



Tuesday, August 20, 2024
Rocketship Public Schools Business Committee (2024-25 Q1)

Meeting Time: 10:00am

Public Comment: Members of the public can make comment on off-agenda items at the start of the meeting, and on agenda items immediately preceding the board's discussion of each item. You will be recognized once the public comment time begins, and be permitted to make comment for a duration of up to 3 minutes.

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

Teleconference locations:

950 Owsley Ave, San Jose, CA 95122

1700 Cavallo Rd, Antioch, CA 94509

2351 Olivera Rd, Concord, CA 94520

909 Roosevelt Ave, Redwood City, CA 94061

311 Plus Park Blvd Suite 130, Nashville, TN 37217

125 Fox Hollow Road, Woodside, CA 94062

5 S Somerset Ave, Ventnor City NJ 08406

1877 Camino A Los Cerros, Menlo Park, CA 94025

1080 North 7th Street, San Jose, CA 95112

18370 Burbank Blvd, Suite 100, Tarzana CA 91356

1. Opening Items

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

2. Consent Items

- A. Approve minutes from May 21, 2024 Business Committee meeting

3. Information Items

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

4. Agenda Items

- A. Review and Recommend Approval of Revised Rocketship Fiscal Policies
- B. 2023-24 EOY Financial Review
- C. Review and Recommend Approval of the 2024-25 Revised Budget to the Rocketship Board of Directors
- D. Finance Team and Systems Update

5. Closed Session

- A. Conference with Real Property Negotiations pursuant to California Government Code Section § 54956.8. Property Location: Milwaukee, Wisconsin. Agency Negotiator: Benjamin Carson, Preston Smith. Negotiating Parties: To Be Determined. Under Negotiation: Price and Terms of Payment

6. Agenda Items (contd.)

- A. Public report on actions taken in closed session

7. Adjourn

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

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

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Si necesita traducción de audio al español para acceder a la reunión de la Mesa Directiva de Rocketship, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Si desea hacer un comentario público en español y desea que lo traduzcamos al inglés para la Mesa Directiva, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Rocketship Public Schools Business Committee (2023-24 Q4) (Tuesday, May 21, 2024)

Generated by Cristina Vasquez on Monday, June 3, 2024

1. Opening Items

A. Call to order

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

Present: Charmaine Detweiler, Ray Raven, Mike Fox, Greg Stanger, Alex Terman, *Ken Kumer (advisor)*, *Rob Elliott (advisor)*, Louis Jordan (advisor), Kamuzu Saunders (advisor)

Absent: Dan Sanchez

B. Public comment on off-agenda items

At 10:34am, Mr. Terman called for public comment on off-agenda items. No members of the public provided comment.

2. Consent Items

A. Approve minutes from February 14, 2024 Business Committee meeting

At 10:35am, Ms. Detweiler made a motion to approve the consent items. This motion was seconded by Mr. Raven, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Ray Raven, Mike Fox, Greg Stanger, Alex Terman

N: --

Abstain: --

3. Informational Items

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

At 10:36am, the committee reviewed item 3(A). No action was taken.

4. Agenda Items

A. Q3 Development Update and Q4 Next Steps

At 10:39am, the committee discussed agenda item 4(A). No action was taken.

At 10:42am, Dan Sanchez joined the meeting.

B. Q3 Financial Review and Business Operations Update

At 10:58am, the committee discussed agenda item 4(B). No action was taken.

C. Review and Recommend Approval of Network Support Fee Deferral and Forgiveness to the Rocketship Board of Directors

At 11:26am, the committee discussed agenda item 4(C).

At 11:34am, Ms. Detweiler made a motion to recommend approval of the Network Support Fee Deferral to the Rocketship Board of Directors. This motion was seconded by Mr. Fox, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Ray Raven, Mike Fox, Greg Stanger, Alex Terman, Dan Sanchez

N: --

Abstain: --

At 11:35am, Mr. Sanchez made a motion to recommend approval of the Network Support Fee Forgiveness to the Rocketship Board of Directors. This motion was seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Ray Raven, Mike Fox, Greg Stanger, Alex Terman, Dan Sanchez

N: --

Abstain: --

D. Review 2024-25 Annual Plan and Recommend 2024-25 Budget to the Rocketship Board of Directors

At 11:26am, the committee discussed agenda item 4(D).

At 12:10pm, Mr. Fox left the meeting.

At 12:24pm, Mr. Sanchez made a motion to recommend approval of the 2024-25 Budget to the Rocketship Board of Directors. This motion was seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Ray Raven, Greg Stanger, Alex Terman, Dan Sanchez

N: --

Abstain: --

5. Adjourn

At 12:25pm, Mr. Sanchez made a motion to adjourn the meeting. This motion was seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Ray Raven, Greg Stanger, Alex Terman, Dan Sanchez

N: --

Abstain: --

Q1 Rocketship Public Schools Business Committee Meeting

August 20, 2024



Agenda

1. Opening Items

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

2. Consent Items

- A.** Approve minutes from May 21, 2024 Business Committee meeting

3. Information Items

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

4. Agenda Items

- A.** Review and Recommend Approval of Revised Rocketship Fiscal Policies
- B.** 2023-24 EOY Financial Review
- C.** Review and Recommend Approval of the 2024-25 Revised Budget to the Rocketship Board of Directors
- D.** Finance Team and Systems Update

5. Closed Session

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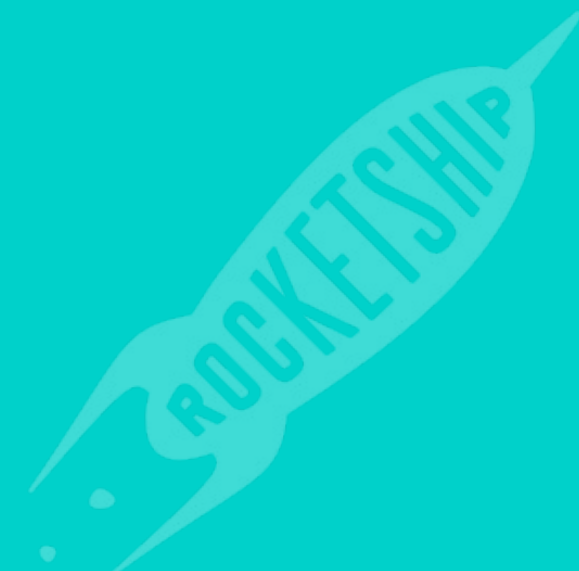
6. Agenda Items (contd.)

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

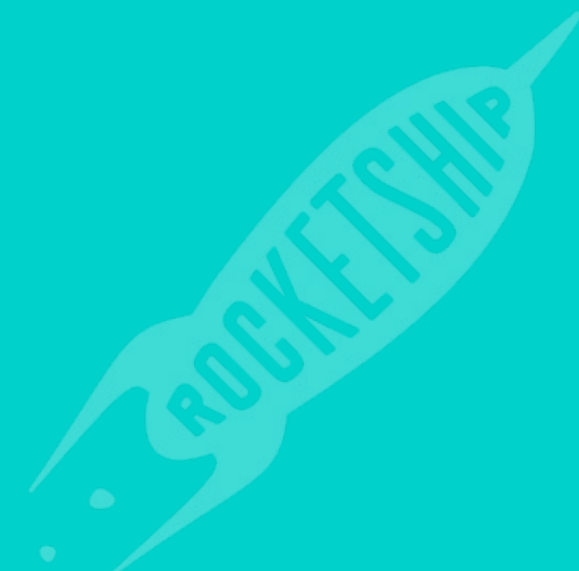
7. Adjourn



Opening Items: Call to Order



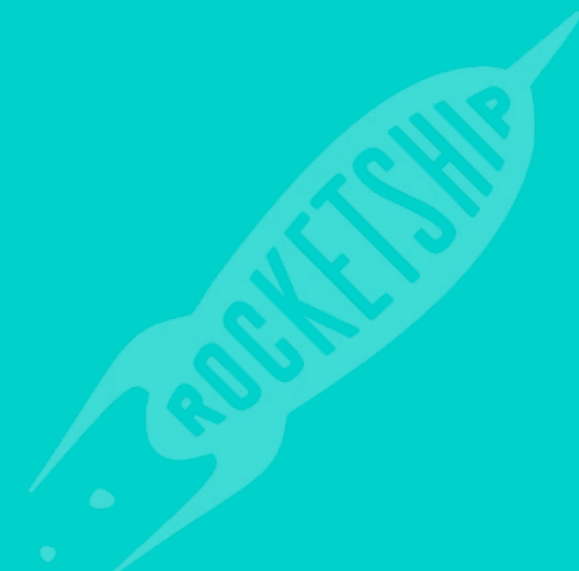
Opening Items: Public Comment



Information Items



Review and Recommend Approval of Revised Fiscal Policies



Minor Amendments to Fiscal Policies Manual

1. Clarifying that the payment approval matrix applies to checks, wires, and other transfers outside of the company
2. Confirming that Rocketship does not make purchases of equipment that meet the capital threshold with federal funds.
3. Updating the mileage reimbursement section to match IRS guidance
4. Clarifying travel per diem and approval requirements



2023-24 EOY Financial Review



RSED Unaudited FY24 Results

Rocketship Public Schools	FY24 Actuals													FY24 Forecast (Q3 Version)	
(\$000s)	CA Schools	DC Schools	WI Schools	TN Schools	Schools Total	CA NeST	DC NeST	WI NeST	TN NeST	National	NeST Total	Elim	RSED Total	RSED Total	Variance
Federal Revenue	15,893	5,563	2,972	4,685	29,114	0	0	106	0	0	106	0	29,220	29,493	-273
State and Other Local	123,023	37,146	7,254	24,696	192,118	0	0	0	0	2,601	2,601	0	194,719	195,464	-744
Int Transfers/Network Support Fee	0	0	0	0	0	6,064	1,595	451	1,360	19,324	28,795	-28,795	0	1,379	-1,379
Grants and Fundraising	286	2	8	26	321	120	659	540	699	5,466	7,485	0	7,806	8,408	-602
Total Revenues	139,202	42,711	10,234	29,406	221,553	6,184	2,254	1,097	2,059	27,392	38,987	-28,795	231,745	234,743	-2,998
Total Comp & Benefits Expenses	61,145	13,975	5,950	13,608	94,678	3,367	1,762	929	1,308	16,133	23,500	0	118,178	120,114	1,936
Books and Supplies	6,194	1,987	724	1,404	10,310	403	174	57	173	927	1,735	0	12,045	12,873	829
Food Services	5,084	1,290	474	1,221	8,069	0	0	0	0	0	0	0	8,069	7,893	-176
Facility Fee	10,330	7,013	674	2,552	20,568	0	0	3	0	0	3	0	20,571	20,236	-335
Leases and Repairs	3,806	1,283	395	975	6,459	411	130	0	84	407	1,031	0	7,490	5,311	-2,179
Network Support Fee	18,575	4,786	1,353	4,080	28,795	0	0	0	0	0	0	-28,795	0	1	1
Other Program Expenses	23,025	12,510	1,420	3,424	40,379	1,670	1,013	418	663	7,510	11,274	0	51,652	58,473	6,820
Total Expenses	128,159	42,845	10,988	27,265	209,257	5,850	3,080	1,407	2,228	24,977	37,543	-28,795	218,005	224,902	6,897
CINA	11,043	-134	-754	2,141	12,297	334	-825	-310	-169	2,414	1,444	0	13,741	9,842	3,899

Changes from Q3 Forecast

While we are still reviewing year-end results prior to submitting for audit, the organization projects to have overperformed budget and forecasts on the basis of reduced expenses relative to projections.

Several regions ultimately underspent on non-personnel despite concerning forecasts throughout the year, underscoring the need for Rocketship to improve its reporting and forecasting tools.



Consolidated Balance Sheet

	Current vs Prior Year (YTD)			
	6/30/24	6/30/23	Change \$	Change %
Assets				
Total Cash and cash equivalents	88,150,239	60,105,087	28,045,152	46.66%
Total Accounts Receivable	35,887,435	36,102,417	(214,982)	(0.60%)
Total Prepaid expenses and deposits	5,093,251	5,520,138	(426,887)	(7.73%)
Total Security Deposits	459,297	459,297	-	0.00%
Total Property, plant & equipment	305,066,890	287,798,429	17,268,461	6.00%
Total Less: Accumulated depreciation	(22,977,862)	(12,214,291)	(10,763,571)	88.12%
Total Note receivable	468,650	776,304	(307,654)	(39.63%)
Total Assets	412,147,900	378,547,381	33,600,518	8.88%
Liabilities				
Total Accounts payable	4,244,072	3,461,873	782,199	22.59%
Total Accrued liabilities	7,582,468	12,138,301	(4,555,833)	(37.53%)
Total Accrued lease payments S-T	9,238,685	8,765,009	473,675	5.40%
Total Deferred Revenue	32,401,649	19,677,626	12,724,022	64.66%
Total Deferred management fee S-T	-	-	-	0.00%
Total Intercompany Loan	-	-	-	0.00%
Total Current portion of loans payable	4,550,000	540,439	4,009,561	741.91%
Total Current Liabilities	58,016,873	44,583,248	13,433,625	30.13%
Total Accrued lease payments L-T	274,151,094	267,485,164	6,665,930	2.49%
Total Accrued Interest	223,230	215,757	7,472	3.46%
Total Loans payable L-T	-	250,000	(250,000)	(100.00%)
Total Long-Term Liabilities	274,374,323	267,950,921	6,423,402	2.40%
Net Assets	79,756,703	66,013,212	13,743,491	20.82%
Total Liabilities and Net Assets	412,147,900	378,547,381	33,600,518	8.88%

Across RSED, we project a \$28mm increase in cash and a \$13mm increase in total net assets.

The changes in property, accumulated depreciation and accrued liabilities are mostly reflective of the ASC 842 lease standards implementation.



CA FY24 Actuals Summary

Total CA Region	FY24 Actuals														FY24 Forecast (Q3 Version)			
(\$000s)	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	RSK	RFZ	RRWC	RRS	RFA	RDL	Total CA Schools	CA Nest	Total CA Region	Total CA Region	Variance
Federal Revenue	1,350	1,221	1,060	1,238	1,278	1,721	928	1,186	1,532	1,160	1,279	1,239	699	15,893	0	15,893	15,480	414
State and Other Local	9,146	6,723	7,767	11,143	7,904	10,117	9,612	10,583	11,377	5,626	12,021	10,336	10,668	123,023	0	123,023	124,022	-1,000
Int Transfers/Network Support Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,064	6,064	6,345	-281
Grants and Fundraising	1	51	11	16	0	62	35	44	9	0	8	0	52	286	120	407	241	166
Total Revenues	10,497	7,995	8,837	12,397	9,182	11,900	10,575	11,813	12,918	6,785	13,308	11,575	11,419	139,202	6,184	145,387	146,088	-701
Total Comp & Benefits Expenses	4,548	3,574	4,082	6,186	4,047	5,244	4,855	5,295	4,833	3,164	5,089	5,467	4,760	61,145	3,367	64,512	66,057	1,544
Books and Supplies	655	378	375	364	432	473	369	487	513	480	557	618	493	6,194	403	6,597	7,247	650
Food Services	391	291	266	450	369	482	415	492	441	288	393	418	389	5,084	0	5,084	5,179	95
Facility Fee	939	638	883	904	750	873	740	935	1,192	20	935	409	1,112	10,330	0	10,330	10,105	-225
Leases and Repairs	353	298	269	356	292	277	320	228	414	132	322	231	312	3,806	411	4,216	3,216	-1,001
Network Support Fee	1,418	1,013	1,158	1,677	1,213	1,571	1,373	1,635	1,702	867	1,789	1,567	1,593	18,575	0	18,575	19,317	742
Other Program Expenses	2,304	1,295	1,278	1,612	1,858	1,888	1,711	1,401	2,089	1,547	1,651	2,279	2,111	23,025	1,670	24,695	29,337	4,642
Total Expenses	10,609	7,487	8,311	11,549	8,961	10,809	9,783	10,472	11,184	6,498	10,736	10,990	10,770	128,159	5,850	134,009	140,458	6,449
CINA	-112	507	527	848	221	1,091	792	1,341	1,734	287	2,572	586	649	11,043	334	11,377	5,630	5,748

Changes from Q3 Forecast

Projected CINA at the region increased by about \$6mm on the basis of total expenses running about \$6.5mm under budget and a small decrease in revenue.

While some final values are likely to change in audit, we know that the region as a whole exceeded its CINA target and is well clear of debt covenants.

One school, RMS, finished with a negative CINA.

Wisconsin FY24 Actuals Summary

Total MKE Region	FY24 Actuals				FY24 Forecast (Q3 Version)		
<i>(\$000s)</i>	RSCP	RTP	Total MKE Schools	MKE Nest	Total MKE Region	Total MKE Region	Variance
Federal Revenue	2,018	954	2,972	106	3,078	2,819	259
State and Other Local	4,719	2,535	7,254	0	7,254	7,143	111
Int Transfers/Network Support Fee	0	0	0	451	451	444	7
Grants and Fundraising	8	0	8	540	548	804	-256
Total Revenues	6,745	3,489	10,234	1,097	11,331	11,210	121
Total Comp & Benefits Expenses	3,803	2,147	5,950	929	6,878	6,826	-52
Books and Supplies	423	301	724	57	781	817	36
Food Services	275	199	474	0	474	433	-41
Facility Fee	329	345	674	3	677	712	35
Leases and Repairs	188	207	395		395	234	-161
Network Support Fee	900	453	1,353		1,353	1,333	-20
Other Program Expenses	846	574	1,420	418	1,838	1,792	-46
Total Expenses	6,762	4,226	10,988	1,407	12,396	12,147	-249
CINA	-18	-737	-754	-310	-1,064	-937	-127

Year-end regional expenses were ultimately about 2% higher than Q3 forecast, with revenues about 1% higher, resulting in a CINA of -\$1.064mm for the year, slightly worse than forecasted.

Tennessee FY24 Actuals Summary

Total TN Region	FY24 Actuals						FY24 Forecast (Q3 Version)	
<i>(\$000s)</i>	RNNE	RUA	RDCP	Total TN Schools	TN Nest	Total TN Region	Total TN Region	Variance
Federal Revenue	2,138	1,934	612	4,685	0	4,685	4,806	-121
State and Other Local	8,887	9,428	6,381	24,696	0	24,696	24,547	149
Int Transfers/Network Support Fee	0	0	0	0	1,360	1,360	1,407	-47
Grants and Fundraising	7	8	10	26	699	725	913	-188
Total Revenues	11,033	11,370	7,003	29,406	2,059	31,465	31,673	-208
Total Comp & Benefits Expenses	5,057	4,886	3,665	13,608	1,308	14,916	14,847	-69
Books and Supplies	520	502	382	1,404	173	1,578	1,548	-30
Food Services	447	394	381	1,221	0	1,221	1,092	-129
Facility Fee	493	563	1,495	2,552	0	2,552	2,222	-330
Leases and Repairs	422	323	230	975	84	1,059	751	-308
Network Support Fee	1,549	1,570	961	4,080	0	4,080	4,221	140
Other Program Expenses	1,101	1,321	1,003	3,424	663	4,087	5,235	1,147
Total Expenses	9,589	9,559	8,117	27,265	2,228	29,493	29,915	422
CINA	1,444	1,811	-1,113	2,141	-169	1,972	1,758	214

Changes from Q3 Forecast

Year end results are broadly consistent with Q3 forecasted results, with small variances in per-pupil and restricted grant revenue recognition and a slight improvement in expenses relative to forecast.

DC FY24 Actuals Summary

Total DC Region	FY24 Actuals						FY24 Forecast (Q3 Version)	
<i>(\$000s)</i>	RISE	RLP	RIC	Total DC Schools	DC Nest	Total DC Region	Total DC Region	Variance
Federal Revenue	1,656	2,258	1,649	5,563	0	5,563	6,388	-825
State and Other Local	11,713	15,884	9,549	37,146	0	37,146	37,328	-182
Int Transfers/Network Support Fee	0	0	0	0	1,595	1,595	1,560	35
Grants and Fundraising	2	0	0	2	659	661	1,158	-497
Total Revenues	13,371	18,142	11,198	42,711	2,254	44,965	46,434	-1,469
Total Comp & Benefits Expenses	4,487	5,525	3,963	13,975	1,762	15,738	15,352	-386
Books and Supplies	684	666	638	1,987	174	2,161	2,408	247
Food Services	470	554	266	1,290	0	1,290	1,180	-110
Facility Fee	1,795	1,721	3,497	7,013	0	7,013	7,197	184
Leases and Repairs	484	397	402	1,283	130	1,414	710	-704
Network Support Fee	1,434	2,075	1,278	4,786	0	4,786	4,681	-105
Other Program Expenses	4,093	5,613	2,804	12,510	1,013	13,523	14,358	835
Total Expenses	13,447	16,551	12,847	42,845	3,080	45,924	45,886	-38
CINA	-76	1,591	-1,649	-134	-825	-959	548	-1,507

Changes from Q3 Forecast

In the unaudited year end results, regional CINA declined substantially relative to the Q3 forecast. The revenue decrease is driven primarily by a \$750,000 revenue deduction owing to an error in FY23 year-end booking that had to be reversed in FY24.

In addition, philanthropy and contributions are currently booked \$500,000 short of budget due to categorization of competitive DC grants received.

Expenses are consistent with the Q3 forecast.

Texas FY24 Unaudited Results

	Annual Budget	Full Year Forecast	Budget \$ B/W	Budget % B/W
Revenues				
State Revenue	\$ 6,879,321	7,225,889	\$ 346,568	5%
Federal Revenue	\$ 929,760	928,432	(1,328)	0%
Miscellaneous Revenues	\$ -	7,214	7,214	0%
Grants and Contributions	\$ 6,700,000	6,140,000	(560,000)	-8%
Other Local Revenues	\$ -	13,245	13,245	0%
Total Revenues	\$ 14,509,081	\$ 14,314,780	\$ (194,302)	-1%
Expenses				
Certificated Salaries	\$ 3,405,282	\$ 2,655,905	\$ 749,377	22%
Classified Salaries	\$ 1,789,609	3,095,191	(1,305,582)	-73%
Salaries	\$ 5,194,891	\$ 5,751,096	\$ (556,205)	-11%
Employee Benefits	\$ 1,425,998	1,542,835	(116,837)	-8%
Books and Supplies	\$ 931,868	1,388,247	(456,379)	-49%
Food Services	\$ 499,234	724,053	(224,820)	-45%
Services and Other Operating Expenses	\$ 2,263,541	3,142,946	(879,406)	-39%
Travel and Conferences	\$ 391,349	136,207	255,142	65%
Dues and Insurance	\$ 106,060	105,602	458	0%
Rental, Leases and Repairs	\$ 351,706	533,845	(182,139)	-52%
Facility Fee	\$ 908,360	900,399	7,961	1%
Management Fee Forgiveness	\$ -	(316,714)	316,714	0%
Management Fee - National	\$ 687,932	-	687,932	100%
Miscellaneous Expenses	\$ -	-	-	0%
Interest Expense	\$ 144,000	144,000	-	0%
Accrued Interest & Amortization	\$ -	-	-	0%
Depreciation Expense	\$ -	563,879	(563,879)	0%
Total Expenses	\$ 12,904,937	\$ 14,616,394	\$ (1,711,457)	-13%
CINA	\$ 1,604,144	\$ (301,615)	\$ (1,905,759)	-119%

Following initial closing, we are projecting the region to end with a \$301k negative CINA (positive \$262k excluding depreciation).

Expense actuals show total comp. 10% over budget and total non-comp, other than CMO fee, 33% over budget.

State and Federal revenues finish within about 1% of budget. Grant revenues finish \$560,000 under budget.

RPS Texas Initial FY24 Loan Covenant Calculations

Days Cash Calculation		
Ending operating cash		\$1,678,323
Daily expenses		\$37,352
Days Cash on Hand		45

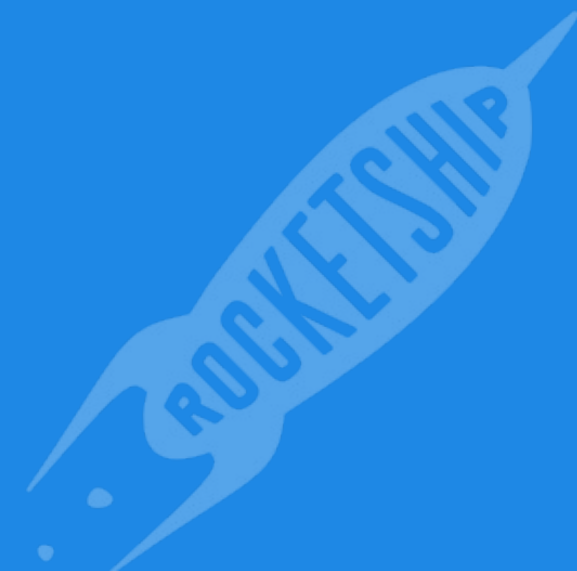
Lease-Adjusted Debt Service Coverage		
Full-year CINA		(\$301,615)
Add back:		
Depreciation expense		563,879
Amortization expense		-
Facility Fee (lease expense)		860,000
Interest Expense		144,000
Revenues available for debt service		\$1,266,264
Debt service requirements		
Facility Fee		860,000
Loan Principal & Interest		385,000
Total Debt Service		\$1,245,000
Lease-Adjusted Debt Service Coverage Ratio		1.02

Initial results show RPS Texas in compliance with both of its loan covenants for FY24.

Final audit prep will likely result in some changes to these values, but shouldn't tip either into non-compliance.



Development Update



Rocketship raised \$14M+ in philanthropy last year, highest ever

National
Goal: \$3.2M



Total Raised: \$5M

California
Goal: \$100K



Total: \$162K

Tennessee
Goal: \$400K



Total: \$634K

Wisconsin
Goal: \$800K



Total: \$854K

Texas
Goal: \$6.7M



Total: \$6.2M

D.C.
Goal: \$1M



Total: \$1.4M



FY25 philanthropy goals aim to bring in close to \$14M across the network

National

FY25 Goal: \$3.2M

FY24 Total Raised: \$5M

FY24 Goal: \$3.2M

California

FY25 Goal: \$5M

FY24 Total Raised: \$162M
(not accounting for public grants)

FY24 Goal: \$100K

Tennessee

FY25 Goal: \$400K

FY24 Total Raised: \$634K

FY24 Goal: \$400K

Wisconsin

FY25 Goal: \$970K

FY24 Total Raised: \$854K

FY24 Goal: \$800K

Texas

FY25 Goal: \$2.9M

FY24 Total Raised: \$6.2M

FY24 Goal: \$6.7M

D.C.

FY25 Goal: \$1.3M

FY24 Total Raised: \$1.4M

FY24 Goal: \$1M



FY25 YTD Fundraising Progress to Goal by Region

**Network FY25
Goal: \$ 13.8M**

**Network YTD
\$7.5M**



**National
Goal: \$3.2M**

**California
Goal: \$5M**

**DC
Goal: \$1.3M**



**Wisconsin
Goal: \$970K**

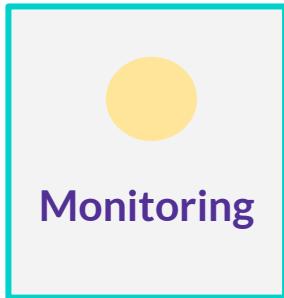
**Tennessee
Goal: \$400K**

**Texas
Goal: \$2.89M**

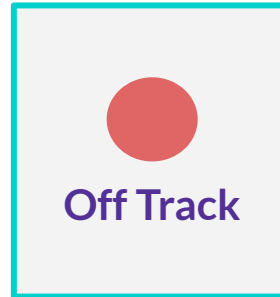


FY25 YTD Network Fundraising Health Dashboard

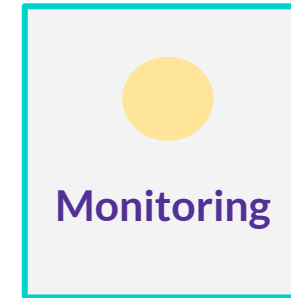
National



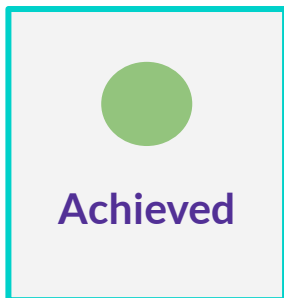
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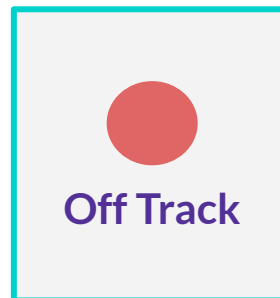
MKE



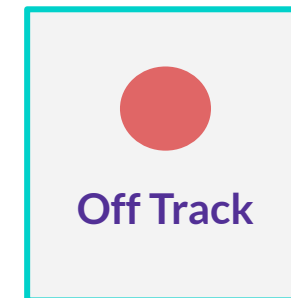
CA



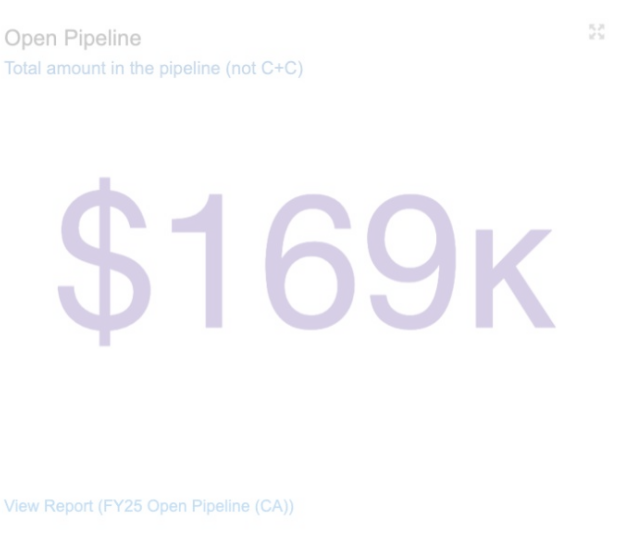
DC



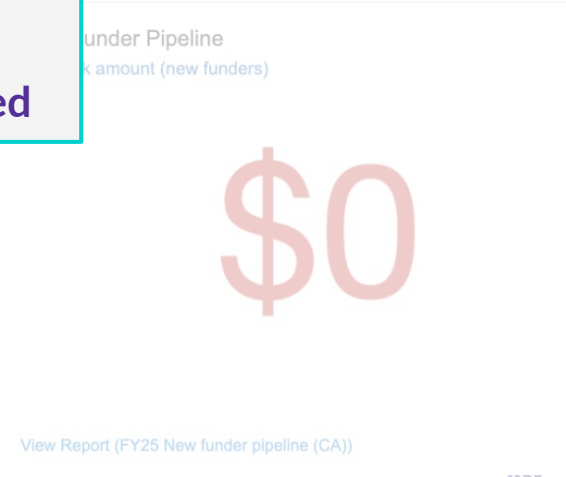
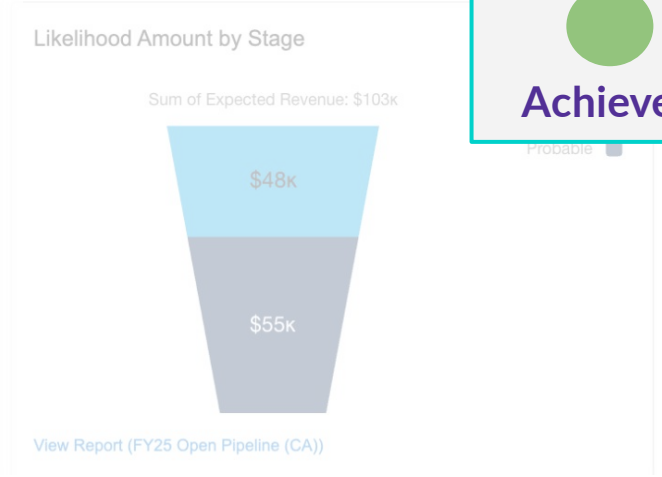
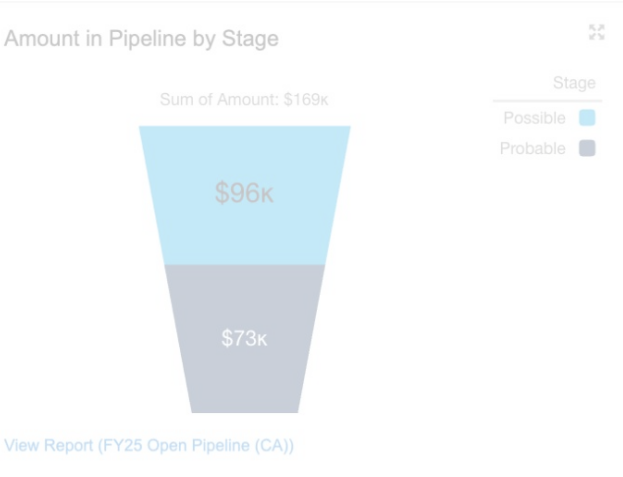
TX



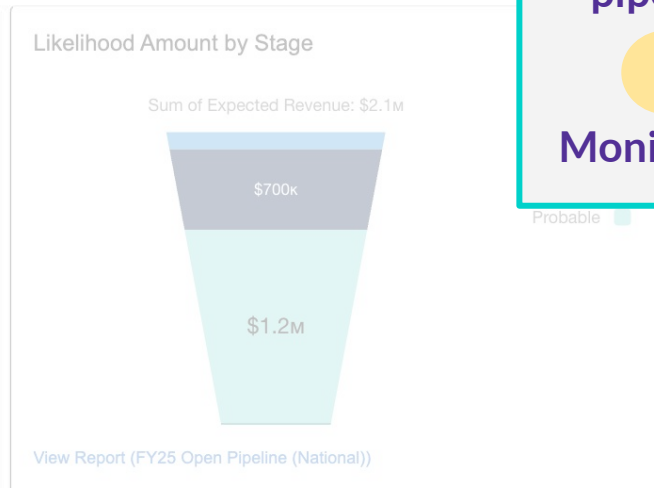
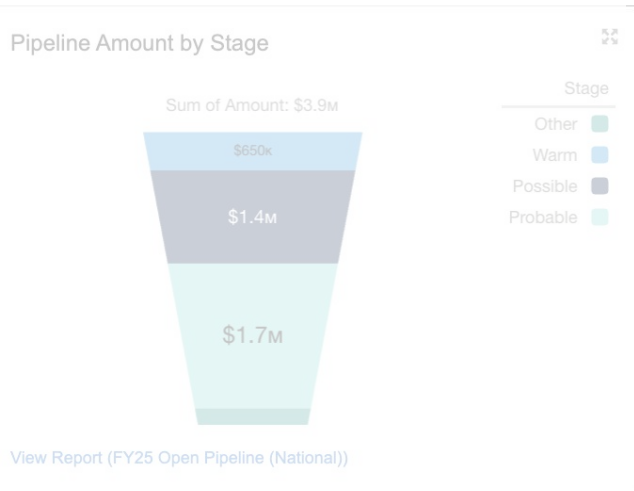
California's philanthropy total now includes secured competitive state grants as part of their goal, showing the full power of how philanthropy is fueling the region.



Gap to Goal
\$0
Achieved



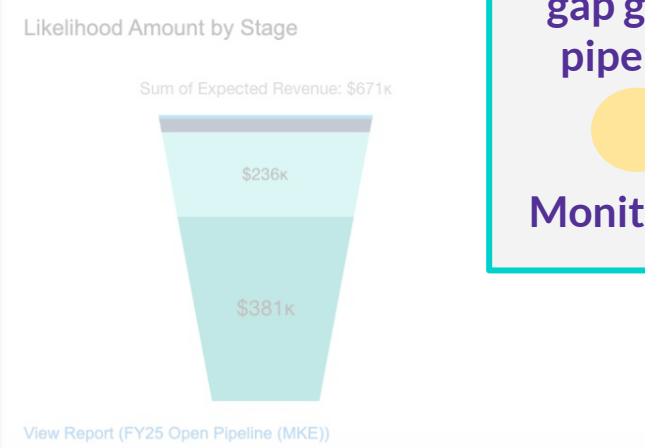
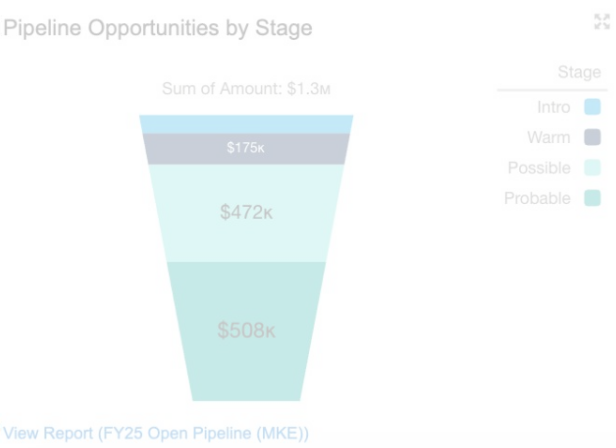
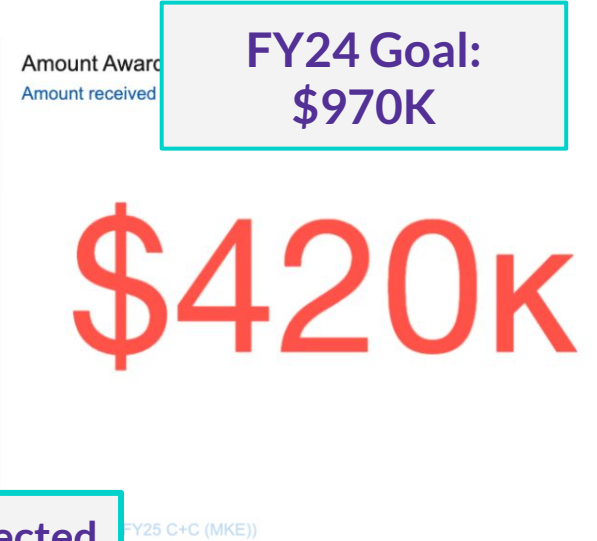
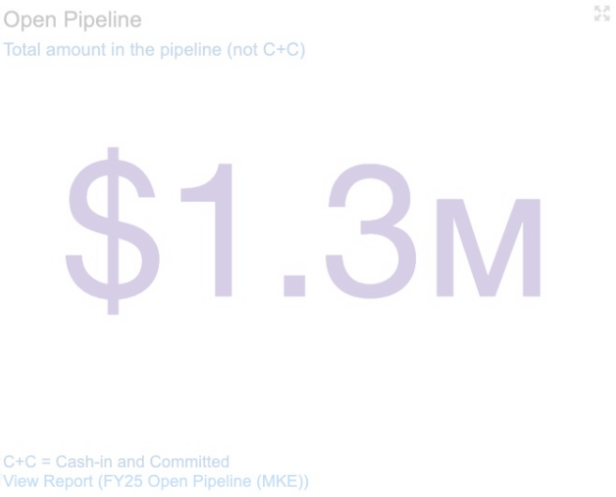
National recently closed a multi-year, \$2.7M grant which will support our annual fundraising goal and raise money against new expenses tied to our strategic plan.



No projected gap given pipeline

Monitoring

Milwaukee is off to a strong start based on existing commitments coupled with a strong pipeline and strategy.

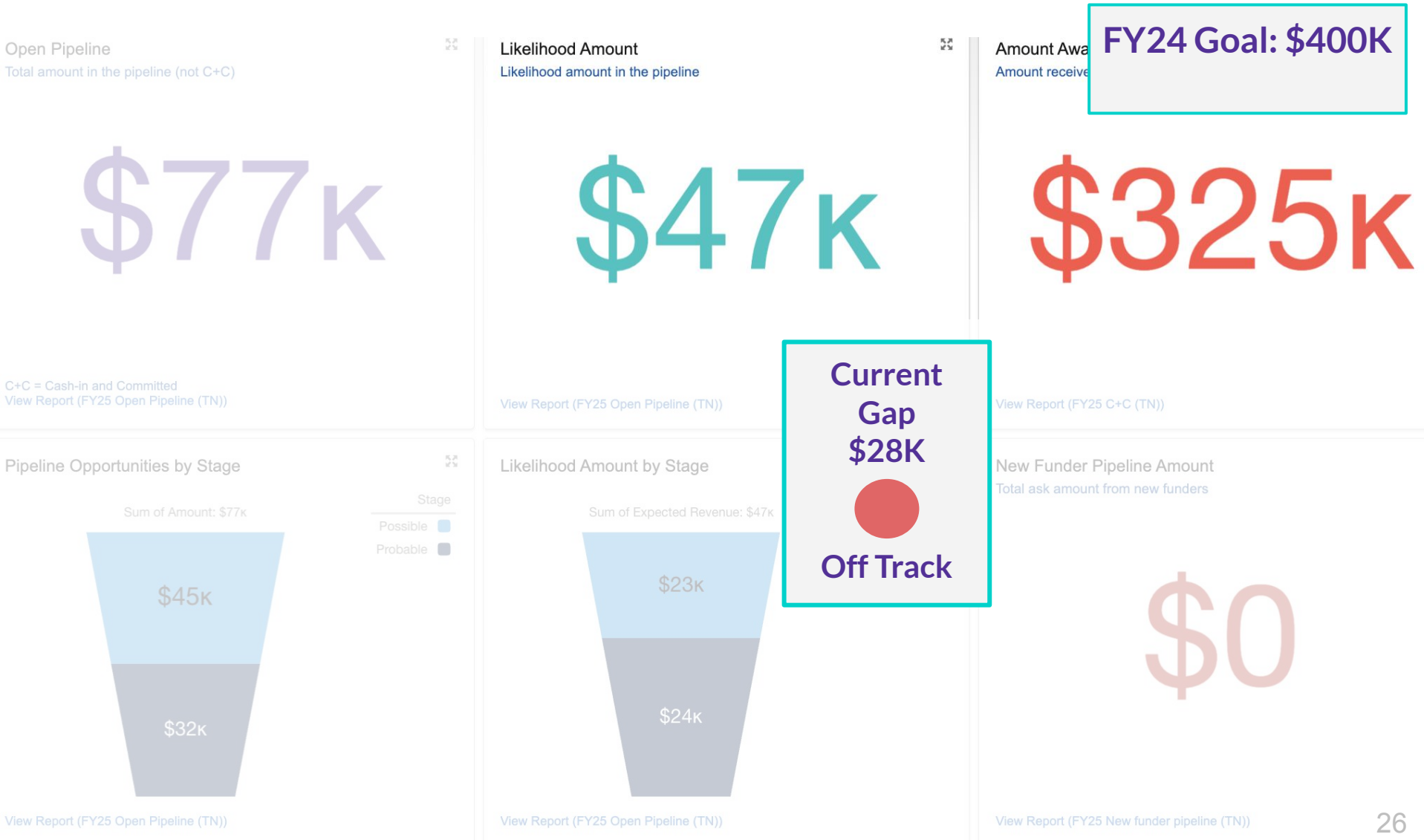


No projected gap given pipeline

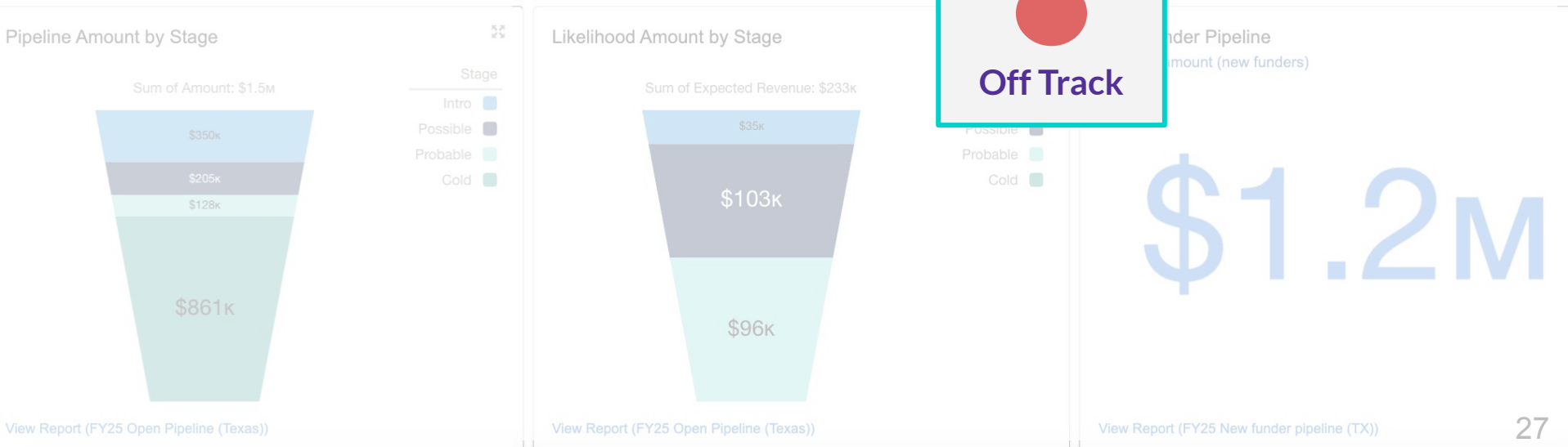
Monitoring



Tennessee is benefiting from multi-year grant commitments to fuel their fundraising goal this year. A strong emphasis will be on building a stronger pipeline for future growth.

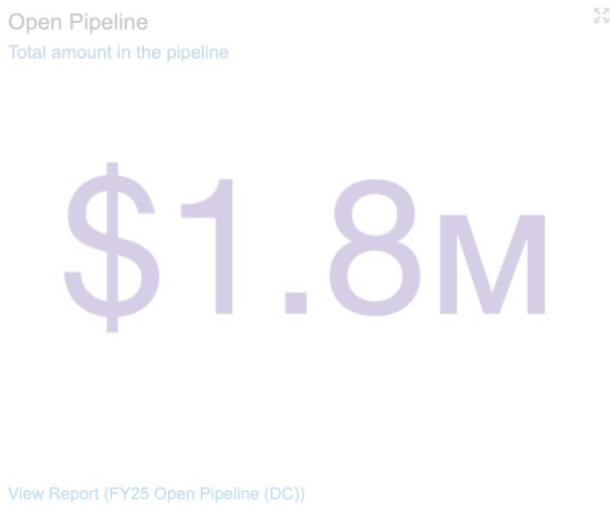


Texas plans to leverage their networks to unlock \$1.2M of *new funders* in their pipeline, steward existing donors, and pursue state competitive funding opportunities to meet their goal.



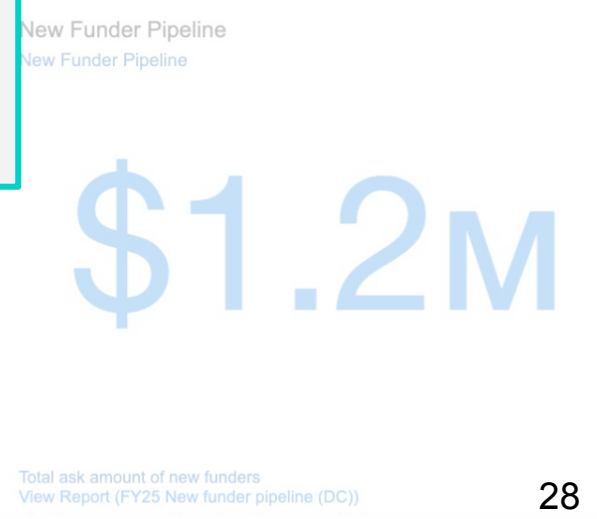
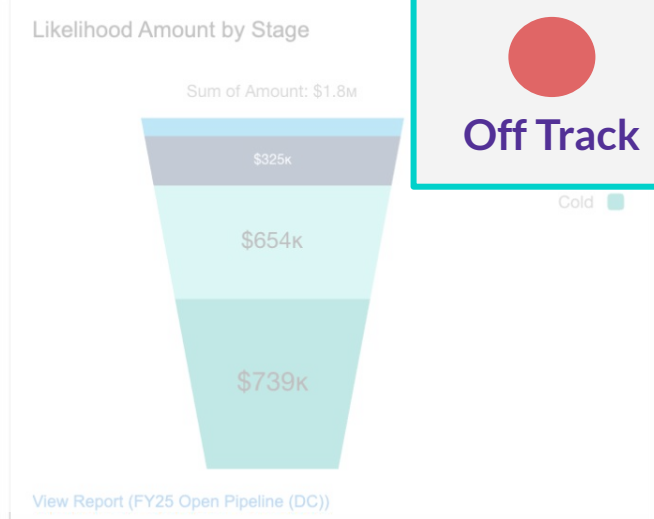
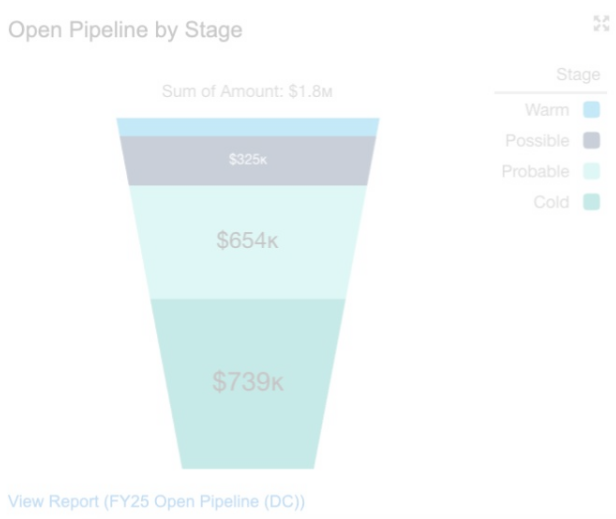
DC has identified over \$1M of new prospective funding sources in the region and plans to implement strong cultivation and stewardship strategies to both attract and retain local philanthropic support.

FY24 Goal: \$1.3M

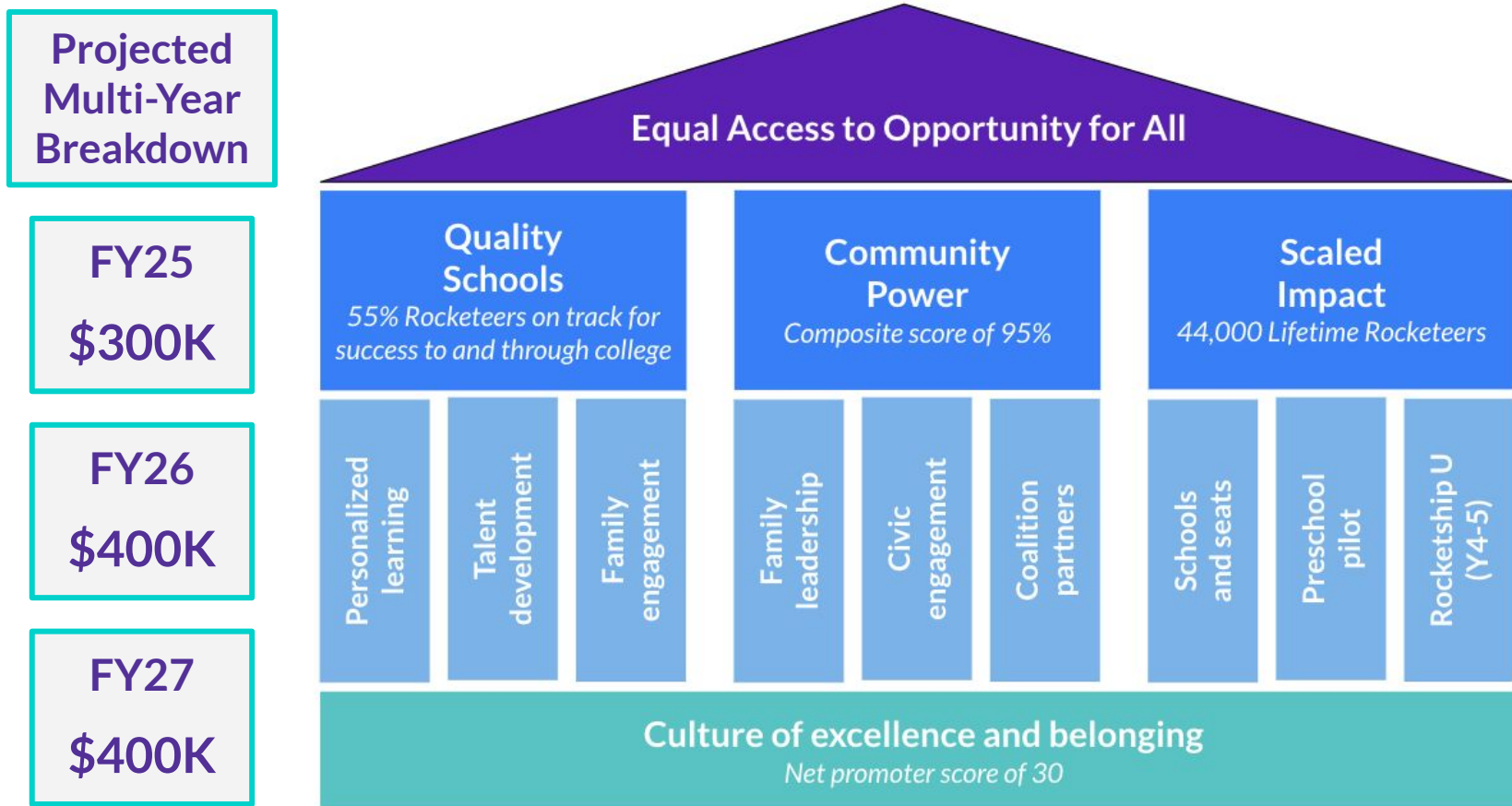


Current Gap \$259K

Off Track



We are also working to fundraise against the **5-year strategic plan**. So far, we've raised over **\$1M** over the first 3 years of the plan to cover *new expenses* necessary to carry out our efforts.



Review and Recommend Approval of the 2024-25 Revised Budget to the Rocketship Board of Directors



Budget Revisions since June

Following initial approval, regional and national teams have worked closely to stress test and update our budgets for the year taking into account newly available information:

- State funding formula changes
- Updated spending plans for restricted grants resulting in more accurate revenue estimates
- Expense updates, including benefits actuals, revised staffing plans, and contractual cost changes.

In addition, we have been closely monitoring enrollment progress to manage revenue targets:

- DC has reduced its target by 12% and California by 1.5%.
- Other regions' targets are flat to June budgets.



CA FY25 Budget Summary

Total CA Region	FY25 Budget (August Version)													FY25 Budget (June Version)				
((\$000s))	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	RSK	RFZ	RRWC	RRS	RFA	RDL	Total CA Schools	CA Nest	Total CA Region	Total CA Region	Variance
Enrollment	514	300	335	575	426	520	550	570	555	315	620	660	620	6,560	0	6,560	6,658	-98
Federal Revenue	594	439	435	622	550	709	648	560	672	426	599	666	608	7,528	0	7,528	7,737	-209
State	9,961	6,568	7,640	11,581	8,503	11,173	10,072	10,878	11,491	5,738	12,305	11,172	12,057	129,139	0	129,139	127,361	1,778
Other Local Revenues	1	7	1	0	0	0	0	0	0	60	1	1	1	73	0	73	15	58
Int Transfers/Network Support Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,362	6,362	6,267	95
Grants and Fundraising	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	10,557	7,014	8,076	12,203	9,053	11,882	10,720	11,437	12,163	6,224	12,905	11,840	12,667	136,740	6,362	143,102	141,380	1,722
Certificated Salaries	2,251	1,290	1,738	2,465	2,078	2,541	2,493	2,537	2,321	1,362	2,474	2,653	2,579	28,783	185	28,967	29,229	262
Classified Salaries	1,529	1,088	1,205	1,945	1,372	1,677	1,489	1,694	1,816	1,113	1,891	1,892	1,852	20,564	1,782	22,346	21,093	-1,253
Employee Benefits	1,169	701	891	1,337	1,078	1,297	1,232	1,284	1,260	781	1,351	1,454	1,391	15,228	459	15,687	15,730	43
Books and Supplies	536	284	332	427	330	434	458	450	431	328	514	695	451	5,668	316	5,984	5,955	-30
Food Services	414	301	265	469	407	493	418	490	449	279	386	411	396	5,179	52	5,231	5,231	0
Operating and Housekeeping	277	258	197	208	181	300	266	202	274	168	277	282	251	3,141	1	3,142	3,114	-28
Professional Services	1,452	1,044	985	1,273	1,107	1,371	1,288	1,368	1,429	993	1,376	1,801	1,562	17,049	872	17,921	17,636	-285
Other Operating Expenses	246	104	118	161	121	145	150	163	147	129	161	215	185	2,045	531	2,577	2,577	0
Facility Fee	886	622	881	886	766	853	731	912	1,109	22	895	415	1,134	10,112	0	10,112	10,747	635
Leases and Repairs	182	116	168	241	197	194	195	195	276	43	236	229	206	2,478	397	2,875	2,875	0
Network Support Fee	1,468	972	1,134	1,698	1,238	1,649	1,478	1,598	1,715	854	1,827	1,659	1,794	19,084	0	19,084	18,801	-282
Miscellaneous Expenses	66	125	133	603	49	457	110	321	267	20	610	48	480	3,287	700	3,988	3,771	-217
Total Expenses	10,477	6,903	8,048	11,713	8,924	11,411	10,308	11,214	11,495	6,094	11,998	11,753	12,281	132,618	5,296	137,914	136,760	-1,154
CINA	79	111	28	490	129	470	413	223	668	131	906	86	386	4,122	1,066	5,188	4,619	568

Changes from June Version

Funding formula changes have resulted in slightly less federal revenue

Revised grant plans have resulted in more restricted state revenue, offsetting decrease in unrestricted state revenue from enrollment drop.

Personnel expense increase is due to new restricted grant spending, other categories essentially flat.

Bottom line - all campuses are still projected CINA-positive and the regional projected CINA is slightly higher than projected.

Wisconsin FY25 Budget Summary

Total MKE Region	FY25 Budget (August Version)				FY25 Budget (June Version)	Variance	
	RSCP	RTP	Total MKE Schools	MKE Nest	Total MKE Region		
(\$000s)							
Enrollment	450	330	780	0	780	780	0
Federal Revenue	1,238	1,002	2,241	0	2,241	1,808	433
State	5,219	3,765	8,984	0	8,984	9,101	-117
Other Local Revenues	16	12	27	0	27	27	0
Int Transfers/Network Support Fee	0	0	0	514	514	499	15
Grants and Fundraising	0	0	0	550	550	950	-400
Total Revenues	6,473	4,778	11,252	1,064	12,316	12,384	-68
Certificated Salaries	1,676	1,106	2,782	0	2,782	2,977	194
Classified Salaries	1,643	935	2,578	829	3,407	3,504	97
Employee Benefits	824	512	1,336	241	1,577	1,531	-47
Books and Supplies	263	154	417	32	449	404	-45
Food Services	296	217	513	1	515	515	0
Operating and Housekeeping	174	126	300	0	300	300	0
Professional Services	259	161	421	198	619	435	-184
Other Operating Expenses	103	70	173	56	229	229	0
Facility Fee	425	394	819	0	819	819	1
Leases and Repairs	90	112	202	1	204	204	0
Network Support Fee	888	656	1,543	0	1,543	1,496	-47
Miscellaneous Expenses	60	0	60	1	61	61	0
Total Expenses	6,701	4,443	11,144	1,361	12,505	12,474	-31
CINA	-228	336	108	-296	-189	-89	-99

Changes from FY25 Budget (June Version)

Updates in revenue due to grant classification and funding formula changes result in a slight net decrease.

Staffing decreases offset by contract projection increases to keep expenses nearly flat.

Projected negative CINA has worsened by about \$100,000 on the basis of these changes, still within what we'd recommend as acceptable and on the path to sustainability.

Tennessee FY25 Budget Summary

Total TN Region	FY25 Budget (August Version)					FY25 Budget (June Version)	Variance	
	RNNE	RUA	RDCP	Total TN Schools	TN Nest	Total TN Region		
<i>(\$000s)</i>								
Enrollment	450	500	490	1440	0	1440	1440	0
Federal Revenue	1,035	1,014	932	2,981	0	2,981	2,981	0
State	8,587	8,416	7,732	24,734	0	24,734	24,900	-166
Other Local Revenues	18	17	16	50	0	50	50	0
Int Transfers/Network Support Fee	0	0	0	0	1,323	1,323	1,331	-8
Grants and Fundraising	0	0	0	0	325	325	462	-137
Total Revenues	9,639	9,447	8,679	27,765	1,648	29,413	29,725	-311
Certificated Salaries	1,990	1,799	1,799	5,587	0	5,587	5,655	67
Classified Salaries	1,822	1,819	1,489	5,129	901	6,030	5,659	-371
Employee Benefits	1,273	1,187	1,040	3,500	203	3,703	3,797	94
Books and Supplies	471	412	317	1,200	46	1,246	1,241	-6
Food Services	405	397	365	1,166	0	1,166	1,166	0
Operating and Housekeeping	194	279	234	706	0	706	706	0
Professional Services	1,085	816	1,008	2,909	329	3,238	3,241	2
Other Operating Expenses	174	177	111	462	193	655	651	-4
Facility Fee	575	505	895	1,975	44	2,020	2,020	0
Leases and Repairs	194	189	158	541	60	601	629	27
Network Support Fee	1,378	1,351	1,241	3,969	0	3,969	3,994	25
Miscellaneous Expenses	10	2	-	12	7	19	19	0
Total Expenses	9,572	8,932	8,655	27,158	1,783	28,942	28,777	-165
CINA	67	515	24	607	-135	472	948	-476

Changes from June Version

Revenue changes driven by ending of one grant and removal of another pending decision on accrual (prior year pledge paid over 3 years).

As expected - staffing increases required due to Multi-Lingual and ISE compliance issues. Partially offset by reduced benefits costs.

Regional CINA is 1.6%, slightly less than 2% target, though positive cash flow will be higher with multi-year grant payment.

DC FY25 Budget Summary

Total DC Region	FY25 Budget (August Version)					FY25 Budget (June Version)		
<i>(\$000s)</i>	RISE	RLP	RIC	Total DC Schools	DC Nest	Total DC Region	Total DC Region	Variance
Enrollment	386	542	350	1278	0	1278	1440	-162
Federal Revenue	943	1,325	856	3,124	0	3,124	3,246	-122
State	10,829	15,124	9,080	35,033	0	35,033	39,325	-4,292
Other Local Revenues	98	127	73	298	0	298	305	-8
Int Transfers/Network Support Fee	0	0	0	0	1,516	1,516	1,606	-90
Grants and Fundraising	200	200	200	600	700	1,300	1,300	0
Total Revenues	12,070	16,775	10,209	39,054	2,216	41,270	45,782	-4,511
Certificated Salaries	2,064	2,624	1,835	6,523	0	6,523	6,210	-313
Classified Salaries	1,838	2,418	1,475	5,730	491	6,220	7,477	1,256
Employee Benefits	762	987	644	2,393	74	2,466	2,943	476
Books and Supplies	324	372	254	949	38	987	993	7
Food Services	306	422	273	1,001	6	1,007	1,077	69
Operating and Housekeeping	438	378	497	1,313	3	1,316	1,316	0
Professional Services	3,213	4,103	2,511	9,828	129	9,956	12,039	2,082
Other Operating Expenses	167	172	163	502	178	680	680	0
Facility Fee	1,865	1,825	2,978	6,668	72	6,740	6,740	0
Leases and Repairs	338	302	209	849	44	893	744	-149
Network Support Fee	1,408	1,954	1,187	4,549	0	4,549	4,818	269
Miscellaneous Expenses	1	3	-	4	0	4	4	0
Total Expenses	12,723	15,558	12,026	40,307	1,035	41,342	45,040	3,698
CINA	-653	1,217	-1,817	-1,253	1,181	-72	742	-814

Changes from June Version

Substantial reduction in enrollment target results in a \$4.5mm decrease in overall revenue. Net effect after Appletree passthrough is reduced is closer to \$2.5mm.

Expense reductions to offset include \$500,000 in salaries and benefits at regional Nest, \$800,000 in school salaries and benefits.

Overall reduction in projected CINA of about \$800,000. Opportunities to exceed based on further expense savings or enrollment overperformance are still being reviewed.

RPS Texas Budget Update (FYI)

	RDDE	REX	Total Schools	NeST	Eliminations	Total
Revenues	\$12,099	\$12,517				
State revenues	\$5,976,947	\$4,944,168	\$10,921,115			\$10,921,115
Federal revenues	783,936	626,831	1,410,767			\$1,410,767
Donations & grants				2,890,000		\$2,890,000
Regional management fee				546,056	-546,056	\$0
Total revenues	\$6,760,883	\$5,570,999	\$12,331,882	\$3,436,056	-\$546,056	\$15,221,882
Expenses						
Certificated salaries	\$1,949,016	\$1,618,697	\$3,567,713	\$357,990		\$3,925,703
Classified salaries	900,473	825,866	1,726,339	582,451		\$2,308,790
Employee benefits	755,199	648,206	1,403,405	94,045		\$1,497,450
Books and supplies	398,573	323,883	722,456	77,224		\$799,680
Food services	344,813	275,711	620,523	0		\$620,523
Services and other operating expenses	768,842	746,640	1,515,482	188,618		\$1,704,100
Travel and conferences	5,809	5,457	11,266	82,350		\$93,616
Dues and insurance	0	0	0	98,940		\$98,940
Rental, leases and repairs	195,950	273,625	469,575	45,900		\$515,475
Facility fee + interest/principal	1,045,172	122,967	1,168,139	60,000		\$1,228,139
Depreciation expense	72,432	560,352	632,784	0		\$632,784
Management fee - region	298,847	247,208	546,056	0	-546,056	\$0
Management fee - national	597,695	494,417	1,092,111	0		\$1,092,111
Total expenses	\$7,332,820	\$6,143,028	\$13,475,849	\$1,587,519	-\$546,056	\$14,517,312
Change in Net Assets (CINA)	-\$571,937	-\$572,029	-\$1,143,966	\$1,848,537	\$0	<u>\$704,570</u>

Baseline Shifts:

1. Reduced interest expense projection (-\$132k expenses)
2. Reduced benefits projections (-\$209k expenses)
3. Updated revenue model to latest state estimates (+\$600 per pupil in state and federal sources, +\$580k in revenue)
4. Added depreciation and other non-cash expenses to better reflect state net income calc (+687k in non-cash expenses)

Changes in Staffing:

- We've paused on two school based roles based on how class schedules came together (\$118k savings)

Current Perspective:

- June board budget was for a \$561k CINA (without depreciation), 1.02 loan coverage
- We now project a \$704k CINA (1.391mm without depreciation), 1.66
- This is heavily dependent on enrollment - through its first week, Texas attendance is running well short of projections, reflecting higher summer transfers than expected. We anticipate a revised revenue projection (likely a \$2mm reduction) and offsetting cuts in the coming weeks.

Updated National Network Support Fee Projections

Updates 8/12:	June Budgets		August Revisions			
Region	Enrollment (Funded)	National Fee	Enrollment	National Fee	Fee Change	Notes
CA	6,658	\$12,572,013	6,560	\$12,622,383	50,371	Increased grant revenue recognition means regional revenue is slightly up despite 1.5% reduction in ADA target.
DC	1,430	\$3,211,777	1,278	\$3,032,698	-179,079	
TN	1,440	\$2,662,800	1,440	\$2,645,525	-17,275	Small changes in per-pupil revenue projections reduce revenue and fee calcs
WI	780	\$997,333	780	\$1,028,667	31,333	Correcting a grant from private to federal made it fee eligible.
TX	889	\$1,038,757	889	\$1,092,111	53,354	Projected per-pupil revenue has increased. This remains our biggest enrollment risk - up to a 200 student miss is possible.
Totals	11,197	\$20,482,680	10,947	\$20,421,384	-61,296	

- While there is still fluidity in final enrollment numbers, Tennessee, and Wisconsin feel solid in their goals, California is within 1.5% and DC has priced in a large reduction in enrollment projection. Texas is the biggest variable, with up to 200 students off target possible based on week-one attendance. That would create up to a \$200,000 fee reduction.
- Given enrollment projections, we recommend reducing our contingency from 10% to 5% (eg increasing budgeted revenue by \$1mm) - still maintaining a \$1mm fee contingency between what regions are budgeting to pay and what we are budgeting to receive to account for a Texas enrollment miss or other scenarios.

Recommendations for NeST Compensation

Rating Category	Percent of Evals to Date	Scenario A: 0 to 4	Scenario A+: 0 to 5	Scenario B: 0 to 5	Scenario C: 0 to 6
Below Expectations	1%	0	0	0	0
Approaching Expectations	3%	1%	1%	1.25%	1.5%
Meets Expectations	28%	2%	2%	2.5%	3%
Above Expectations	53%	3%	3+%	3.75%	4.5%
Exceeds Expectations	15%	4%	4+%	5%	6%
Weighted Average Raise		2.78%	3.00%	3.47%	4.17%
Cost of Increase		\$368,525	\$398,130	\$460,657	\$552,788
Promotions Costs (10% for 10%)		\$132,710	\$132,710	\$132,710	\$132,710
Total Comp Change		\$501,235	\$530,840	\$593,367	\$685,498
CINA After Comp Change		\$ 600,971	\$ 571,367	\$ 508,840	\$ 416,708

Following uncertainty in June, all national and regional NeST employees have been paused at 23-24 compensation until better data was available.

We are now recommending Scenario A+ for staff: baseline increases of 1 to 4% based on evaluation scores, with flexibility for managers to improve raises for the highest performers, within a total allocation of 3% of team comp.

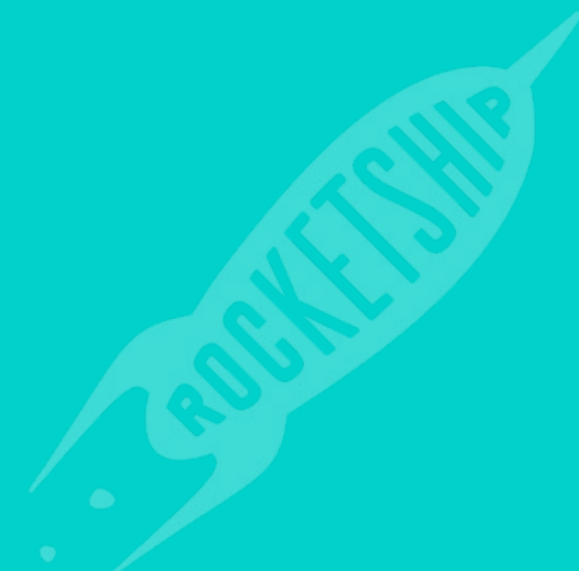
We are also budgeting for 10% of national staff (up to 12) to be promoted at an average adjustment of 10% of comp.

Updated National NeST Budget

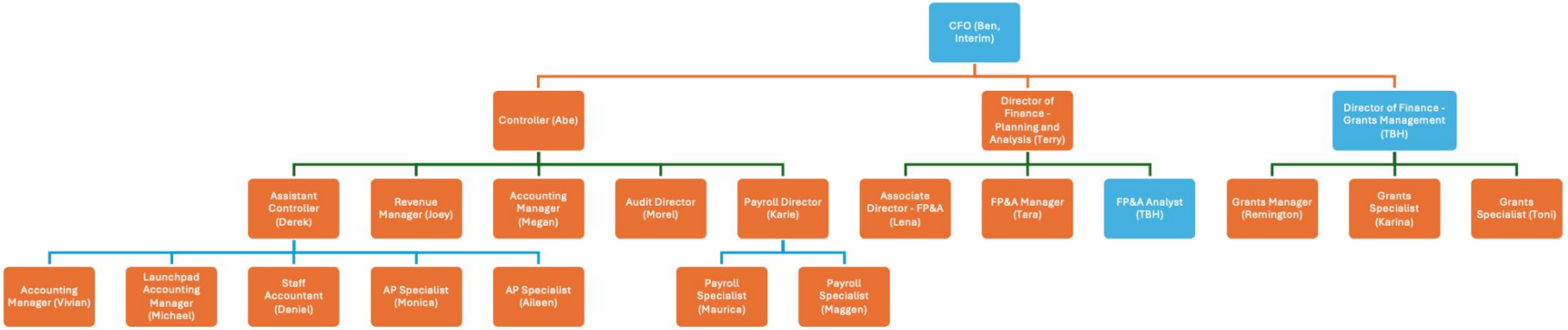
Revenues	FY25 Budget (June Board Adopted)	August Budget Revisions	Notes
Other Local Revenues	\$ 1,500,000	\$ 1,500,000	
Internal Transfers/Network Support Fee	\$ 19,030,313	\$ 20,065,315	Fees in August Revisions at 95%
Grants and Fundraising	\$ 3,250,000	\$ 3,250,000	Based on commitments and strong prospects
Total Revenues	\$ 23,780,313	\$ 24,815,315	
Expenses			
Salaries (Baseline)	\$ 14,728,103	\$ 15,248,735	June baseline plus 3%
Employee Benefits	\$ 2,356,497	\$ 2,674,373	Hold at 16% of salary
Books and Supplies	\$ 1,056,518	\$ 723,496	Based on NLT Budget Work
Food Services	\$ 9,170	\$ -	
Operating and Housekeeping	-	\$ 18,706	
Professional Services	\$ 3,056,471	\$ 2,924,788	
Other Operating Expenses	\$ 1,545,912	\$ 1,775,612	
Leases & Repairs	\$ 117,009	\$ 117,009	
Miscellaneous Expense	\$ 887,500	\$ 750,000	
Total Expense	\$ 23,757,180	\$ 24,232,719	
CINA	\$ 23,133	\$ 582,596	

Using updated fee estimates, new NLT non-comp projections, and a 4% compensation increase assumption (3% average raise + 1% for promotions and adjustments), CINA improves to \$583,000.

Finance Team and Systems Update



2024-25 Team Structure



Recent Shifts:

Moving FP&A and Grants under two separate Directors, both reporting to CFO

New Director-level capacity to support Audit and Payroll work, both reporting to Controller.

Additions and Departures

Recent Hires:

Toni Kandis - Grants Specialist

Terry Holmes - Director of Finance - Planning and Analysis

Karie Shook - Director of Payroll

Departures

Matt Shaw - CFO: Last day 6/30 and still in touch - feel free to pass along any questions for Matt to Ben or Abe

Hector Rangel - VP of Finance: Last day 9/6 - prioritizing strong FY24 close out process over final few weeks



Update on Current Vacancies

- FP&A Analyst - Two strong candidates in finalist stage, planning to offer both
- Director of Finance - Grants Management - Screening resumes now, targeting an offer by end of August. Prioritizing California
- CFO - Finalists identified, final interview day planned for Mid-August with decision possible soon after



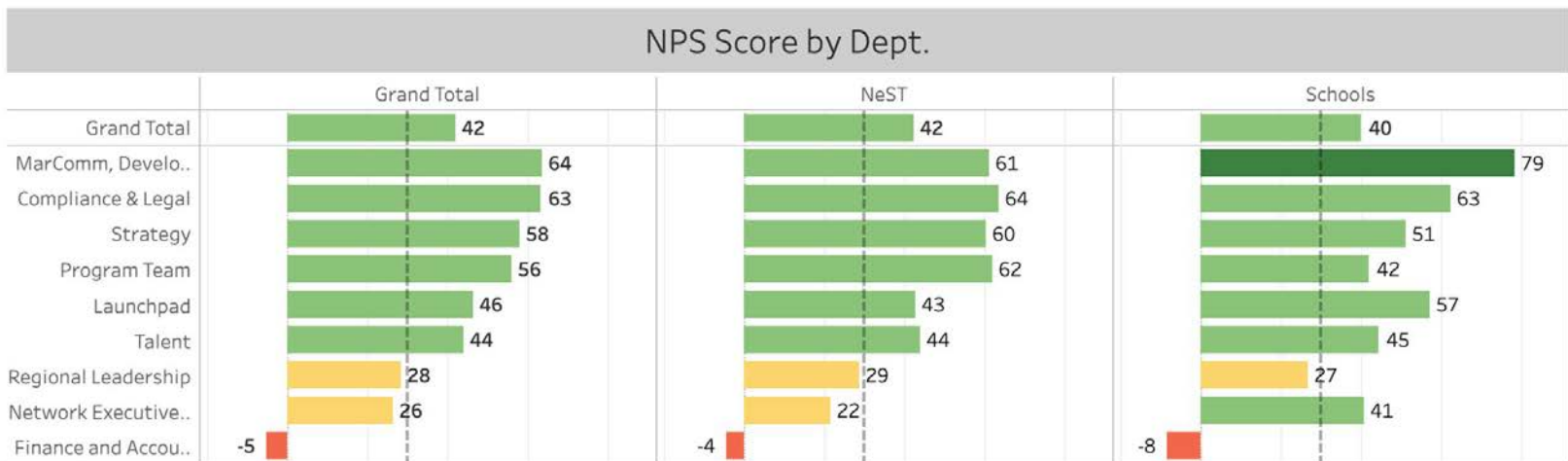
2024-25 Team Priority

We need to improve the **quality of service** we are providing to our partners in the regions and at national Nest to in turn enable them to run sustainably in a high-pressure year.

We will measure our success via improvement in **Net Promoter Score** for the Finance function from our colleagues (Feb 2024 result: -8)

We win by

- Defining our commitments: Developing, sharing, and living by consistent service standards, documented in a partnership agreement.
- Hitting our marks: achieving closing, reporting and other deadlines on time and with high quality
- Transparency and honesty: Approaching the difficult parts of our work with a spirit of service and collaboration.



Closed Session

August 20, 2024



The Rocketship Business Committee
is in closed session.

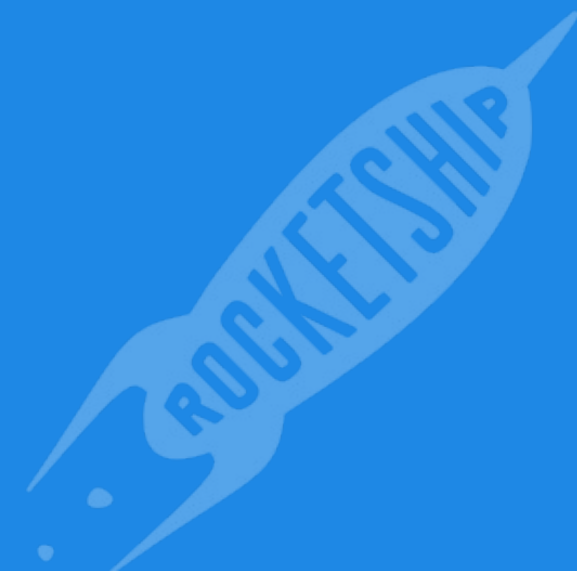
August 20, 2024



Appendix



Enrollment Update



Enrollment update as of August 14.

Region	Enrollment Target (BSP = Budgeted Staffing Projection)	Enrollment (as of Aug 14)	% to Enrollment Target
CA	6,560	6,127	93%
DC	1,082	890	82%
TN	1,440	1,388	96%
TX	1,000	812	81%
WI	780	725	93%
RPS	10,862	9,942	91%