt, verification, and approval must be handled by different individuals.
- Approval authority should be commensurate with predefined financial thresholds aligned with the organization's delegation of authority policy.

### Payment Authorization

- Payment preparation and authorization shall be separated.
- Personnel responsible for payment approval must not be involved in the payment execution process.

### Check Signing and Payment Execution

- The authority to sign checks or authorize electronic payments shall be limited to designated personnel, with dual signatures or approvals required for amounts exceeding established thresholds.

### Contracting Authority

- Contract negotiation, approval, and execution must be conducted by separate individuals or departments according to defined delegation limits.
- Contracts involving financial commitments beyond certain thresholds shall require additional executive or board-level approval.



**Reconciliation and Monitoring**

- Periodic independent reconciliations of accounts and financial records shall be conducted by personnel not involved in transaction initiation or approval.
- Exception reports and irregularities shall be promptly escalated for review and investigation.

**Threshold Governance**

- All financial activities, including invoice approvals, payment authorizations, check signing, and contracting, shall adhere to established monetary thresholds that trigger varying levels of review and approval.
- These thresholds will be documented, communicated, and regularly reviewed to ensure appropriateness.

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

Contracting Authority requirement	Value	Regional Contracts, purchase orders, or other pre-authorizations * (entered into by regional entities)	National Contracts, purchase orders, or other pre-authorizations
<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
	500K<1M	CEO or CFO AND Board Chair or Chair of Finance Committee	CEO or CFO AND Board Chair or Chair of Finance Committee
	>\$1M	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/Transfers/Wires (entered into by regional entities)*	National Invoice/Payments/Transfers/Wires
	up to 5K	Principal or AD	AD
	up to 10K	Director, Schools or AD/Director of Operations	Director
	10K < 25K	ED	Senior Director/VP
	25K < 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
	500K < 1M	CEO or CFO AND Board Chair or Chair of Finance Committee	CEO or CFO AND Board Chair or Chair of Finance Committee
	>\$1M	Board of Directors or Business Committee	Board of Directors or Business Committee or Executive 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
<b>Recruitment, Hiring and Job Placement Records</b> <ul style="list-style-type: none"> <li>• Job applications</li> <li>• Resumes</li> <li>• Letters of recommendation</li> <li>• Other job inquiries sent to the Charter School</li> <li>• Job advertisements/postings</li> <li>• Results of non-medical pre-employment tests</li> <li>• Offers of employment</li> <li>• Employment agreements</li> <li>• Signed pre-employment disclosures (employee handbook acknowledgment, complaint procedures, etc.)</li> <li>• Employee training (harassment prevention, mandated reporting, etc.)</li> <li>• Employee certificates, credentials, licenses, and other evidence of qualifications</li> <li>• Evidence of criminal background check</li> </ul>	3 years after separation, or for the duration of any claim or litigation regarding hiring practices
<b>Employee Performance and Other Personnel Records</b> <ul style="list-style-type: none"> <li>• Job descriptions</li> <li>• Training and testing</li> <li>• Performance goals</li> </ul>	3 years after separation

<ul style="list-style-type: none"> <li>• Performance evaluations</li> <li>• Written feedback and commendations</li> <li>• Promotions and demotions</li> <li>• Letters of reprimand and discipline</li> <li>• Performance Improvement Plans</li> <li>• Termination, resignation, lay-offs, etc.</li> <li>• Notices and letters</li> </ul>	
<p>Employee Medical Leave Records (PDL, FMLA, CFRA, etc.) *</p> <ul style="list-style-type: none"> <li>• Requests for leave</li> <li>• Health care provider notes</li> <li>• Leave calculations</li> <li>• Records of disputes regarding leave</li> <li>• Employee benefits related to leave</li> <li>• Leave policies</li> </ul>	<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"> <li>• Employment agreements</li> <li>• Wage rates and calculations</li> <li>• Shift schedules (hours and days)</li> <li>• Time cards</li> <li>• Individual calculations for absences, sick days, vacation days, etc.</li> <li>• Itemized wage statements/pay stubs</li> </ul>	<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"> <li>• Employee name, address, age, and occupation</li> <li>• Individual wage records</li> <li>• Regularly hourly rate</li> <li>• Hours worked (daily/weekly)</li> <li>• Weekly overtime earnings</li> <li>• Daily and weekly straight time earnings</li> <li>• Deductions from or additions to wages</li> <li>• Wages paid each pay period</li> <li>• Pay dates and pay periods</li> <li>• Unemployment Insurance Records</li> </ul>	<p>4 years, generally</p>
<p>Employment Eligibility (I-9 Forms)</p>	<p>The later of (a) 1 year after separation, or (b) 3 years from date of hire.</p>
<p>Employee Health Records*</p> <ul style="list-style-type: none"> <li>• First-aid records</li> <li>• Job injuries (causing loss of work time)</li> <li>• Drug and alcohol test records</li> </ul>	<p>5 years after separation</p> <p>* Records that contain employee confidential medical</p>

	information should be retained in a separate, secure file.
<b>Employee Workers' Compensation Records</b> <ul style="list-style-type: none"> <li>• Copies of claim forms</li> <li>• Reports of occupational injury or illness</li> <li>• Letters of denial of benefits</li> <li>• Reports to the Division of Workers' Compensation</li> <li>• Benefits paid</li> <li>• Estimates of future benefits</li> <li>• Applications to the Workers' Compensation Appeals Board</li> <li>• Orders and Awards of the Workers' Compensation Appeals Board</li> </ul>	5 years after date of injury and 2 years after claim has been closed.  * Records that contain employee confidential medical information should be retained in a separate, secure file.
<b>Employee Benefit Records</b> <ul style="list-style-type: none"> <li>• Benefits elections</li> <li>• Beneficiary designations</li> <li>• Eligibility determinations</li> <li>• COBRA notices</li> <li>• Summary plan descriptions</li> <li>• Other welfare benefit plan information (life, health, disability, long-term care, post-retirement medical)</li> </ul>	6 years after separation, but not less than 1 year following a plan termination.  * Records required to determine retirement benefits, including 401(k) and similar plans, must be kept indefinitely.
<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
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## 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, RPS encourages the solicitation and acceptance of gifts for purposes that will assist RPS to further and fulfill its mission.

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

### **Restrictions on Gifts**

RPS will accept unrestricted gifts, and gifts for specific schools, programs and purposes, provided that such gifts are consistent with RPS' mission, purposes, and priorities. RPS 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 RPS, 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**

RPS 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, RPS 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 RPS.

All prospective donors shall be urged and encouraged by RPS 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. RPS shall not pay the legal fees or any professional fees of the donor in connection with a gift to RPS. RPS 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**

RPS shall record a gift received by RPS 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**

RPS is responsible for filing IRS Form 8282 upon the sale or disposition of any non-cash donated property sold by RPS within three years of receipt where the charitable deduction value of the item was \$5,000.00 or greater. RPS 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**

RPS 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.

### **Management Fee Applicability**

In consideration for all Management Services, RPS shall receive a monthly Management Fee equal to 15% of "Applicable Revenue." Management Fees shall be used consistent with RSPS's exempt purpose.

Applicable Revenue is defined as local, state and federal revenues of all such Charter Schools, including GP Entitlement Funds and CBG Funds, paid or accrued with regard to a particular year (without regard to the date funds are actually received). Applicable Revenue shall exclude:

1. Lunch reimbursement
2. Uniform reimbursement
3. After school program reimbursement
4. Title V startup funds
5. Private grants, unless otherwise authorized
6. Local fundraising revenues, unless otherwise authorized

## 3.0 Financial Management

### 3.1 Budgeting Process

The CFO will prepare an annual budget and multi-year forecast each year for presentation to the national board of directors and regional boards of directors. The preliminary annual budget is to be reviewed and approved by the RPS Board prior to the start of each fiscal year. During the first quarter of the fiscal year, the CFO will prepare updates to the budget based on the latest information on enrollment, funding sources, staffing, and operational costs. The RPS National Board and regional boards will review and approve this updated budget, which will be used for reporting purposes (e.g., tracking actual vs. budgeted CINA) for the remainder of the 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. The CFO's budget proposal will include any significant capital expenditure projects (significant is defined as over \$500K), as well as any proposed intercompany or intracompany grants or loans, including management fee deferrals.

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.

### 3.2 Borrowing and Loaning 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.

The extension of credit by Rocketship Education to any of its affiliates shall be approved by the Board of Directors. Rocketship Education shall not extend loans or credit to any organization that is not an affiliate or subsidiary.

### 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 revenue from multiple sources, including but not limited to federal and state agencies, private grants, and other contributions. Many of these funding sources impose specific restrictions on how funds may be obligated, expended, recorded, and reported. It is the policy of RPS to ensure that all revenues, particularly restricted funds, are managed in full compliance with the terms and conditions specified by the granting authority and applicable laws and regulations.

### Restricted Funds

Restricted funds are awarded to RPS pursuant to unique grant agreements or awards issued by federal, state, or other funding entities. These funds must be utilized solely for their intended purposes as defined by the awarding agency or donor. RPS staff shall ensure that all expenditures of restricted funds strictly adhere to the allowable uses, cost principles, and reporting requirements outlined in each specific grant or award agreement.

### Staff Responsibilities:

All staff responsible for budgeting, spending, or reporting restricted funds shall review and understand the applicable award documents and related compliance requirements prior to obligating or expending any restricted funds.

Grant managers, program directors, and finance staff shall collaborate to ensure expenditures are properly authorized, adequately documented, and appropriately recorded in the financial system according to fund restrictions.

### Accounts Receivable

All receivables shall be recorded timely and accurately in accordance with generally accepted accounting principles (GAAP) and applicable grantor requirements. The Finance Department shall establish procedures to monitor outstanding receivables, follow up on overdue balances, and ensure prompt collection.

RPS shall maintain accurate records to demonstrate compliance with all applicable grant and funding requirements. All required financial reports and supporting documentation shall be

prepared, reviewed, and submitted to granting authorities in accordance with established deadlines.

The Finance Department, in coordination with program managers and grant administrators, shall periodically review revenue and accounts receivable practices to ensure compliance with this policy, grant conditions, and applicable regulations. Any identified discrepancies shall be addressed promptly, and appropriate corrective actions shall be implemented as necessary.

## 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 Expenses & Accounts Payable

### 5.1 Purchases & Procurement Policy

RPS shall procure only those goods and services that are necessary to fulfill its mission and meet bona fide operational needs. All purchasing decisions shall be guided by the principles of price,

quality, and dependability. Vendors may be selected based on any one or a combination of these factors. RPS shall also take affirmative steps to ensure that minority-owned businesses and women's business enterprises are included whenever possible and practical. The overriding goal shall always be to maintain and support high-quality schools and programs.

When engaging in procurement activities, RPS staff shall:

- Remain impartial in the selection process, focusing solely on the merits of supplier or contractor proposals and applicable factors such as delivery, quantity, and specifications.
- Make all purchases in the best interests of RPS and its funding sources.
- Obtain quality supplies and services needed at the time and place required.
- Procure goods and services only from responsible, reputable, and dependable sources.
- Ensure best value for all expenditures.
- Deal fairly and impartially with all vendors.
- Demonstrate conduct that is above reproach, avoiding any conflict of interest, related party transaction, or the appearance of impropriety in all school-supplier relationships.
- Follow strong internal control principles to minimize risk of fraud, including proper segregation of duties and compliance with all policies governing authorization of 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 review.

### **Contracts for Goods and Services**

Where feasible, RPS shall enter into contracts for goods and services that clearly define scope, deliverables, exclusions, delivery schedules, payment terms, and standard legal protections. Contracts should allow for monthly payments with at least 30 days from the date of invoice. Contracts shall be negotiated by a member of the Network Executive Team or an authorized designee, consistent with established contracting thresholds.

All new vendors must complete Form W-9 (except local, state, or federal government entities) prior to payment initiation.

### **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
- Avoid making purchases categorized as “equipment” or other items that would be considered durable assets with federal funds;
- Where appropriate, analyze lease and purchase alternatives to determine which would be the most economical and practical procurement;
- 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



Methodology & Threshold	Requirement
Micro-purchase \$0-\$10,000	<ul style="list-style-type: none"> <li>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.</li> <li>Distributed equitably among a range of qualified vendors when practical</li> </ul>
Small Purchase \$10,001-\$250,000	<ul style="list-style-type: none"> <li>Price or rate quotes must be obtained from adequate number of sources (at least two)</li> <li>Can be informal, e.g., phone call or web search</li> <li>All quotes, including phone calls, web searches, etc., must be documented and kept on file</li> <li>Price does not need to be deciding factor, but all quotes need to be kept in procurement records</li> </ul>
Sealed Bid \$250,000 and greater <i>Price is principal basis for selection</i>	<ul style="list-style-type: none"> <li>Bids must be solicited from an adequate number of known suppliers, providing sufficient response time</li> <li>Local and tribal governments must publicly advertise bids</li> <li>Invitation for bids must define the items or services in order for bidders to properly respond</li> <li>All bids will be opened at time and place prescribed in invitation. Local and tribal governments must be opened publicly.</li> <li>Firm fixed price contract made in writing to the lowest responsive and responsible bidder</li> <li>Any or all bids may be rejected if there is a sound documented reason</li> </ul>
Competitive Proposal \$250,000 and greater <i>Selection is based on what is most advantageous with price and other factors considered</i>	<ul style="list-style-type: none"> <li>Must be publicized and identify all evaluation factors and their relative importance</li> <li>Must be solicited from an adequate number of qualified sources</li> <li>Must have a written method for conducting technical evaluations of the proposals and selecting recipients</li> <li>Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered</li> </ul>
Noncompetitive Proposal (sole source)	<ul style="list-style-type: none"> <li>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</li> <li>Justification of the use of noncompetitive proposal must be documented</li> <li>Any research on availability from multiple sources must be documented</li> <li>Documentation of authorization must be retained</li> <li>Any initial solicitations from multiple sources which are concluded to be inadequate, and such reasoning, must be documented</li> </ul>

## Purchase and Contract Approval Authority

All purchases at Rocketship are pre-approved according to the thresholds and requirements outlined in Section 2.2. Pre-approval may be given via a limited, specific contract, a purchase order or work order, or an approval in Ramp to make a specific, time-bound purchase or set of

purchases (eg a work-related trip need only be pre-approved once, allowing purchases of airfare, hotel, and meals subject to a total cost approval and other policies).

Approval requirements for contracts, POs, pre-approvals, and payments are outlined in Section 2.2. Once a contract is approved, no further approval is required for recurring or project-related expenditures covered by that contract (e.g., Board-approved construction budgets).

Approval authority may be delegated to another RPS Leadership Team member if an approver is unavailable.

#### **Invoice Payment**

All invoices shall be paid promptly to avoid late fees and maintain vendor relationships.

#### **Oversight**

The Finance Department shall conduct periodic reviews of procurement activities to verify compliance with this policy and related federal and state requirements. Non-compliance shall be addressed through corrective action, training, and updated procedures as needed.

## **5.2 Employee and Volunteer Expense Reimbursements**

RPS recognizes that employees and authorized volunteers may incur necessary and reasonable business expenses in the course of carrying out duties in support of RPS's mission. This policy outlines clear guidelines to ensure that all expenses are appropriate, properly documented, pre-approved, and reimbursed in compliance with RPS's fiduciary responsibilities and applicable federal, state, and funding agency requirements.

#### **Eligibility**

All RPS employees are eligible for expense reimbursement, provided the expenses:

- Align with this policy and RPS's mission;
- Are pre-approved by the employee's manager when required;
- Are reasonable and necessary;
- Are properly documented with original, itemized receipts; and
- Comply with IRS, state, and grantor/funder requirements.

#### **Reimbursement Requirements**

Employees must submit expense reimbursement requests promptly by completing an accurate expense report and attaching required documentation. Expense reports should be submitted within 30 days of incurring the expense and no later than 30 days after the end of the quarter in which the expense was incurred. Original, itemized receipts are mandatory for all expenditures except mileage. If a receipt is lost, supporting documentation such as a credit card statement may be submitted on an exception basis only. Credit card statements are not an acceptable substitute for receipts.

## **Approval Requirements**

Supervisors must review and approve all expense reports. Approval certifies that:

- Expenses are reasonable, necessary, and directly related to the employee's duties;
- Original, itemized receipts are attached;
- Expenses are accurately coded to appropriate accounts; and
- The expense complies with this policy and any relevant funding restrictions.

## **Credit Card Management and Controls**

To strengthen internal controls and ensure fiscal accountability, RPS shall implement the following practices:

- Require pre-approval for all expense/card use.
- Use Ramp (if available/possible) for travel bookings and shop with preferred vendors.
- Enforce itemized receipts for any expenses.
- Limit credit card thresholds to encourage compliance.

## **Guidelines for Specific Reimbursable Expenses**

**Cell Phone:** Eligible full-time employees may receive up to \$50 per month for work-related cell phone expenses.

**Air Travel:** Air travel should be booked in advance to secure the lowest reasonable fares. Only coach class is reimbursable unless pre-approved. Frequent flyer miles remain employee property. Baggage fees for two or more nights are reimbursable; seat upgrades are not.

**Hotels:** Reasonably priced, standard business-class accommodations only. Detailed hotel bills must be submitted.

**Car Rentals:** Use only when cost-effective. Rent economy-class vehicles. Decline additional insurance. Refuel before return.

**Private Vehicle Mileage:** Reimbursed at the IRS standard rate; excludes commuting mileage.

**Other Transportation:** Reasonable costs for taxis, rideshares, and public transit are reimbursable when necessary.

**Meals:** Reasonable meals reimbursed within GSA per diem; maximum \$75/day. Alcohol is not reimbursed.

**Parking & Tolls:** Business-related parking and tolls are reimbursable.

**Entertainment:** Requires pre-approval.

**Non-Reimbursable:** Movies, clothing, fines, personal expenses.

## **Travel Advances**

In specific cases, travel advances may be issued. Advances must be reconciled with actual expenses within two weeks of trip completion.

## 5.3 Governing Board Expenses

Board members must complete expense reports with original receipts for all authorized expenses. The CEO and/or another Board member must review and approve Board expense reports.

## 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.

Leases within the capitalization thresholds will be accounted for in accordance with ASC 842 – lease accounting.

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. RPS has security cameras at its schools to safeguard its assets. RPS 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.

## 7.0 Investment Policy

The RPS CFO will oversee the investment of cash balances, subject to oversight of the RPS Board and following guidelines that have been established by the RPS Board. The core objective of this investment policy is the protection of the principal amount while achieving modest yield. The strategy is rooted in an unwavering commitment to capital preservation and minimal risk exposure. Investments consistent with this approach include, government backed securities, cash and cash equivalents, money market funds, government bonds, certificates of deposit and others.

## 8.0 Time and Effort Policies and Procedures

### Overview:

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- This includes verification through (electronic) signatures and documentation from individuals with first-hand knowledge incorporated into official records;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
  - Budgeted estimates do not qualify but may be used for interim accounting purposes if the estimates are reasonable, identified to related work in a timely manner, and after-the-fact review procedures are in place
- Encompass both federally assisted and all other activities compensated by Rocketship;
- Comply with Rocketship's established accounting policies and practices; and

- Support the distribution of the employee's salary or wages among specific activities or cost objectives.

## **Time and Effort Procedures**

To meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a personnel activity report (PAR) as required below.

The type of form depends on the number of cost objectives that an employee works on. A cost objective is a program, function, activity, award, organizational subdivision, contract, or work unit of which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc.

### **Semi-annual certification - applies to employees who do one of the following:**

- Work 100% of their time on a single grant program and/or single cost objective.
- Work 100% of their time in administering one program such as a Federal Programs Director who administers only one program.
- Work 100% of their time under a single cost objective funded from eligible multiple funding sources.

The semi-annual certification must be:

- Completed twice a year;
- Be signed by the employee or the supervisor with direct knowledge of the work being performed;
- Reflect an after-the-fact distribution of the actual activity; and
- Account for the total activity for which each employee is compensated.
- The semi-annual certifications will be maintained by the business department grants office.

### **PAR - applies to employees who do one of the following:**

- Do not work 100% of their time on a single grant program and/or single cost objective
- Work under multiple grant programs or multiple cost objectives

The PAR provides a written record of an employee's work activities used to document that employee's time to grants or projects. It must be completed monthly and supported by a daily calendar of activities.

All employees who work on multiple cost objectives must complete PARs that support the distribution of their salaries /wages that meet the following standards:

- Reflect an after-the-fact distribution of the actual activity, not a budget estimate;
- Account for the total work activity for which each employee is compensated;
- Be prepared at least monthly (a separate PAR for each month) and coincide with one (1) or more pay periods; and
- Be signed by the employee.

## **Reconciliation Procedures**

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

In order to reconcile actual costs to budgeted distributions, the business team grants office will conduct quarterly reconciliations of payroll charges to the actual time and effort reflected in employees' time and effort records. This will include review of form ratios versus budgeted distributions after each review.

All the time and effort certifications are collected by the business team grants office, reviewed for accuracy, appropriate signatures, dates and copied to the Grants Accounting Office.

ROCKETSHIP PUBLIC SCHOOLS

## Semi-annual Certification

**Name:**

**Job Title:**

**School:**

**July 20XX - December 20XX**

Actual Work Activity		
FUNDING SOURCE	PERCENTAGE OF TIME	DESCRIPTION OF FUNCTIONS

### EMPLOYEE AND SUPERVISOR SIGNATURES

EMPLOYEE NAME	EMPLOYEE SIGNATURE	DATE SIGNED
SUPERVISOR NAME	SUPERVISOR SIGNATURE	DATE SIGNED



ROCKETSHIP PUBLIC SCHOOLS

## Personnel Activity Report

### Monthly

Name:

Job Title:

School:

Pay Period \_\_\_\_\_

Actual Work Activity		
FUNDING SOURCE	PERCENTAGE OF TIME	DESCRIPTION OF FUNCTIONS
Title I	75%	Providing target support to students requiring

#### EMPLOYEE AND SUPERVISOR SIGNATURES

EMPLOYEE NAME	EMPLOYEE SIGNATURE	DATE SIGNED
SUPERVISOR NAME	SUPERVISOR SIGNATURE	DATE SIGNED

## 9.0 Comparability Policy

### Overview

It is the policy of Rocketship Public Schools to provide services that are substantially comparable to Title I and non-Title I schools within the grade span

- State and local funds will not replace federal funds
- Title I receiving schools will not receive less state or local funds because they receive federal funds

### Methods of Determining Comparability

In order to achieve comparability, Rocketship Public Schools relies on the following: LEA Salary Schedule, Staffing Equivalence, and Centralized Procurement.

- LEA Salary Schedule: All Rocketship schools use a common regional salary schedule, ensuring that teachers, principals, and other staff are paid the same (adjusted for experience and performance) from school to school, regardless of Title I funding status.
- Staffing Equivalence: Rocketship follows a common staffing model across all of its schools. While staffing headcounts will vary as enrollment and school needs dictate, the staffing model (the number of teachers per classroom, the number of administrative staff) is consistent from school to school with equivalent total enrollment. This consistent staffing model ensures that each student, regardless of if they are in a Title I or non-Title I school, receives a substantially comparable level of staffing support.
- Centralized Procurement: Rocketship deploys a common national curriculum, technology program, furniture plan, and facilities management plan. These universal, centrally-managed functions, ensure that students at each Rocketship school, regardless of if they are in a Title I or non-Title I school, receive an equivalent provision of supplies, technology, curriculum, facilities, and other non-personnel services.

Supporting documentation must be kept as a record to show implementation and demonstrate that equivalence was achieved.

In accordance with Federal regulations, the determination of the comparability of services may exclude: state and local funds spent on compensatory education programs, bilingual education programs, and programs for educationally-disabled students. The determination of comparability will not take into account unpredictable changes in student enrollments or personnel assignments.

**ROCKETSHIP TENNESSEE**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2025**

**COMPRISED OF:**

**Rocketship Nashville Northeast Elementary**  
**Rocketship United Academy**  
**Rocketship Dream Community Prep**  
**Rocketship Partners Community Prep (Closed)**

**OPERATED BY:**

**Rocketship Education, Inc.**

**ROCKETSHIP TENNESSEE  
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**ROCKETSHIP TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

This section of the Rocketship Tennessee annual financial report presents our discussion and analysis of Rocketship Tennessee's financial performance for the fiscal year ended June 30, 2025. Please read it in conjunction with the audited financial statements, which immediately follow this section.

**Financial Highlights**

- The assets and deferred outflows of resources of Rocketship Tennessee exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$6,306,022 (net position).
- The assets of Rocketship Tennessee's governmental fund are \$9,229,370, which is comprised of cash and cash equivalents, accounts receivable, and inventory items. The liabilities of Rocketship Tennessee's governmental fund at the close of the fiscal year are \$1,247,469, which is comprised of accounts payable and related party payables to Rocketship Education (RSED).
- Rocketship Tennessee's governmental fund had revenues of \$25,423,456; Rocketship Tennessee program expenditures of \$27,268,113; and other financing sources of \$690,860 resulting in a total change in fund balance of \$(1,153,797) for the year ended June 30, 2025.
- As of the close of the current fiscal year, Rocketship Tennessee's governmental fund reported ending fund balance of \$7,981,901.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to Rocketship Tennessee's basic financial statements. Rocketship Tennessee's basic financial statements are comprised of three components: (1) Statement of Net Position and Governmental Fund Balance Sheet, (2) Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance and (3) Notes to the Basic Financial Statements. In addition, the financial statements also include Required Supplementary Information as required by the Governmental Accounting Standards Board (GASB).

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of Rocketship Tennessee's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Rocketship Tennessee's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Rocketship Tennessee is improving or deteriorating.

The *statement of activities presents* information showing how Rocketship Tennessee's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**ROCKETSHIP TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In this case, Rocketship Tennessee's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources significantly by approximately \$6,306,022.

**Rocketship Tennessee  
Net Position**

	Governmental Activities 2024	Governmental Activities 2025
<b>Assets</b>		
Current Assets	\$ 10,282,323	\$ 8,726,474
Noncurrent Assets	36,513,070	35,858,445
<b>Total Assets</b>	46,795,393	44,584,919
<b>Deferred Outflows of Resources</b>		
Deferred Outflows of Resources - Pensions	1,338,059	960,659
<b>Total Deferred Outflows of Resources</b>	1,338,059	960,659
<b>Liabilities</b>		
Current Liabilities	1,338,237	2,014,877
Noncurrent Liabilities	38,406,391	36,978,929
<b>Total liabilities</b>	39,744,628	38,993,806
<b>Deferred Inflows of Resources</b>		
Deferred Inflows of Resources - Pensions	181,487	245,750
<b>Total Deferred Outflows of Resources</b>	181,487	245,750
<b>Net Position</b>		
Invested in Capital Assets	(1,840,123)	(2,470,691)
Restricted for Pension Benefits	410,313	502,896
Unrestricted	9,637,147	8,273,817
<b>Total Net Position</b>	<u>\$ 8,207,337</u>	<u>\$ 6,306,022</u>

The current assets balance is primarily accounts receivable at June 30, 2025 that were due from the state of Tennessee, cash and cash equivalents, and inventory assets. The total noncurrent assets are comprised of net pension asset, stabilization restricted investments and capital assets that were purchased with an original cost of \$5,000 or more. The liabilities balance is a combination of accounts payable that were due but not paid at June 30, net pension liability, deferred rent liability, short and long-term debt and related party payables related to management fee expense.

**ROCKETSHIP TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**Rocketship Tennessee  
Changes in Net Position**

	Governmental Activities 2024	Governmental Activities 2025
<b>General Revenues</b>		
Tennessee Investment in Student Achievement	\$ 23,625,924	\$ 22,419,704
Other State Revenues	832,522	328,006
Federal Grant Revenue	5,026,437	2,385,878
Private Grants and Contributions	342,975	841,388
All Other Revenue	539,614	117,023
<b>Total General Revenues</b>	<u>30,367,472</u>	<u>26,091,999</u>
<b>Expenses</b>		
Governmental Activities - Education Programs	23,289,626	23,922,337
Supporting Services	4,314,693	4,070,977
<b>Total Expenses</b>	<u>27,604,319</u>	<u>27,993,314</u>
<b>Change in Net Position</b>	<u>2,763,153</u>	<u>(1,901,315)</u>
Net Position - Beginning of Year	5,444,184	8,207,337
<b>Net Position - End of Year</b>	<u><u>\$ 8,207,337</u></u>	<u><u>\$ 6,306,022</u></u>

**Governmental Fund**

The focus of Rocketship Tennessee's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Rocketship Tennessee's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

**Governmental Fund Revenues**

During this year of Rocketship Tennessee's operations, the primary source of revenue is Investment in Student Achievement revenue from the state of Tennessee, federal funding, private grants, and contributions.

**Governmental Fund Expenditures**

Total expenditures consist of salary and benefit costs, and other expenditures needed to operate Rocketship Tennessee.



**ROCKETSHIP TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**Fund Financial Analysis**

As noted earlier, Rocketship Tennessee uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

<b>Revenue by Source Governmental Fund</b>		
	2024	2025
<b>Revenues by Source</b>		
General Revenues	\$ 23,625,924	\$ 22,419,704
Program Revenues	6,741,548	3,003,752
<b>Total Revenues</b>	<u>\$ 30,367,472</u>	<u>\$ 25,423,456</u>
 <b>Expenditures by Function Governmental Fund</b>		
	2024	2025
<b>Expenditures by Function</b>		
Educational Programs	\$ 23,065,267	\$ 23,570,689
Supporting Services	3,266,947	2,739,871
Capital Outlay	143,314	393,795
Debt Service	535,851	563,758
<b>Total Expenditures</b>	<u>\$ 27,011,379</u>	<u>\$ 27,268,113</u>
 <b>Other Sources/(Uses) Governmental Fund</b>		
	2024	2025
<b>Other Changes</b>		
Other Financing Sources	\$ 16,030	\$ 22,317
<b>Total Other Changes</b>	<u>\$ 16,030</u>	<u>\$ 22,317</u>

As of the end of the current fiscal year, Rocketship Tennessee's governmental fund reported an ending fund balance of \$7,981,901.

**Capital Assets and Debt Administration**

**Capital Assets**

Rocketship Tennessee had capital assets net of accumulated depreciation and amortization of \$34,930,748 as of June 30, 2025.

**ROCKETSHIP TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**Long-Term Debt**

Rocketship Tennessee had \$37,401,439 of lease liabilities as of June 30, 2025.

**Economic Factors**

In future years, Rocketship Public Schools Tennessee will expand all three of its existing campuses to serve 5th grade, to better align with surrounding middle school enrollment patterns. Additionally, the region is actively working to expand to 5 schools across the greater Nashville area. Both of those developments are expected to increase revenue to the organization.

**Contacting Rocketship Tennessee's Financial Management**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of Rocketship Tennessee's finances. If you have questions regarding this report or need additional financial information, contact Rocketship Tennessee's CFO at [finance@rsed.org](mailto:finance@rsed.org).

**ROCKETSHIP TENNESSEE**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2025**

	General Fund	Adjustments (Note 2)	Statement of Net Position
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 7,620,478	\$ -	\$ 7,620,478
Accounts Receivable	753,353	-	753,353
Inventory	29,595	-	29,595
Prepaid Items and Other Assets	323,048	-	323,048
Total Current Assets	8,726,474	-	8,726,474
<b>NONCURRENT ASSETS</b>			
Stabilization Restricted Investments	502,896	-	502,896
Net Pension Asset	-	424,801	424,801
Capital Assets, Net of Accumulated Depreciation	-	509,251	509,251
Right of Use Asset, Net of Accumulated Amortization	-	34,421,497	34,421,497
Total Noncurrent Assets	502,896	35,355,549	35,858,445
Total Assets	\$ 9,229,370	\$ 35,355,549	\$ 44,584,919
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Pensions	\$ -	\$ 960,659	\$ 960,659
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCE, AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 1,247,469	\$ -	\$ 1,247,469
Lease Liability - Due Within One Year	-	767,408	767,408
Total Current Liabilities	1,247,469	767,408	2,014,877
<b>NONCURRENT LIABILITIES</b>			
Net Pension Liability	-	344,898	344,898
Lease Liability - Due In More Than One Year	-	36,634,031	36,634,031
Total Noncurrent Liabilities	-	36,978,929	36,978,929
Total Liabilities	1,247,469	37,746,337	38,993,806
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources - Pensions	-	245,750	245,750
<b>FUND BALANCE</b>			
Nonspendable for Prepaid Items	323,048	(323,048)	-
Restricted for Stabilization Fund	502,896	(502,896)	-
Unassigned	7,155,957	(7,155,957)	-
Total Fund Balance	7,981,901	(7,981,901)	-
Total Liabilities and Fund Balance	\$ 9,229,370		
<b>NET POSITION</b>			
Net Investment in Capital Assets		(2,470,691)	(2,470,691)
Restricted for Pension Benefits		502,896	502,896
Unrestricted		8,273,817	8,273,817
Total Net Position		6,306,022	6,306,022
Total Liabilities, Deferred Inflows of Resources, Fund Balance, and Net Position		\$ 36,316,208	\$ 45,545,578

See accompanying Notes to Financial Statements.

**ROCKETSHIP TENNESSEE**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
General Revenues:			
Tennessee Investment in Student Achievement	\$ 22,419,704	\$ -	\$ 22,419,704
Program Revenues:			
Other State Revenue	328,006	-	328,006
Federal Grant Revenues	2,385,878	-	2,385,878
Private Grants and Contributions	-	841,388	841,388
Revenues - Internal School Funds	184,705	(184,705)	-
All Other Local Revenues	105,163	11,860	117,023
Total Revenues	<u>25,423,456</u>	<u>668,543</u>	<u>26,091,999</u>
<b>EXPENDITURES/EXPENSES</b>			
Program Expenses - Educational Programs	23,474,719	447,618	23,922,337
Supporting Services	2,739,871	1,331,106	4,070,977
Expenses - Internal School Funds	95,970	(95,970)	-
Debt Service	563,758	(563,758)	-
Capital Outlay	393,795	(393,795)	-
Total Expenditures/Expenses	<u>27,268,113</u>	<u>725,201</u>	<u>27,993,314</u>
<b>OTHER CHANGES</b>			
Other Financing Sources - Proceeds from Leases	22,317	(22,317)	-
Contributions from RSED	668,543	(668,543)	-
Total Other Changes	<u>690,860</u>	<u>(690,860)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE/NET POSITION</b>	(1,153,797)	(747,518)	(1,901,315)
Fund Balance/Net Position - Beginning of Year	<u>9,135,698</u>	<u>(928,361)</u>	<u>8,207,337</u>
<b>FUND BALANCE/NET POSITION - END OF YEAR</b>	<u><u>\$ 7,981,901</u></u>	<u><u>\$ (1,675,879)</u></u>	<u><u>\$ 6,306,022</u></u>

See accompanying Notes to Financial Statements.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Rocketship Education (RSED) is a California nonprofit public benefit corporation incorporated in 2006. RSED was formed to manage, guide, direct, and promote a network of public elementary charter schools and has previously opened schools in California and Wisconsin. RSED began school operations in Tennessee in the 2014/2015 fiscal year and currently operates three charter schools, Rocketship Nashville Northeast Elementary (RNNE), Rocketship United Academy (RUA), and Rocketship Dream Community Prep. These financial statements reflect the activities of these three schools and one closed charter, Rocketship Partners Community Prep (RPP). Rocketship Tennessee's support is derived primarily from state of Tennessee public education monies, foundation contributions and various government agency grants.

**Accounting Policies**

As required by the State of Tennessee *Audit Manual*, issued by the Tennessee Comptroller of the Treasury, Rocketship Tennessee accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Measurement Focus and Financial Statement Presentation**

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about Rocketship Tennessee as a whole. All of Rocketship Tennessee's activities as a charter school are considered governmental in nature per the state of Tennessee *Audit Manual*, issued by the Tennessee Comptroller of the Treasury; therefore, Rocketship Tennessee does not report any business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the cash flows occur. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds (see Notes 2 and 3).

**Governmental Fund Financial Statements**

Rocketship Tennessee has one governmental fund, the general fund, which is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Rocketship Tennessee considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of state and federal apportionment, interest and reimbursement grants, and private grants which are considered available as collectible within one year. Expenditures generally are recorded when a fund liability is incurred. Rocketship Tennessee accounts for all of its operating activities in its general fund.

**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Measurement Focus and Financial Statement Presentation (Continued)**

**Governmental Fund Financial Statements (Continued)**

When both restricted and unrestricted resources are available for use, it is Rocketship Tennessee's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications - committed, assigned, and then unassigned fund balances.

**Prepaid Items**

Payments made for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items. In the governmental fund balance sheet, there is a reservation of fund balance equal to the amount of prepaid items that is classified as nonspendable, as these amounts are not available for expenditure.

**Capital Assets**

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all capital assets is provided on a straight-line basis over the estimated useful lives of the capital assets as follows:

Building improvements	15 years
Equipment	5 years

Right of use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial section, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

**Deferred Outflows – Pension**

The deferred outflow of resources related to pensions resulted from School contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans. The deferred outflow - pension contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Deferred Outflows/Inflows of Resources (Continued)**

**Deferred Inflows – Pension**

The deferred inflows of resources represent an acquisition of net position by Rocketship Tennessee that is applicable to a future reporting period. The deferred inflows of resources are related to pensions and are amortized to pension expense.

**Revenues**

Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded under the accrual basis when the exchange takes place.

Nonexchange transactions are those in which Rocketship Tennessee receives value without directly giving equal value in return and includes private grants and contributions and state revenue. Under the accrual basis, this revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted, matching requirements under which Rocketship Tennessee must provide local resources to be used for a specific purpose and expenditure requirements, in which the resources are provided to Rocketship Tennessee on a reimbursement basis.

**Unearned Revenue**

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are recorded as unearned revenue.

**Fund Balance**

Fund balance presented in the governmental fund financial statements represent the difference between assets and liabilities. Accounting standards require that the fund balance be classified into the following categories based upon the type of restrictions imposed on the use of funds:

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** – This classification includes amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the entity's highest level of decision-making authority.
- **Assigned** – This classification includes amounts intended to be used by the entity for specific purposes but do not meet the criteria to be classified as restricted or committed.
- **Unassigned** – This classification is the residual amount for Rocketship Tennessee's general fund and includes all spendable amounts not contained in the other classifications.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Net Position**

The net position is the residual of assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Rocketship Tennessee maintains the following classifications of net position:

- Net Investment in Capital Assets – Capital assets, net of accumulated depreciation, reduced by any borrowings used for the acquisition, construction or improvement of those assets.
- Restricted – Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of Rocketship Tennessee or by the passage of time. This includes Stabilization Funds for pensions (see Note 12).
- Unrestricted: All other categories of net position.

When an expense is incurred for purposes for which both restricted and unrestricted funds are available, Rocketship Tennessee considers restricted funds to have been spent first. Additionally, if different levels of unrestricted funds are available for spending Rocketship Tennessee considers committed funds to be expended first followed by assigned and then unassigned funds.

**Budgets and Budgetary Accounting**

The School adopts an annual budget for the General Fund. The Board or management can modify the budget by line item within the total fund's appropriation. Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

**Budgetary Comparison Statement**

Rocketship Tennessee is not required to adopt a legally binding budget; therefore, not budgetary comparison statement of Rocketship Tennessee has been presented.

**Use of Estimates**

The preparation of financial statements in accordance with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from those estimates.



**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 EXPLANATION OF DIFFERENCES BETWEEN THE BALANCE SHEET AND THE STATEMENT OF NET POSITION**

Total fund balance of Rocketship Tennessee's general fund differs from net position of governmental activities primarily because of the long-term economic resources measurement focus of the statement of net position versus the current financial resources measurement focus of the governmental fund balance sheet.

The differences are described below:

Fund Balance - June 30, 2025	\$ 7,981,901
Capital assets in governmental activities are not financial resources and, therefore, are not reported as assets in the general fund.	34,930,748
Net pension liability (asset) is not carried on the general fund balance sheet	(344,898)
Pension activity recorded during the fiscal year are removed/added from fund expenditures and are recorded as a deferred outflow/inflow of resources. This amount will be recognized as an adjustment of the net pension liability in the subsequent year.	1,139,710
Long-term debt is not due and payable in the current period and, therefore, is not reported as a liability in the general fund.	<u>(37,401,439)</u>
Net Position - June 30, 2025	<u><u>\$ 6,306,022</u></u>

**NOTE 3 EXPLANATION OF DIFFERENCES BETWEEN STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE STATEMENT OF ACTIVITIES**

The net change in fund balance for the general fund differs from the change in net position for governmental activities primarily because of the long-term economic resources measurement focus of the statement of activities versus the current financial resources measurement focus of the general fund statement of revenues, expenditures, and changes in fund balance.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 EXPLANATION OF DIFFERENCES BETWEEN STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE STATEMENT OF ACTIVITIES (CONTINUED)**

The differences are described below:

Net Change in Fund Balance - For the Year Ended June 30, 2025	\$ (1,153,797)
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, they are capitalized and depreciated in the statement of activities	(1,172,009)
Pension contributions made during the fiscal year are removed/added from fund expenses and are recorded as a deferred outflow/inflows of resources. This amount will be recognized as a reduction of the net pension liability in the subsequent year.	(116,950)
Proceeds/Repayment of long-term debt is reported as an other financing source/expenditure in governmental funds but is not shown in the statement of activities	541,441
Revenues were reclassified as follows for presentation in the statement of activities as follows:	
Private Grants and Contributions	172,845
Revenues - Internal School Funds	(184,705)
All Other Local Revenue	11,860
	<hr/>
Change in Net Position - For the Year Ended June 30, 2025	<u><u>\$ (1,901,315)</u></u>

**NOTE 4 CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Rocketship Tennessee does not have a formal deposit policy that address its exposure to custodial credit risk; however, it does limit deposits to those instruments allowed by applicable state laws. Cash and cash equivalents as of June 30, 2025 are held entirely with financial institutions.

RSED manages its cash and cash equivalents on a corporation-wide basis. At times RSED Nashville balances may reflect a cash deficit; however, liabilities are covered by the RSED home office cash balance. RSED and Rocketship Tennessee have not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 5 ACCOUNTS RECEIVABLE**

Accounts receivable primarily consist of funds due from various governmental units. Management believes all these amounts are collectible; therefore, no provisions for uncollectible accounts were recorded. As of June 30, 2025, all amounts are considered collectible within one year.

Accounts receivable consisted of the following as of June 30, 2025:

Federal and State Government	<u>\$ 753,353</u>
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**NOTE 6 CAPITAL ASSETS AND DEPRECIATION**

Capital assets and depreciation consisted of the following:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets, not being Depreciated and Amortized:				
Construction in progress	\$ 23,000	\$ 315,748	\$ 321,468	\$ 17,280
Total Capital Assets, not being Depreciated and Amortized	23,000	315,748	321,468	17,280
Capital Assets, being Depreciated and Amortized:				
Building improvements	140,927	321,468	-	462,395
Equipment	119,580	55,729	-	175,309
Right of Use Asset - Building	38,806,313	-	-	38,806,313
Right of Use Asset - Equipment	542,768	22,317	-	565,085
Total Capital Assets, being Depreciated and Amortized	39,609,588	399,514	-	40,009,102
Less: Accumulated Depreciation and Amortization for:				
Building improvements	(33,404)	(27,549)	-	(60,953)
Equipment	(66,484)	(18,296)	-	(84,780)
Right of Use Asset - Building	(3,230,454)	(1,374,733)	-	(4,605,187)
Right of Use Asset - Equipment	(199,489)	(145,225)	-	(344,714)
Total Accumulated Depreciation and Amortization	(3,529,831)	(1,565,803)	-	(5,095,634)
Total Capital Assets, being Depreciated and Amortized, Net	36,079,757	(1,166,289)	-	34,913,468
Governmental Activities Capital Assets, Net	<u>\$ 36,102,757</u>	<u>\$ (850,541)</u>	<u>\$ 321,468</u>	<u>\$ 34,930,748</u>

Depreciation and amortization expense was \$1,565,803 for the year ended June 30, 2025.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 RELATED PARTY TRANSACTIONS**

During the year, RNNE, RUA and RPP each had amounts payable to RSED that are not due within one year and will be repaid as funds are available for repayment. During the year RSED made a contribution in the amount of \$668,543 to Rocketship Partners Community Prep to offset the deficit balance that existed after the school closed in fiscal year 2024.

**NOTE 8 RISK MANAGEMENT**

Rocketship Tennessee is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees and natural disasters. Rocketship Tennessee's policy is to minimize these risks through the purchase of commercial insurance. Settled claims have not exceeded the commercial insurance coverage since Rocketship Tennessee's inception.

**NOTE 9 LEASE LIABILITY**

Rocketship Tennessee has facility and equipment leases under long-term, noncancellable lease agreements where the last agreement expires in 2054.

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due in One Year
Lease Liability	\$ 37,942,880	\$ 22,317	\$ (563,758)	\$ 37,401,439	\$ 767,408

Total future minimum lease payments under the lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 767,408	\$ 1,310,969	\$ 2,078,377
2027	732,941	1,284,359	2,017,300
2028	711,364	1,259,430	1,970,794
2029	763,081	1,233,414	1,996,495
2030	816,727	1,205,536	2,022,263
2031-2035	5,024,370	5,537,704	10,562,074
2036-2040	7,024,836	4,478,131	11,502,967
2041-2045	9,288,657	3,044,357	12,333,014
2046-2050	10,435,348	1,221,560	11,656,908
2051-2054	1,836,707	35,409	1,872,116
Total	<u>\$ 37,401,439</u>	<u>\$ 20,610,869</u>	<u>\$ 58,012,308</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class as of June 30, 2025.

	Governmental Activities		
	Leased Assets Cost	Accumulated Amortization	Leased Assets, Net
Real Estate	\$ 38,806,313	\$ (4,605,187)	\$ 34,201,126
Equipment	565,085	(344,714)	220,371
Total	<u>\$ 39,371,398</u>	<u>\$ (4,949,901)</u>	<u>\$ 34,421,497</u>

**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 10 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Balance/Net Position**

As of June 30, 2025, the following locations had a deficit fund balance/net position:

	Deficit	
	<u>Fund Balance</u>	<u>Net Position</u>
Rocketship Dream Community Prep	\$ (1,109,519)	\$ (3,040,005)

These deficits are derived from operational expenses exceeding revenues during the schools' start up periods. Rocketship Dream is a part of a larger national CMO network which supports each school during their start-up years. Cash deficits are expected for the first 3-5 years and are covered through the temporary support of the national network.

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**State and Federal Allowances, Awards and Grants**

Rocketship Tennessee has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**Litigation**

Various claims and litigation involving Rocketship Tennessee are currently outstanding. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on Rocketship Tennessee's financial position or results of operations.

**NOTE 12 EMPLOYEE PENSION PLANS**

**TCRS Teacher Legacy Pension Plan – Cost Sharing Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**TCRS Teacher Retirement Plan – Cost Sharing Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

**Metro Retirement Plan – Single Employer Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Metro Retirement Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the Metropolitan Nashville Public Schools. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Metro Retirement Plan. Investments are reported at fair value.

**Teacher Legacy Pension Plan - General Information**

**Plan Description**

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Rocketship Tennessee with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiemployer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiemployer defined benefit plan.

**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Legacy Pension Plan - General Information (Continued)**

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**Contributions**

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Rocketship Tennessee for the year ended June 30, 2025, to the Teacher Legacy Pension Plan were \$59,501 which is 6.81% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Legacy Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Pension Asset**

At June 30, 2025, Rocketship Tennessee reported an asset of \$256,767 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Rocketship Tennessee's proportion of the net pension asset was based on Rocketship Tennessee's share of contributions to the pension plan relative to the contributions of all LEAs. At the June 30, 2024, measurement date, Rocketship Tennessee's proportion was 0.014904%. The proportion measured as of June 30, 2023 was 0.011849%.

**Pension Expense**

For the year ended June 30, 2025, Rocketship Tennessee recognized pension expense of \$35,630.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2025, Rocketship Tennessee reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 68,473	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	50,008
Changes in Assumptions	-	-
Changes in Proportion on Net Pension Liability (Asset)	5,698	48,863
Contributions Subsequent to the Measurement Date of June 30, 2024	59,501	N/A
Total	<u>\$ 133,672</u>	<u>\$ 98,871</u>

Rocketship Tennessee employer contributions of \$59,501, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a change in the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ (47,453)
2025	75,173
2026	(26,091)
2027	(26,329)
2028	-
Thereafter	-



**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Legacy Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

In the preceding table, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

**Actuarial Assumptions**

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.125%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2024, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Legacy Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88 %	31 %
Developed Market International Equity	5.37	14
Emerging Market International Equity	6.09	4
Private Equity and Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	4.38	10
Short-Term Securities	-	1
Total		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the three factors described above.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents Rocketship Tennessee's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what Rocketship Tennessee's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	<u>One Percent Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>One Percent Increase (7.75%)</u>
Rocketship's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 326,183</u>	<u>\$ (256,767)</u>	<u>\$ (740,244)</u>

**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Legacy Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Teacher Legacy Pension Plan - Payable to the Pension Plan**

At June 30, 2025, Rocketship Tennessee reported a payable of \$-0- for the outstanding amount of contributions to the pension plan.

**Teacher Pension Plan - General Information**

**Plan Description**

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Retirement Plan, a cost sharing multiemployer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost sharing, multiemployer defined benefit plan.

**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Pension Plan - General Information (Continued)**

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**Contributions**

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2025 to the Teacher Retirement Plan were \$145,175 which is 2.98% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Pension Asset**

At June 30, 2025, Rocketship Tennessee reported an asset of \$168,034 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial value as of that date. Rocketship Tennessee's proportion of the net pension asset was based on Rocketship Tennessee's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024 Rocketship Tennessee's proportion was 0.235801%. At the measurement date of June 30, 2023 Rocketship Tennessee's proportion was 0.204358%.

**Pension Expense**

For the year ended June 30, 2025 Rocketship Tennessee recognized pension expense of \$140,510.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2025, Rocketship Tennessee reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 13,880	\$ 51,625
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	28,345
Changes in Assumptions	66,773	-
Changes in Proportion on Net Pension Liability (Asset)	20,615	23,223
Contributions Subsequent to the Measurement Date of June 30, 2024	145,175	N/A
Total	<u>\$ 246,443</u>	<u>\$ 103,193</u>

Rocketship Tennessee employer contributions of \$145,175, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a change in the net pension liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (16,314)
2025	22,902
2026	(10,346)
2027	(10,191)
2028	3,749
Thereafter	8,275

**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

In the preceding table, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.125%

**Actuarial Assumptions**

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

**ROCKETSHIP TENNESSEE**  
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**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88 %	31 %
Developed Market International Equity	5.37	14
Emerging Market International Equity	6.09	4
Private Equity and Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	4.38	10
Short-Term Securities	-	1
Total		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the three factors described above.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents Rocketship Tennessee's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what Rocketship Tennessee's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage point higher (7.75%) than the current rate:

	<u>One Percent Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>One Percent Increase (7.75%)</u>
Rocketship's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 443,159</u>	<u>\$ (168,034)</u>	<u>\$ (622,889)</u>

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Teacher Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Teacher Pension Plan - Payable to the Pension Plan**

At June 30, 2025, Rocketship Tennessee reported a payable of \$-0- for the outstanding amount of contributions to the pension plan.

**Metro Pension Plan - General Information**

**Plan Administration**

The plan administrator is the Metropolitan Government of Nashville and Davidson County and was established or continue under the authority of the Metropolitan Charter, Article XIII, effective April 1, 1963. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also requires that all pension plans be actuarially sound. Administrative costs of the plans are financed through plan assets. The plans are managed and administered by the Metropolitan Employee Benefit Board (the Board), an independent board created by the Metropolitan Charter. The Board is composed of ten members, as follows: Finance Director, Human Resources Director, three members appointed by the Mayor, and five members selected by employees and retirees of the Metropolitan Government. The Metropolitan Government of Nashville and Davidson County issues a publicly available financial report that can be obtained at <https://www.nashville.gov>.

**Plan Description Division B**

As of July 1, 1995, Division B of the Metro Plan was established for all noncertificated employees of the Metropolitan Nashville Public Schools and all other Government employees. Employees with an effective hire date of July 1, 1995 or later are only eligible to participate in Division B of the Metro Plan. Also, Government employees as of June 30, 1995 who were qualified members of Division A were given the option to transfer to Division B as of January 1, 1996, subject to written application approved by the Benefit Board. Substantially all employees transferred to Division B of the Metro Plan.

Normal retirement for employees other than police officers and fire fighters occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited employee service equals 85, but not before age 60; or (b) the date when the employee reaches age 65 and completes five years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credited service which produce the highest earnings. Benefits fully vest on completing five years of service for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and nonvested employees hired or rehired on or after January 1, 2013.



**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Metro Pension Plan - General Information (Continued)**

**Plan Description Division B (Continued)**

Normal retirement for police officers and fire fighters occurs any time after attaining the unreduced retirement age which is the date when the employee's age plus the completed years of credited police and fire service equals 75, but not before age 53 nor after age 60. The lifetime monthly benefit is 1/12 of the sum of 2% of average earnings for each year of credited fire and police service not in excess of 25 years; plus 1.75% of average earnings for each year that the credited police or fire service exceeds 25 years. Benefits fully vest on completing five years of service for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and nonvested employees hired or rehired on or after January 1, 2013.

An early retirement pension is available for retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 (45 for police and fire) and after the completion of 10 years of credited employee service. Such shall be payable as either a monthly deferred early employee service pension beginning the month after the attainment of the normal retirement age or an immediate monthly early employee service pension beginning on the first day of the month following termination. The lifetime monthly benefit for the immediate monthly early employee service pension is reduced by 4% for each of the first five years by which the retirement date precedes the normal retirement age, and by 8% for each additional year by which the retirement date precedes the normal retirement age; provided, however, that the immediate monthly benefit shall not be less than the actuarial equivalent of the deferred pension provided by the Metro Plan.

Any employee who terminates after the completion of at least 10 years of service (or five years of service if hired before January 1, 2013) and before eligibility for normal retirement or early retirement shall be eligible to receive a monthly deferred pension which shall commence on the first day of the month following the attainment of unreduced retirement age, computed and payable in accordance with the Metro Plan.

Any employee with unused sick leave time at service retirement shall receive 100% credit for the time, subject to an affirmative election at the time of retirement.

Any employee who terminates and is rehired is eligible to reconnect prior service after being regularly employed continuously for one year.

All assets of the Metropolitan Employees' Benefit Trust Fund may legally be used to pay benefits to any plan members or beneficiaries, regardless of whether the members participate in Division A or Division B of the Metro Plan.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Metro Pension Plan - General Information (Continued)**

**Contributions**

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All other funding is provided by the Government with an actuarially recommended employer contribution rate of 12.338% for the noncertificated employees of Metropolitan Nashville Public Schools and all other Metro employees. Employer contributions for the year ended June 30, 2025 to the Metro Plan were \$155,803 which is 12.338% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Metro Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Pension Liability**

At June 30, 2025, Rocketship Tennessee reported a liability of \$344,898 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Rocketship Tennessee's proportion of the net pension asset was based on Rocketship Tennessee's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024 Rocketship Tennessee's proportion was 0.155340914%. At the measurement date of June 30, 2023 Rocketship Tennessee's proportion was 0.300653991%.

**Pension Expense**

For the year ended June 30, 2025, Rocketship Tennessee recognized pension expense of \$224,987.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2025, Rocketship Tennessee reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 232,043	\$ 9,658
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	34,028
Changes in Assumptions	192,698	-
Changes in Proportion on Net Pension Liability (Asset)	-	-
Contributions Subsequent to the Measurement Date of June 30, 2024	155,803	N/A
Total	<u>\$ 580,544</u>	<u>\$ 43,686</u>

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Metro Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

Rocketship Tennessee employer contributions of \$155,803, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a change in the net pension liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (41,121)
2024	232,187
2025	139,898
2026	36,710
2027	13,381
Thereafter	-

In the preceding table, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

**Investment Policy**

The investments of the Metro Plan are administered in accordance with the Statement of Investment Policy of the Government's Employee Benefit System. The Investment Committee of the Government's Employee Benefit System has been given the authority under Section 13.04 of the Metropolitan Charter to regulate and determine all matters dealing with the investments of the Plans. The policy emphasizes a long-term investment strategy. Short-term fluctuations in the market value of the portfolio should not influence the investment structure under normal circumstances. The policy outlines asset allocation targets as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	12-22 %
International Equity	7-17
Fixed Income	17-33
Private Debt	12-20
Real Estate	5-12
Cash Equivalents	0-5
Private Equity	15-23

There were no changes in the investment policy in the current year.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Metro Pension Plan - Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Net Pension Liability Actuarial Assumptions**

The long-term expected rate of return on the pension plan investments was determined using building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class from historical returns and consensus expectations of future returns as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	4.50 %
International Equity	5.00
Fixed Income	2.40
Private Debt	3.90
Real Estate	3.70
Private Equity	7.20

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. Based on the plan assumptions and funding policy, the fiduciary net position for each plan was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	<u>One Percent Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>One Percent Increase (8.00%)</u>
Rocketship's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,178,434</u>	<u>\$ 344,898</u>	<u>\$ (353,770)</u>

Pension expense is comprised of various elements including service cost, interest, changes in benefit terms, investment experience, and the amortization of deferred outflows and inflows of resources, which are all factors used by the actuaries in the calculation of the net pension liability (asset).

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 EMPLOYEE PENSION PLANS (CONTINUED)**

**Reconciliation of Net Pension Assets and Liabilities at June 30, 2025**

The following will reconcile the various retirement plans to the statement of net position:

	Total Pension Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Teacher Legacy Plan	\$ 256,767	\$ 133,672	\$ (98,871)	\$ 35,630
Teacher Plan	168,034	246,443	(103,193)	140,510
Metro Plan	(344,898)	580,544	(43,686)	224,987
Total	<u>\$ 79,903</u>	<u>\$ 960,659</u>	<u>\$ (245,750)</u>	<u>\$ 401,127</u>

**Hybrid Plan 401(k)**

The TCRS Retirement Plan has a defined contribution component to the plan. Under the terms of the plan for the defined contribution component, employees contribute 2% of their salaries to the plan, but are allowed an opt-out feature. Rocketship Tennessee is required to contribute 5% of annual salaries, to an individual employee account. During the year ended June 30, 2025, the contribution expense was \$282,760. Employees are immediately vested in the plan.

**NOTE 13 TCRS STABILIZATION TRUST**

The Stabilization Reserve Trust (SRT) is a legal trust separate and apart from the normal Hybrid Plan Trust. The SRT is designed to specifically accumulate assets for the future. The assets in this plan are not used to pay benefits now but will be used as necessary in the future.

**Legal Provisions**

Rocketship Tennessee is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. Rocketship Tennessee has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of Rocketship Tennessee. The trust is authorized to make investments as directed by the TCRS Board of Trustees. Rocketship Tennessee may not impose any restrictions on investments placed by the trust on their behalf.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 13 TCRS STABILIZATION TRUST (CONTINUED)**

**Investment Balances**

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The state of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2025, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

*Level 1* – Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

*Level 2* – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

*Level 3* – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (NAV) per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 13 TCRS STABILIZATION TRUST (CONTINUED)**

**Investment Balances (Continued)**

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (MAI), or its equivalent, every three years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

**ROCKETSHIP TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 13 TCRS STABILIZATION TRUST (CONTINUED)**

At June 30, 2025, Rocketship Tennessee had the following investments held by the trust on its behalf.

<u>Investment</u>	Weighted Average Maturity (Days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 155,898
Developed Market International Equity	N/A	N/A	70,405
Emerging Market International Equity	N/A	N/A	20,116
U.S. Fixed Income	N/A	N/A	100,579
Real Estate	N/A	N/A	50,290
Short-Term Securities	N/A	N/A	5,029
Investments at Amortized Cost Using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	100,579
Total			<u>\$ 502,896</u>

<u>Investment by Fair Value Level</u>	Fair Value 6/30/2024	Fair Value Measurements Using				Amortized Cost NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
U.S. Equity	\$ 155,898	\$ 155,898	\$ -	\$ -	\$ -	-
Developed Market International Equity	70,405	70,405	-	-	-	-
Emerging Market International Equity	20,116	20,116	-	-	-	-
U.S. Fixed Income	100,579	-	100,579	-	-	-
Real Estate	50,290	-	-	50,290	-	-
Short-Term Securities	5,029	-	5,029	-	-	-
Private Equity and Strategic Lending	100,579	-	-	-	-	100,579
Total	<u>\$ 502,896</u>	<u>\$ 246,419</u>	<u>\$ 105,608</u>	<u>\$ 50,290</u>		<u>\$ 100,579</u>

**Risks and Uncertainties**

The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Rocketship Tennessee does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Rocketship Tennessee does not have the ability to limit the credit ratings of individual investments made by the trust.



**ROCKETSHIP TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 13 TCRS STABILIZATION TRUST (CONTINUED)**

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Rocketship Tennessee places no limit on the amount the county may invest in one issuer.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of Rocketship Tennessee to pay retirement benefits of Rocketship Tennessee Department employees.

For further information concerning Rocketship Tennessee's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

**REQUIRED SUPPLEMENTARY INFORMATION  
AND SUPPLEMENTARY INFORMATION**

**ROCKETSHIP TENNESSEE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – RSI**  
**YEAR ENDED JUNE 30, 2025**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization's Proportion of the Net Pension Liability (Asset)	0.044481%	0.022290%	0.022521%	0.012925%	0.010263%	0.011681%	0.012383%	0.011027%	0.011849%	0.014904%
Organization's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,932	\$ 137,302	\$ (7,370)	\$ (45,481)	\$ (105,527)	\$ (89,079)	\$ (534,123)	\$ (135,238)	\$ (139,691)	\$ (256,767)
Organization's Covered Payroll	\$ 542,090	\$ 804,631	\$ 796,122	\$ 452,581	\$ 344,147	\$ 388,784	\$ 406,442	\$ 362,898	\$ 384,490	\$ 493,507
Organization's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	1.09%	17.06%	-0.93%	-10.05%	-30.66%	-22.91%	-131.41%	-37.27%	-36.33%	-52.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.81%	94.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%	107.34%

**Teacher Retirement Plan:**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization's Proportion of the Net Pension Liability (Asset)	0.203979%	0.226073%	0.253528%	0.265373%	0.200533%	0.212954%	0.211878%	0.209778%	0.204358%	0.235801%
Organization's Proportionate Share of the Net Pension Liability (Asset)	\$ (8,206)	\$ (27,699)	\$ (66,888)	\$ (120,354)	\$ (113,198)	\$ (121,095)	\$ (229,509)	\$ (63,547)	\$ (86,655)	\$ (168,034)
Organization's Covered Payroll	\$ 423,814	\$ 1,170,940	\$ 1,664,002	\$ 2,319,041	\$ 2,122,044	\$ 2,687,287	\$ 3,057,860	\$ 3,582,368	\$ 4,064,769	\$ 5,474,697
Organization's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-1.94%	-2.37%	-4.02%	-5.19%	-5.33%	-4.51%	-7.51%	-1.77%	-2.13%	-3.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.81%	123.07%	116.52%	121.53%	104.55%	104.97%	106.49%

**Metro Plan:**

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization's Proportion of the Net Pension Liability (Asset)	0.040830%	0.163999%	0.148040%	0.146693%	0.282177%	0.161695%	0.191213%	0.300654%	0.155341%
Organization's Proportionate Share of the Net Pension Liability (Asset)	\$ 90,364	\$ 66,984	\$ 120,813	\$ 183,919	\$ 611,762	\$ (925,281)	\$ (25,105)	\$ 471,156	\$ 344,898
Organization's Covered Payroll	\$ 525,809	\$ 883,618	\$ 854,406	\$ 935,803	\$ 1,798,088	\$ 1,032,815	\$ 1,376,865	\$ 1,209,557	\$ 1,417,937
Organization's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	17.19%	7.58%	14.14%	19.65%	34.02%	-89.59%	-1.82%	38.95%	24.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	92.39%	98.64%	97.45%	96.37%	93.79%	115.75%	104.35%	96.20%	94.94%

\*Accounting standards require calculation of the proportionate share of the pension liability based on the plan information for the previous year. Rocketship Tennessee was not yet in operation in the previous year and therefore has no calculated proportion share of the net pension liability as of June 30, 2015.

**ROCKETSHIP TENNESSEE  
SCHEDULE OF PENSION CONTRIBUTIONS – RSI  
YEAR ENDED JUNE 30, 2025**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contributions	\$ 71,970	\$ 41,094	\$ 84,923	\$ 35,998	\$ 41,328	\$ 41,472	\$ 39,694	\$ 33,412	\$ 33,608	\$ 59,501
Contributions in Relation to the Contractually Required Contribution	71,970	41,094	84,923	35,998	41,328	41,472	39,694	33,412	33,608	59,501
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Organization's Covered Payroll	\$ 804,631	\$ 796,122	\$ 452,581	\$ 344,147	\$ 388,784	\$ 406,442	\$ 362,898	\$ 384,490	\$ 493,507	\$ 873,730
Contributions as a Percentage of Covered Payroll	8.94%	5.16%	18.76%	10.46%	10.63%	10.20%	10.94%	8.69%	6.81%	6.81%

**Teacher Retirement Plan:**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contributions	\$ 66,560	\$ 37,818	\$ 36,463	\$ 41,168	\$ 54,553	\$ 61,769	\$ 100,816	\$ 116,659	\$ 163,410	\$ 145,175
Contributions in Relation to the Contractually Required Contribution	66,560	92,762	36,463	41,168	54,553	61,769	100,816	116,659	163,410	145,175
Contribution Deficiency (Excess)	\$ -	\$ (54,944)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Organization's Covered Payroll	\$ 1,170,940	\$ 1,664,002	\$ 2,319,041	\$ 2,122,044	\$ 2,687,287	\$ 3,057,860	\$ 3,582,368	\$ 4,064,769	\$ 5,474,697	\$ 4,871,644
Contributions as a Percentage of Covered Payroll	5.68%	5.57%	1.57%	1.94%	2.03%	2.02%	2.81%	2.87%	2.98%	2.98%

**Metro Plan:**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contributions	\$ 84,813	\$ 121,144	\$ 100,384	\$ 115,946	\$ 221,884	\$ 139,728	\$ 177,354	\$ 155,803	\$ 176,604	\$ 155,803
Contributions in Relation to the Contractually Required Contribution	84,813	121,144	100,384	115,946	221,884	139,728	177,354	155,803	176,604	155,803
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Organization's Covered Payroll	\$ 525,809	\$ 883,618	\$ 854,406	\$ 935,803	\$ 1,798,088	\$ 1,032,815	\$ 1,376,865	\$ 1,209,557	\$ 1,417,937	\$ 1,262,790
Contributions as a Percentage of Covered Payroll	16.13%	13.71%	11.75%	12.39%	12.34%	12.34%	12.88%	12.88%	12.46%	12.34%

Starting 2019, the statute governing the Teacher Retirement Plan provided for contributions in excess of the actuarially determined contribution rate be deposited into a stabilization reserve.

*Changes of assumptions:* In 2021, the following assumptions were changed to the TCRS Teacher Retirement Plan and Teacher Legacy Plans: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Auditors' Report and Notes to Required Supplementary Information and Other Supplementary Information.

**ROCKETSHIP TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Additional Award Identification	Federal Expenditures
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Education</b>				
Pass-Through Program From				
Metro Nashville Public Schools:				
Title I, Part A, Basic Grants				
Low-Income and Neglected	84.010	2023-408002- DPI-TI-A-141		\$ 708,529
Charter School Grant	84.282M	N/A		-
ESEA Consolidated School Wide	84.010A	N/A		-
ESSER III	84.425W	N/A	COVID-19	-
P-EBT Local Administrative Cost Grant	10.649	N/A		6,198
IDEA Flow Through Entitlement	84.027	2023-408002- DPI-FLOW-341		238,615
Subtotal: Special Education (IDEA) Cluster				<u>238,615</u>
Total U.S. Department of Education				<u>953,342</u>
<b>U.S. Department of Agriculture</b>				
Pass-Through Program From				
Metro Nashville Public Schools:				
National School Lunch Program	10.555	N/A		891,004
School Breakfast Program	10.553	N/A		<u>541,532</u>
Subtotal: Child Nutrition Cluster				<u>1,432,536</u>
Total U.S. Department of Agriculture				<u>1,432,536</u>
Total Federal Awards				2,385,878
<b>STATE FINANCIAL ASSISTANCE</b>				
<b>Tennessee Department of Education</b>				
Passed Through Metro Nashville Public Schools:				
Tennessee Investment in Student Achievement	N/A	N/A		<u>22,419,704</u>
Total State Financial Assistance				<u>22,419,704</u>
Total Federal Awards and State Financial Assistance				<u>\$ 24,805,582</u>

See Auditors' Report and Notes to Required Supplementary Information and Other Supplementary Information.

**ROCKETSHIP TENNESSEE**  
**COMBINING SCHEDULE OF NET POSITION BY LOCATION**  
**JUNE 30, 2025**

	Rocketship Northeast	Rocketship United Academy	Rocketship Partners Community Prep	Rocketship Dream Community Prep	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 2,489,573	\$ 6,417,739	\$ -	\$ (1,286,834)	\$ 7,620,478
Accounts Receivable	316,030	133,983	-	303,340	753,353
Inventory	10,275	17,010	-	2,310	29,595
Prepaid Expenses and Other Assets	92,444	114,618	-	115,986	323,048
Total Current Assets	2,908,322	6,683,350	-	(865,198)	8,726,474
<b>NONCURRENT ASSETS</b>					
Stabilization Restricted Investments	216,472	193,067	-	93,357	502,896
Net Pension Asset	212,403	106,196	-	106,202	424,801
Capital Assets, Net of Accumulated Depreciation	251,765	251,525	-	5,961	509,251
Right of Use Asset, Net of Accumulated Amortization	6,497,969	6,644,689	-	21,278,839	34,421,497
Total Noncurrent Assets	7,178,609	7,195,477	-	21,484,359	35,858,445
Total Assets	<u>\$ 10,086,931</u>	<u>\$ 13,878,827</u>	<u>\$ -</u>	<u>\$ 20,619,161</u>	<u>\$ 44,584,919</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources - Pensions	<u>\$ 309,052</u>	<u>\$ 480,029</u>	<u>\$ -</u>	<u>\$ 171,578</u>	<u>\$ 960,659</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 456,462	\$ 453,329	\$ -	\$ 337,678	\$ 1,247,469
Lease Liability - Due Within One Year	230,462	245,987	-	290,959	767,408
Total Current Liabilities	686,924	699,316	-	628,637	2,014,877
<b>NONCURRENT LIABILITIES</b>					
Net Pension Liability	189,257	134,473	-	21,168	344,898
Lease Liability - Due in More Than One Year	6,737,220	6,783,370	-	23,113,441	36,634,031
Total Noncurrent Liabilities	6,926,477	6,917,843	-	23,134,609	36,978,929
Total Liabilities	7,613,401	7,617,159	-	23,763,246	38,993,806
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources - Pensions	85,847	92,405	-	67,498	245,750
<b>NET POSITION</b>					
Net Investment in Capital Assets	(217,948)	(133,143)	-	(2,119,600)	(2,470,691)
Restricted for Pension Benefits	405,729	327,540	-	114,525	847,794
Unrestricted	2,508,954	6,454,895	-	(1,034,930)	7,928,919
Total Net Position	2,696,735	6,649,292	-	(3,040,005)	6,306,022
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 10,395,983</u>	<u>\$ 14,358,856</u>	<u>\$ -</u>	<u>\$ 20,790,739</u>	<u>\$ 45,545,578</u>

See Auditors' Report and Notes to Required Supplementary Information and Other Supplementary Information.

**ROCKETSHIP TENNESSEE**  
**COMBINING SCHEDULE OF ACTIVITIES BY LOCATION**  
**YEAR ENDED JUNE 30, 2025**

	Rocketship Northeast	Rocketship United Academy	Rocketship Partners Community Prep	Rocketship Dream Community Prep	Total
<b>REVENUES</b>					
General Revenues:					
Tennessee Basic Education Program	\$ 7,262,105	\$ 8,119,701	\$ -	\$ 7,037,898	\$ 22,419,704
Program Revenues:					
Other State Revenue	100,474	140,309	-	87,223	328,006
Federal Grant Revenues	1,005,683	731,357	-	648,838	2,385,878
Private Grants and Contributions	59,698	64,006	668,543	49,141	841,388
All Other Local Revenues	39,538	52,873	-	24,612	117,023
Total Revenues	<u>8,467,498</u>	<u>9,108,246</u>	<u>668,543</u>	<u>7,847,712</u>	<u>26,091,999</u>
<b>EXPENSES</b>					
Program Expenses - Educational Programs	7,978,856	7,897,428	-	8,046,053	23,922,337
Supporting Services	1,411,772	1,328,099	-	1,331,106	4,070,977
Total Expenses	<u>9,390,628</u>	<u>9,225,527</u>	<u>-</u>	<u>9,377,159</u>	<u>27,993,314</u>
<b>CHANGE IN NET POSITION</b>	(923,130)	(117,281)	668,543	(1,529,447)	(1,901,315)
Net Position - Beginning of Year	<u>3,619,865</u>	<u>6,766,573</u>	<u>(668,543)</u>	<u>(1,510,558)</u>	<u>8,207,337</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,696,735</u>	<u>\$ 6,649,292</u>	<u>\$ -</u>	<u>\$ (3,040,005)</u>	<u>\$ 6,306,022</u>

See Auditors' Report and Notes to Required Supplementary Information and Other Supplementary Information.

**ROCKETSHIP TENNESSEE**  
**COMBINING SCHEDULE OF GOVERNMENTAL FUND BALANCE SHEET BY LOCATION**  
**JUNE 30, 2025**

	Rocketship Northeast	Rocketship United Academy	Rocketship Partners Community Prep	Rocketship Dream Community Prep	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 2,489,573	\$ 6,417,739	\$ -	\$ (1,286,834)	\$ 7,620,478
Accounts Receivable	316,030	133,983	-	303,340	753,353
Inventory	10,275	17,010	-	2,310	29,595
Prepaid Items and Other Assets	92,444	114,618	-	115,986	323,048
Total Current Assets	2,908,322	6,683,350	-	(865,198)	8,726,474
<b>LONG-TERM ASSETS</b>					
Stabilization Restricted Investments	216,472	193,067	-	93,357	502,896
Total Long-Term Assets	216,472	193,067	-	93,357	502,896
Total Assets	<u>\$ 3,124,794</u>	<u>\$ 6,876,417</u>	<u>\$ -</u>	<u>\$ (771,841)</u>	<u>\$ 9,229,370</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 456,462	\$ 453,329	\$ -	\$ 337,678	\$ 1,247,469
Total Current Liabilities	456,462	453,329	-	337,678	1,247,469
Total Liabilities	456,462	453,329	-	337,678	1,247,469
<b>FUND BALANCE</b>					
Nonspendable for Prepaid Items	92,444	114,618	-	115,986	323,048
Restricted for Stabilization Fund	216,472	193,067	-	93,357	502,896
Unassigned	2,359,416	6,115,403	-	(1,318,862)	7,155,957
Total Fund Balance	2,668,332	6,423,088	-	(1,109,519)	7,981,901
Total Liabilities and Fund Balance	<u>\$ 3,124,794</u>	<u>\$ 6,876,417</u>	<u>\$ -</u>	<u>\$ (771,841)</u>	<u>\$ 9,229,370</u>

See Auditors' Report and Notes to Required Supplementary Information and Other Supplementary Information.



**ROCKETSHIP TENNESSEE**  
**COMBINING SCHEDULE OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE BY LOCATION**  
**YEAR ENDED JUNE 30, 2025**

	Rocketship Northeast	Rocketship United Academy	Rocketship Partners Community Prep	Rocketship Dream Community Prep	Total
<b>REVENUES</b>					
General Revenues:					
Tennessee Basic Education Program	\$ 7,262,105	\$ 8,119,701	\$ -	\$ 7,037,898	\$ 22,419,704
Program Revenues:					
Other State Revenue	100,474	140,309	-	87,223	328,006
Federal Grant Revenues	1,005,683	731,357	-	648,838	2,385,878
Revenues - Internal School Funds	59,743	65,620	-	59,342	184,705
All Other Local Revenues	39,493	51,259	-	14,411	105,163
Total Revenues	8,467,498	9,108,246	-	7,847,712	25,423,456
<b>EXPENDITURES</b>					
Program Expenses - Educational Programs	7,460,705	7,516,592	-	8,497,422	23,474,719
Supporting Services	1,411,772	1,328,099	-	-	2,739,871
Expenses - Internal School Funds	23,392	44,760	-	27,818	95,970
Debt Service	221,054	235,823	-	106,881	563,758
Capital Outlay	164,254	219,511	-	10,030	393,795
Total Expenditures	9,281,177	9,344,785	-	8,642,151	27,268,113
<b>OTHER CHANGES</b>					
Other Financing Sources - Proceeds from Leases	6,380	5,907	-	10,030	22,317
Contributions from RSED	-	-	668,543	-	668,543
Total Other Changes	6,380	5,907	668,543	10,030	690,860
<b>CHANGE IN FUND BALANCE</b>	(807,299)	(230,632)	668,543	(784,409)	(1,153,797)
Fund Balance - Beginning of Year	3,475,631	6,653,720	(668,543)	(325,110)	9,135,698
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,668,332</u>	<u>\$ 6,423,088</u>	<u>\$ -</u>	<u>\$ (1,109,519)</u>	<u>\$ 7,981,901</u>

See Auditors' Report and Notes to Required Supplementary Information and Other Supplementary Information.

**ROCKETSHIP TENNESSEE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**AND OTHER SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

**NOTE 1 SCHEDULES OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – RSI**

The schedules present information on Rocketship Tennessee's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with Rocketship Tennessee. Accounting standards require calculation of the proportionate share of the pension liability based on the plan information for the previous year. Rocketship Tennessee was not yet in operation in the year prior to the year ended June 30, 2016, and therefore has no calculated proportion share of the net pension liability.

**NOTE 2 SCHEDULES OF SCHOOL CONTRIBUTIONS – RSI**

The schedules present information on Rocketship Tennessee's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. The accompanying schedule of expenditures of federal awards and state financial assistance includes the government grant activity of Rocketship Tennessee and is presented on the accrual basis of accounting.

**NOTE 3 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GENERAL FUND – BUDGET TO ACTUAL**

The information in this schedule is presented in accordance with the requirements of the state of Tennessee Comptroller of the Treasury's Audit Manual.

**NOTE 4 SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE – OTHER SUPPLEMENTARY INFORMATION**

The schedules of expenditures of federal awards and state financial assistance include the grant activity of Rocketship Tennessee, and is presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the state of Tennessee Comptroller of the Treasury's Audit Manual. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

**NOTE 5 SUPPLEMENTARY SCHEDULES BY LOCATION – OTHER SUPPLEMENTARY INFORMATION**

The information in these schedules are presented in accordance with the requirements of the state of Tennessee Comptroller of the Treasury's Audit Manual.

## OTHER INFORMATION

**ROCKETSHIP TENNESSEE  
BOARD OF DIRECTORS AND ADMINISTRATORS  
JUNE 30, 2025**

**RSED BOARD OF DIRECTORS**

<u>Member</u>	<u>Office</u>
Louis Jordan	Board Chair
Alex Terman	Treasurer
Greg Stanger	Secretary
Deborah McGriff	Member
Raymond Raven	Member
April Taylor	Member
Jolene Slotter	Member
Michael Fox	Member
June Nwabara	Member
Charmaine Detweiler	Member
Daniel Velasco	Member
Yolanda Bernal Samano	Member
Malka Borrego	Member
Julie Miller	Member
Hugo Castaneda	Member
Michelle Mercado	Member
Daniel Sanchez	Member
Deja Gipson	Member
Brian Kilb	Member
Rajen Sheth	Member
Derwin Sisnett	Member
Tamara Peterson	Member

**Tennessee Advisory Board:**

April Taylor	Chair
Rob Elliott	Board Vice-Chair
Abby Spaulding	Board Secretary
Dr. James Hildreth	Member
Philip Elbert	Member
Anderson Green	Member
June Nwabara	Member
Margaret Riley King	Member
Dr. Diarese George	Member
Henderson Majors	Member
John Eason	Member
Kanika Covert	Member
Lindsey Margraf Rudd	Member
Jeff Brown	Member
Malick Gaye	Member

**ADMINISTRATORS**

Preston Smith	Co-Founder, CEO and President
Ben Carson	Chief Financial Officer
Maria Heridia	Chief Legal Officer
Christopher Murphy	Chief Communications Officer
Lamar Wade	Chief People Officer and Interim Executive Director – Rocketship Tennessee

# Q2 Rocketship Public Schools Tennessee Board of Trustees Meeting

December 4, 2025



# Agenda

## 1. Opening Items

- A.** Call to order
- B.** Public Comment

## 2. Consent Items

- A.** Approve minutes from the September 23, 2025 Special Meeting of the Rocketship Tennessee Board of Trustees
- B.** Approve Revised Tennessee Retention and Acceleration Policy
- C.** Approve Revised 2025-26 Rocketship Tennessee Employee Handbook

## 3. Information Items

- A.** Executive Director and Board Updates

## 4. Action Items: Applications & Resolutions - Review and Approval

- A.** Approve Resolution #2025-05 Appointing the Officers of Rocketship Education Tennessee

## 5. Action Items: Finance - Review and Approval

- A.** Approve Revised Rocketship Fiscal Policies
- B.** Approve Rocketship Tennessee Audit

## 6. Information Items

- A.** Board Recruitment
- B.** Development Update
- C.** Achievement Update
- D.** Annual Board Governance Training
- E.** Network Service Agreement Update
- F.** Growth Update

## 7. Closed Session

- A.** Closed Executive Session - Real Estate Negotiations

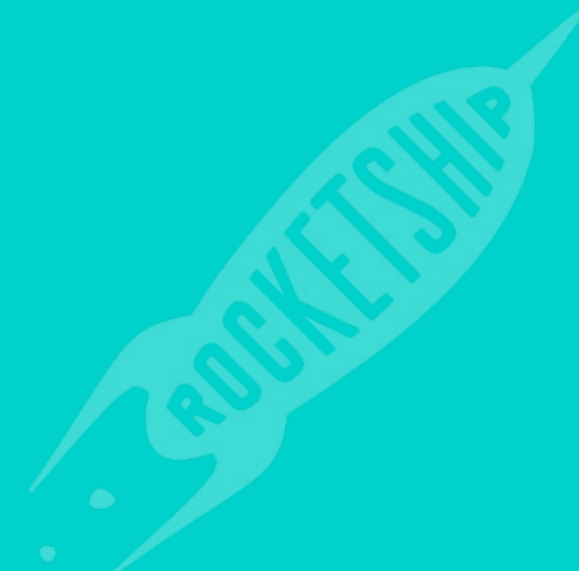
## 8. Report Out

- A.** Public report on actions taken in closed session

## 9. Adjourn

- A.** Adjourn Meeting

# Consent Items



*Information Item:*

## Executive Director and Board Updates





# Regional Highlights

- **Rocketship Dream Community Prep** received a Reward status designation– the highest academic designation in the state. **Rocketship Nashville Northeast Elementary** improved to a Level 3 school based on growth data noting satisfactory growth for the 24-25 school year.
- **Rocketship TN was invited to apply** for a catalytic investment from the Talent Fund at SCORE for our growth to Rutherford County. Award notifications released this month.
- **Early signs of continued student recruitment momentum** as student applications opened October 21. So far, 110 applications have been submitted for the 25-26 school exceeding our weekly targets to date.
- **An Executive Director's Cabinet** has been convened to continue to elevate the voices of staff across all schools. This group will help to inform the strategic direction of the region.



Every minute  
counts.

See Rising Principal,  
Lakeia Covington at  
RDCP

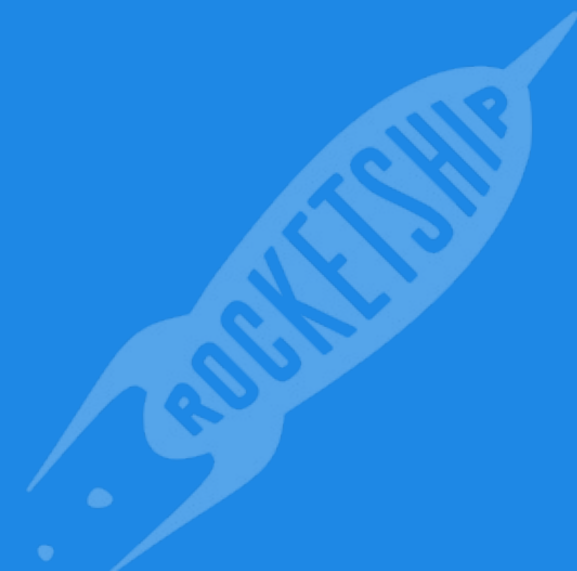


ROCKETSHIP

## *Action Item - Applications & Resolutions:*

### 4. Action Items: Applications & Resolutions - Review and Approval

**A.** Approve Resolution #2025-05 Appointing the Officers of Rocketship Education Tennessee



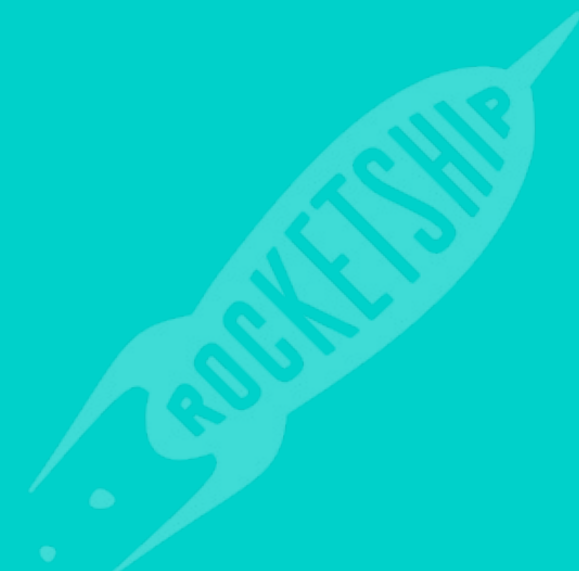
*Action Item - Finance:*

Approve Revised Rocketship Fiscal Policies



*Action Item - Finance:*

Approve Rocketship Tennessee Audit



# Audit Overview

Each year, we are required to undergo an independent audit of our financial statements as well as our controls and policies. This will be the final year that Tennessee is part of a consolidated audit and starting with Fiscal Year ending June 30, 2026 will have its first standalone audit report.

This year, all Rocketship audits were done by one firm: Clifton Larson Allen (CLA). This consolidation of our business resulted in a smoother process, more timely completion of final documents, and a more consistent approach to accounting and controls questions.

The audit process began immediately after closing the fiscal year on June 30 and consisted of internal preparation and validation of our statements, review of financial data and supporting documentation by CLA, and review of samples of payroll, check, and credit card transactions.



# Audit Preliminary Results

The audit is in the final stages of partner review with an updated draft received as of November 19th, 2025.

Preliminary findings show that there was a prior year audit adjustment, related to a duplication of the 50Can Summer School program revenue recording. The amount was deemed to be immaterial but resulted in a decline in revenue ( non-cash) of \$203,445. This finding has already been mitigated during the fiscal year under audit through bi-monthly meetings with Revenue, Grants and Development teams to review grants and revenues. We do not expect this to be a repeat comment.

No other findings have been noted at this time anywhere else in the audit and we are pleased to note that prior year findings nor questioned costs are present on this year's audit.



# Audit Next Steps

## Single Audit:

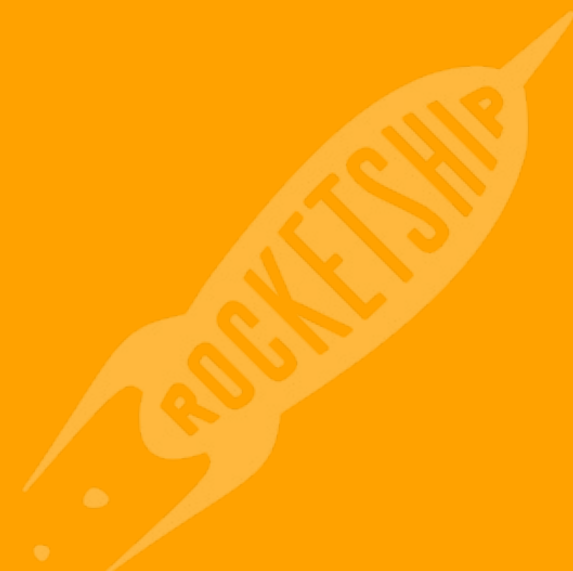
- Currently, with the ongoing government shutdown, auditors are missing final OMB guidance needed to complete single audit
- CLA and Rocketship are monitoring each authorizers handling of this dilemma with TN not yet committed to a solution
- Drop dead date is Thanksgiving to have OMB guidance and issue full audit on time

## Next steps:

- National Audit and Business Committee review December 2nd
- Regional Board Review December 4th
- National Board Review December 10th
- Email/Upload to Tennessee Board of Education, Tennessee Public Charter School Commission, Metro Nashville Public Schools and Tennessee Comptroller's office by December 30th Tennessee School Audit Only



# Board Recruitment



# Regional Board Membership Opportunities

There are currently two open board seats due to the transitions of Drs. Diarese George and James Hildreth. Jeff Brown is currently a board member but has been unable to engage for an extended period of time.

<b>April Taylor</b>	Dec 2026	<b>Anderson Green</b>	June 2027
<b>Rob Elliott</b>	Dec 2026	<b>June Nwabara</b>	June 2027
<b>Abby Spaulding</b>	Dec 2026	<b>John Eason</b>	Sept 2026
<b>Phil Elbert</b>	June 2027	<b>Jeff Brown</b>	Sept 2026
<b>Lindsey Margarf Rudd</b>	Dec 2026	<b>VACANT</b>	
<b>Henderson Majors</b>	Dec 2026	<b>VACANT</b>	
<b>Kanika Covert</b>	Sept 2026		
<b>Malick Gaye</b>	Sept 2026		

# Rocketship Regional Board Recruitment Process

## Ideation

- Regional staff and board members identify and create list of prospects, utilizing board member skill matrix
- Regional staff build a high-level profile for each prospect

## Vetting

- Ad Hoc Working Group/Governance Committee/Executive Committee (if using, not required) reviews profiles with ED, selects candidates to pursue
- Ad Hoc Working Group and ED develop recruiting plan for each candidate

## Recruiting

- ED and/or board member connects with each candidate, per the recruiting plan
- Candidate participates in one or more events, e.g. school tour, school or regional event, reception with board, etc. Candidate connects with regional board members, including chair of potential committee
- Candidate shadows a board or committee meeting to help them build context and understanding
- ED and Board Chair/Working Group select a final candidate

## Closing

- Final candidate connects with additional regional board members, committee membership is discussed
- Final candidate is interviewed by CEO and national board chair (or designee) as part of vetting process
- Regional Board formally appoints candidate to board and potentially a committee at regional board mtg
- National Board ratifies the appointment at the next national board meeting



# Board Member Expertise/Capacity We Want to Add

Fundraising

Public Education and  
Influence

Rutherford County

Any other expertise?

# Board Recruitment Timeline

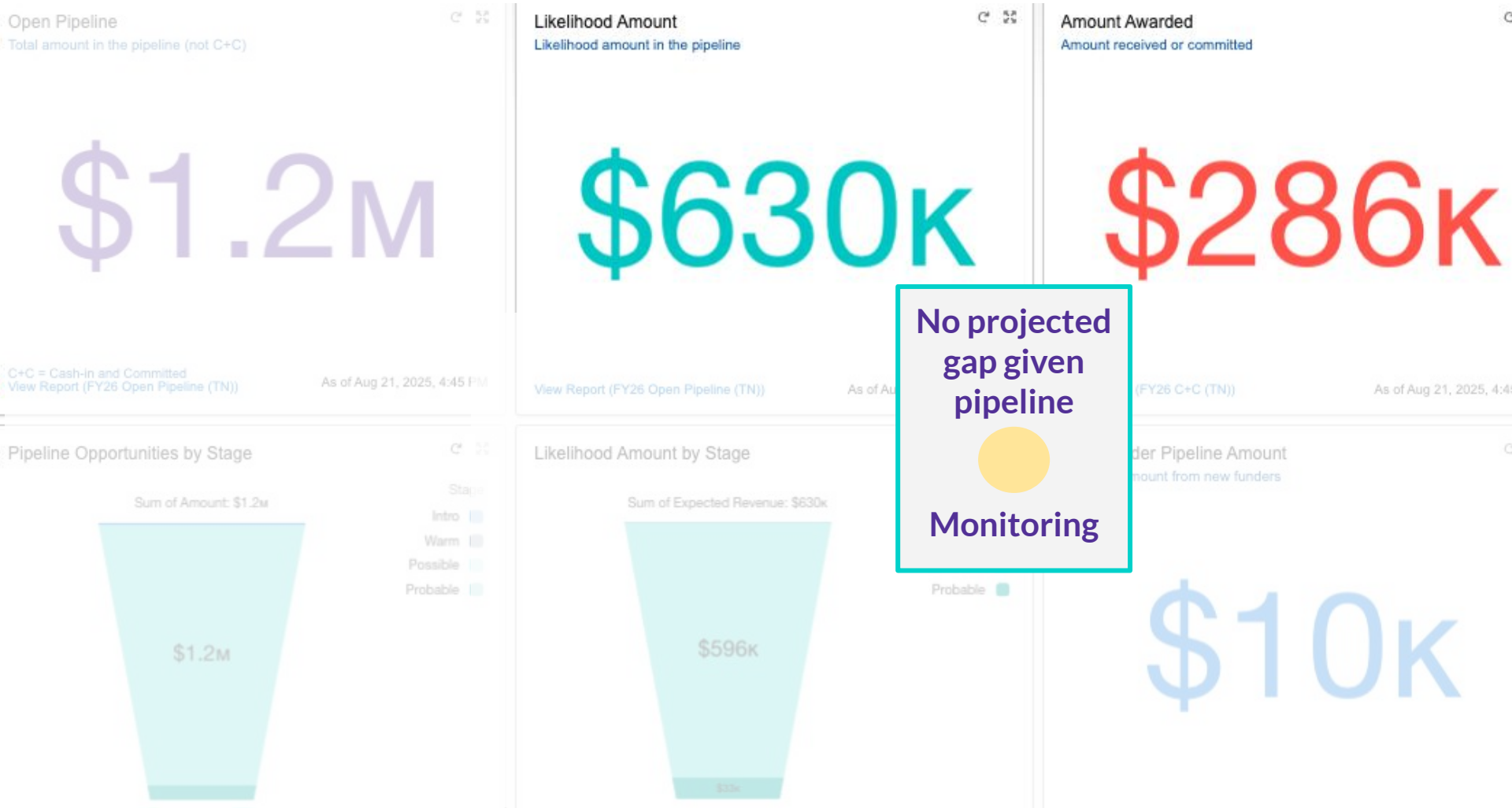
<b>Candidate Sourcing/Ideation</b> <ul style="list-style-type: none"> <li>Please send names to Andrea and Justin by 1/1.</li> </ul>	Now - Jan 1st
<b>Candidate Vetting</b> <ul style="list-style-type: none"> <li>Profile creation and recruiting plan</li> </ul>	Jan 1st - Jan 31st
<b>Candidate Review and Identification of Top Candidates</b>	TN Executive Committee Meeting - February 5th
<b>Candidate Recruiting</b> <ul style="list-style-type: none"> <li>1:1s - ED, Board Chair, Committee Chair</li> <li>Attend event</li> <li>Tour school</li> </ul>	Feb 5th - May 1st
<b>Candidate Review and Final Recommendation</b> <ul style="list-style-type: none"> <li>Connection with CEO/RPS Board Chair</li> </ul>	TN Executive Committee Meeting - May 7th
<b>Candidate Approval</b>	TN Board of Trustees Meeting - May 21st

# Development Update



# Harnessing Our 10-Year Milestone to Deepen Partnerships and Drive Growth

**FY26 Goal:  
\$500K**





**ROCKETSHIP**  
PUBLIC SCHOOLS  
TENNESSEE

A Decade of Impact,  
**A Future Of Opportunity**



# Launching our 10-Year Anniversary Campaign: Together, we're celebrating a decade of impact.

This milestone is not just a reflection of how far we've come, it's an invitation to lead what comes next. Over the coming months, our Board will play a vital role in helping us share our story, engage new partners, and sustain the movement that began a decade ago in Nashville and is now expanding into Rutherford County.

As we launch this campaign, we're asking each of you to **join us in amplifying our impact, by attending upcoming events, connecting us to potential supporters, and championing the Rocketeers** whose success defines our mission.



# Launching our 10-Year Anniversary Campaign: Here's how the board can support this campaign.



## How the Board Can Lead During Our 10-Year Anniversary

As we celebrate ten years of serving Rocketeers and families across Tennessee, this milestone is more than a reflection point, it's a powerful moment to strengthen partnerships, elevate our visibility, and rally the community for the decade ahead.

Our campaign builds momentum through cultivation, storytelling, and our 10-Year Celebration in Spring 2026, with each phase creating meaningful opportunities for Board leadership and engagement.

Your leadership has brought Rocketship Tennessee to this moment, and your continued partnership will be essential as we launch this anniversary campaign and our first regional fundraising event.

### Campaign Timeline



### GIVE

#### 100% Board Giving:

Your personal commitment signals to funders, partners, and the broader community that our Board stands united behind Rocketship's vision and the future we are building for Tennessee students.

### GET

#### Help Secure Sponsorships:

Board members play a critical role in opening doors. Warm introductions and shared relationships will help us secure corporate sponsors and deepen community investment in Rocketship Tennessee.

#### Serve as Event Ambassadors and Bring 8-10 Guests:

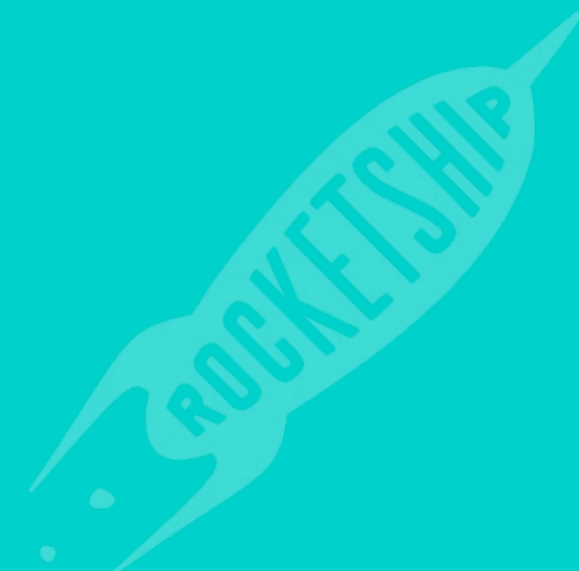
Our spring celebration will showcase the stories, impact, and energy of Rocketship Tennessee. Your presence, and the presence of those in your network, strengthens our reach and expands the circle of champions who believe in our work.

#### Invite Stakeholders to Coffees with the Executive Director:

These small-group conversations are one of our most effective cultivation tools. Inviting prospective supporters, partners, or community leaders helps us build long-term relationships that will sustain our mission for years to come.



*Information Item:*  
Achievement Update

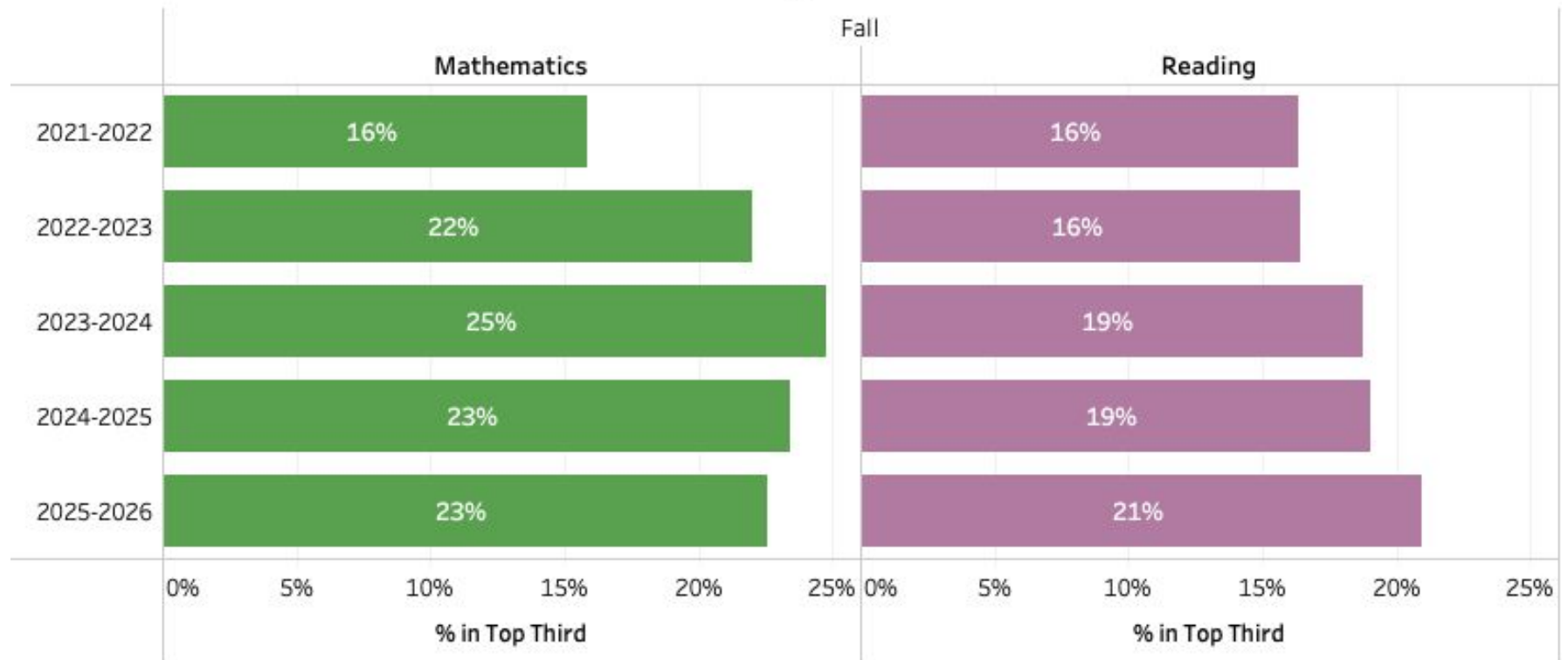


By 2030, we will double the number of students in the top third or at the 67th percentile in Math and Reading.



# RPS TN's Beginning of Year (BOY) Top Third Rates are similar or slightly higher than previous year

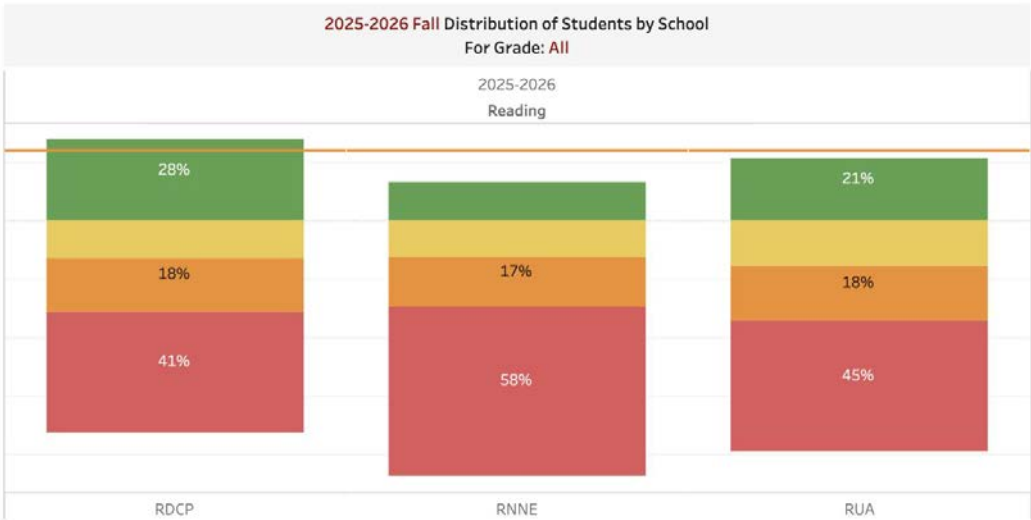
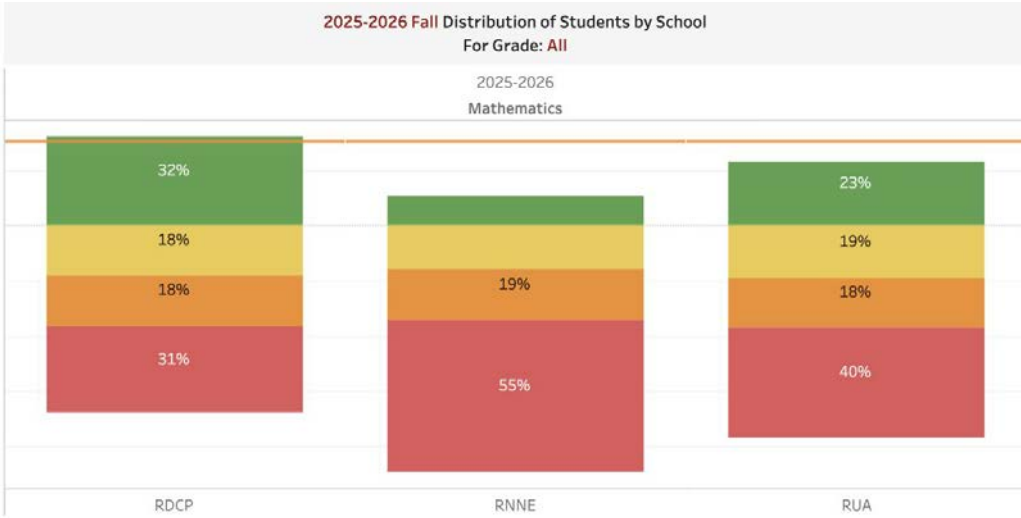
RPS TN: NWEA MAP % At/Above 67th Percentile



- Similar Top Third trend across schools in Math
- Increase in Reading Top Third rate driven by RUA

# RPS TN's Beginning of Year (BOY) Quartile Distribution by School

- Comparison of absolutes by school
- RDCP and RUA have a significantly higher percent of students in the top third compared to RNNE.



# K-5 STEM - Units 1 & 2 Assessment Data

- Across all grade levels there has been an increase in proficiency when compared to BoY MAP data on unit assessments.
- There are differences in scoring components, we do want to ensure continued alignment and grading norming and will have a better understanding of how this data will connect to MAP when MY NWEA comes in.

Grade	BOY NWEA Proficiency (Top Third)	Unit 1 Change in Proficiency from BOY NWEA	Unit 2 Change in Proficiency from BOY NWEA
Kinder	19%	+ 63%	+ 54%*
Grade 1	26%	+ 41%	+ 44%*
Grade 2	23%	+ 13%	TBD
Grade 3	24%	+ 6%	+ 9%*
Grade 4	24%	+ 24%	+ 34%*
Grade 5	18%	- 5%	- 9%

\*Incomplete results: results for two out of three schools



# K-5 Humanities - Units 1 & 2 Assessment Data

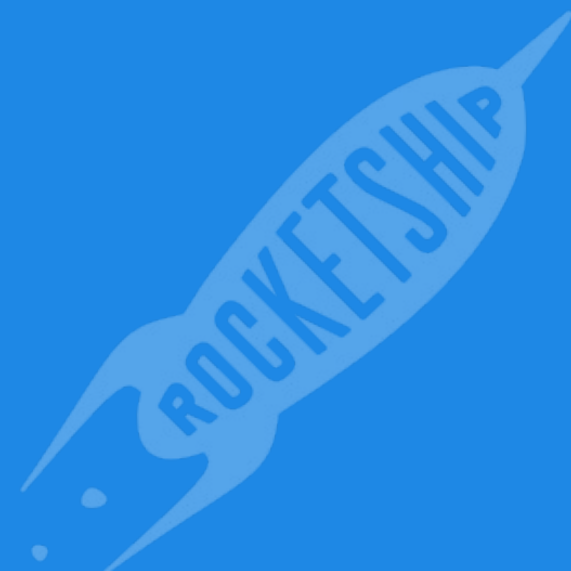
- Higher proficiency increases compared to BoY NWEA in U1 from U2.
- Deeper dive into G1 is needed given historical trends for G1/G2 HUM and initial data from BoY across all three schools.

Grade	Region	BOY NWEA Proficiency (Top Third)	Unit 1 Change in Proficiency from BOY NWEA	Unit 2 Change in Proficiency from BOY NWEA
Kinder	TN	10%	+ 27%	+ 33%
Grade 1	TN	23%	+ 40%	+ 12%
Grade 2	TN	25%	+ 11%	+ 21%
Grade 3	TN	21%	- 8%	+ 41%
Grade 4	TN	26%	- 19%	+ 12%
Grade 5	TN	17%	0%	+ 27%





# RNNE Achievement Progress Update



# RNNE Achievement Progress Update

## Staffing & Hiring

- Due to the number of vacancies and limited hiring traction, we reworked the bell schedule at RNNE to reduce the number of vacancies. This shift eliminated more than half of the remaining vacancies as one teacher supports multiple grades and slightly higher class sizes.
- Current Vacancies: G1 ILS
- Principal hiring: reworking role, will continue the search

## Coaching & Development

- Hired a literacy focused Instructional Coach (Andrea McCormick) started 10/20
- Currently teaching in G5 HUM

## Tutoring

- Started 10/20 with 102 spots for G3-G5



# RNNE STEM - Units 1 & 2 Assessment Data

- Kinder continues to show an increase in proficiency compared to BoY NWEA.
- G5 is an area of concern- this is true across all schools.
- Additional data will be in soon!

Grade	School	BOY NWEA Proficiency (Top Third)	Unit 1 Change in Proficiency from BOY NWEA	Unit 2 Change in Proficiency from BOY NWEA
Kinder	RNNE	10%	+ 75%	+ 48%
Grade 1	RNNE	8%	+ 66%	TBD
Grade 2	RNNE	12%	- 2%	TBD
Grade 3	RNNE	15%	+ 36%	+19%
Grade 4	RNNE	14%	+ 11%	+ 6%
Grade 5	RNNE	3%	+ 8%	+ 1%



# RNNE Humanities - Units 1 & 2 Assessment Data

- Proficiency increases match regional trends.
- 1st and 4th grade did not have a consistent teacher from U1 to U2 (and have slightly lower proficiency increases compared to BoY NWEA).

Grade	School	BOY NWEA Proficiency (Top Third)	Unit 1 Change in Proficiency from BOY NWEA	Unit 2 Change in Proficiency from BOY NWEA
Kinder	RNNE	10%	+ 52%	+ 72%
Grade 1	RNNE	13%	+ 50%	+ 34%
Grade 2	RNNE	17%	+ 5%	+ 34%
Grade 3	RNNE	14%	+ 28%	+ 64%
Grade 4	RNNE	15%	+ 13%	+ 15%
Grade 5	RNNE	7%	+ 8%	+ 38%



# TN and National Partnership

## ❖ Initiative #1: Strengthen Tier I Coaching Practices

- New Principal PD
- Leader Coaching
- Video Teacher Coaching
- PD Planning

## ❖ Initiative #2: Deepen Content Knowledge of Teachers & Leaders

- Unit Launch Meetings
  - Combination of preparing school leaders
- Weekly Content Huddles for Coaches
- Skills Labs experiences for coaches and teachers (more to come as we head into Spring)

## ❖ Initiative #3: Targeted Data Analysis

- Ongoing Data Analysis
- Monthly Principal Data Stepbacks starting November.
  - Stepback #2 is coming next week.
- Humanities Exit Ticket Planning and Rollout
  - Providing recommendations in module launch meetings
  - Provided tracker



*Information Item:*  
Annual Board Governance Training



# Objectives

**At the end of this session, Rocketship board members will:**

Understand the Rocketship governance structure - the affiliated Rocketship entities, the relationship between entities, and role/responsibilities of each entity:

- Rocketship Education d/b/a Rocketship Public Schools - CA and CMO Divisions
- Rocketship Affiliated Regional Nonprofits - WI, TN, DC
- Launchpad Development Company LLC
- Bylaws including Sole Member Authority Structure, Charters, One Network Support Agreements, and other agreements and resolutions.

Understand how the entities work together to enable the power of ONE network:

- Reporting structure
- Working together as ONE Network across critical work streams including: budgeting process , greenlighting process, facilities

*Our Vision*  
Equal Access to  
Opportunity for All





## *Our Mission*

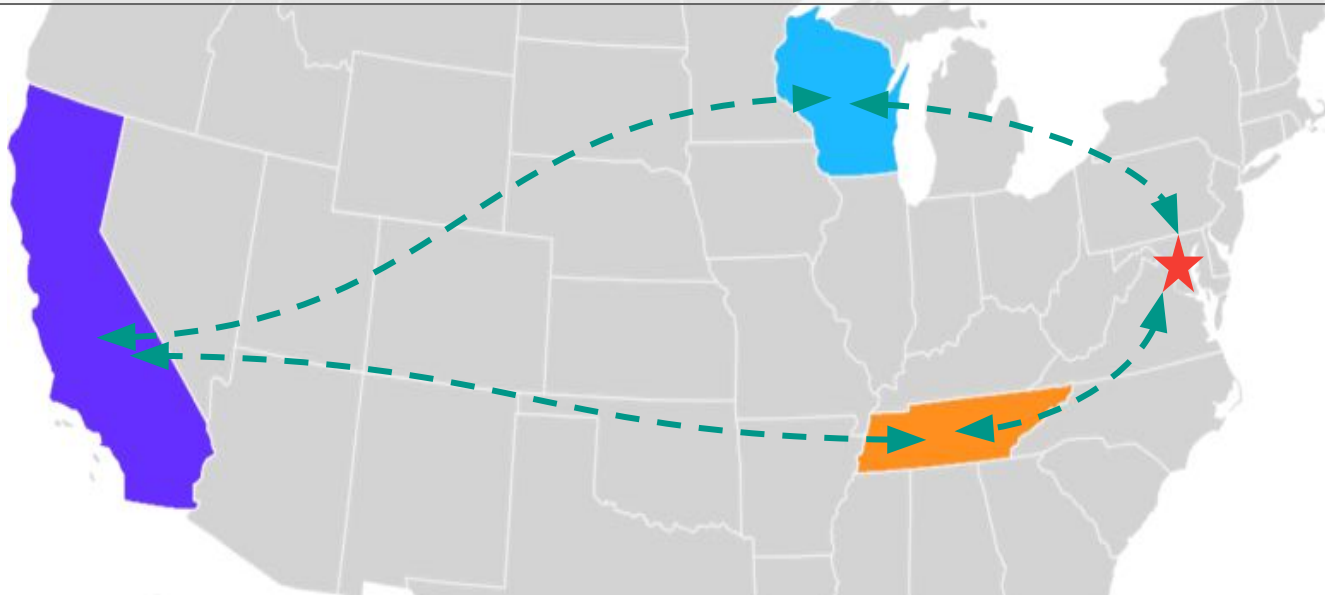
To catalyze transformative change in underserved communities through a scalable and sustainable public school model that propels student achievement, develops exceptional educators, and partners with parents who enable high-quality public schools to thrive in their community.



# *Our Premise* - Strong Regions and ONE Network Deliver Results for Students and Families

## The Strength of our Regions

- Strong regional leadership teams, lead by Executive Directors in each region
- School leaders are guardians of academic achievement
- Local board comprised of subject matter experts, funders, and community advocates provide support and guidance



## The Power of a Network

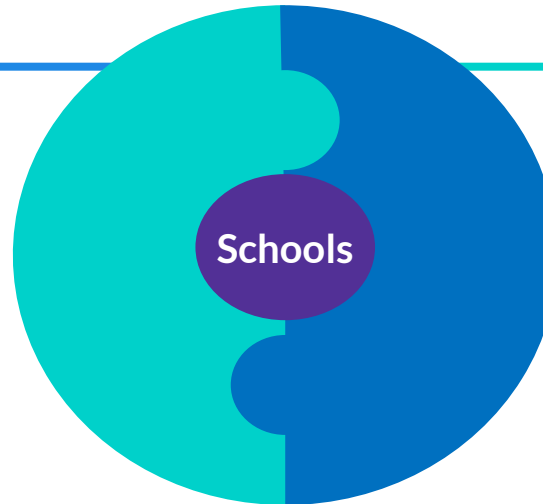
- Provides support for schools and regions centrally to scale flexible solutions and streamline costs
- Enables consistency across schools and regions through a core curriculum team while fostering improvement and adaptation to local needs through regional partnership
- Provides expertise in MarComm, Fundraising, Growth, Finance, and other areas

# We are ONE Network: Regions and National advance our mission in complementary and distinct ways.



## How regions drive impact

Deliver impact by serving Rocketeers and families directly (and team members), leveraging a portfolio of National systems and supports, sharing on-the-ground expertise and feedback to improve them, and ensuring implementation reflects local context, relationships, and community needs



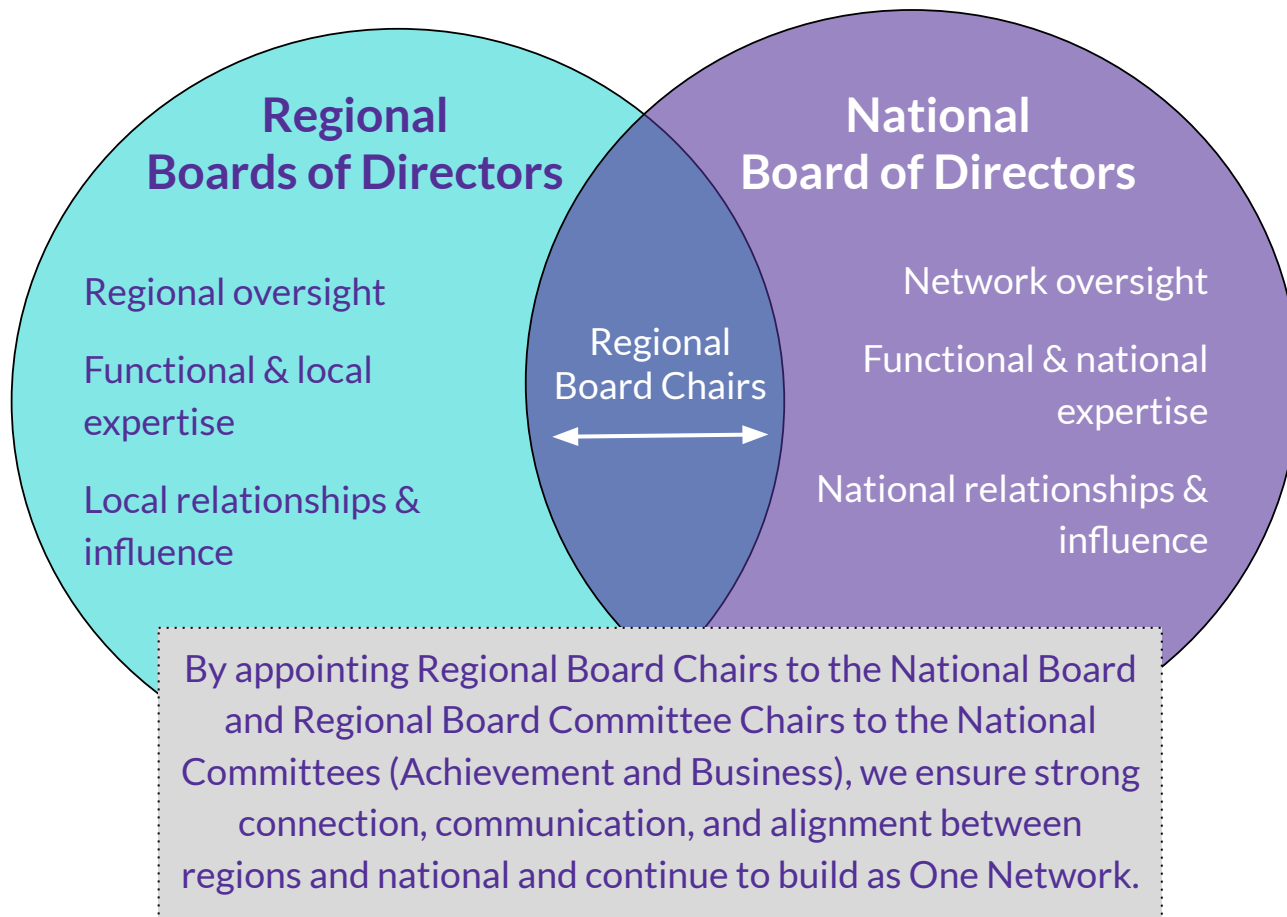
## How national drives impact

Delivers impact to Rocketeers, families, and team members providing and elevating functional expertise, standards, and tools, driving efficiencies through scale, building regional capacity through cross-region learning and (at times, direct support), and enabling network stability and expansion

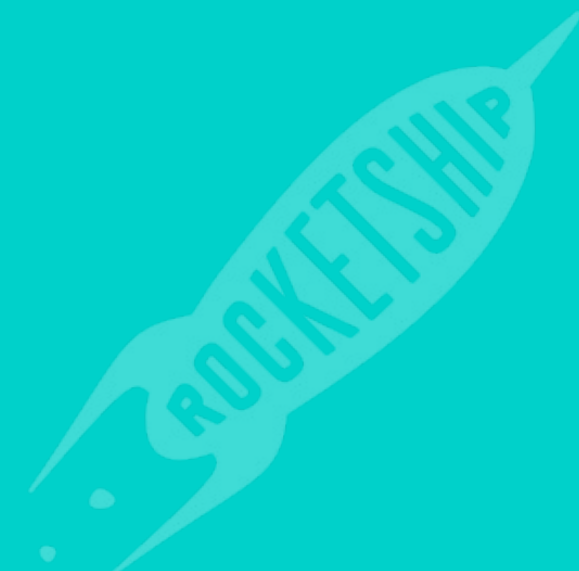
*Regions and National are interdependent parts of One Network who work together to achieve collective impact.*



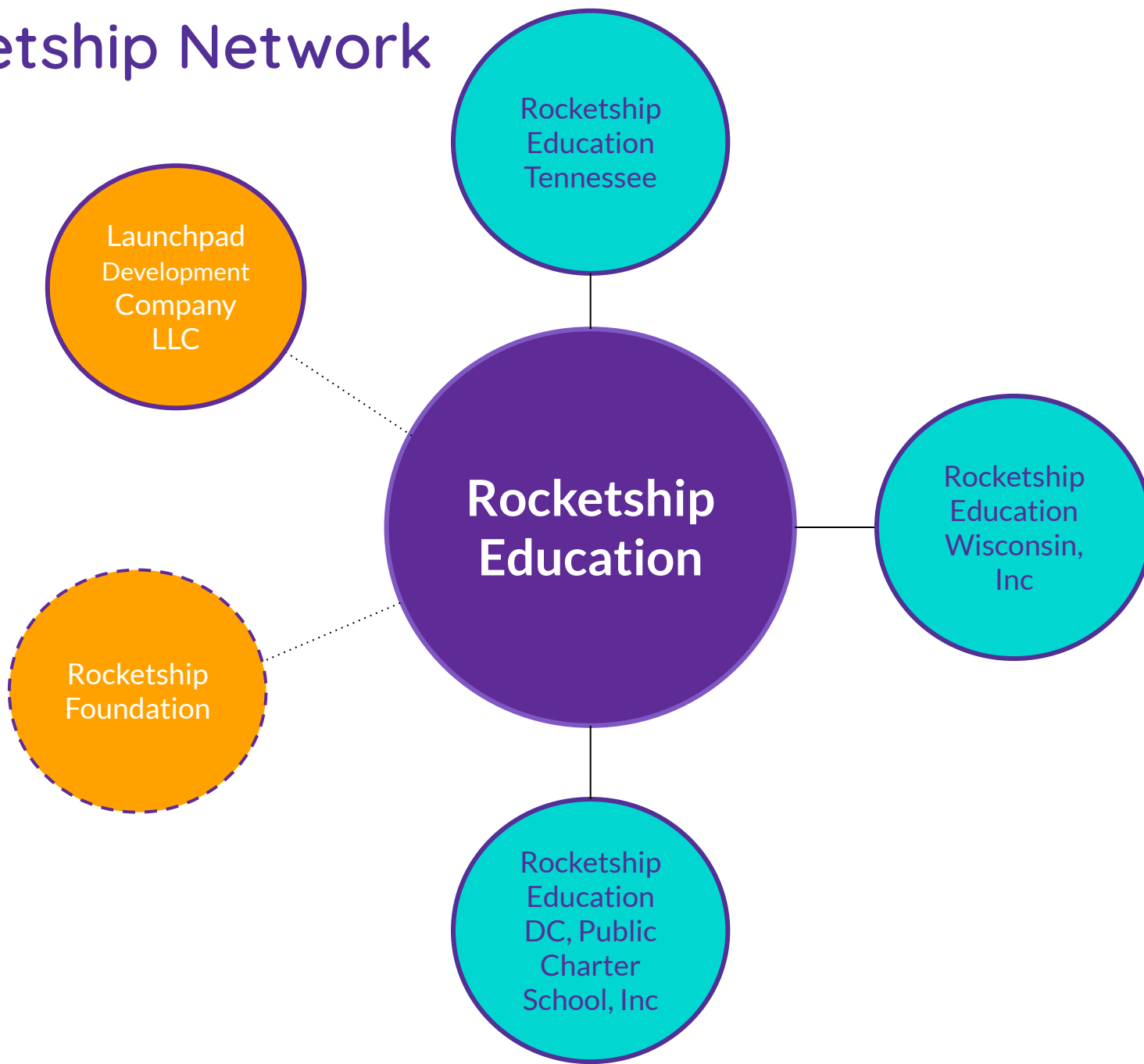
National & regional board structure is designed to advance our mission within regions & across network.



# Rocketship Governance Structure



# Rocketship Network



# Rocketship Education

- A nonprofit, public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law.
  - Organized and operated exclusively for educational and charitable purposes as an operator of a charter school network.
  - Governed by the Rocketship Education Board of Directors.
    - Board Chairs from each Rocketship Regional Nonprofit Board sit on the National Board
- Two basic divisions to Rocketship Education:
  - 1) Operating 13 CA Public Charter Schools.
    - Directly manages Rocketship schools in CA and employs CA school staff
  - 2) Serving as a Network Support Organization (“NSO”) , providing services and support to each of the regional nonprofit, subsidiary entities pursuant to Network Support Agreements



# Rocketship Regional Affiliates

## **Rocketship Education Wisconsin, Inc -**

- First WI school opened in 2013
- Governed by the Rocketship Education Wisconsin, Inc. Board of Trustees

## **Rocketship Education Tennessee**

- First TN school opened in 2014
- The three existing Tennessee schools were originally opened and governed by Rocketship Education
- As of July 1, 2025, all Rocketship Tennessee schools are governed by the Rocketship Education Tennessee Board of Trustees

## **Rocketship Education DC, Public Charter School, Inc**

- First DC school opened in 2016
- Governed by the Rocketship Education DC Public Charter Schools, Inc Board of Trustees





# All Rocketship Regional Affiliates

- Are nonprofit, public benefit corporations organized under the law of their respective states for the purpose of operating public charter schools in those states
- Hold the charters for and directly govern and oversee the schools in their states
- Directly employ regional school staff located in their state
- Receive services and support from Rocketship Education as defined in the One Network Support Agreements

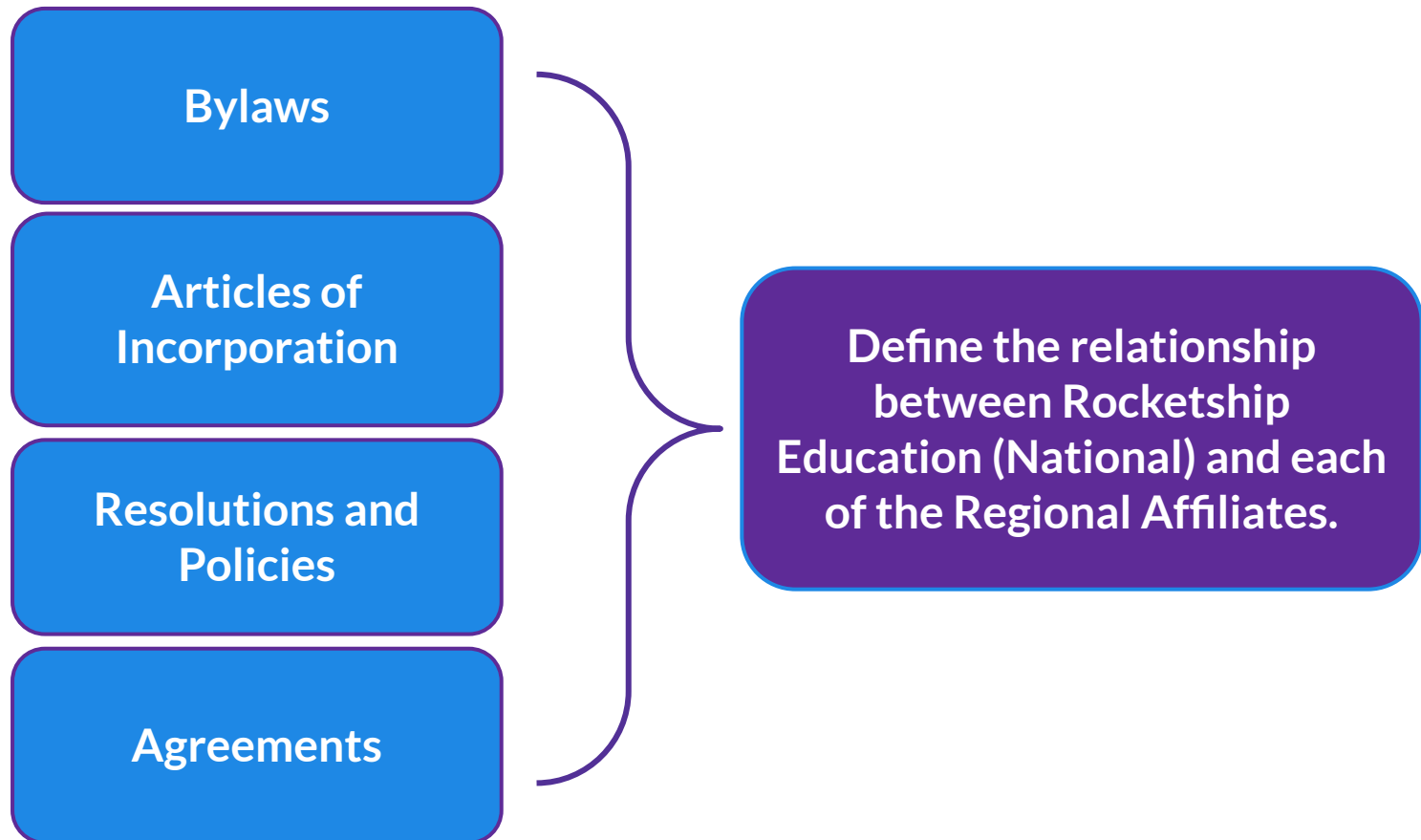


# Launchpad Development Company

- A nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law
- Operates as a supporting organization of Rocketship Education
- As part of its charitable purpose, Launchpad finances, develops, owns and leases real estate to Rocketship Public Schools throughout all regions in furtherance of RSED's purpose
- Launchpad's Board appointments must be approved by the RSED Board, and as a support organization, Launchpad is required to act in the interests of Rocketship Education and its affiliated nonprofits.



# Relationship Between Rocketship Entities



# One Network Foundational Components



<b>1) Sole Statutory Membership</b>	The Bylaws of the Regional Affiliates provide that RSED is the Sole Statutory Member (or Sole Member) of the regional nonprofits. For example, rights afforded to the Sole Member typically include: appointment and removal of Regional Board members; review and approval rights over proposed changes to Bylaws and Articles of Incorporation of each Regional nonprofit; approve dissolution and liquidation of nonprofit; approve merger plans; approve sale, lease, exchange or other disposition of all or substantially all assets; inspect and copy corporate records.
<b>2) Agreements</b>	Agreements establish additional terms of the working partnership between RSED and the Regional Affiliates including: The One Network Support Agreement, the Trademark and Intellectual Property License Agreement, and Core Model, among others.
<b>3) Resolutions</b>	Resolutions establish additional working mechanisms that are critical to regional and network operations including Officer Appointments and Signatory Authority, among other resolutions regarding the respective rights and responsibilities of the parties in conducting business.
<b>4) Policies</b>	Policies, such as the shared Fiscal Policies, establish shared and accepted standards.
<b>5) Executive Director Appointment</b>	Executive Directors are selected by the CEO, approved by the Regional Boards, and employed by RSED. Executive Directors connect the network and regions, while working to maintain alignment and continuity of service.



# Sole Statutory Member - Articles and Bylaws

**Nonprofits Bylaws** contain the rules for the conduct of the organization's business and affairs. Bylaws must be created in accordance with state law. Bylaws define key governance matters, including:

- Purpose of the organization
- Whether the organization has a sole statutory member
- Size of the board, its powers and how it will function
- Roles and duties of directors and officers
- Rules and procedures for holding meetings, electing directors and appointing officers
- Conflict of interest policies and procedures
- Maintenance of Corporate Records
- Management of assets

**Articles of Incorporation**\* a formal document filed with a government body to legally document the creation of a corporation. These documents contain general information about the corporation, including the corporations purpose, business name and location. The key aspect of the Articles is the corporate purpose as the organization's activities must adhere to that purpose.

\*In Tennessee, Articles of Incorporation are referred to as the Charter of the Corporation.



# Sole Statutory Member - Connecting to One Network

The Bylaws governing DC, WI and TN designate Rocketship Education, Inc. as the sole member of each of the regional affiliates.

What is a sole member?

- Among other things, a nonprofit governance structure in which one corporation, “the sole member”, retains the right to elect and remove directors.

Why this structure?

- The Sole Member structure is a best practice for growing and complex organizations working to ensure tight alignment on vision, mission and quality of service.
- The structure enables Rocketship to have a strong network, ensuring alignment to the core vision and mission of the organization by retaining some rights, decisions and oversight at the network level. This ultimately supports our shared goal of high quality schools through close alignment to our core model (school and operating) and approach.

**Ultimately, this means that Rocketship Education and the National Board maintain direct oversight of the family of nonprofits.**



# One Network Support Agreement



Rocketship Education and each of the affiliated regional nonprofits enter into One Network Support Agreements, which delineate the network services provided by RSED to each of the regional nonprofits and the schools they govern. Services are specifically provided consistent with the school charters, applicable federal, State and local law, and Board-approved policies.

Services provided by Rocketship Education include:

- Regional Leadership
- Program
- Data and Student Information Systems, Analytics and Assessments
- Technology Solutions
- Human Resources and Talent
- Compliance and Governance
- Communications, Public Relations and Fundraising
- Strategy and Growth
- Real Estate and Facilities
- Financial Services (Accounting, Bookkeeping, Payroll, Procurement and Other Services)
- Legal Services

In exchange for providing the services, the schools in each region pay a network support fee of 15% of gross revenue, excluding a few restricted funding streams.



# Under the One Network Support Agreement, the Regional Boards Retain their Authority.



## **AUTHORITY OF EACH REGIONAL BOARD**

- No provision of the One Network Support Agreement interferes with the duty of each regional board to exercise its statutory, contractual, and fiduciary responsibilities in:
  - Governing the regional nonprofit
  - Overseeing the activities of RSED conducted pursuant to the Agreement.
- The regional boards remain in their full fiduciary capacity in respect to the regional nonprofits, accountable to the Authorizers and applicable State authorities for their organization and each of the schools they oversee.





# Under the One Network Support Agreement, EDs are appointed to lead at the Network and Regional levels.



## EXECUTIVE LEADERSHIP

- EDs help lead the One Network by serving as the primary representative of their region on the national Network Executive Team (“NET”).
- EDs are responsible for managing the region, including its schools and staff members.
- EDs are selected by the RSED CEO, and are approved by the Regional Boards.
- EDs are employed by RSED, and report directly to the RSED CEO.



# The One Network Support Agreement includes a Trademark and IP Licensing Agreement

## Trademark and Intellectual Property.

- **Use** - Use of RSED trademarks, service marks, and intellectual property is conditioned on adherence to RSED's core model, operational, academic, and cultural standards.
- **Alignment** - This portion of the agreement ensures that the Rocketship nonprofits are aligned on standards, and allows for brand management.
- **Core Model** - The Core Model documents are works in progress.



# The One Network Support Agreement includes Educational Program

## Educational Program.

- **RSED Design** - RSED has exclusive authority to design, implement, and modify the academic program of RPS schools, subject only to state law and authorizer requirements.
- **Core Model** - All curriculum, assessments, instructional materials, and practices shall conform to RSED's Core Model.
- **Regional Adaptations** - RSED will work in collaboration with Regional Leadership on the development and implementation of any refinements to the academic program in alignment with the Rocketship Core Model and applicable State standards or unique regional needs. Deviations from the Core Model may not be implemented without RSED's prior written consent.

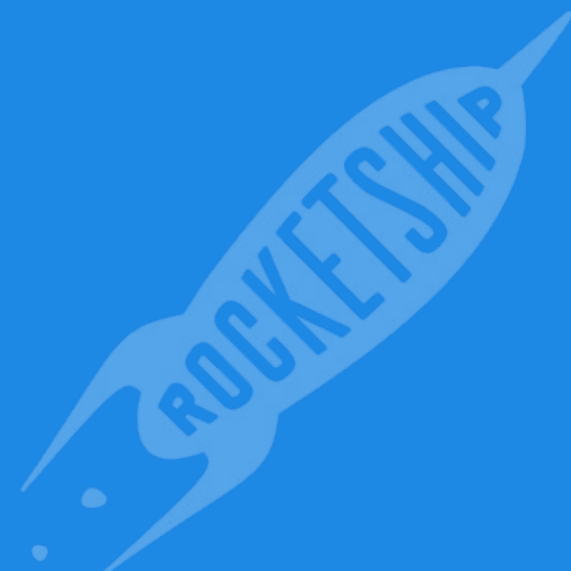


# Power of ONE Network

Together, by being tightly aligned and leaning into the power of the network and local expertise and insight, we unleash the maximum potential for our collective work to provide equal access to opportunity for all.



# Network Service Agreement Update



# Growth Update



# Rocketship TN4 was approved!



Rocketship TN4 was unanimously approved by the Tennessee Charter School Commission on October 16, 2025.

TN4 represents our first school outside of Davidson County and first in Rutherford County.

**We are actively sourcing and reviewing facilities options to determine if we will start this new school in 2026-2027 or 2027-2028. We expect to make a decision in December 2025.**

# Recap: Our sprint is focused on answering the question – do we believe we can successfully open TN4 in 2026-27?



## Objectives

- Define what we need to see in each factor
- Share update on where we are for collective problem-solving and probing
- Align on next steps
- Share update on where we are for collective problem-solving and probing
- Pulse check on emerging rating + evidence
- Align on next steps, including NET update and board meeting materials
- Share final rating recommendation + supporting evidence
- *Send email update to NET prior to board*
- Make recommendation to TN Board
- *Preview with board chair and vice chair in advance of December 4*
- + NET update on 12/8 to engage





# Recap: To make this decision, there are several factors to evaluate, with 2 key needle movers

	Factor	What needs to be true by 12/4 to be on track for 26-27
★	<b>Facilities</b> Ben/Eric/Andrea	<ul style="list-style-type: none"> <li>Usable / viable location (affordability, demand, condition)</li> <li>Reasonable timeline to opening by July 15 (path to city permissions, work through contracting / acquisition, plan for renovations)</li> </ul>
★	<b>Talent</b> Melody / Jen	<ul style="list-style-type: none"> <li>Process mapped AND principal hired by February 1 (i.e., do we have enough time)</li> <li>Sourcing strategy / pipeline development by December 3</li> </ul>
	<b>Finance</b> Ben/Eric	<ul style="list-style-type: none"> <li>Updated 4-campus regional model with relevant facility details (above) / fundraising (below)</li> </ul>
	<b>Fundraising</b> Eric	<ul style="list-style-type: none"> <li>"Committed / expected" fundraising is sufficient to open, with path to regional break-even with fundraising pipeline (CSP, CSGF + additional opportunities pending updated model)</li> </ul>
	<b>Need / Demand</b> Hilary	<ul style="list-style-type: none"> <li>[For potential site] Reasonable implied market share to fully enroll school in Y1 and Y# (steady state)</li> </ul>
	<b>Reputational risk / politics / brand</b> Eric/Preston	<ul style="list-style-type: none"> <li>Managing commission expectations / relationship, on the ground communications to preserve trust-building</li> </ul>

## Your role?

Drive on your workstream

Make an assessment and recommendation for your domain, based on "what needs to be true"



# Recommendation

A recommendation will be shared live at the 12/4 board meeting as our final “sprint” takes place on 12/3. We will allow sufficient time to ask questions and discussion the recommendation.



Closed Session



**The Board is in Closed Session.**

**Rocketship TN Board of Trustees Meeting**

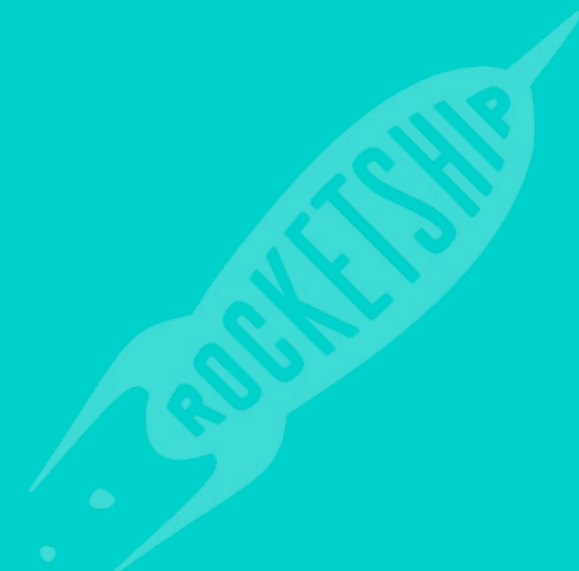
**December 4, 2025**



Closed Session: Report Out



Adjourn



# Appendix



# Talent Recruitment Update

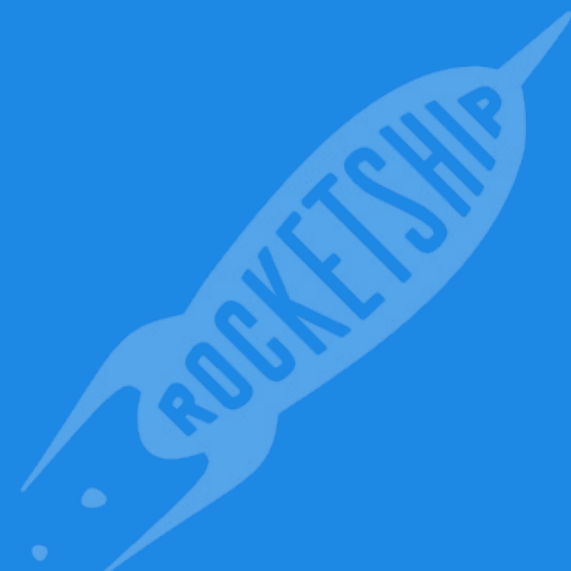




# Agenda

- Current State of School Staffing
- Talent Acquisition Team Staffing Update
- 2024-25 Talent Acquisition Outcomes
- 2025-26 Talent Acquisition Priorities and Goals

*Talent Recruitment Update:*  
Current State of School Staffing



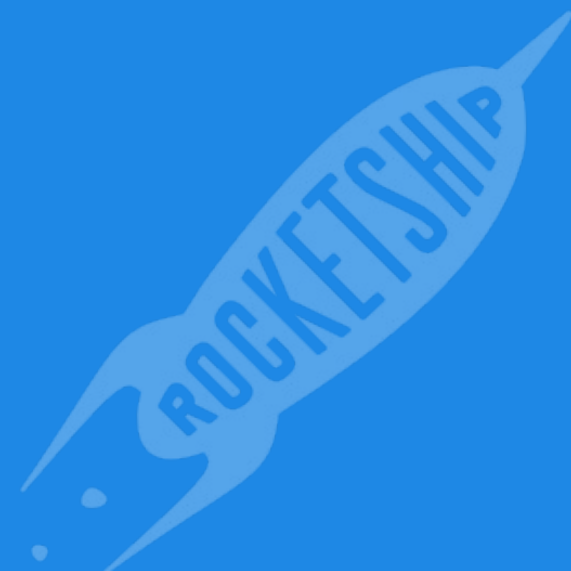
# Current State of Rocketship TN School Staffing and Fall Hiring as of 11/21

*Target: 96% or higher at any point during school year*

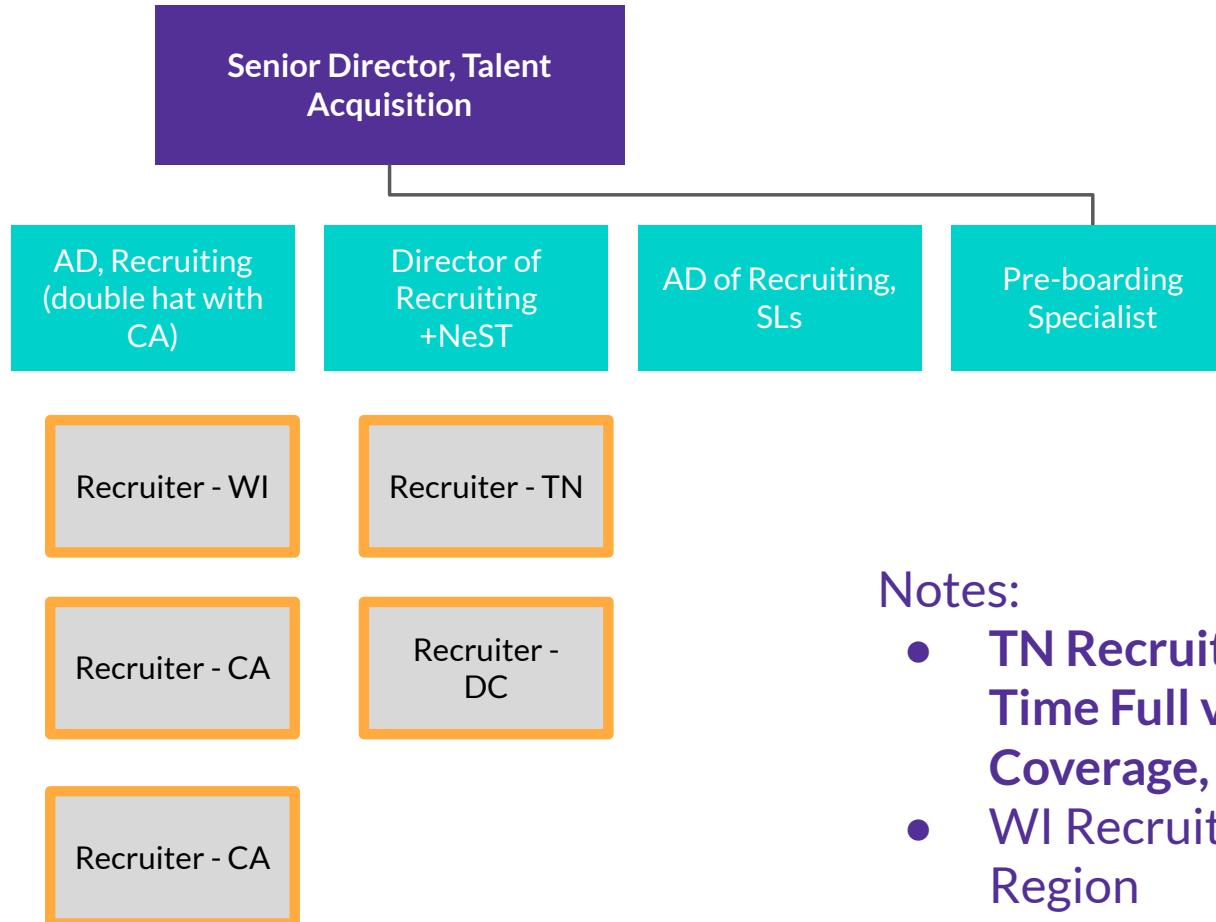
% Staffed as of 11/21 - All roles	98%
Instructional staff departures since 8/1	20
Added instructional staff positions since 8/1	3
New instructional staff hires since 8/1	27

*Talent Recruitment Update:*

Talent Acquisition Team Staffing Update



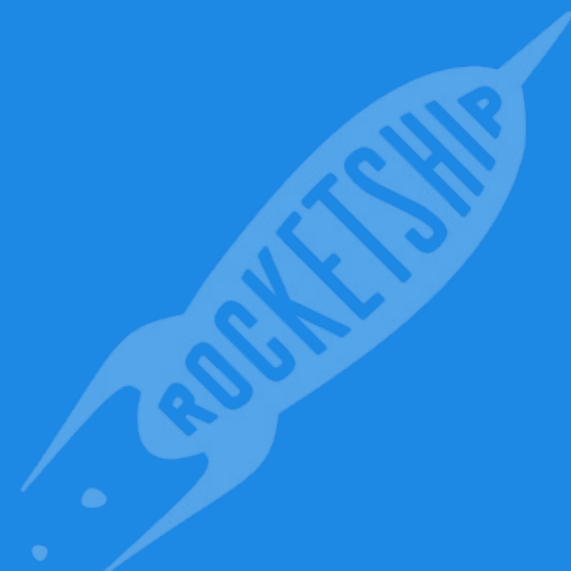
# Talent Acquisition Team Organizational Chart



## Notes:

- **TN Recruiter- Move to Full Time Full vs. Part-Time Coverage, In Region**
- **WI Recruiter- New Role, In Region**
- **Pre-Boarding Specialist- New Role, In Region**

*Talent Recruitment Update:*  
2024-25 Talent Acquisition Outcomes TN  
Region



## 25-26 Hiring Data Review: TN Teacher Hiring

Retention	Average teacher-level hires per school	New hires as % of total teacher-level roles
70%	9	39%

### Notes:

- Hiring data reflects hires made through 8/22/2025 and does not include midyear hires
- Full-year retention period: 10/1/24 through 8/1/25

### Summer Staffing Issues

- On 8/1 (first week of school), schools were only 92% staffed
- This gap was driven by:
  - Recruitment Team transitions and staffing allocation (no dedicated TN recruiter)
  - Late start to hiring season (April-July)
  - Lack of proactive candidate sourcing
  - Late resignations of 25-26 staff (69% in May-July)

## 25-26 Hiring Data Review: TN Timelines and Conversion Rates

- Late timelines
  - All hiring occurred April-August
  - Late vacancy notifications: 69% of teacher/ISE notifications came in May-July
    - Includes voluntary and involuntary terminations
    - Does not include staffing model/enrollment role adds
    - Does not include August
- ISE hiring and close rates were low and well below gen ed
  - 42% vs. 91% close rate



## 25-26 Hiring Data Review: TN Teacher Hiring through 8/22/25

### All Teacher Level Hires

Retention	Average teacher-level hires per school	New hires as % of total teacher-level roles
70%	9	39%

#### Notes:

- Includes Special Populations Teachers
- Full-year retention period: 10/1/24 through 8/1/25

### Special Populations Teachers Hired

	RDCP	RNNE	RUA
ISE Specialist	3	2	2
ESL Specialist	1	1	1



# 25-26 Hiring Data Review: TN Timelines and Pipeline

**Summer Staffing Issues: 8/1 (first week of school), schools were only 92% staffed**

This gap was driven by:

- Recruitment team transitions and staffing allocation (no dedicated TN recruiter)
- Late start to hiring season (April-July)
- Lack of proactive candidate sourcing
- Late resignations of 25-26 staff (69% in May-July)

## Late Timelines

- All hiring occurred April-August
- Late vacancy notifications: 69% of teacher/ISE notifications came in May-July
  - Includes voluntary and involuntary terminations
  - Does not include staffing model/enrollment role adds or data after July

## ISE Specialist Applicant Pool and Conversion Rates Significantly Below General Education

	Applications per Hire	Close Rate
General Education	14	91%
ISE Specialists	9	42%



## 25-26 Hiring Data Review: TN Source of Hires (General Ed Teachers)

Most hired candidates were self-sourced (“Applied”) as opposed to other sources such as internal, referrals, or recruiter-sourced (“Sourced”).

- Opportunity to increase referrals and internal hires over time
  - Charter networks with strong referral programs see ~30% of hires from referrals (Avg 20-40% across industries)
- Need for stronger strategy and execution for sourcing
- Longer term opportunity to build internal pipeline (i.e. tutor to teacher)

Region	Applied	Internal	Referred	Sourced
TN	75%	0%	15%	10%

*Talent Recruitment Update:*  
2025-26 Talent Acquisition Priorities and Goals



# Talent Acquisition 2026-27 Priority Pillars

*Timely and Goal-Driven  
Hiring and Recruitment*

*Long Term Community  
Pipelines and  
Relationships*

*Data and Systems  
Integration*

*Rocketship Talent Brand*



# Talent Acquisition 2026-27 Priorities: Current TA Team Activities

## *Timely and Goal-Driven Hiring and Recruitment*

- 2026-27 applications launched
- 2026-27 monthly hire and interview targets set by region; updates to begin January
- Shared timelines in place for school staffing models, compensation, offer letter and credential memo templates
- Recruiter-specific metrics and professional growth plans set
- Regional-specific strategies being finalized by November 15

## *Long Term Community Pipelines and Relationships*

- Partnership and events plans being set for each region by November 15
- Recruiters attending fall career fairs
- New and renewed partnerships and pipeline meetings occurring across regions

## *Data and Systems Integration*

- New midyear vacancy and interview tracker including time to fill metrics implemented
- Due diligence for Workday applicant tracking system started
- Dashboards with recruiter sourcing and interview pipelines added for regular review

## *Rocketship Talent Brand*

- Social media campaign launched in alignment with 2026-27 application release
- Talent and Marketing/Communication partnership planning to build Talent Brand (Nov-Jan)

### Team Staffing:

- Sr. Director of Talent Acquisition hired
- Hiring starting for Pre-Boarding Specialist



# 2025-26 Talent Acquisition Goals

- Schools are 96% staffed at any point during the school year.
- 100% of vacancies including overhires confirmed by regional target date (approx week 1 of May) ready to start by 7/1.
- Vacancies confirmed after regional target date will have an offer signed within 4 weeks +2-3 weeks for pre-boarding.



# Planning for 2026-27 TN School Staff Hiring

*Does not yet include TN4 planning*

## Setting Timelines and Targets

- Projecting ~28 hires across three existing schools
- Target to hold about 50% of needed interviews by end of March

## Identifying Staffing Model Updates

- Planning to add certified science teachers
- Anticipated increase in Multilingual Learner Teachers (+1 per school)

## Addressing Special Populations Teacher Shortages

- Still working to add special populations teachers recruitment strategy
- Compensation benchmarking
- Revised messaging and phone screen tools to ensure fit before interviews

Partnerships and Pipelines - Work in Progress	
Existing/Growing/ Enhancing	Exploring/New
<ul style="list-style-type: none"><li>● Staff in job embedded/student teaching: Walden, TN State, Moreland</li></ul>	<ul style="list-style-type: none"><li>● TFA (potential restart)</li><li>● Nashville Teacher Residency</li><li>● ManUp</li><li>● TECA</li><li>● Relay</li></ul>





# Slide Templates



Action Items: Finance - Review and Approval

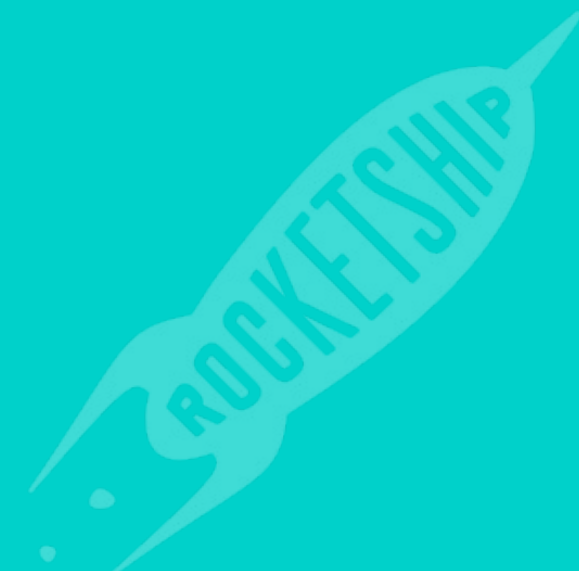


# Motion - **Board Authorizations**

A motion to:



[Agenda Item #7]



[Agenda Item #8]



